Preface

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

- Government companies,
- Statutory corporations, and
- Departmentally managed commercial undertakings.

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

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of the Maharashtra State Road Transport Corporation, which is a Statutory corporation, the CAG is the sole auditor. As per the State Financial Corporations (Amendment) Act, 2000, the CAG has the right to conduct the audit of accounts of Maharashtra State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Maharashtra State Warehousing Corporation, the CAG has the right to conduct the audit of accounts in addition to the audit conducted by the Chartered Accountants, appointed by the State Government in consultation with the CAG. The sole audit of accounts of Maharashtra Industrial Development Corporation is entrusted to the CAG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. In respect of Maharashtra Electricity Regulatory Commission, the CAG is the sole auditor. The Audit Reports on the annual accounts of the Corporations/Commission are forwarded separately to the State Government.

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

6. The audit in relation to material included in the Audit Report has been conducted in accordance with the Auditing Standards.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective Legislation. As on 31 March 2009, the State of Maharashtra had 61 working PSUs (57 Companies and four Statutory corporations) and 24 non-working PSUs (all Companies), which employed 2.02 lakh employees. The working PSUs registered a turnover of Rs 35,495.23 crore in 2008-09 as per their latest finalised accounts. This turnover was equal to 5.09 *per cent* of the State GDP indicating an important role played by the State PSUs in the economy. The working PSUs earned overall profit of Rs 545.55 crore in 2008-09; however they had accumulated losses of Rs 5,768.17 crore as on 31 March 2009.

Investments in PSUs

As on 31 March 2009, the investment (Capital and long term loans) in 85 PSUs was Rs 47,268.03 crore. It grew by 103.98 *per cent* from Rs 23,172.65 crore in 2003-04 mainly because of increase in investment in power sector. Power Sector accounted for 79.37 *per cent* of the total investment in 2008-09. The Government contributed Rs 3,965.84 crore towards equity, loans and grants/subsidies during 2008-09.

Performance of PSUs

During the year 2008-09, out of 61 working PSUs, 34 PSUs earned profit of Rs 1,274.91 crore and 22 PSUs incurred loss of Rs 729.36 crore. Four PSUs prepared their accounts on no profit no loss basis and one PSU was under construction and had not prepared profit and loss account. The major contributors to profit were Maharashtra State Power Generation Company Limited (Rs 479.08 crore), Maharashtra State Electricity Transmission Company Limited (Rs 356.11 crore), Maharashtra State Road Transport Corporation (Rs 159.23 crore), Maharashtra State Electricity Distribution Company Limited (Rs 121.22 crore). The heavy losses were incurred by MSEB Holding Company Limited (Rs 339.88 crore) and Maharashtra State Road Development Corporation Limited (Rs 337.59 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years Audit Reports of CAG shows that the State PSUs losses of Rs 3,396.06 crore and infructuous investments of Rs 125.25 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Of the 53 accounts of working companies finalised during October 2008 to September 2009, 35 accounts received qualified certificates and 18 accounts received unqualified certificates from Statutory auditors. Additionally, CAG gave adverse certificate for one account. There were 72 instances of non-compliance with Accounting Standards in 17 accounts. Of the four accounts finalised during October 2008 to September 2009 by the Statutory corporations, three accounts received qualified certificates and one account received adverse certificate. The Reports of the Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Fifty five working PSUs had arrears of 185 accounts as of September 2009. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were 24 non-working companies. As no purpose may be served by keeping these PSUs in existence, Government needs to expedite closing down of the non working PSUs.

Discussion of Audit Reports by COPU

The Audit Reports (Commercial) for 2005-06, 2006-07 and 2007-08 are yet to be fully discussed by Committee on Public Undertaking. The three pending Audit Reports contained 12 reviews and 66 paragraphs of which only one paragraph was discussed.

2. Performance Audit relating to Government Companies

Performance Audit relating to 'Contribution of Four companies in the State for Upliftment of Tribals, Minorities, Handicapped and Women' *viz.* **Shabari Adivasi Vitta Va Vikas Mahamandal Limited, Maulana Azad Alpasankhyank Arthik Vikas Mahamandal Limited, Maharashtra State Handicapped Finance and Development Corporation and Mahila Arthik Vikas Mahamandal** and 'Functioning of the **Maharashtra State Road Transport Corporation'** were conducted. Executive Summary of the main Audit findings is given below**:**

Contribution of Four companies in the State for Upliftment of Tribals, Minorities, Handicapped and Women *viz.* Shabari Adivasi Vitta Va Vikas Mahamandal Limited, Maulana Azad Alpasankhyank Arthik Vikas Mahamandal Limited, Maharashtra State Handicapped Finance and Development Corporation and Mahila Arthik Vikas Mahamandal

Government of Maharashtra (GoM) established four Companies with the objective of economic upliftment, livelihood generation and empowerment of the Scheduled Tribes, Minorities, Handicapped and Women in the State. Three Companies Shabari Adivasi Vitta Va Vikas Mahamandal Limited (SAVVVM), Maulana Azad Alpasankhyank Arthik Vikas Mahamandal Limited (MAAAVM) and Maharashtra State Handicapped Finance and Development Corporation (MSHFDC) are engaged in disbursement of financial assistance to the targeted communities/sections of the State population in the form of term loans from the funds mainly received from National Agencies *viz.* National Scheduled Tribes Finance and Development Corporation, National Minorities Development and Finance Corporation and National Handicapped Development and Finance Corporation under various sanctioned schemes. These Companies also implemented schemes of Direct Loans, Educational Loans and Micro Finance Scheme out of their own funds received from GoM in the form of equity contributions. The fourth Company Mahila Arthik Vikas Mahamandal (MAVIM) is engaged in formation of Self Help Groups (SHGs) on gender basis for vulnerable women. Women belonging to households from BPL and poor families are required to be identified with emphasis on rural areas by conducting village survey.

A Performance Audit was conducted to assess the achievement of the Companies towards the stated objectives of their establishment.

Coverage of beneficiaries

The coverage of beneficiaries by these four Companies was meagre indicating their poor performance. Out of the total population of 7.53 crore as per Census 2001 of the targeted sections in the State, the Companies had covered only 6.69 lakh (0.89 *per cent*) beneficiaries since inception up to March 2009. In the absence of co-ordination and maintenance of inter-linked database/records between all the Companies in the State dealing with socio-economic empowerment, the possibility of duplication of beneficiaries can not be ruled out.

Planning

The Audit review revealed that in three Companies (SAVVVM, MAAAVM and MSHFDC) involved in implementation of financial assistance schemes, there was no identification of beneficiaries in a focussed manner and no efficient plan for coverage of beneficiaries in a phased manner. None of these Companies had carried out any micro-level research study or survey of Census data for identifying the eligible targeted groups of beneficiaries. Also no skill-set requirement for beneficiaries was prescribed. Absence of a centralised database of total number of eligible beneficiaries covered/yet to be covered was noticed in audit which resulted in lack of proper planning for effective implementation of the schemes.

Implementation of financial assistance scheme

Of the funds of Rs 178.08 crore received by the three Companies (SAVVVM, MAAAVM and MSHFDC) only Rs 80.08 crore (45 *per cent*) was utilised during the period 2004-09. There were deficiencies in selection of beneficiaries and lack of post disbursement monitoring. As a result, the recovery performance of all the Companies was poor.

Training activities

There were irregularities and inadequacies in conduct of training activities by three Companies. While one Company (MSHFDC) did not conduct any training programme during 2004-09, two Companies (SAVVVM and MAAAVM) had not maintained any database regarding feedback on utility of training.

Performance of Self Help Groups formation by MAVIM

MAVIM had been declared by the GoM as a nodal agency for development schemes for women through formation of SHGs. However, the Company did not maintain database regarding the total number of SHGs formed in the State. Performance of the Company with regard to formation and nurturing of SHGs was also not satisfactory. The coverage of villages by MAVIM was only 12,139 out of 41,095 villages in the State. Against the target of 1,05,111 SHGs, MAVIM had formed 34,731 SHGs during 2004-05 to 2008-09 and as on 31 March 2009, only 53,710 SHGs (including 5,211 SHGs formed by NGOs) were in existence under 14 schemes. Further, out of total 6,54,788 members of SHGs as on 31 March 2009, only 2,05,106 members could start the income generating activities.

Corporate Governance

The Corporate Governance was deficient as effective Internal Control system was not in existence in any of the four Companies. In violation of Companies Act provisions, three Companies did not form Audit Committees and one Company (SAVVVM) did not hold the minimum number of Board of Directors meetings and there was lack of monitoring by top management. There was no co-ordination and convergence among different Administrative Departments of GoM for achieving the objectives by the Companies.

Conclusion and Recommendations

To assist the Companies in rectifying the deficiencies noticed during audit review, audit has made eight recommendations. These include to have systematised and focussed targeting of eligible beneficiaries by conducting micro-level surveys, streamlining of disbursement procedures, greater co-ordination and collaboration among the Companies and adequate monitoring of activities by top management through an effective internal control mechanism.

3. Performance Audit relating to Statutory Corporation

Performance Audit on the 'Functioning of the Maharashtra State Road Transport Corporation'

The Maharashtra State Road Transport Corporation (Corporation) provides public transport in the State through its 247 depots. The Corporation had fleet strength of 16,357 buses (including 24 hired buses) as on 31 March 2009 and carried an average of 60.62 lakh passengers per day during the period from 2004-05 to 2008-09. It had a monopoly in stage carriage in mofussil areas. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finance and Performance

The Corporation started earning profit from 2006-07 during the review period and earned profit of Rs 118.09 crore in 2008-09 without considering prior period adjustments. Its accumulated losses and borrowings stood at Rs 457.13 crore and Rs 58.78 crore respectively as at 31 March 2009. The Corporation was not able to achieve the All India Average (AIA) for cost per KM (Rs 19.94) during 2006-07 to 2008-09. Audit noticed that more effective monitoring of key parameters coupled with certain policy measures could see further improvement in performance and increase in revenue.

Declining Share

The per capita kilometres operated by the Corporation decreased from 17.44 in 2004-05 to 16.32 in 2008-09. The vehicle density per one lakh population decreased from 15.63 in 2004-05 to 14.70 in 2008-09. However, no scientific survey was conducted to assess the demand for public transport. Further, no Integrated Transport Policy had been formulated for the State.

Vehicle profile and utilisation

The Corporation's buses consisted of own fleet of 16,333 buses and 24 hired AC buses as on 31 March 2009. Of its own fleet, 689 (4.22 *per cent*) buses were overage, *i.e.*, more than ten years old. The percentage of overage buses declined from 10 *per cent* in 2004-05 to 4.22 *per cent* in 2008-09 due to acquisition of 8,076 new buses during 2004-09 at a cost of Rs 907.54 crore. The acquisition was funded through capital contribution (Rs 734.41 crore) and internal resources (Rs 173.13 crore). The Corporation's fleet utilisation at 94.28 *per cent* in 2008-09 was above AIA of 92 *per cent*. Its vehicle productivity at 316 KM per day per bus during 2008-09 was above the AIA of 313 KM. Similarly, its load factor at 71.20 *per cent* remained above the AIA of 63 *per cent*. However, the Corporation had not fixed targets for vehicle productivity. The percentage of cancellation of Scheduled KMs remained higher than the All India best performers. The Corporation had assessed trip-wise profitability without reckoning the amount of concessions in fare reimbursed by the State Government. The Corporation's performance on preventive maintenance was unsatisfactory as the maintenance schedules in respect of docking and reconditioning of buses were not adhered to.

Economy in operations

The operational performance of the Corporation in the areas of manpower deployment and fuel efficiency was below AIA. Manpower and fuel constituted 69.67 *per cent* of total cost. Interest, depreciation and taxes accounted for 21.10 *per cent* and are not controllable in short time. Thus, the controllable expenditure has to come from manpower and fuel. The expenditure on repairs and maintenance was Rs 413.23 crore (Rs 2.53 lakh per bus) in 2008-09, of which nearly 50 *per cent* was on manpower. The fuel consumption as compared to AIA was in excess to the

extent of Rs 39.19 crore during 2004-05 to 2008-09.

The Corporation started hiring AC buses from 2006-07 onwards where the Corporation provides conductors, makes payment of fuel charges at agreed rates and makes payment as per KM operated. The Corporation earned a net profit of Rs 4.11 crore from hired buses during 2006-09. Audit observed that there was further scope to go for more hired buses considering its lower cost.

Revenue maximisation

The State Government directed that the amount of concessions in fare reimbursable by it may be adjusted against the passenger tax (PT) payable to the Government. However, the PT was not sufficient to adjust the full amount of concession and the unrealised claims due from the Government stood at Rs 359.44 crore as of March 2009. Besides, the State Government has not paid its share of Rs 352 crore in wage settlement of employees agreed in August 2004. Further, the Corporation has about 136.53 lakh square metres of land. As it utilises ground floor/land for its operations, the space above can be developed on public private partnership (PPP) basis to earn steady income which can be used to cross-subsidise its operations. However, the Corporation had not framed any policy in this regard.

Need for a regulator

The fare revision was governed by an automatic formula approved by the State Government for certain elements of cost. However, the increase in input cost was not correctly fed in the formula resulting in higher fare revision. The Corporation had also not formulated norms for providing services on uneconomical routes. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.

Inadequate monitoring

The fixation of targets for various operational parameters and an effective Management Information System for obtaining feed back on achievement thereof are essential for monitoring by the top management. However, Audit observed that norms/benchmarks for bus staff *ratio* and vehicle productivity had not been fixed.

Conclusion and Recommendations

Though the Corporation has been earning profit from 2006-07 onwards, it can control cost of operations by reducing manpower and fuel costs through effective monitoring. The Corporation can increase profit by resorting to hiring of buses and tapping non-conventional sources of revenue. This review contains eight recommendations to improve the Corporation's performance. Hiring of buses, creating a regulator to regulate fares and services and tapping non-conventional sources of revenue by undertaking PPP projects are some of these recommendations.

4. Transaction Audit Observations

Transaction audit observations included in this Report highlight deficiencies in the management of Public Sector Undertakings involving significant financial implications. The irregularities pointed out are broadly of the following nature:

There were nine cases of avoidable/wasteful/extra expenditure amounting to Rs 21.19 crore on account of:

- delay in finalisation of tender;
- decision to set up captive power plant in prohibited area;

- procurement of meters at higher rates;
- acceptance of unreasonable condition;
- non execution of formal agreement;
- award of contract without ensuring possession of land;
- non recovery of project cost;
- construction of resort without ascertaining the title of land.

(Paragraphs 4.3, 4.6, 4.8, 4.9, 4.11, 4.13, 4.14, 4.16 and 4.18)

There were five cases of loss of revenue of Rs 15.14 crore on account of:

- irregular allotment of plots to ineligible parties;
- incorrect calculation of lease premium;
- incorrect categorisation of consumers;
- delay in restoration of damaged studio;
- non finalisation of contract within validity period.

(Paragraphs 4.1, 4.4, 4.7, 4.10 and 4.15)

There were four cases of undue benefit to contractors/parties to the tune of Rs 27.19 crore on account of:

- non/short recovery of compensation;
- sale of land at lower rates;
- incorrect categorisation of plot;
- non charging of additional land premium.

(Paragraphs 4.2, 4.5, 4.17 and 4.19)

There was one case of unfruitful investment amounting to Rs 5.80 crore on account of:

- defective/unplanned construction of food mall.

(Paragraph 4.12)

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

City and Industrial Development Corporation of Maharashtra Limited suffered revenue loss of Rs 4.46 crore due to allotment of residential-cum-commercial plot for residential purpose and allotment of school plots to an ineligible party.

(Paragraph 4.1)

Maharashtra Airport Development Company Limited extended undue benefit of Rs 20.21 crore to Satyam Computer Services Limited by sale of land at lower rates in MIHAN Project at Nagpur.

(Paragraph 4.5)

Maharashtra State Electricity Distribution Company Limited short recovered electricity charges of Rs 7.59 crore due to incorrect categorisation of seven commercial consumers as industrial consumers and incurred extra expenditure of Rs 1.74 crore due to its failure in accepting the rate received in the tender and subsequent purchase at a higher rate.

(Paragraphs 4.7 and 4.8)

Maharashtra Film, Stage and Cultural Development Corporation Limited suffered revenue loss of Rs 1.65 crore due to delay in restoration of studio damaged by fire.

(Paragraph 4.10)

Maharashtra State Road Development Corporation Limited constructed a Food mall without conducting a feasibility study resulting in unfruitful investment of Rs 5.80 crore with consequential loss of interest of Rs 1.50 crore. The Company also incurred avoidable expenditure of Rs 1.89 crore due to award of contract without ensuring possession of land for work.

(Paragraphs 4.12 and 4.13)

The **Maharashtra Industrial Development Corporation** extended undue benefit of Rs 5.44 crore due to allotment of a commercial plot of land at industrial rate. The Corporation further incurred avoidable expenditure of Rs 4.71 crore in three cases due to non-finalisation of tenders within the validity period.

(Paragraphs 4.17 and 4.18)

Chapter-I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Maharashtra, the State PSUs occupy an important place in the State economy. The State working PSUs registered a turnover of Rs 35,495.23 crore in 2008-09 as per their latest finalised accounts as of September 2009. This turnover was equal to 5.09 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Maharashtra State PSUs are concentrated in power and infrastructure sectors. The State working PSUs earned an overall profit of Rs 545.55 crore in the aggregate for 2008-09 as per their latest finalised accounts. They had employed 2.02 lakh♣ employees as of 31 March 2009. The State PSUs do not include 49 prominent Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Civil Audit Report for the State.

1.2 As on 31 March 2009, there were 85 PSUs as *per* the details given below. Of these, none of the companies were listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs^Ψ	Total
Government Companies♦	57	24	81
Statutory Corporations	4	-≈	4
Total	**61**	**24**	**85**

1.3 During the year 2008-09, two PSUs€ were established whereas one non-working PSU^Δ was privatised. Further, two non-working Companies^ΔΔ have been transferred under working PSUs based on the information provided by them.

♣As per the details provided by 46 working PSUs. Remaining PSUs did not furnish the details.

ΨNon-working PSUs are those which have ceased to carry on their operations.

♦ Includes 619-B companies at Sl. No. A-5,17,28 and 47 of **Annexure-1**.

≈ No non-working Statutory corporation.

€ Aurangabad Power Company Limited and Dhule Thermal Power Company Limited.

Δ Chitali Distillary Limited.

ΔΔMaharashtra Urban Infrastructure Development Company Limited and Maharashtra Urban Infrastructure Fund Trustee Company Limited.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as *per* Section 619-B of the Companies Act.

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

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

Investment in State PSUs

1.7 As on 31 March 2009, the investment (capital and long-term loans) in 85 PSUs (including four 619-B Companies) was Rs 47,268.03 crore as per details given below.

(Rupees in crore)

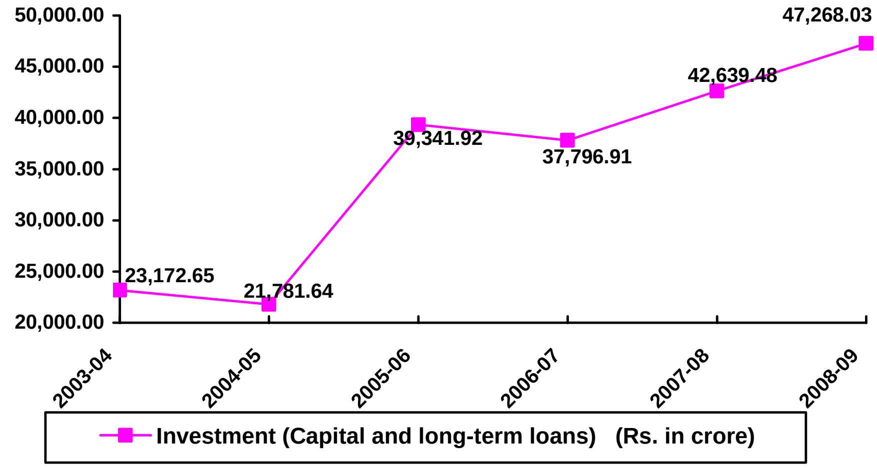
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	19,632.19	24,925.52	44,557.71	1,474.72	505.46	1,980.18	46,537.89
Non-working PSUs	326.87	403.27	730.14	-≠	-≠	-≠	730.14
Total	**19,959.06**	**25,328.79**	**45,287.85**	**1,474.72**	**505.46**	**1,980.18**	**47,268.03**

A summarised position of government investment in State PSUs is detailed in **Annexure 1**.

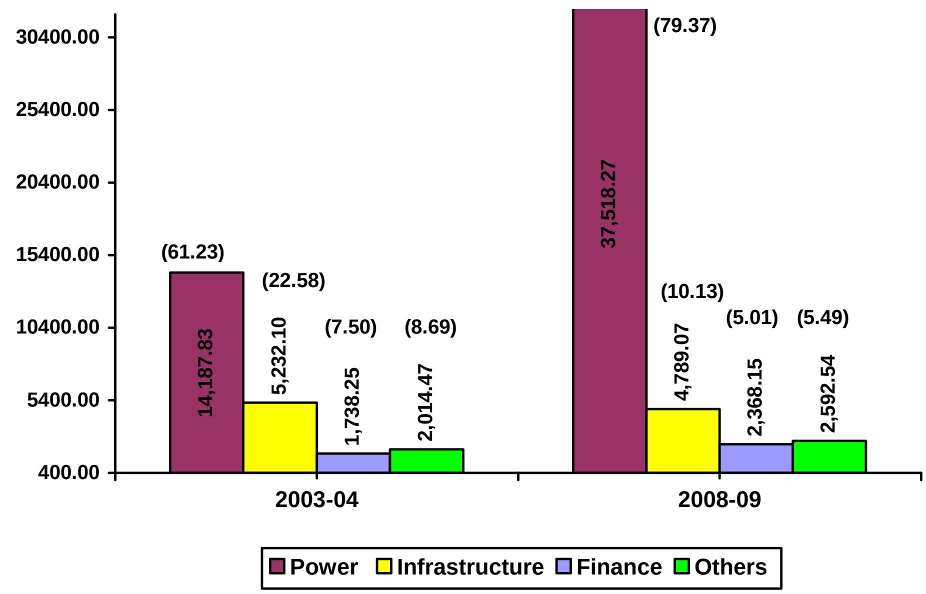
1.8 As on 31 March 2009, of the total investment in State PSUs, 98.46 *per cent* was in working PSUs and the remaining 1.54 per *cent* in non-working PSUs. This total investment consisted of 45.35 *per cent* towards capital and 54.65 *per cent* in long-term loans. The investment has grown by

≠ No Non-working Statutory corporation.

103.98 *per cent* from Rs 23,172.65 crore in 2003-04 to Rs 47,268.03 crore in 2008-09 as shown in the graph below. There was an increase of Rs 17,560.28 crore in the investments during 2005-06 mainly because of increase in the investments by Rs 16,603.45 crore to power sector companies by way of Equity (Rs 12,939.52 crore) and Loans (Rs 3,663.93 crore).



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart. The thrust of PSU investment was mainly in Power sector during the six years period which has seen its percentage share rising from 61.23 to 79.37 *per cent*.



(Figures in brackets show the percentage of total investment)

Budgetary outgo, grants/subsidies, guarantees and loans

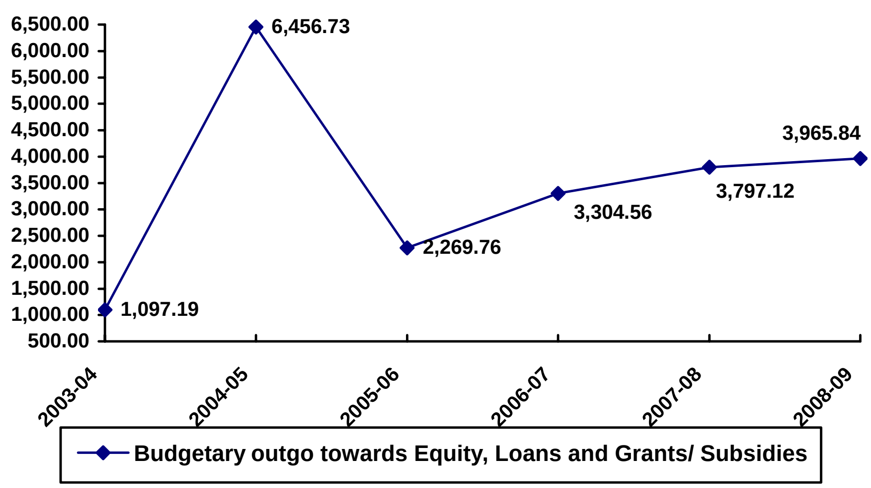
1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure 3.**

The summarised details are given below for three years ended 2008-09.

(Amount Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	8	578.65	9	327.75	9	862.42
2.	Loans given from budget	3	94.87	2	86.59	4	113.78
3.	Grants/Subsidy received	11	2,631.04	13	3,382.78	17	2,989.64
4.	Total Outgo (1+2+3)	18[∇]	3,304.56	18[∇]	3,797.12	22[∇]	3,965.84
5.	Guarantees issued	1	3.50	3	106.72	3	557.50
6.	Guarantee Commitment	11	6,358.33	11	8,774.53	14	4,042.99

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



[∇] Actual number of PSUs which received budgetary support in the form of equity, loans, grants and subsidy from State Government.

The budgetary outgo in the form of equity, loans, grants/subsidies, *etc.* during 2004-05 was at an all time high of Rs 6,456.73 crore in the six years ended 2008-09. After decline in the budgetary outgo to Rs 2,269.76 crore during 2005-06, it increased gradually and stood at Rs 3,965.84 crore during 2008-09.

1.12 The amount of Guarantee commitment as on 31 March 2008 was at Rs 8,774.53 crore (11 PSUs) which decreased significantly to Rs 4,042.99 crore (14 PSUs) during 2008-09. The Government charges fees for guarantees given at the rate of two *per cent* per annum. During the year 2008-09, nine PSUs paid guarantee fees of Rs 26.62 crore out of Rs 45.53 crore payable leaving an unpaid balance of Rs 18.91 crore. Besides, Rs 27.61 crore pertaining to the period upto 2007-08 were not paid. Thus, total guarantee fees recoverable from these PSUs as on 31 March 2009 was Rs 46.52 crore.

Reconciliation with Finance Accounts

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

(Rupees in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	7,125.62	15,273.97	8,148.35
Loans	6,157.12	4,431.09	1,726.03
Guarantees	4,022.41	4,042.99	20.58

1.14 Audit observed that the differences occurred in respect of 47 PSUs and some of the differences were pending reconciliation for more than three years. The matter was brought to the notice of the Principal Secretary (Finance) demi-officially in May and September 2009 by the Accountant General. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

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

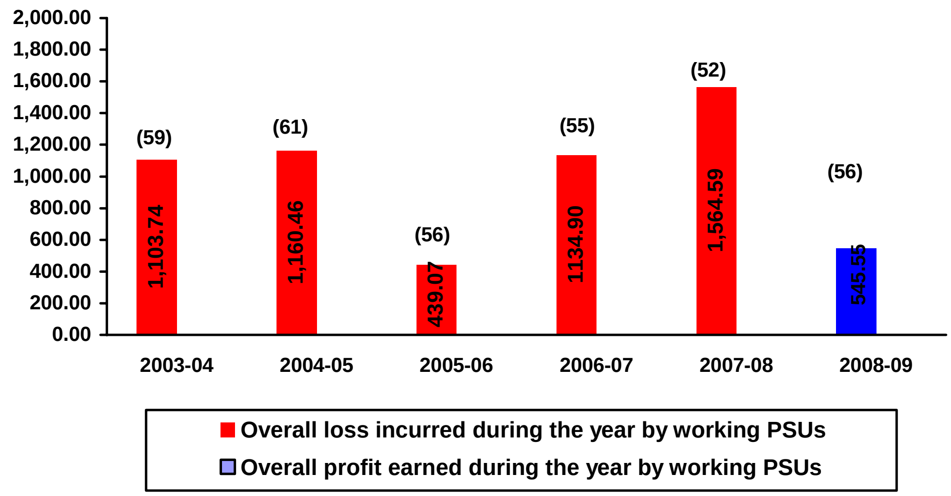
PSU turnover and State GDP for the period 2003-04 to 2008-09.

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover∝	17,878.11	19,520.04	19,468.21	26,397.23	34,684.97	35,495.23
State GDP	3,33,145.00	3,71,878.00	4,32,413.00	5,09,356.00	5,90,995.00	6,97,683.00♦
Percentage of Turnover to State GDP	5.37	5.25	4.50	5.18	5.87	5.09

The percentage of turnover to State GDP declined from 5.37 in 2003-04 to 5.09 in 2008-09 as the turnover of PSUs did not increase in proportion to the corresponding increase in GDP.

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



(Figures in brackets show the number of working PSUs excluding PSUs working on no profit no loss basis and/or that have not started commercial activities in respective years)

As against loss of Rs 1,103.74 crore incurred during 2003-04, the working PSUs earned an overall profit of Rs 545.55 crore in 2008-09. During the year 2008-09, out of 61 working PSUs, 34 PSUs earned profit of Rs 1,274.91 crore and 22 PSUs incurred loss of Rs 729.36 crore. Four working PSUs[Δ] prepared their accounts on 'no profit no loss basis' and one PSU[**] was under construction and had not prepared profit and loss account. The major contributors to profit were Maharashtra State Power Generation Company Limited (Rs 479.08 crore), Maharashtra State Electricity Transmission Company Limited (Rs 356.11 crore), Maharashtra State Road Transport Corporation (Rs 159.23 crore), Maharashtra State Electricity Distribution

∝ Turnover as per the latest finalised accounts as of 30 September 2009.

♦ Advance estimates as furnished by Directorate of Economics and Statistics, Government of Maharashtra.

Δ Sl. No. A-12,17,29 and 54 of **Annexure-2.**

** Sl. No.A-45 of **Annexure-2.**

Company Limited (Rs 121.22 crore). The heavy losses were incurred by MSEB Holding Company Limited (Rs 339.88 crore) and Maharashtra State Road Development Corporation Limited (Rs 337.59 crore).

1.17 The losses of working PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of the latest Audit Reports of CAG shows that the State working PSUs incurred losses to the tune of Rs 3,396.06 crore and infructuous investment of Rs 125.25 crore, which were controllable with better management. Year wise details from Audit Reports are stated below.

(Rupees in crore)

Particulars	2006-07	2007-08	2008-09	Total
Net Profit (loss)	(1,134.90)	(1,564.59)	545.55	**(2,153.94)**
Controllable losses as per CAG's Audit Report	1,216.32	699.99	1,479.75	**3,396.06**
Infructuous Investment	94.26	14.69	16.30	**125.25**

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

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

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (*Per cent*)	2.83	2.55	1.93	--≈	0.89	7.52♣
Debt	18,079.48	16,421.43	20,812.25	18,827.73	27,035.20	25,834.25
Turnover♈	17,878.11	19,520.04	19,468.21	26,397.23	34,684.91	35,495.23
Debt/ Turnover Ratio	1.01:1	0.84:1	1.07:1	0.71:1	0.78:1	0.73:1
Interest Payments	1,792.17	1,737.91	626.74	1,182.61	2,355.14	2,197.56
Accumulated Profits (losses)	(3,622.10)	(4,577.82)	(3,907.81)	(4,739.23)	(6,639.08)	(7,006.90)

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

≈Return on Capital Employed was Negative during the year.

♣Return on capital for the year has been computed by considering profit before tax after prior period adjustment.

♈Turnover of working PSUs as *per* the latest finalised accounts as of 30 September 2009.

1.20 The percentage of consolidated return on all PSUs varied from 2.83 in 2003-04 to 0.89 in 2007-08 and 7.52 during 2008-09. It was negative during the year 2006-07. The accumulated losses of the PSUs have increased from Rs 3,622.10 crore in 2003-04 to Rs 7,006.90 crore in 2008-09 indicating an increase of 93.45 *per cent* over these six years.

The debt turnover *ratio*, which was at 1.01:1 during 2003-04, deteriorated to 1.07:1 in 2005-06. During 2008-09 it improved and stood at 0.73:1.

1.21 The State Government had not formulated any policy for payment of minimum dividend by the PSUs till 2007-08. The updated position in this regard was awaited from the State Government. As per their latest finalised accounts, 34 working PSUs earned an aggregate profit of Rs 1,274.91 crore and only one PSU (Maharashtra State Warehousing Corporation) declared a dividend of Rs 2 crore at the rate of 22.96 *per cent.*

Performance of major PSUs

1.22 The investment in working PSUs and their turnover together aggregated to Rs 82,033.12 crore during 2008-09. Out of 61 working PSUs, each of the following six PSUs accounted for individual investment *plus* turnover of more than five *per cent* of aggregate investment *plus* turnover. These six PSUs together accounted for 92.67 *per cent* of aggregate investment *plus* turnover.

(Rupees in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage to Aggregate Investment plus Turnover
(1)	(2)	(3)	(4)	(5)
Maharashtra State Electricity Distribution Company Limited	7,441.98	20,158.61	27,600.59	33.65
Maharashtra State Power Generation Company Limited	11,798.53	8,081.97	19,880.50	24.23
MSEB Holding Company Limited	11,852.60	--≈	11,852.60	14.45
Maharashtra State Electricity Transmission Company Limited	5,505.58	1,571.06	7,076.64	8.63
Maharashtra State Road Transport Corporation	1,412.12	3,740.89	5,153.01	6.28
Maharashtra State Road Development Corporation Limited	4,179.02	277.32	4,456.34	5.43
Total	**42,189.83**	**33,829.85**	**76,019.68**	**92.67**

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

≈The Company has been vested with the Assets and Liabilities of all its subsidiaries on unbundling of MSEB in 2005-06 and does not have any turnover of its own.

Maharashtra State Electricity Distribution Company Limited

1.23 The Company earned a profit of Rs 121.22 crore in 2007-08 as against loss of Rs 303.41 crore in 2005-06. The turnover had risen from Rs 14,251.35 crore in 2005-06 to Rs 20,158.61 crore in 2007-08. The return on capital employed had increased from 0.53 *per cent* in 2005-06 to 6.25 *per cent* in 2007-08.

1.24 ***Deficiencies in planning***

- The Company did not avail the allocation of power from cheaper Central sources to the full extent during 2005-06 to 2007-08 and had to incur additional expenditure of Rs 374.79 crore on purchase of power from outside agencies at higher rates. (**Paragraph 2.3.12** of the Audit Report-(Commercial)-2007-08).

- The Company did not initially prioritise the projects under Accelerated Power Development Reforms Programme based on higher Transmission and Distribution losses defeating the purpose of the programme. (**Paragraph 2.2.15** of the Audit Report (Commercial)-2006-07).

1.25 ***Deficiencies in implementation***

- The average cost of energy sold during 2003-08 was abnormally high due to purchase of power from costly sources and higher (T&D) losses. Resultantly, the Company could not recover the high average cost of energy causing loss of Rs 5,783.26 crore during the period (**Paragraph 2.3.15** of the Audit Report (Commercial)-2007-08).

- Non implementation of load regulation as directed by Maharashtra Electricity Regulatory Commission (MERC) resulted in loss of Rs 96 crore to the Company (**Paragraph 2.3.18** of the Audit Report (Commercial)-2007-08).

- In the absence of penal clause for breach of commitment in the contract for power purchase, the Company had to purchase power from costly sources resulting in financial outgo of Rs 31.38 crore (**Paragraph 2.3.13** of the Audit Report (Commercial)-2007-08).

1.26 ***Deficiencies in monitoring***

- Out of 89,056 Distribution Transformers in operation in 12 Circles, 74,279 Distribution Transformers were not metered and the reports showing high losses in 1,702 Distribution Transformers were not acted upon (**Paragraph 2.1.12** of the Audit Report (Commercial)-2005-06).

1.27 ***Non achievement of objectives***

- The Company did not achieve the norms fixed by MERC for Transmission and Distribution (T&D) losses resulting in excess T&D loss of

Rs 1,407.89 crore during 2006-08 (**Paragraph 2.3.16** of the Audit Report (Commercial)-2007-08).

- In 20 projects taken up for execution, the metering work was completed to the extent of 50 *per cent* only resulting in non achievement of the intended benefits of the programme of reduction of T&D and Aggregate Technical and Commercial (AT&C) losses (**Paragraph 2.2.21** of the Audit Report (Commercial)-2006-07).

1.28 *Deficiencies in financial management*

- Extra payment of Rs 61.22 crore was made to private parties in procurement of wind energy. (**Paragraph 4.2** of the Audit Report (Commercial)-2005-06).

- Failure to take criminal action under the Negotiable Instruments Act, 1948 for bounced cheques resulted in accumulation of arrears of Rs 2.62 crore. (**Paragraph 4.5** of the Audit Report (Commercial)-2005-06).

- The Company did not avail the benefit of rebate of Rs 55.34 lakh in purchase of power by availing short term borrowing for payment. (**Paragraph 2.3.21** of the Audit Report (Commercial)-2007-08).

Maharashtra State Power Generation Company Limited

1.29 The profit of the Company had risen continuously in past three years from Rs 112.94 crore in 2005-06 to Rs 479.08 crore in 2007-08. Similarly, the turnover too had risen from Rs 5,468.64 crore to Rs 8,081.97 crore during this period. The return on capital had increased from 4.08 to 9.47 *per cent*.

1.30 *Deficiencies in planning*

- Hasty decision of the Company to install Coal Mill Reject Handling System in all power stations simultaneously resulted in idle investment of Rs 12.06 crore, besides non-achievement of intended benefits of lesser maintenance cost and pollution free environment. (**Paragraph 3.7** of the Audit Report (Commercial)-2007-08).

- The Parli Thermal Power Station did not plan in advance the purchase of fire protection equipments and purchased locally the equipment on urgent basis resulting in extra expenditure of Rs 41.61 lakh (**Paragraph 3.9** of the Audit Report (Commercial)-2007-08).

1.31 *Deficiencies in implementation*

- The Company did not pay for water charges based on actual quantity lifted by installing electronic measuring devices as per terms of the Agreement, resulting in avoidable payment of excess water charges of Rs 10.52 crore. (**Paragraph 4.10** of the Audit Report (Commercial)-2006-07).

- The eligibility criteria for participating in the tenders for works contracts were restrictive leading to creation of monopoly of two contractors at five thermal power stations in the State. There was no uniformity in penalty clauses resulting in non/short recovery of penalty of Rs 6.63 crore. (**Paragraph 3.8** of the Audit Report (Commercial)-2007-08).

Maharashtra State Road Transport Corporation.

1.32 The Corporation earned a profit of Rs 159.23 crore in 2007-08 as against loss of Rs 39.94 crore in 2005-06. The turnover increased from Rs 3,295.31 crore in 2005-06 to Rs 3,740.89 crore in 2008-09. The return on capital employed had increased from 10.38 to 22.53 *per cent.*

1.33 ***Deficiencies in planning***

- The Corporation incurred loss of Rs 13.79 crore due to operation of mini buses, which was not viable due to non availability of engines/spares parts *etc*. (**Paragraph 3.1.12** of the Audit Report (Commercial)-2006-07).

1.34 ***Deficiencies in implementation***

- Profitable trips of the Corporation were cancelled on account of controllable reasons like late receipt of vehicles from line, late dispatch of vehicles from depot *etc*. resulting in avoidable loss of revenue of Rs 104.28 crore. (**Paragraph 3.1.15** of the Audit Report (Commercial)-2006-07).

- The Corporation could not achieve the targets for consumption of High Speed Diesel resulting in extra expenditure of Rs 83.21 crore during the period 2003-07. (**Paragraph 3.1.18** of the Audit Report (Commercial)-2006 -07).

1.35 ***Deficiencies in monitoring***

- The inspection parties formed by the Corporation to carry out inspection of private bus operators was ineffective due to omission to include a vital check in its inspection programme thereby the illicit traffic operations continued to thrive causing loss to the tune of Rs 500 crore per annum. (**Paragraph 4.17** of the Audit Report (Commercial)-2004-05).

1.36 ***Deficiencies in financial management***

- The Corporation remitted excess Motor vehicles tax of Rs 283.63 crore to the Government than that collected from the passengers (**Paragraph 4.16** of the Audit Report (Commercial)-2005-06).

- The Corporation paid excess fuel charges of Rs 2.07 crore due to non-verification of bills raised by Indian Oil Corporation Limited (**Paragraph 4.25** of the Audit Report (Commercial)-2006-07).

- The Corporation rejected price increase claims of the supplier and resorted to local purchase thereby incurred avoidable expenditure of Rs 1.27 crore (**Paragraph 3.18** of the Audit Report (Commercial)-2007-08).

Maharashtra State Road Development Corporation Limited.

1.37 The Company had arrears of accounts for two years as of September 2009. The loss of the company had increased from Rs 335.31 crore in 2005-06 to Rs 337.59 crore in 2006-07. The turnover had decreased from Rs 293.97 crore to Rs 277.32 crore during the period. The return on capital had increased from 0.06 to 1.50 *per cent*.

1.38 ***Deficiencies in planning***

- Company's acceptance of the redesigning of the project at the behest of the Consultant put an additional cost of Rs 55.23 crore on the project (**Paragraph 2.1.17** of the Audit Report (Commercial)-2006-07).

- Company's failure to assess the technical issues related to environment resulted in extra expenditure of Rs 11.75 crore and wasteful expenditure of Rs 1.56 crore apart from delay in the construction of ramps at Mahim inter change (**Paragraph 2.1.18** of the Audit Report (Commercial)-2006-07).

- Belated changes in the design of Worli-Bandra Sea Link Project resulted in infructuous expenditure of Rs 7.97 crore (**Paragraph 4.6** of the Audit Report (Commercial)-2003-04).

1.39 ***Deficiencies in implementation***

- The Company incurred extra expenditure of Rs 54.06 crore due to irregular award of construction works and irregular allotment of consultancy contracts for the Mumbai-Pune Expressway (**Paragraph 2.10** to **2.11** of the Audit Report (Commercial)-2004-05).

- The Company suffered a loss of Rs 21.31 crore due to adoption of lower traffic growth rate contrary to Government notification, incorrect rates of toll and incorrect working of net present value of the upfront toll price (**Paragraph 3.10** of the Audit Report (Commercial)-2007-08).

- The Company failed to lease out telecom ducts for more than four years resulting in loss of potential revenue amounting to Rs 14.68 crore (**Paragraph 4.12** of the Audit Report (Commercial)-2006-07).

1.40 ***Deficiencies in monitoring***

- A benefit of Rs 4.06 crore was passed on to the contractor executing the Mumbai-Pune Expressway due to not restricting payment to executed quantities. The Company also made payment of Rs 12.57 crore towards inadmissible claims (**Paragraph 2.17** of the Audit Report (Commercial)-2004-05).

1.41 ***Deficiencies in financial management***

- The Company suffered a loss of revenue of Rs 23.50 crore due to extension of contract for toll collection at the five entry points of Mumbai City without calling for tenders (**Paragraph 4.14** of the Audit Report (Commercial)-2006-07).

- The Company made inadmissible payment of Rs 7.49 crore to a contractor in respect of Bandra-Worli Sea Link Project in violation of the contractual provisions (**Paragraph 4.9** of the Audit Report (Commercial)-2005-06).

- The Company awarded the toll collection contract on Thane-Ghodbunder Road by fixing lower reserve price and thereby suffered loss of Rs 5.93 crore (**Paragraph 4.11** of the Audit Report (Commercial)-2006-07).

Conclusion

1.42 The above details indicate that the State PSUs are not functioning efficiently and there is tremendous scope for improvement in their overall performance. They need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. The State Government should introduce a performance based system of accountability for PSUs.

Arrears in finalisation of accounts

1.43 The accounts of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as *per* the provisions of their respective Acts.

The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2009.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of Working PSUs	65	60	59	57	61
2.	Number of accounts finalised during the year	51	37	51	42	57
3.	Number of accounts in arrears	174	183	177	175	185[≈]
4.	Average arrears *per* PSU (3/1)	2.68	3.05	3.00	3.07	3.03
5.	Number of Working PSUs with arrears in accounts	55	53	50	52	55
6.	Extent of arrears	1 to 14 years	1 to 15 years	1 to 15 years	1 to 13 years	1 to 13 years.

[≈] Includes 24 accounts of 24 working PSUs which were in arrears for one year *i.e.* 2008-09 of which six accounts have been received during October and November 2009.

1.44 The average arrears per PSU had increased from 2.68 in 2004-05 to 3.03 in 2008-09. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and make the accounts up to date. The PSUs should ensure that at least one year's accounts are finalised each year so as to restrict further accumulation of arrears.

1.45 In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Out of 24 non-working PSUs, three[♦] had gone into liquidation process. Of the remaining 21 non-working PSUs, 16 PSUs had arrears of accounts for one to 23 years.

1.46 The State Government had invested Rs 4,628.57 crore (Equity: Rs 1,077.64 crore, Loans: Rs 294.77 crore, Grants: Rs 3,256.16 crore) in 29 PSUs during the years for which accounts have not been finalised as detailed in **Annexure 4**. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.47 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though, the concerned administrative departments and officials of the Government were informed every quarter by Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was taken up with the Chief Secretary in January and April 2009. The matter was also taken up with the Principal Secretary (Finance) through meetings held in December 2008 and September 2009 as also through letters issued in January, May, June and September 2009 to expedite the backlog of arrears in accounts in a time bound manner.

1.48 In view of above state of arrears it is recommended that:

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

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

[♦] Sahyadri Glass Works Limited, The Overseas Employment and Export Promotion Corporation of Maharashtra Limited and Irrigation Development Corporation of Maharashtra Limited .

Winding up of non-working PSUs

1.49 There were 24 non-working PSUs (all Companies) as on 31 March 2009. Of these, three PSUs have commenced liquidation process. The numbers of non-working Companies at the end of each year during past five years are given below.

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
No. of non-working Companies	21	20	22	27	24

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2008-09, five non-working PSUs incurred an expenditure of Rs 0.15 crore towards salary and establishment expenditure *etc***.** This expenditure was financed through lease of property, miscellaneous income *etc*. of these PSUs.

1.50 The stages of closure in respect of non-working PSUs (all Companies) are given below.

Sl. No.	Particulars	Companies
1.	Total No. of non-working PSUs	24
2.	Of (1) above, the No. under liquidation	3•
3.	Closure, *i.e.* closing orders/instructions issued but liquidation process not yet started	10

1.51 During the year 2008-09, none of the Companies/Corporations were finally wound up, though the liquidation process was on for periods ranging from 16 to 23 years. The Government may make a decision regarding winding up of 11 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down its non-working Companies.

Accounts Comments and Internal Audit

1.52 Forty two working companies forwarded their audited 53 accounts to Accountant General during the year 2008-09. Of these, 34 accounts of 30 Companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved

• The nature of winding up not known. Information has been sought from Finance and Administrative Departments.

substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	5	152.13	11	234.05	6	87.32
2.	Increase in loss	5	67.39	4	21.53	8	52.49
3.	Non-disclosure of material facts	5	63.21	4	19.97	8	683.55
4.	Errors of classification	-≈	-≈	-≈	-≈	3	44.00
	Total		**282.73**		**275.55**		**867.36**

As seen from the above table the money value of comments of Statutory Auditors and CAG has increased from Rs 282.73 crore in 2006-07 to Rs 867.36 crore in 2008-09.

1.53 During the year, the statutory auditors had given unqualified certificates for 18 accounts and qualified certificates for 35 accounts. Additionally, CAG gave adverse certificate on one account during the supplementary audit. The compliance of Companies with the Accounting Standards remained poor as there were 72 instances of non-compliance in 17 accounts during the year.

1.54 Some of the important comments in respect of accounts of Companies are stated below.

Maharashtra State Electricity Distribution Company Limited (2007-08)

- Revenue from sale of power was overstated by Rs 10.31 crore due to non-accountal of load factor incentive/other credits payable to consumers and wrong booking of revenue correspondingly resulting in overstatement of surplus by Rs 10.31 crore.

- Non-provision for power purchase bills resulted in overstatement of surplus and understatement of current liabilities by Rs 5.46 crore.

- Non-provision of Rs 4.79 crore towards transmission charges to be passed on to Maharashtra State Electricity Transmission Company Limited (MSETCL) resulted in overstatement of surplus to the same extent.

- Credit received from Power Grid Corporation towards transmission charges was not shown as payable to MSETCL resulting in overstatement of

≈ Indicates 'nil' errors of classification were noticed during 2006-07 and 2007-08.

transmission charges by Rs 6.67 crore with consequent overstatement of surplus.

- Capitalisation of cost of meters, head office supervision and general establishment charges pertaining to repairs and maintenance works resulted in overstatement of capital expenditure in progress and surplus by Rs 3.22 crore.

Maharashtra State Electricity Power Generation Company Limited (2007-08)

- Recognition of doubtful revenues from disputed bills resulted in understatement of provisions and overstatement of sundry debtors and profit by Rs 21.04 crore.

- Wrong capitalisation of expenses of revenue nature resulted in overstatement of fixed assets net block and profit by Rs 7.19 crore.

- Profit was overstated by Rs 1.25 crore due to accounting of disputed bill as revenue from sale of power.

- Profit was overstated by Rs 10.60 crore due to non-passing of revenue to Maharashtra State Electricity Distribution Company Limited (MSEDCL) for power supplied by MSEDCL to Company's colony at Chandrapur Super Thermal Power Station.

- Fixed assets and profit were overstated by Rs 17.05 crore due to errors in calculation of depreciation.

MSEB Holding Company Limited (2005-06)

- Provision of interest on Government loans for which provision was already made in the books of erstwhile Maharashtra State Electricity Board resulted in overstatement of current liabilities and loss by Rs 59.50 crore.

Maharashtra State Electricity Transmission Company Limited (2007-08)

- The Company had not provided for depreciation on fixed assets acquired during the year which resulted in overstatement of surplus by Rs 24.04 crore.

Maharashtra State Handlooms Corporation Limited (2007-08)

- Provision towards doubtful debts was short by Rs 1.49 crore resulting in understatement of loss to the same extent.

Maharashtra Agro Industries Development Corporation Limited (2007-08)

- Gratuity provision was made for Rs 3.54 crore as against Rs 4.61 crore required resulting in overstatement of profit by Rs 1.07 crore.

1.55 Similarly, four working Statutory corporations forwarded their four accounts to the Accountant General during the year 2008-09. Of these, two accounts of two Statutory corporations were audited by CAG. The remaining two accounts were selected for supplementary audit. The audit reports of statutory auditors and the sole/supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below.

(Amount Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	1.23	2	6.08	3	22.35
2.	Increase in loss	--≈	--≈	1	171.35	1	217.35
3.	Non-disclosure of material facts	--≈	--≈	2	88.70	3	1,141.89
4.	Errors of classification	--≈	--≈	--≈	0.08	--≈	--≈
	Total		**1.23**		**266.21**		**1,381.59**

As seen from the above table, the net impact per account on the working results of PSUs as a result of the audit observations has increased from Rs 0.62 crore (2006-07) to Rs 59.93 crore (2008-09).

1.56 During the year, out of four accounts of four Statutory corporations, three accounts of three Corporations received qualified certificates. The remaining one account received adverse certificate.

1.57 Some of the important comments in respect of accounts of Statutory corporations are stated below.

Maharashtra State Financial Corporation (2007-08)

- Non-provision for interest payable on subvention of loans and bonds resulted in understatement of interest liability and losses by Rs 13.81 crore.

- Non-provision for guarantee fee payable to Government of Maharashtra resulted in understatement of loss and current liabilities by Rs 3.73 crore.

- Non-provision/short provision for interest on loans, bonds, borrowings, dues of loanee concerns etc. resulted in understatement of loss by Rs 200.19 crore.

≈ This indicates 'nil' accounts and money value.

Maharashtra State Road Transport Corporation (2007-08)

- Profit was overstated by Rs 5.03 crore due to non provision for debts recoverable from licencees of commercial establishments which were outstanding from the year 1969-70.

- Non provision for payment to the Contributory Provident Fund (CPF) Trust towards deficiency in realisation of interest from investment by the CPF Trust resulted in overstatement of profit and understatement of liability by Rs 1.82 crore.

Maharashtra Industrial Development Corporation (2007-08)

- Water supply receipts included Rs 12.01 crore recoverable from Maharashtra Jeevan Pradhikaran as against actual receivable of Rs 8.83 crore and non withdrawal of disputed water supply arrears amounting to Rs 3.66 crore. This resulted in overstatement of surplus by Rs 6.84 crore.

Maharashtra State Warehousing Corporation (2007-08)

- Subsidy of Rs 66.03 lakh received during the year was not reduced from the cost of fixed assets resulting in overstatement of fixed assets.

1.58 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of 20 Companies[£] for the year

[£] Sl. No.3,4,5,6,7,11,13,15,16,17,25,28,37,38,39,41,43,53,54 and 56 in **Annexure-2**.

2007-08 and 20 Companies[µ] for the year 2008-09 are given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as *per* Annexure-2
1.	Non-fixation of minimum/ maximum limits of store and spares	12	A-3,6,11,16,25,38,39, 43,48, 49,50 and 53
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	22	A-3,4,5,6,7,10,11,16, 17,25,28,38,41,43,48, 49,50,52,53, 54,56 and 57
3.	Non maintenance of cost record	6	A-5,6,10,16,25 and 53
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	14	A-6,7,9,13,16,25,39, 48,49, 50,52,53,54 and 56
5.	Non-formation of Audit committee	13	A-5,6,7,10,13,15,17,23, 52,53,54,56 and 57
6.	Delegation of powers and duties and responsibilities not adequately defined	10	A-3,7,11,13,23,38,39, 41,49 and 52
7.	System of accounts and financial control	15	A-6,7,11,13,16,23,25, 38,39, 41,49,52,53,54 and 56
8.	System of monitoring timely recovery of outstanding dues.	15	A-3,6,7,9,10,11,16,25, 37,38, 39,43,52,53 and 56
9.	Existence of investment policy	22	A-1,3,4,5,6,7,9,10,11, 15,16,25,28,30,37,43, 48,49,50,52 54 and 56

Recoveries at the instance of audit

1.59 During the course of propriety audit in 2008-09, recoveries of Rs 12.90 crore were pointed out to the Management of various PSUs, of which, recoveries of Rs 2.09 crore were admitted by PSUs. An amount of Rs 1.15 crore was recovered during the year 2008-09.

[µ] Sl. No. 1,3,4,5,6,9,10,11,16,23,28,30,41,48,49,50,52,53,54 and 57 in **Annexure-2**.

Status of placement of Separate Audit Reports

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

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Maharashtra Industrial Development Corporation	2006-07	2007-08	4 September 2009	●

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

Reforms in Power Sector

1.61 The State has formed Maharashtra Electricity Regulatory Commission (MERC) in August 1999 under the Electricity Regulatory Commission Act, 1998• with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2008-09, MERC issued three orders on annual revenue requirements and 22 on others.

1.62 Memorandum of Understanding (MoU) was signed in March 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in the power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement as at March 2009
Generation		
1.	Government of Maharashtra will take action to improve availability of Thermal Generating plants from 80 to 85 *per cent* by 2005	Availability of thermal generating plant during the year 2008-09 was 86.69 *per cent*.
Transmission and Distribution		
1.	Reduction in transmission and distribution losses to 18 *per cent* by March 2003	Distribution loss was 21.98[Δ] *per cent* and Transmission loss was 4.8[Δ] *per cent*.

● Due for placement in ensuing session of the State Legislature.

• Since replaced by Electricity Act, 2003.

[Δ] As the activities of transmission and distribution of electricity are undertaken by two separate Companies, the percentage of losses there against is depicted separately.

Sl. No.	Milestone	Achievement as at March 2009
2.	100 *per cent* electrification of all villages	4,409 villages remained to be electrified
3.	100 *per cent* metering of all distribution feeders by December 2001	100 *per cent* metering of distribution feeders completed
4.	100 *per cent* metering of all consumers by September 2002	All consumers are metered except 14.41 lakh agricultural consumers
5.	Securitise outstanding dues of Central Public Sector Undertakings	Since done
6.	State Electricity Regulatory Commission (SERC) Establishment of SERC Implementation of tariff orders issued by SERC during the year.	SERC was established on 5 August 1999 Latest tariff orders issued in May 2008 are implemented

Discussion of Audit Reports by COPU

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

Period of Audit Report	Number of reviews/paragraphs			
	Appeared in Audit Report		Paras discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
2005-06	3	17	-≈	1
2006-07	6	28	-≈	-≈
2007-08	3	21	-≈	-≈
Total	**12**	**66**	**-≈**	**1**

≈ This indicates 'nil'.

.

Chapter II

2. Performance audit relating to Government Companies

Shabari Adivasi Vitta Va Vikas Mahamandal Limited, Maulana Azad Alpasankhyank Arthik Vikas Mahamandal Limited, Maharashtra State Handicapped Finance and Development Corporation and Mahila Arthik Vikas Mahamandal

2.1 Contribution of Four Companies in the State for Upliftment of Tribals, Minorities, Handicapped and Women

Executive Summary

Government of Maharashtra (GoM) established four Companies with the objective of economic upliftment, livelihood generation and empowerment of the Scheduled Tribes, Minorities, Handicapped and Women in the State. Three Companies Shabari Adivasi Vitta Va Vikas Mahamandal Limited (SAVVVM), Maulana Azad Alpasankhyank Arthik Vikas Mahamandal Limited (MAAAVM) and Maharashtra State Handicapped Finance and Development Corporation (MSHFDC) are engaged in disbursement of financial assistance to the targeted communities/sections of the State population in the form of term loans from the funds mainly received from National Agencies viz. National Scheduled Tribes Finance and Development Corporation, National Minorities Development and Finance Corporation and National Handicapped Development and Finance Corporation under various sanctioned schemes. These Companies also implemented schemes of Direct Loans, Educational Loans and Micro Finance Scheme out of their own funds received from GoM in the form of equity contributions. The fourth Company Mahila Arthik Vikas Mahamandal (MAVIM) is engaged in formation of Self Help Groups (SHGs) on gender basis for vulnerable women. Women belonging to households from BPL and poor families are required to be identified with emphasis on rural areas by conducting village survey.

A Performance Audit was conducted to assess the achievement of the Companies towards the stated objectives of their establishment.

Coverage of beneficiaries

The coverage of beneficiaries by these four Companies was meagre indicating their poor performance. Out of the total population of 7.53 crore as per Census 2001 of the targeted sections in the State, the Companies had covered only 6.69 lakh (0.89 per cent) beneficiaries since inception up to March 2009. In the absence of co-ordination and maintenance of inter-linked database/records between all the Companies in the State dealing with socio-economic empowerment, the possibility of duplication of beneficiaries can not be ruled out.

Planning

The Audit review revealed that in three Companies (SAVVVM, MAAAVM and MSHFDC) involved in implementation of financial assistance schemes, there was no identification of beneficiaries in a focussed manner and no efficient plan for coverage of beneficiaries in a phased manner. None of these Companies had carried out any micro-level research study or survey of Census data for identifying the eligible targeted groups of beneficiaries. Also no skill-set requirement for beneficiaries was prescribed. Absence of a centralised

database of total number of eligible beneficiaries covered/yet to be covered was noticed in audit which resulted in lack of proper planning for effective implementation of the schemes.

Implementation of financial assistance scheme

Of the funds of Rs 178.08 crore received by the three Companies (SAVVVM, MAAAVM and MSHFDC) only Rs 80.08 crore (45 per cent) was utilised during the period 2004-09. There were deficiencies in selection of beneficiaries and lack of post disbursement monitoring. As a result, the recovery performance of all the Companies was poor.

Training activities

There were irregularities and inadequacies in conduct of training activities by three Companies. While one Company (MSHFDC) did not conduct any training programme during 2004-09, two Companies (SAVVVM and MAAAVM) had not maintained any database regarding feedback on utility of training.

Performance of Self Help Groups formation by MAVIM

MAVIM had been declared by the GoM as a nodal agency for development schemes for women through formation of SHGs. However, the Company did not maintain database regarding the total number of SHGs formed in the State. Performance of the Company with regard to formation and nurturing of SHGs was also not satisfactory. The coverage of villages by MAVIM was only 12,139 out of 41,095 villages in the State. Against the target of 1,05,111 SHGs, MAVIM had formed 34,731 SHGs during 2004-05 to 2008-09 and as on 31 March 2009, only 53,710 SHGs (including 5,211 SHGs formed by NGOs) were in existence under 14 schemes. Further, out of total 6,54,788 members of SHGs as on 31 March 2009, only 2,05,106 members could start the income generating activities.

Corporate Governance

The Corporate Governance was deficient as effective Internal Control system was not in existence in any of the four Companies. In violation of Companies Act provisions, three Companies did not form Audit Committees and one Company (SAVVVM) did not hold the minimum number of Board of Directors meetings and there was lack of monitoring by top management. There was no co-ordination and convergence among different Administrative Departments of GoM for achieving the objectives by the Companies.

Conclusion and Recommendations

To assist the Companies in rectifying the deficiencies noticed during audit review, audit has made eight recommendations. These include to have systematised and focussed targeting of eligible beneficiaries by conducting micro-level surveys, streamlining of disbursement procedures, greater co-ordination and collaboration among the Companies and adequate monitoring of activities by top management through an effective internal control mechanism.

Introduction

2.1 With the objective of economic upliftment, livelihood generation and empowerment of Women, Scheduled Tribes, Minorities and Handicapped sections of the society in the State, the Government of Maharashtra (GoM) set up the following four Companies under the Companies Act, 1956:

Sl. No.	Name of the Company	Date of incorporation	Targeted section of population
1.	Mahila Arthik Vikas Mahamandal (MAVIM), Mumbai	24 February 1975	Women
2.	Shabari Adivasi Vitta Va Vikas Mahamandal Limited (SAVVVM), Nashik	15 January 1999	Scheduled Tribes community
3.	Maulana Azad Alpasankhyank Arthik Vikas Mahamandal Limited (MAAAVM), Mumbai	28 September 2000	Minority communities
4.	Maharashtra State Handicapped Finance and Development Corporation (MSHFDC), Mumbai	27 March 2002	Persons with disability

Out of these four Companies, three Companies (Sl. No.2, 3, and 4) mainly implemented different schemes of financial assistance, training and capacity building to encourage development of entrepreneurial skills and sustainable livelihoods among the respective sections of the population they were expected to target.

These Companies being State Channelising Agencies (SCAs) implemented schemes financed by National Scheduled Tribes Finance and Development Corporation (NSTFDC), National Minorities Development and Finance Corporation (NMDFC) and National Handicapped Finance and Development Corporation (NHFDC). Such schemes are mainly classified into the following categories (i) Agriculture and Allied Sector (ii) Small business/Artisans and Traditional Occupation (iii) Service Sector and (iv) Transport Sector. These Companies also implemented Direct Loan Schemes and Margin Money Loan Schemes through their own funds met from the equity contributions from the GoM. GoM also provides managerial subsidy for meeting administrative expenditure.

The fourth Company (MAVIM) had been declared by the GoM as an apex body for developmental schemes for Women since January 2003. MAVIM is engaged in forming Self Help Groups (SHGs) on gender basis for vulnerable women with emphasis on rural areas and their nurturing. MAVIM received grants from GoM, National Bank for Agriculture and Rural Development (NABARD) and Jawaharlal Nehru Port Trust (JNPT).

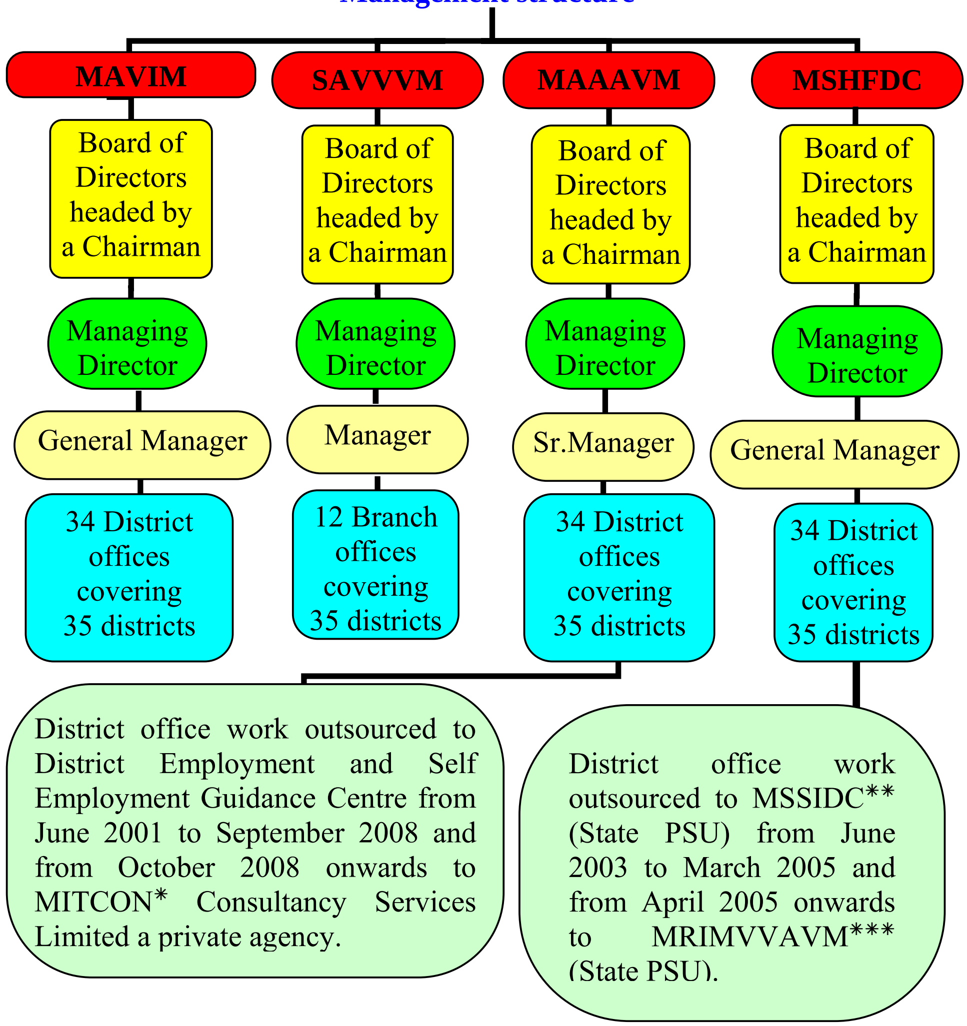
The following schemes were implemented by the said four Companies during 2004-05 to 2008-09.

Name of the Company	Particulars of schemes
MAVIM	**Formation of Self Help Groups under schemes-** Swarnajayanti Gram Swarojgar Yojana (SGSY), Special Component Plan (SCP), Tribal Sub-Plan (TSP), Swayamsidha, NABARD Add on, Tejaswini Scheme, Rashtriya Sam Vikas Yojana (RSVY), Krushisaptak Yojana, Swarnajayanti Shahari Swarojgar Yojana (SJSRY), Minority Women Empowerment Programme (MWEP), Panlot Yojana, Mahila Swavalamban Nidhi (MSN), Jawaharlal Nehru Port Trust (JNPT) assistance scheme and Maharashtra Rural Credit Program (MRCP).
SAVVVM	**Financial Assistance schemes** **NSTFDC funds-**Term Loan Schemes and Adivasi Mahila Sashaktikaran Yojana (AMSY)
	Own fund schemes - Margin Money Loan Scheme and Direct Loan Scheme
MAAAVM	**NMDFC funds-**Term Loan Scheme, Education Loan Scheme and Micro Finance Scheme
	Own fund schemes-Direct Loan Scheme
MSHFDC	**NHFDC funds-**Term Loan Scheme and Educational Loan Scheme
	Own fund schemes-Direct Loan Scheme

(Source: Information furnished by the Companies)

The Management structure of each of these Companies is given in the following chart:

Management structure



Scope of Audit

2.2 This is the first review of the performance of the Companies since their inception. The present review conducted during April and May 2009 covers the activities of the four Companies during 2004-05 to 2008-09 with regard to the financial assistance Schemes implemented by the Companies from the funds received from National Agencies (NAs) and out of their own funds. The audit examination involved scrutiny of records maintained at the Head office of the Companies and in all 18♣ District/Branch offices selected out of

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*MITCON Consultancy Services Limited, **Maharashtra Small Scale Industries Development Corporation Limited ***Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited.

♣Amravati, Bhandara, Chandrapur, Gadchiroli, Nandurbar, Nashik and Yavatmal (MAVIM), Nandurbar and Nashik (SAVVVM), Aurangabad, Jalna, Mumbai, Solapur and Thane (MAAAVM), Aurangabad , Jalna, Nashik and Solapur (MSHFDC).

34 District offices/12 branches covering 35 districts. The District/Branch offices were selected on the basis of the maximum number of beneficiaries and covered 30 *per cent* of the total beneficiaries[⁜].

Audit objectives

2.3 The audit objectives of the Performance Audit were to ascertain whether:

- the targets under the schemes were formulated taking into account economic potential and viability of the schemes and skill sets of targeted beneficiaries;
- the database of eligible beneficiaries was prepared and updated periodically and appropriate criteria/systems for selection of beneficiaries were devised and followed;
- proper systems were devised to implement the schemes efficiently and effectively after selection of beneficiaries, with proper monitoring mechanisms after disbursement of loans;
- the system of recovery was effective and safeguarded the interest of the Companies and whether the system was followed;
- drawal of scheme funds matched with the actual requirement, the funds so drawn were put to effective use in a time-bound schedule and there were no refunds or diversions; and
- the evaluation of the schemes was done to ascertain the achievements of stated objectives.

Audit criteria

2.4 The following criteria were adopted to assess/evaluate the performance of these Companies:

- Guidelines issued by Government, NAs, for disbursement of loans/financial assistance and physical and financial targets and achievements by the Companies;
- Policy framework/criteria/guidelines laid down by the State/Central Government, NAs, multilateral donors *etc*. for upliftment of weaker sections of society;
- General procedures of loan disbursement to safeguard the interest of the Company as well as ideal terms of credit suiting the target group, model systems and mechanisms for loan disbursement and recoveries. Terms and conditions of agreements executed by beneficiaries;

[⁜] Number of SHGs formed are considered as beneficiaries in case of MAVIM.

- Prescribed norms for utilisation of available funds without diversions;
- Post disbursement monitoring mechanisms with reference to records showing the extent to which there was:

➢ Feedback information from beneficiaries on expectations/choices/results;

➢ Proper utilisation of the funds by the beneficiaries;

- Monitoring by top Management and future needs of the entities; and
- Socio economic aspects *viz.* achievement of objectives and upliftment of targeted group with co-relation to Census data on population of target groups.

Audit methodology

2.5 Audit used a mix of the following methodologies:

- Analysis of Company's procedures in respect of disbursement, utilisation and recovery of financial assistance;
- Review of Agenda and Minutes of the meetings of the Board of Directors (BoD) and any other committees formed;
- Analysis of data collected by Audit in respect of disbursement, utilisation and recovery available with the Company;
- Detailed system study in the organisation/case studies;
- Feedback information from beneficiaries and Non Government Organisations (NGOs), if relevant; and
- Interaction with the Management.

Audit findings

2.6 Audit explained the audit objectives to the Companies during an Entry Conference held on 22 April 2009. The audit findings were reported to the Companies and the Government in August 2009 and discussed in an Exit Conference held on 15 October 2009 which was attended by the Managing Director of MAVIM and representatives from other Companies. The representatives of Women and Child Development Department, Tribal Development Department, Minority Development Department and Social Justice Department of GoM also attended the Exit Conference. The Management of the Companies replied to the audit findings in September-October 2009. The replies from GoM have not been received (December 2009). The views expressed by the Management have been considered while finalising the review. The audit findings are discussed below:

Coverage of beneficiaries

2.7 Out of four Companies, three Companies (SAVVVM, MAAAVM and MSHFDC) are engaged in disbursement of financial assistance to the targeted communities. MAVIM is engaged in forming SHGs on gender basis for vulnerable women. Women belonging to Below Poverty Line (BPL) households holding Government BPL card and poor families are identified for formation of SHGs by conducting village survey with emphasis on rural areas. MAAAVM and SAVVVM disburse financial assistance to Minority Communities and to Scheduled Tribes respectively, where as MSHFDC disburses financial assistance based on disability.

As these Companies have specific objective of upliftment of socio-economic status of targeted groups, an objective, efficient and transparent system of identifying the target groups and beneficiaries is necessary for achievement of such objective.

The major portion of the financial assistance extended through these Companies is out of various schemes of NAs launched from time to time. However, as per scheme guidelines, a small portion ranging between five to 15 *per cent* of total financial assistance was to be met by these Companies out of their own resources, which include equity contribution by GoM.

The details of District-wise target population of Women, Scheduled Tribes, Minorities and Handicapped persons along with urban and rural delineation were available in the 2001 Census. Total population of these targeted groups and beneficiaries covered since inception till March 2009 and also during the preceding five years' period covered in the review (*viz*. 2004-09) were as follows:

Particulars	Targeted population (in lakh) ☯	Beneficiaries actually covered		Percentage to the targeted population	
		Since inception	During 2004-2009	Since inception	During 2004-2009
MAVIM	464.78	6,54,788✦	4,21,842	1.41	0.91
SAVVVM	85.77	3,866	2,312	0.05	0.03
MAAAVM	186.85	5,926	3,712	0.03	0.02
MSHFDC	15.70	4,709	4,123	0.30	0.26
Total	**753.10**	**6,69,289**	**4,31,989**	**0.89**	**0.57**

(Source: Census data of 2001 and information on beneficiaries furnished by the Companies)

The coverage by all the Companies was meagre and ranged between 0.03 to 1.41 *per cent* of the targeted population.

It can be seen from the table that the actual coverage of beneficiaries by these Companies against the total targeted population was meagre. While individual coverage by four Companies since their inception ranged between 0.03 and 1.41 *per cent* of targeted population, the overall coverage stood at as low as 0.89 *per cent* of the total targeted population.

☯Total population of respective sections/groups of people as per the Census 2001. No data available for the eligible beneficiaries in each section.

✦ Represents total women members in 53,710 SHG's formed.

The combined coverage of beneficiaries by the four Companies during 2004-09 stood at 0.57 *per cent* while individual coverage during this period ranged between 0.02 and 0.91 *per cent* of the targeted population.

The reasons for poor performance of these four Companies have been analysed in detail by Audit in the present review. The audit findings relating to three Companies (*viz.* SAVVVM, MAAAVM and MSHFDC) have been grouped and discussed in succeeding paragraphs considering the similar nature of their activities. The audit findings relating to the fourth Company (*viz.* MAVIM), however, have been discussed separately in **Paragraphs 2.17** to **2.22** in view of unique nature of its activities involving formation of SHGs.

Findings relating to SAVVVM, MAAAVM and MSHFDC

Mobilisation of resources

2.8 Based on allocations communicated every year by NSTFDC, SAVVVM formulated the financial assistance schemes and forwarded the same to NSTFDC for sanction and release of funds. In respect of the two Companies (MAAAVM and MSHFDC) fund requirement are assessed by the Companies based on the applications received. As per NMDFC manual, MAAAVM was required to prepare Annual Action Plan (AAP). However, MAAAVM did not prepare AAP as per requirement. In respect of MSHFDC, NHFDC did not contemplate any AAPs as per the lending policy guidelines. Thus, allocation and sanction of funds by NAs were on *ad hoc* basis without insisting for AAPs.

The Companies received equity contributions from GoM based on the capital budget prepared by them. The funds received from GoM were utilised by the Companies for meeting their own contribution towards the loan schemes sanctioned by NAs. MSHFDC, MAAAVM and SAVVVM contributed 5, 10 and 15 *per cent* respectively towards their share of contributions.

Funds aggregating Rs 178.08 crore were received by three Companies during the period 2004-05 to 2008-09, against various schemes from NAs and from GoM in the form of capital contribution. Besides, GoM also extended managerial subsidy for meeting the administrative expenditure which was fully utilised by the Companies. The details of funds received, disbursed and which remained unutilised as of March 2009 were as under:

(Rupees in crore)

Sl. No.	Particulars	SAVVVM	MAAAVM	MSHFDC	Total
1	Loans received from NAs	29.31	23.75	35.25	**88.31**
	(Loans sanctioned by NAs)	(30.34)	(23.75)	(34.84)	**(88.93)**
2	Equity contribution from GoM	5.60	78.64	5.53	**89.77**
	Total	**34.91**	**102.39**	**40.78**	**178.08**
3	Funds utilised for disbursement of loans	30.67	24.28	25.13	**80.08**
4	Unutilised balance	4.24	78.11	15.65	**98.00**
5	Managerial subsidy	9.94	Nil	2.23	**12.17**
6	Funds invested in short term deposits*	14.49	69.78	0.50	**84.77**

(Source in formation furnished by the Companies)

The details of fund utilised by the Companies towards funding of their share in the financial assistance schemes of NAs were not maintained by the Companies. The year wise details of loan sanctioned by NAs, amount received, amount disbursed and unutilised balances are given in **Annexure 7** and **8.**

Planning

Absence of feasibility study

2.9.1 As confirmed by three Companies (September 2009), none of them had conducted any feasibility study for the identification of viable professions and trades. While sanctioning the financial assistance for setting up of small business units, no skill set requirements had been prescribed for beneficiaries for the purpose of ensuring effective implementation of the schemes.

Inadequate field level planning

The Companies had not prepared a well-considered action plan duly aligned with socio-economic indicators *etc*. for coverage of eligible beneficiaries in the Districts.

2.9.2 Planned District-wise coverage of eligible beneficiaries would require focussed targeting based on the highest concentration of beneficiaries in urban as well as rural areas, preparation of a well-considered action plan duly aligned with socio-economic indicators and collection of periodical data from grass-root levels. The Companies had not carried out any micro-level research study or survey of the Census data for identifying the targeted groups of beneficiaries at Block/District level although District and Branch offices functioned in their organisational set up. In the absence of the same, errors of exclusion of deserving beneficiaries from eligible income groups cannot be ruled out.

The information/data about the total number of eligible beneficiaries in urban and rural areas was required to be ascertained. Such information would have

* From unutilised balances including earlier period balances.

enabled preparation of a well considered action plan for focussed targeting and estimation of resource requirements in a phased manner. No such exercise was undertaken by any of the Companies.

Ignoring the actual dispersal of targeted groups

The identification of beneficiaries was not as per the dispersal of targeted population.

2.9.3 Targeting of beneficiaries for financial assistance was not based on any data compilation of village/District-wise dispersal of target groups and their occupational patterns which would have enabled focussed coverage of beneficiaries. Resultantly, the districts dispersed with the highest population of the targeted groups were not among the districts in which highest coverage of beneficiaries was achieved by these Companies during the period 2004-09, as discussed in **Paragraph 2.11** *infra.*

Non preparation of master plan/strategic plan

2.9.4 There was no attempt for preparing an efficient strategic plan in alignment with District Development Plan benchmarks *etc.* for prioritising and coverage of beneficiaries in a phased manner. The Companies also failed to evolve annual physical and financial targets and benchmarks to evaluate achievements in identification of beneficiaries.

MSHFDC attributed (September 2009) its failure in formulating the strategic plan on shortage of manpower. The reply is, however, contrary to the fact that formulation of a well thought plan is essential for effective implementation of any scheme and it cannot be ignored on the plea of manpower shortage. The other two Companies (SAVVVM and MAAAVM) accepted the facts.

Non maintenance of district-wise disability data

2.9.5 MSHFDC was responsible to extend financial assistance to deserving beneficiaries based on their disability. The Company, however, did not maintain District-wise information on the prevalence, degree and kind of disability of beneficiaries to ensure that only the eligible beneficiaries with 40 *per cent* or more disability were catered with the financial assistance out of the targeted population of handicapped persons. This was vital information for determining the eligibility of beneficiaries.

Inter-linked database to avoid overlapping of beneficiaries was not maintained by the Companies.

Overlapping of beneficiaries

2.9.6 In spite of the overlapping nature of target groups, the three Companies had not made any attempt to maintain any inter-linked database/records to ensure that the same persons did not avail of benefits from more than one Company. No effort was also made to verify non availment of similar benefits extended by five[❅] other Companies in the State dealing with the similar activities of economic upliftment and empowerment of vulnerable societal groups. The Administrative Departments of GoM had also not taken any initiative for co-ordination amongst themselves to rule out overlapping of beneficiaries.

The Companies accepted (September-October 2009) the fact of non-carrying out of the micro-level research studies or survey of Census data, non preparation of master plan and fact of overlapping of the beneficiaries.

Targets and achievements

2.10 In order to have optimum coverage of deserving beneficiaries, need based realistic targets are required to be fixed in a scientific and focussed manner duly considering the very objective of the financial assistance schemes.

Targets were not fixed in a scientific and focussed manner.

On the contrary, it was observed that the three Companies fixed the targets in *ad-hoc* manner without any correlation between physical and financial targets.

The targets (physical and financial) and achievements of three Companies during the five years up to 31 March 2009 are indicated in the table below:

(Rupees in crore)

Year	Name of the Company	SAVVVM		MAAAVM		MSHFDC	
		Target	Achievement	Target	Achievement	Target	Achievement
2004-05	Physical No. of Beneficiaries	700	264 (38)	--	440	--	1,020
	Financial (Rupees)	1.94	1.40 (72)	--	2.33	--	8.32
2005-06	Physical No. of Beneficiaries	722	518 (72)	--	835	--	475
	Financial (Rupees)	4.49	4.38 (98)	--	4.64	--	2.99
2006-07	Physical No. of Beneficiaries	489	396 (81)	--	529	--	1,825
	Financial (Rupees)	11.11	10.67 (96)	--	3.60	--	9.93
2007-08	Physical No. of Beneficiaries	1,243	523 (42)	1,969	888 (45)	2,723	731 (27)
	Financial (Rupees)	7.10	7.23 (102)	19.00	5.77 (30)	16.49	3.22 (20)
2008-09	Physical No. of Beneficiaries	265	259 (98)	9,415	1,020 (11)	2,723	72 (3)
	Financial (Rupees)	5.70	5.74 (101)	26.65	7.94 (30)	16.49	0.67 (4)

[❅] Lokshahir Annabhau Sathe Development Corporation Limited, Mahatma Phule Backward Classes Development Corporation Limited, Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited, Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited (MRIMVVVM) and Sant Rohidas Leather Industries and Charmakar Development Corporation of Maharashtra Limited.

Year	Name of the Company	SAVVVM		MAAAVM		MSHFDC	
		Target	Achievement	Target	Achievement	Target	Achievement
Total	Physical No. of Beneficiaries	3,419	1,960*	11,384	3,712	5,446	4,123
	Financial (Rupees)	30.34	29.42	45.65	24.28	32.98	25.13

(Source: Information furnished by the Companies)

(Figures in bracket denote percentage of achievement *vis-a-vis* target)

2.10.1 In case of SAVVVM, the year-wise physical and financial targets were not fixed in advance. The amount received after sanction from the National Agency (NA) was distributed to the beneficiaries through Branch offices. The achievement of financial target indicated increasing trend during 2004-07 and decreased thereafter. However, there was no correlation in fixation of physical and financial targets. Thus, the target fixation was *ad hoc* and achievement was unrealistic. SAVVVM accepted (October 2009) the audit observation.

2.10.2 MSHFDC had not fixed target up to 2006-07. The targets (physical and financial) fixed for the years 2007-08 and 2008-09 were the same. The achievement in 2007-08 was not considered while fixing the targets for 2008-09. The achievement during 2008-09 in physical and financial terms was meagre at three and four *per cent* respectively.

MSHFDC admitted (September 2009) that no targets were fixed in advance but targets and achievements for the years 2007-08 and 2008-09 were prepared after the details were called for by NHFDC. The non achievement was stated to have occurred due to delay in submission of documents by the beneficiaries. The reply indicates that the targets fixed were occasional and on *ad hoc* basis.

2.10.3 MAAAVM had also not fixed the targets upto the year 2006-07. Against the target of Rs 19 crore (financial) and 1,969 beneficiaries (physical) in 2007-08, the achievement was only 30 and 45 *per cent* respectively. Despite this the Company increased the physical target from 1,969 to 9,415 beneficiaries in 2008-09. The increase was almost five times. The Company could achieve only 11 *per cent* of the physical target during 2008-09. This is indicative of the fact that unrealistic targets were fixed on *ad hoc* basis.

In reply, MAAAVM had assured (September 2009) that the system of objective-based targets would be developed.

Inadequate coverage

2.11 As per the available Census data of 2001, the total population of targeted groups in the State was at 7.53 crore consisting of Scheduled Tribes (0.86 crore), Minorities (1.87 crore), Women (4.65 crore) and Handicapped (0.15) as detailed in **Annexure 9**. As against this the four Social Sector Companies had covered only 6.69 lakh (0.89 *per cent*) beneficiaries since

*The target for own schemes were not fixed by the Company and hence the achievement does not include 352 beneficiaries to whom loan of Rs 1.25 crore was given.

inception up to March 2009 and 4.32 lakh (0.57 *per cent*) beneficiaries during the period 2004-05 to 2008-09. The coverage was meagre indicating poor performance of the Companies as discussed in **Paragraph 2.7** *supra*. The year-wise and scheme-wise coverage of financial assistance disbursed by three Companies (SAVVVM, MAAAVM and MSHFDC) during the years 2004-05 to 2008-09 is detailed in **Annexure 7**.

Audit observed that though, the District-wise delineation of targeted population was available as per Census data, no District-wise analysis of eligible beneficiaries to be covered was prepared by any of the Companies. As a result, the Company-wise highest coverage of beneficiaries was in Districts which did not have the highest targeted population as given below:

Coverage of beneficiaries was not as per the concentration of the targeted population in the Districts in the State.

Name of the Company	Highest coverage of beneficiaries			Name of the districts where the targeted population was more than the population of the district mentioned in column 2 (in lakh)
	Name of the District/Branch	Targeted population (In lakh)	No. of beneficiaries covered	
1	2	3	4	5
MAVIM	Amravati	**12.62**	**36,942**	Mumbai (53.58),Thane (37.54), Pune (34.63), Nashik (24.03) and Nagpur (19.62).
SAVVVM	Nandurbar Branch, (Dhule and Nandurbar districts)	**13.04**	**500**	Jawhar branch (15.85) (comprising Mumbai, Mumbai Suburban, Ratnagiri, Raigad, Sindhudurg and Thane districts)
MAAAVM	Solapur	**4.56**	**669**	Mumbai (38.44), Thane (16.14), Pune (10.17), Nagpur (9.60) and Aurangabad (8.64).
MSHFDC	Solapur	**0.66**	**490**	Mumbai (1.70), Pune (0.91), Ahmednagar (0.84), Nanded (0.77) and Thane (0.70)

(Source: Data from Census 2001 and information furnished by the Companies)

It could be seen from the above that the coverage of beneficiaries was not as per the concentration of the targeted groups in the total population of the State.

System deficiencies in selection of beneficiaries

2.12 The three Companies (SAVVVM, MAAAVM and MSHFDC) are engaged in disbursement of financial assistance to the targeted communities. While two Companies (*i.e.* MAAAVM and SAVVVM) disburse financial assistance to Minority Communities and to Scheduled Tribes respectively, the third Company (MSHFDC) disburses financial assistance based on the physical disability of the beneficiaries. The eligibility criteria for financial assistance schemes extended through these Companies are as under:

Criteria	SAVVVM	MAAAVM	MSHFDC
Income criteria	**(Annual family income)**		**(Annual individual income)**
a) Urban	Rs 54,500	Rs 54,500 (Rs 65,000 from November 2008 for own scheme)	Rs 1 lakh (up to September 2007) Rs 2 lakh (from October 2007)
b) Rural	Rs 39,500	Rs 39,500 (Rs 50,000 from November 2008 for own scheme)	Rs 80,000 (up to September 2007) Rs 1.60 lakh (from October 2007)
Age Limit	18 to 45 years	18 to 45 years maximum age limit removed from November 2008 for own scheme	18 to 60 years
Community/Disability	Scheduled Tribes	Minority[@]	40 *per cent* or more disability

(Source: Information compiled from Scheme guidelines)

2.12.1 As per the guidelines prescribed by the NAs for identification/selection of deserving beneficiaries, the Companies were required to give wide publicity through Branch/District offices about the schemes with a view to create awareness among the people. The application forms were to be made available to the beneficiaries and the applicants had to submit proof regarding fulfillment of income criteria and details of the purpose for which the financial assistance was required. The applications received were to be scrutinised at District level in accordance with the eligibility criteria. However, in the two Companies MAAAVM and MSHFDC, the District office level work was outsourced.

2.12.2 In case of SAVVVM, the beneficiaries were initially short listed at Branch level by Evaluation Committee[#] based on the eligibility criteria. The eligible beneficiaries were then finally selected by the Committee after due verification and the list recommended was approved by Managing Director.

2.12.3 In MSHFDC the Project Approval Committee* constituted at head office sanctions the loan applications up to Rs 1.50 lakh (Rs 1.00 lakh up to 18 October 2007) and forwards it to NHFDC for release of funds. For loans exceeding Rs 1.50 lakh, the applications are forwarded to NHFDC for sanction and release of funds.

2.12.4 In respect of MAAAVM the applicants recommended by the District offices are scrutinised at the Head office and approved by BoD. The system deficiencies in selection of beneficiaries were as under:

2.12.5 It was observed that no pre-identification camps for selection of beneficiaries were held in any of the three Companies (SAVVVM, MAAAVM and MSHFDC). Further, no basic records relating to the

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[@]Minority includes Muslim, Sikh, Christian, Parsi and Buddhist (also includes Jain under Own Fund Schemes).

[#] Evaluation Committee comprised of Local Project Officer of Integrated Tribal Development Project as Chairman, Local Regional Manager of Maharashtra State Co-operative Tribal Development Corporation (MSCTDC), Nashik and Local Director of MSCTDC as Member and Branch Manager of SAVVVM as Member Secretary of the Committee.

*Project Approval Committee consisted of the Managing Director as Chairman, Orthopedic Representative, Representative of National Association of the Blind and Managing Director of MRIMVVAVM as members and the General Manager as Member Secretary.

applications received, processed and applications rejected were maintained in the District offices of the Companies. Lack of transparency in the system indicated that beneficiaries were identified in a piece-meal fashion. In order to create awareness about the schemes implemented by the Companies, the Companies had to give wide publicity of the schemes through advertisement, printing and distributing brochures and by fixing posters on the display boards at community centres, Gram Sabhas *etc*. It was noticed in audit that two Companies (SAVVVM and MAAAVM) had incurred expenditure of Rs 78.37 lakh on printing posters and newspaper advertisements. All the Companies had not taken up any systematic efforts to create awareness amongst the beneficiaries regarding the schemes implemented by the Companies. The Companies had also not maintained the records of rejected applications, grievances of affected beneficiaries and records of information sought under RTI Act.

SAVVVM stated (October 2009) that required registers would be maintained. MAAAVM and MSHFDC stated (October 2009) that the records are not maintained by the outsourced agencies and that they are being directed to maintain the same.

No time schedule was observed by the Companies for processing the applications resulting in avoidable delays in disbursement of assistance.

2.12.6 No time limit has been prescribed by the Companies for processing the applications. Consequently, no time schedule was observed in processing the applications resulting in avoidable delays in disbursement of financial assistance. The Companies noted the point and stated that action will be taken.

2.12.7 In SAVVVM the list of beneficiaries duly recommended by the Evaluation Committee at Branch level was approved by the Managing Director though, there was no specific delegation of such powers by the Board of Directors.

2.12.8 Similarly, before recommending the cases, the Branch offices of SAVVVM were required to verify the project details given on applications by visiting the site/premises of beneficiaries to ensure the feasibility of the projects for which loans were being applied for. However, out of 714 cases scrutinised by audit the project details were not given in 506 applications and information about premises visited was not recorded on 217 applications.

SAVVVM stated (September 2009) that it had issued instructions to all the Branch Managers to avoid such discrepancies in future.

Non fulfillment of income criteria

2.12.9 Annual family income of a beneficiary is the major criterion for granting financial assistance. An applicant was required to furnish annual family income certificate issued by revenue authorities for determination of the financial status of the applicant and Companies were supposed to ensure genuineness of the income certificates. It was observed in Audit that there was no system of pre-disbursement verification of income certificates. The Companies had not devised and put in place an efficient mechanism to verify the income certificates furnished.

In a test check of details of 1,831 beneficiaries (SAVVVM-714 cases and MAAAVM-1,117 cases), instances of financial assistance disbursed to beneficiaries who had not fulfilled the income criteria were noticed as under:

- Fifty four beneficiaries of SAVVVM and five beneficiaries of MAAAVM to whom loans amounting to Rs 1.14 crore were sanctioned had not furnished income certificates from competent authorities.

- In three cases of SAVVVM and 26 cases of MAAAVM, loans aggregating Rs 21.28 lakh were sanctioned to ineligible beneficiaries whose annual family income exceeded the prescribed limit.

SAVVVM stated (September 2009) that necessary instructions had been issued to all Branch mangers to avoid such discrepancies.

Deficient documentation

2.12.10 As per the disbursement procedure, the Companies were required to get executed formal documents like mortgage deeds from beneficiaries, surety bonds from sureties for loans and policy documents for insurance of the properties *etc*. In 3,701 cases relating to SAVVVM (714 cases), MAAAVM (1,117 cases) and MSHFDC (1,870 cases) test checked in audit, following deficiencies were noticed in the documentation of the beneficiaries for availing financial assistance:

Deficiencies in documentation were noticed in cases where financial assistance was given.

- In SAVVVM, Hypothecation/Mortgage deeds of materials/vehicles purchased from out of loan amounts were not executed in 27 cases involving loan amount of Rs 77.79 lakh.
- In two District offices (Aurangabad and Solapur) of MSHFDC, the hypothecation/mortgage deeds and surety bonds were not registered/ notarised. Similarly, in MAAAVM, in 64 cases involving hypothetication deeds for loans amounting to Rs 57.91 lakh and in 40 cases involving Rs 45.86 lakh surety bonds were not registered/notarised.
- No surety bonds were got executed from sureties in 22 cases for loans amounting to Rs 60.50 lakh by SAVVVM.
- Property details of sureties were not obtained and registered with the appropriate authorities in 170 cases of SAVVVM involving loans amounting to Rs 4.09 crore and in 71 cases involving loans amounting to Rs 52.29 lakh of MAAAVM.
- No driving/proper driving licences were obtained in 100 out of 265 Vehicle loan cases involving loans amounting to Rs 3.78 crore in SAVVVM.
- Certificate from Pollution Control Board was not obtained in 48 out of 55 cases (Rs 36.58 lakh) under Term Loan Schemes for brick manufacturing, poultry farming and flour mills in SAVVVM.

All the three Companies accepted (September 2009) the lapses and assured that the cases would be reviewed and instructions issued to avoid such discrepancies in future.

Disbursement of funds

2.13 According to disbursement procedure followed by the three Companies the financial assistance was required to be disbursed to the eligible beneficiaries within the prescribed time limit of 90 days from the date of receipt of funds from the NAs. In case of delay due to any reason, the Companies had to pay penal interest to the NAs and had to refund the sanctioned fund if it remains undisbursed.

In a total of 1,456 cases relating to MAAAVM (1,112 cases) and SAVVVM (344 cases) test checked in audit, it was noticed that there were delays in disbursement of funds beyond the prescribed time limit of 90 days and unutilised funds were refunded to the NAs along with penal interest as detailed below:

2.13.1 MAAAVM received Rs 10 crore during 2004-05 of which Rupees three crore was refunded back to NMDFC in May 2006 without utilisation and the Company had to pay penal interest of Rs 12.99 lakh due to delay in refund of funds. The balance Rs seven crore were utilised for disbursement with delays up to 17 months and due to delay in disbursement the Company had to pay penal interest of Rs 25.78 lakh to NMDFC.

MSHFDC refunded unutilised funds of Rs 4.20 crore.

2.13.2 Similarly, in MSHFDC there was delay of 25 months in disbursement of loan from the date of receipt of fund in one case. Out of the total funds of Rs 35.25 crore received during 2004-05 to 2008-09, the Company could disburse only Rs 25.13 crore till March 2009. Out of the unspent amount of Rs 10.12 crore the Company refunded Rs 4.20 crore to NHFDC. The failure in disbursing the sanctioned loans deprived the eligible beneficiaries of financial assistance.

SAVVVM could not draw loan of Rs 22.54 crore during 2008-09 due to insufficient Government guarantee.

2.13.3 It was noticed in SAVVVM that there was delay of 10 and five months in submission of the loan proposal for the years 2004-05 and 2005-06 respectively. The Company submitted the proposals only after receipt of reminder from NSTFDC for availing the sanctioned loan against which Government guarantee was required to be furnished. The Company could not draw loan of Rs 22.54 crore (to be disbursed to 924 beneficiaries) during 2008-09 in the absence of adequate Government guarantee required for the loan. The Company while accepting the fact stated (September 2009) that the records for submission will be maintained from 2009-10 and remedial action taken to enhance the Government guarantee from Rs 25 crore to Rs 50 crore (July 2009).

GoM was implementing the schemes with 100 *per cent* subsidy for household dairy and goatery. The Company (SAVVVM) also implemented loan scheme of NAs for the same purpose and received Rs 3.79 crore in 2006-07. The Company had to refund Rs 1.36 crore to NSTFDC in March 2008 due to poor response for the loan scheme as the scheme of GoM for similar purpose was already operational. Thus, there was overlapping of the schemes and the fact was not brought to the notice of NSTFDC which resulted in under utilisation of sanctioned amount.

Outsourcing of District level Management Work

2.14 The work of receipt of application from beneficiaries, verification of documents submitted, selection of beneficiaries, disbursement of financial assistance, post disbursement monitoring received and follow up of recovery is done through the District offices. In SAVVVM the work was done through its Branch offices. In case of MSHFDC the District level management work was outsourced to MRIMVAVM, a State PSU as per the direction of the State Government.

In case of MAAAVM the District level management was done up to September 2008 through the Government Department (District Employment and Self Employment Guidance Centre) and thereafter by MITCON, a private agency.

It was noticed that there was lack of transparency in awarding the work (October 2008) to MITCON by MAAAVM. The work was awarded without inviting competitive bids at the rate of Rs 3,000 per application processed irrespective of the loan amount. While there was no penalty clause for improper selection of beneficiaries, fraudulent disbursement of loan or delay in processing of the applications, reasonability of the rate payable to MITCON was also not ascertainable in audit in the absence of competitive bids.

MAAAVM accepted (September 2009) the absence of penalty clause in the agreement and stated that the rate of Rs 3,000 per application was finalised by the Managing Director and one of the Directors after negotiations with MITCON and that reduction in the rate for loans below Rs 50,000 was under negotiation with MITCON. Further, the Company had recovered Rs 3 lakh from MITCON for non submission of monthly accounts of District offices. This reinforces the audit contention that the reasonability of the rate was not verified before awarding the work.

Monitoring mechanism

Post disbursement monitoring

None of the Companies had undertaken post disbursement monitoring to ensure utilisation of the financial assistance for the intended purpose.

2.15 Post disbursement monitoring of beneficiaries was necessary to ensure that financial assistance granted was utilised for the intended purpose. No such control mechanism was in place in any of the three Companies so as to ensure the utilisation of loans for the intended purpose. None of the Companies had undertaken post implementation impact assessment of the financial assistance schemes implemented by them. The following points were noticed during the test check of 3,701 cases in three Companies:

- The Companies had not evolved any procedure for post disbursement inspection of the premises of beneficiaries before the first installment became due for repayment.
- Evidence of insurance of the assets purchased by the loanees was obtained only during the first year and subsequent year's insurance was not ensured in any of the cases test checked.

- There was no system in place in any of these Companies for conducting the periodic inspection of the premises of the beneficiaries so as to ascertain the physical and financial performance of the business for which financial assistance was sanctioned.
- Company officials did not verify the physical existence of the vehicle in case of financial assistance given for purchase of vehicles.
- The Companies did not maintain any records/data base of the addresses of the beneficiaries; guarantors *etc.* to enable effective follow up of the financial assistance rendered.

All the Companies accepted (September 2009) the fact of absence of post disbursement monitoring and assured to develop the same and issue necessary instructions to the field offices.

Recovery mechanism

The recovery mechanism in all the three Companies was weak resulting in poor recovery performance.

2.15.1 Due to deficiencies in selection of beneficiaries and lack of post disbursement monitoring the recovery performance of all the three Companies was dismal. Poor recovery performance had impaired the ability of the Companies to provide financial assistance to other needy beneficiaries.

The recovery position of the Companies during the period 2004-05 to 2008-09 was as under:

(Amount in lakh of rupees)

Name of the Company	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
SAVVVM	Amount due	143.32	176.97	286.29	395.22	565.23
	Recovered	100.47 (70.10)	146.01 (82.50)	145.69 (50.89)	266.81 (67.51)	165.29 (29.24)
MAAAVM	Amount due	--♣	--♣	--♣	--♣	--♣
	Recovered	130.00	147.00	190.00	144.00	58.00
MSHFDC	Amount due	101.51	182.26	268.55	--♣	--♣
	Recovered	59.52 (58.63)	15.89 (8.72)	77.78 (28.96)	88.05	60.88

(Figures in brackets indicate percentage of recovery against amount due for recovery)

(Source: Information received from the Companies)

The recovery mechanism in all the three Companies was deficient and weak. It was observed that basic records of amount due for recovery from beneficiaries were not maintained by two Companies (MAAAVM and MSHFDC) and periodic review of defaulters was not conducted.

During test check of 3,701 cases in the three Companies, following deficiencies were noticed:

- The posting of entries in individual scheme wise ledger accounts was not up to date and the details of amount due for recovery from beneficiaries were not available. SAVVVM and MAAAVM assured to maintain records of individual beneficiaries. MSHFDC stated that District level outsourced

♣ Information not furnished by the Company.

agency had not maintained the records properly. This is indicative of poor monitoring.

- Review of defaulter cases was not carried out regularly. The recovery position was not monitored by fixing targets in the absence of basic records of the defaulters.

MAAAVM and MSHFDC stated (September 2009) that review of defaulters will be carried out regularly by appointing separate staff. SAVVVM stated that the correct amount due would be worked out on completion of computerization.

- SAVVVM obtained post dated cheques from the beneficiaries as per the loan conditions. However, it was observed that the same were not presented to the banks in time for recovery of dues. On the contrary, it was observed that despite the availability of post dated cheques SAVVVM followed the insecure procedure of recovery by visiting beneficiaries and collecting amounts in cash.

- Cases of delays in depositing the cash recovered to the branch offices were also noticed. Verification of 1,866 money receipts from Nashik and Nandurbar branches of SAVVVM revealed that in 1,049 cases amounts were deposited into branch offices within five days of receipt of the amounts, in 706 cases the amounts were deposited after six to 30 days, in 103 cases after 31 to 60 days and in the remaining eight cases involving Rs 23,150 the deposits were made after 60 days of its receipt.

SAVVVM stated (September 2009) that recovery through personal visits was done to avoid risk of dishonour of cheques and assured to avoid delays in depositing the cash. The reply is not acceptable as despite availability of post dated cheques the Company followed the insecure recovery mechanism by visiting beneficiaries and collecting the amounts in cash and there was delay in depositing the cash collected.

- As per Clause No.2 of terms of sanction of loan by MAAAVM, the Company was to recover Rs 75 per quarter from each beneficiary towards post dated cheque clearance charges, stationary charges, etc. The amount recoverable on this account was Rs 11.58 lakh. Similarly, legal charges of Rs 87.43 lakh incurred by the Company against the defaulters were also to be recovered from defaulting beneficiaries. It was noticed in Audit that in violation of loan conditions the amounts were not debited to the individual beneficiaries and hence not shown as recoverable from them.

Training activities

2.16 In addition to the activities of providing direct financial assistance, the Companies were also required to impart training to the deserving beneficiaries for improving skill sets and capacity building under the employment generation schemes. According to the scheme guidelines of NAs, the Companies were required to identify suitable need based trades at different locations under their jurisdiction for the purpose of imparting training and identifying the training institutes. After approval of scheme, the expenditure on training was to be reimbursed by the NA after submission of the utilisation certificates.

It was observed in Audit that:

2.16.1 Out of the three Companies engaged in implementing financial assistance schemes, MSHFDC did not conduct any training programme during the period 2004-05 to 2008-09 and thereby eligible beneficiaries were deprived of skill based training.

2.16.2 MAAAVM incurred an expenditure of Rs 77.83 lakh on training during 2004-05 to 2008-09 against which it received grant of Rs 3.17 lakh from NMDFC. The details regarding the proposals sent to NMDFC for reimbursement, proposals actually approved by NMDFC, training programmes arranged and the number of beneficiaries to whom training was imparted were not maintained by MAAAVM. Hence, recovery prospects of balance amount could not be checked in Audit.

Awarding the work of training beneficiaries to MITCON Consultancy Services Limited without calling for bids.

2.16.3 SAVVVM arranged (August 2006 and March 2007) training to 2,762 beneficiaries through MITCON Consultancy Services Limited without calling for the competitive bids and incurred expenditure of Rs 1.16 crore. *Post-facto* approval of NSTFDC for reimbursement of the expenditure incurred on organising the training programmes was not received. Further, it was noticed that the rates received (March 2007) from NSTFDC for training in such trades were much lower as compared to the rates paid to MITCON. The variation in the rates ranged between Rs 895 and Rs 3,278 per training. The extra financial burden on training in this respect worked out to Rs 35.83 lakh reimbursement of which was not assured.

SAVVVM stated (September 2009) that as MITCON was sponsored by GoM and it was appointed as a training institute with approval of the Board and therefore rates from other institutions were not called for. The reply is not acceptable as it indicated non observance of financial propriety and National Agency guidelines.

2.16.4 The two Companies (SAVVVM and MAAAVM) had not maintained any database regarding feedback on the utility of the training and the extent to which the training had succeeded in enabling the trainees to obtain employment or achieve successful self employment.

Performance of MAVIM with regard to formation of Self Help Groups

2.17 Based on the principles of holistic development, the Self Help Groups (SHGs) movement focuses on building women's capacities by providing them the required expertise to tackle their economic and social needs. Women not having any previous loan outstanding, with ability to return loan taken, who are trustworthy, poor or handicapped or belonging to BPL and poor households are eligible for formation of SHGs with greater emphasis given to rural areas by conducting village survey. Each SHG was to be formed with minimum 15 women members. The scheme guidelines required a correlation with specific scheme-wise targeting based on identification of Scheduled Castes/Scheduled Tribes, Minorities *etc*. communities of rural/urban and poor. The formation, training and monitoring of SHGs is carried out through District offices of MAVIM. The success of SHGs depends upon the timeliness and efficiency in commencement of internal lending and generating sustainable linkages with banks within a period of one year of formation.

Prior to January 2003 MAVIM was engaged in supplying uniforms, stationery, food grains, running canteens *etc*. through women's groups. As per GoM decision (January 2003) MAVIM was to discontinue commercial activity and concentrate on the work of women empowerment through formation of SHGs. Accordingly, MAVIM amended (January 2003) the object clause in the Memorandum of Association and registered the Company under Section 25(3) of the Companies Act, 1956. MAVIM received grant of Rs 51.73 crore (GoM-Rs 51.48 crore, NABARD- Rs 0.17 crore and JNPT-Rs 0.08 crore) for forming SHGs and their nurturing during 2004-09. The expenditure incurred from the grant was Rs 51.55 crore leaving an unutilised balance of Rs 0.18 crore.

2.17.1 There was no co-ordination of MAVIM with the other agencies engaged in formation of SHGs such as District Rural Development Agencies (DRDA), National Bank for Agriculture and Rural Development (NABARD) *etc*. As a result, MAVIM could not compile and utilise the data regarding total number of SHGs in operation in the State as a whole for strategically planning the formation of new SHGs as per the actual requirement. MAVIM stated (September 2009) that monitoring was not done for want of resources and hence it could not perform the role of a Nodal Agency.

2.17.2 MAVIM had not carried out any micro-level research studies or survey of the Census data for compiling data on targeted women population in terms of village/District-wise dispersion of women and occupational patterns.

Out of 41,095 villages in the State, MAVIM covered only 12,139 villages for its activities.

2.17.3 Out of 41,095 villages in the State, the villages covered by MAVIM were only 12,139 (viz. 29.54 *per cent*) by March 2007. No new village was covered thereafter. MAVIM conducted village survey in 4,712 villages for identifying the eligible women. The details of survey conducted were not furnished to audit including the parameters for selection of the sample size of villages. Even the survey conducted was not utilised as a baseline for focussed and phased coverage of SHGs.

2.17.4 There was no long term master plan for targeted coverage of eligible beneficiaries so as to cover entire eligible women population in a phased manner. MAVIM accepted (September 2009) the fact of absence of master plan.

2.17.5 While implementing the various schemes, MAVIM had not followed the scheme guidelines scrupulously and targets were not achieved within the stipulated time frame. Further, no separate operational guidelines were prepared by MAVIM. Resultantly, there were shortfalls in achievement of the targets fixed for formation of SHGs.

2.17.6 MAVIM had conducted impact assessment in only nine districts by appointing (April-May 2006) seven agencies. The cost incurred on the studies was Rs 17 lakh. None of the agencies, however, had submitted their reports so far (September 2009). No impact assessment was done in the other 26 districts. MAVIM stated (September 2009) that action will be taken after receipt of all reports. Thus, data on impact assessment of schemes even after three years was not available for mid-course correction in the implementation of the schemes (October 2009).

Against the target of 1,05,111 SHGs, MAVIM had formed 34,731 SHGs during the period 2004-05 to 2008-09 and as on 31 March 2009, 53,710 SHGs were in existence under 14 schemes *i.e*. 51 *per cent*. The details of the same are given in **Annexure 10**. The basic purpose of formation of SHGs is to help its members in getting the necessary expertise so as to enable them to start income generating activities (IGA). It was observed that out of total 6,54,788 women members in SHGs, only 2,05,106 women members *i.e.* 31 *per cent* could start income generating activities as on 31 March 2009.

Following observations are also made:

- As against the stipulation that each SHG should contain a minimum of 15 women members, in 53,710 SHGs as on March, 2009 there were 6,54,788 members. The average number of members per SHG worked out to 12.19 which was below the minimum number. Thus, the formations of SHGs were not as per the scheme guidelines.

- Maharashtra Rural Credit Program (MRCP) scheme was closed in 2002, however, MAVIM had formed 38 SHGs in 2006-07 under the scheme. The formation of SHGs under closed scheme was irregular.

- Tejaswini scheme was entrusted by GoM to MAVIM in February 2007 and MAVIM actually implemented the scheme from July 2007. MAVIM, however, had formed 5,920 SHGs by the end of March 2007 when the scheme was not operational.

The scheme-wise implementation/performance of important operational schemes and irregularities noticed are discussed below:

Swarnajayanti Gram Swarojgar Yojana (SGSY), Rashtriya Sam Vikas Yojana (RSVY) and Swarnajayanti Shahari Rojgar Yojana (SJSRY)

2.18 Government of India implemented the above three schemes SGSY (1999), RSVY (2003-04) and SJSRY (1997) through the District Rural Development Agencies (DRDAs)/District Urban Development Agencies (DUDAs) and Non Government Organisations (NGOs) working under Rural

Development Department (RDD)/Urban Development Department (UDD) of GoM.

Loss due to ambiguous agreements with DRDAs

DRDAs had not reimbursed the expenditure of Rs 2.24 crore incurred by MAVIM for want of details.

2.18.1 It was noticed in audit that under the scheme, no targets were fixed for MAVIM as the scheme implementing authority was DRDA/DUDA. The DRDAs/DUDAs entered into agreement with District offices of MAVIM treating them as an NGO. Hence, MAVIM should have restricted its role for technical support only. There was a lack of clarity in agreements entered in to by DRDAs with District offices which led to overlap/unplanned SHG formation. The SHGs formed under SGSY/RSVY/SJSRY were the achievement of RDD/UDA and as such did not belong to MAVIM. However, MAVIM implemented the schemes and formed SHGs and incurred an expenditure of Rs 2.24 crore out of its own funds during 2003-04 to 2008-09 and claimed the same from DRDAs from time to time. DRDAs had not settled the claim so far (September 2009) for want of details. Thus, the incurring of expenditure in anticipation of reimbursement from other departments was not in the financial interest of MAVIM.

Ad-hoc formation of SHGs without need based analysis

2.18.2 Under RSVY, scheme target of forming 2,950 SHGs was given to four✡ out of six❖ District offices where this scheme was implemented. However, in two District offices at Gadchiroli and Gondia there was a shortfall in formation of SHGs to the extent of 496 and 399 SHGs respectively. In the remaining two District offices (*viz.* Bhandara and Ahmednagar), 67 SHGs were formed in excess of the targets. Reasons for the shortfall as well as excess in formation of SHGs were not on record. MAVIM stated (October 2009) that even though there was shortfall in Gadchiroli and Gondia districts, the Company tried to compensate the shortfall by forming excess SHGs in other districts. The reply is not tenable as establishing more SHGs in other districts could not obviate the fact of non-formation of SHG's in selected districts as it defeated the objective of the scheme of forming need based SHGs as per the actual requirements.

Special Component Plan (SCP) and Tribal Sub-Plan (TSP)

2.19 The objective of both these plans was to channelise the funds for the development of Scheduled Castes and Scheduled Tribes at least in proportion to their population both in physical and financial terms. SCP and TSP were closed in 2005-06 and 2006-07 respectively. Following deficiencies were noticed with regard to implementation of these two plans:

✡ Ahmednagar, Bhandara, Gadchiroli and Gondia.

❖ Ahmednagar, Bhandara, Chandrapur, Gadchiroli, Gondia and Nandurbar.

2.19.1 *SCP Scheme*

- As against the target of formation of 20,250 SHGs under SCP in the three years period ending 2005-06, MAVIM had formed 21,085 SHGs at the end of March 2009. Thus, there was excess formation of 835 SHGs under the scheme.

- Analysis of MIS data of two District offices (Nandurbar and Amravati) for March 2009 revealed that out of 668 SHGs, in 152 SHGs the percentage of SC members was below the prescribed 70 *per cent* in violation of the scheme guidelines.

- Under SCP scheme, out of 2,53,874 women only 66,823 women (26 *per cent*) could start income generating activities successfully.

2.19.2 *TSP Scheme*

- GoM fixed the target of formation of 4,600 SHGs in the three years period ending 2006-07. However, the Company had formed only 4,397 SHGs by 2008-09, thus falling short by 203 SHGs. Under the scheme, out of 51,763 women only 9,600 women (18.55 *per cent*) had started their own business successfully.

- Analysis of MIS data of two District offices (Nandurbar and Amravati) for March 2009 revealed that out of 1,515 SHGs, in 68 SHGs the percentage of SC members was below the prescribed 70 *per cent* in violation of the scheme guidelines.

Swayamsidha

2.20 The Scheme was introduced with an objective of empowerment of women especially from socially and economically backward sections. The Indira Mahila Yojana implemented by the Central Government from 1994 and the Mahila Samruddhi programme of GoM were merged and a revised Swayamsidha scheme was declared by GoM (December 2001) for implementation up to March 2006 with a target of formation of 3,600 SHGs.

Following irregularities were observed by Audit:

2.20.1 Even after closure of the scheme in March 2006 the Company continued to form SHGs under the scheme till 2008-09. The SHGs formed till March 2009 was 3,416 SHGs which still fell short of the target of formation by 184 SHGs.

Out of total funds of Rs 71.78 lakh received, only Rs 35.51 lakh was utilised for creation of community assets and the balance was diverted for other schemes.

2.20.2 Community assets such as meeting halls, sauchalayas, *etc*. were to be constructed with 40 *per cent* contribution by the members of the village and 60 *per cent* contribution from Company's own funds obtained from GoM under Swayamsidha scheme. However, scrutiny of records of seven District offices revealed that in five District offices out of Rs 71.78 lakh received for creation of community assets, only Rs 35.51 lakh was utilised. Reasons for non-utilisation of the balance Rs 36.27 lakh were not on record. The unutilised funds have been diverted for implementation of other schemes. Thus, the objective of creation of community assets was not achieved.

Tejaswini

2.21 MAVIM had implemented various schemes for women development. However, it had not achieved the desired objectives resulting in need for further loan to sustain the unviable groups. MAVIM requested (August 2005) GoM for further strengthening of these unviable groups by bringing them under one umbrella of Tejaswini scheme. The main objective of Tejaswini scheme was to progress women to a higher level through their collective efforts and mutual assistance. The scheme was entrusted by GoM in February 2007 with the programme support of International Fund for Agricultural Development (IFAD).

Even after wrongly inflating the figures of SHGs formed under Tejaswini scheme the target was not achieved.

2.21.1 MAVIM started implementation of the scheme with effect from July 2007. According to the scheme guidelines, MAVIM was to increase the number of the existing 41,469 SHGs (March 2006) to 62,675 SHGs (inclusive of SHGs formed under SCP and TSP schemes). However, MAVIM had wrongly included 2,601 new SHGs formed under other schemes[❅] as newly formed SHGs under Tejaswini inflating the number of SHGs formed under the scheme which was incorrect.

MAVIM stated (September 2009) that the existing SHGs were being strengthened by bringing them under the upcoming Tejaswini scheme. The reply was indicative of the fact that the SHGs already formed by the Company under other schemes were not viable for which no justification was given.

In this connection the following was observed by audit:

2.21.2 The appraisal report of IFAD in December 2006 stipulated conducting of a baseline survey before commencement of the scheme. Even though the scheme was implemented by MAVIM from July 2007, the survey had not been conducted till date (October 2009). Thus, there was lack of clear focus on targeting the beneficiaries causing probable exclusion of many poor beneficiaries deserving support under the programme.

2.21.3 The appraisal report stipulated coverage of 10,000 villages only. The Company had considered 12,139 villages for implementation of the scheme with possible adverse impact on the financial feasibility of the programme.

2.21.4 MAVIM commenced the implementation of the project from July 2007 without any Project Implementation Manual (PIM). The PIM was prepared in June 2008.

2.21.5 MAVIM was to receive loan funds of Rs 8.04 crore from IFAD in 2006. However, due to non-fulfillment of condition regarding preparation of PIM and appointment of Human Resource development consultant (HR) and

[❅] SGSY = 1,416 SHGs, Swayamsidha = 20 SHGs, NABARD Add On = 100 SHGs,RSVY = 711 SHGs, Krushisaptak = 235 SHGs, MWEP = 119 SHGs.

The Company had to bear the financial burden of Rs 1.25 crore on account of exchange rate variation due to delay in receipt of funds.

Senior Advisor (SA), there was delay in receipt of funds by two years (funds received in 2008-09). Due to delay in receipt of funds, MAVIM had to bear the financial burden of exchange rate variation for two years to the extent of Rs 1.25 crore.

2.21.6 The first Joint Review Mission of IFAD in September 2008 stated that the Company did not have a MIS to carry out an age-wise analysis of all SHGs. The number of newly formed SHGs which had been linked with banks was also not maintained. Thus, there was no sustainable mechanism to manage and sustain linkages of the SHGs formed with the banks.

2.21.7 While appointing Senior Advisor, Human Resource Consultant and the Internal Auditors, MAVIM did not comply with the terms and conditions stipulated by IFAD. The services of these professionals were terminated by MAVIM as they were found ineligible by IFAD. The expenditure incurred on professional fees of Rs. 9.80 lakh proved unfruitful.

Performance of NGOs

2.22 MAVIM appointed 126 NGOs since 2003-04 initially for a period of one year (to be extended up to five years period by annual renewal) for forming SHGs and their nurturing through conducting of training, bank linkages, lending activities, income generation activities *etc*. Selection of NGOs was not done on merit, instead the Company engaged the NGOs based on the recommendations of two independent NGOs *viz*. Chalana and Mahila Rajasatta Andolan. Each NGO engaged by MAVIM was to submit its Monthly Progress Report (MPR) to the Company at Mumbai Head Office. Payment at the rate of Rs 10,000 per SHG was to be made to the NGOs for formation and nurturing of SHGs. Payments were to be released in three stages (Rs 4,000 per SHG in first year, Rs 4,000 per SHG in second year and Rs 2,000 per SHG in third year) on specific recommendations from the concerned District offices.

Following irregularities were observed in Audit:

- The monthly submission of MPR by NGOs was not watched and not analysed after its receipt to assess the performance of NGOs.

- A total number of 5,211 SHGs had been formed by NGOs and payments of Rs 1.38 crore were made till March 2009. However, the records regarding NGO-wise targets fixed, amount paid as per actual achievements against targets and all matters pertaining to NGO activities were not made available to audit.

- Monthly average savings of members of SHGs formed by NGOs reduced drastically from Rs 26 in 2004-05 to rupees nine in 2008-09. Similarly, the percentage of members engaged in Income Generating Activities to total loan availing members of SHGs formed by NGOs was reduced from 72 in 2007-08 to 65 in 2008-09, which was indicative of inadequate nurturing of the SHGs by respective NGOs.

- In Osmanabad district, it was noticed that 199 SHGs were formed under SGSY and SCP schemes. However, 51 SHGs were shown under both the schemes indicating duplication in the work of formation of SHGs.

Despite unsatisfactory performance of seven NGOs MAVIM failed to discontinue their services.

- MAVIM entered into agreements with 126 NGOs from April 2004 to March 2009 for implementation of various schemes. Despite unsatisfactory performance by 33 NGOs, agreements of only 26 NGOs were discontinued in March 2009 by MAVIM. Thus, seven non-performing NGOs were still working (October 2009).

Internal Audit

2.23 No Internal Audit wing was in existence in any of the four Companies despite their existence for periods ranging from seven to 34 years.

- MAVIM, MAAAVM and MSHFDC had outsourced the Internal Audit work to Chartered Accountants firms for the years up to 2006-07, 2007-08 and 2008-09 respectively. The Internal Audit Reports of MAVIM and MSHFDC contained various irregularities such as lack of requisite documents, information and non registering documents *et*c. Neither remedial action was taken on the irregularities pointed out by Internal Audit nor the matter reported to the top Management *i.e.* Board of Directors (BoDs) for action.

- No Internal audit is conducted in SAVVVM.

- Internal Auditor was not appointed for the years 2007-08 and 2008-09 in MSHFDC. Further, it was observed in audit that the firm of Chartered Accountants (CA) appointed for conducting internal audit for 2005-06 and 2006-07 was not registered with the Institute of Chartered Accountants.

Corporate Governance

2.24 Corporate Governance is a system by which Companies are directed and controlled by the Management in the best interest of the shareholders ensuring greater transparency and timely financial reporting. The BoDs is responsible for governance of their Companies. An effective Corporate Governance is ensured through an effective internal control system, adequate and efficient Management Information System (MIS), regular monitoring of actions through the meetings of the audit committee/BoDs *etc*. With regard to this, following deficiencies were noticed in these Companies:

The Internal control mechanism was ineffective in all the four Companies.

Internal Control

2.24.1 Internal control is a process designed to provide reasonable assurance to an organisation regarding achievement of its performance goals. A built in internal control system minimises the risk of errors and irregularities and loss of resources.

Effective Internal Audit and Internal Control systems were not in place in any of the four Companies. Audit noticed the following deficiencies in Internal Audit and Internal Control.

- There was no system of cross-checking by the Head office of the posting of disbursements and recoveries from individuals in the ledgers maintained in the District offices.

- There was absence of operational guidelines/codes/procedures manuals for implementation of schemes in three Companies (SAVVVM, MAAAVM and MSHFDC). As a result, watching of receipt of funds from NAs, timely disbursement to beneficiaries to avoid refund of sanctioned loans, recovery from beneficiaries and remittances of money received by District offices to Head office, safe custody of post dated cheques received from the loanees and timely deposit of the cheques on due dates remained weak indicating absence of internal controls.

- Bank reconciliation statements were not prepared regularly by the District offices of all the three Companies.

- MAAAVM and MSHFDC had not formulated an appropriate system for maintaining an effective co-ordination and feedback mechanism with the outsourced agencies on basic accounting information, records and documentation. In the absence of this, the efficacy of the outsourcing arrangement could not be reviewed by the Companies.

- In MAVIM though Monthly Progress Report (MPR) was required to be furnished by the District offices/NGOs, no monitoring on receipt of MPRs from District offices/NGOs was exercised in the Head office. Consolidation of MPRs and analysis of consolidated MPR was also not conducted in the Head office of the Company for effective programmatic review.

- The accounts of all the four Companies were in arrears for periods ranging from three to 12 years (MAVIM-12 years, SAVVVM-six years, MAAAVM-three years and MSHFDC-four years). These Companies had not firmed up a time-bound programme to liquidate the arrears in finalisation of accounts. In the absence of timely finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Further, delay in finalisation of accounts is not only fraught with the risk of fraud and leakage of public money but might lead to non fixation of accountability and responsibility.

The Companies accepted (September/October 2009) the audit observations.

Audit Committee Meetings

2.24.2 According to Section 292A of the Companies Act, 1956 notified in December 2000, every public limited Company having paid up capital of not less than rupees five crore shall constitute an Audit Committee at the Board

Audit Committees were not constituted by three Companies in violation of the provisions of Section 292 A of the Companies Act, 1956.

level. Out of four Companies, three Companies (viz. SAVVVM, MAAAVM and MSHFDC) are covered under the scope of the above provisions of the Companies Act. As such, these three Companies were required to constitute Audit Committees. However, no such Committee was constituted by any of these Companies in violation of the provisions of the Companies Act, 1956.

Board of Directors Meeting

2.24.3 Since the BoD is the appropriate authority for the implementation of Corporate Governance provisions, it is imperative that the Board devotes adequate attention to these issues. As per Section 285 of the Companies Act, 1956 minimum four meetings of BoD were required to be held every year. It was noticed that in SAVVVM instead of 20 meetings during 2004-05 to 2008-09 only 13 meetings were held.

Waiver of loans by State Government

2.24.4 There was no loan waiver by the GoM during 2004-05 to 2008-09. GoM decided (August 2009) to waive MSHFDC's share of outstanding loans amounting to Rs 3.23 crore as on 31 March 2008 due from the beneficiaries. Similarly, GoM had decided (November 2009) to waive the outstanding loans of Rs 17.22 crore as on 31 March 2007 in respect of loans disbursed by MAAAVM. SAVVVM also stated (September 2009) that GoM had taken a decision to waive the outstanding dues as on 31 March 2008. However, the sanction order was not issued by GoM till date (November 2009).

Frequent changes of Managing Directors

2.24.5 The Managing Director (MD) is the Chief Executive of the Company and frequent changes in incumbency of MD directly affect the functioning and decision making ability of the Company. It was noticed that there were frequent changes in the MDs of SAVVVM and MAVIM. Thirteen and twelve persons held the post of MD in SAVVVM and MAVIM respectively during the period 2004-05 to 2008-09. The frequent changes in the top Management affected the functioning of the Companies.

Lack of monitoring by Top Management

2.24.6 The monitoring of functions of the Companies is required to be done by the top Management through an efficient Management Information System MIS). The MIS in all the four Companies was, however, inadequate and ineffective. Periodical performance reports were not prepared and submitted to the top Management for remedial action to be taken to remove the deficiencies. The Companies were not maintaining basic data of selection, disbursement and recovery of the financial assistance given to the beneficiaries.

Poor achievement of objectives

The objective of upliftment of targeted population was not achieved by the Companies.

2.25 The four Companies were established with the objective of economic upliftment, livelihood generation and empowerment of Scheduled Castes, Scheduled Tribes, Minorities, Women and Handicapped sections in the State.

Out of the total population of 7.53 crore as per Census 2001 of Scheduled Tribes, Minorities, Women and Handicapped Sections, the Companies had covered merely 6.69 lakh beneficiaries since inception up to March 2009 which was only 0.89 *per cent*. Thus, the coverage was insignificant.

Specific deficiencies in planning, selection of beneficiaries, non-observance of eligibility criteria, delays in disbursement and absence of post disbursement monitoring were noticed in all the three Companies. Besides, no centralised data base was maintained by these Companies regarding total number of eligible beneficiaries covered and yet to be covered, resource assessment for scheme implementation, disbursement of financial assistance and outstanding dues from beneficiaries, which adversely affected the implementation and control mechanism of the schemes.

The deficiencies in the role of MAVIM as a nodal agency in formation of SHGs have also been observed. There was no involvement of village level committees in formation of SHGs to ensure convergence of services between various developmental agencies at grass-root level for achieving social and economic empowerment of women. The process of formation of new SHGs by MAVIM between 2003-04 and 2008-09 was not preceded by scoping exercise in a systematic fashion. In the absence of adequate planning and co-ordination, the formation of 5,211 SHGs through NGOs was also unsatisfactory.

Three Companies (SAVVVM, MAAAVM and MSHFDC) had not undertaken post implementation impact assessment of the financial assistance schemes. In one Company (MAVIM) impact assessment was conducted in only nine districts out of total 35 districts through private agencies, reports of which were awaited.

There was no co-ordination and convergence among different Administrative Departments of GoM for achievement of objectives through optimal utilisation of delivery mechanisms of all four Companies although there is considerable overlapping of the social categories they are expected to target.

Thus, the achievement of objectives of economic upliftment, livelihood generation and empowerment of targeted population was poor.

Acknowledgement

2.26 Audit acknowledges the co-operation and assistance extended by different levels of the management at various stages of conducting of the performance audit.

Conclusion

No micro-level database was created by the Companies for identification and selection of beneficiaries. Despite availability of District-wise details of targeted population in Census 2001 data, the targets were fixed in *ad-hoc* manner ignoring the actual dispersion of targeted population in different districts, previous year's achievements and without any correlation between physical and financial targets.

The primary objective of financial schemes envisaged maximum coverage through optimum utilisation of available resources, which was not achieved due to lack of co-ordination between three Companies (SAVVVM, MAAAVM and MSHFDC). In spite of overlapping nature of target groups these Companies did not maintain any interlinked records to ensure that the same person did not avail benefits from more than one Company. In several cases financial assistance was disbursed to ineligible beneficiaries and there were deficiencies/irregularities in disbursement of financial assistance. The recovery performance was poor and the post disbursement monitoring was inadequate. The training imparted to the beneficiaries was inadequate.

The performance of the fourth Company (MAVIM) with regard to formation and nurturing of Self Help Groups (SHGs) was also not satisfactory. The implementation of various schemes for SHGs was not effectively planned. The monitoring mechanism prevalent in the Company was also deficient. The Corporate Governance was not proper and the monitoring by top Management was weak in all the four Companies. No impact assessment studies were conducted of the financial assistance schemes implemented.

Recommendations

- **Systematised and focussed targeting of eligible beneficiaries was required by conducting micro-level surveys in alignment with Below Poverty Line/Census data.**

- **Preparation of database of eligible beneficiaries was necessary for proper planning and effective implementation of schemes.**

- **Preparation of need-based targets was necessary for coverage of beneficiaries and alignment of the same with realistic budgetary planning and estimation.**

- **Streamlining of disbursement procedures was necessary to ensure proper utilisation of funds.**

- **Post disbursement monitoring systems were required to be introduced for improving the efficiency.**

- **Conducting consistent and co-ordinated impact assessment to improve delivery of scheme benefits to targeted groups and carrying out midway corrections in implementation was necessary.**

- **Government may like to consider greater co-ordination and collaboration among the Companies to ensure that multiple agencies/schemes providing the same services were converged and the objectives of the schemes achieved through optimal utilisation of available resources.**

- **Internal Audit, Internal Control mechanisms and monitoring by top Management were required to be strengthened.**

The matter was reported to the Government (August 2009); their reply was awaited (December 2009).

Chapter III

3. Performance audit relating to Statutory Corporation

Maharashtra State Road Transport Corporation

3.1 Performance Audit on the functioning of Maharashtra State Road Transport Corporation

Executive Summary

The Maharashtra State Road Transport Corporation (Corporation) provides public transport in the State through its 247 depots. The Corporation had fleet strength of 16,357 buses (including 24 hired buses) as on 31 March 2009 and carried an average of 60.62 lakh passengers per day during the period from 2004-05 to 2008-09. It had a monopoly in stage carriage in mofussil areas. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finance and Performance

The Corporation started earning profit from 2006-07 during the review period and earned profit of Rs 118.09 crore in 2008-09 without considering prior period adjustments. Its accumulated losses and borrowings stood at Rs 457.13 crore and Rs 58.78 crore respectively as at 31 March 2009. The Corporation was not able to achieve the All India Average (AIA) for cost per KM (Rs 19.94) during 2006-07 to 2008-09. Audit noticed that more effective monitoring of key parameters coupled with certain policy measures could see further improvement in performance and increase in revenue.

Declining Share

The per capita kilometres operated by the Corporation decreased from 17.44 in 2004-05 to 16.32 in 2008-09. The vehicle density per one lakh population decreased from 15.63 in 2004-05 to 14.70 in 2008-09. However, no scientific survey was conducted to assess the demand for public transport. Further, no Integrated Transport Policy had been formulated for the State.

Vehicle profile and utilisation

The Corporation's buses consisted of own fleet of 16,333 buses and 24 hired AC buses as on 31 March 2009. Of its own fleet, 689 (4.22 per cent) buses were overage, i.e., more than ten years old. The percentage of overage buses declined from 10 per cent in 2004-05 to 4.22 per cent in 2008-09 due to acquisition of 8,076 new buses during 2004-09 at a cost of Rs 907.54 crore. The acquisition was funded through capital contribution (Rs 734.41 crore) and internal resources (Rs 173.13 crore). The Corporation's fleet utilisation at 94.28 per cent in 2008-09 was above AIA of 92 per cent. Its vehicle productivity at 316 KM per day per bus during 2008-09 was above the AIA of 313 KM. Similarly, its load factor at 71.20 per cent remained above the AIA of 63 per cent. However, the Corporation had not fixed targets for vehicle productivity. The percentage of cancellation of Scheduled KMs remained higher than the All India best performers. The Corporation had assessed trip-wise profitability without reckoning the amount of concessions in fare reimbursed by the State Government. The Corporation's

performance on preventive maintenance was unsatisfactory as the maintenance schedules in respect of docking and reconditioning of buses were not adhered to.

Economy in operations

The operational performance of the Corporation in the areas of manpower deployment and fuel efficiency was below AIA. Manpower and fuel constituted 69.67 per cent of total cost. Interest, depreciation and taxes accounted for 21.10 per cent and are not controllable in short time. Thus, the controllable expenditure has to come from manpower and fuel. The expenditure on repairs and maintenance was Rs 413.23 crore (Rs 2.53 lakh per bus) in 2008-09, of which nearly 50 per cent was on manpower. The fuel consumption as compared to AIA was in excess to the extent of Rs 39.19 crore during 2004-05 to 2008-09.

The Corporation started hiring AC buses from 2006-07 onwards where the Corporation provides conductors, makes payment of fuel charges at agreed rates and makes payment as per KM operated. The Corporation earned a net profit of Rs 4.11 crore from hired buses during 2006-09. Audit observed that there was further scope to go for more hired buses considering its lower cost.

Revenue maximisation

The State Government directed that the amount of concessions in fare reimbursable by it may be adjusted against the passenger tax (PT) payable to the Government. However, the PT was not sufficient to adjust the full amount of concession and the unrealised claims due from the Government stood at Rs 359.44 crore as of March 2009. Besides, the State Government has not paid its share of Rs 352 crore in wage settlement of employees agreed in August 2004. Further, the Corporation has about 136.53 lakh square metres of land. As it utilises ground floor/land for its operations, the space above can be developed on public private partnership (PPP) basis to earn steady income which can be used to cross-subsidise its operations. However, the Corporation had not framed any policy in this regard.

Need for a regulator

The fare revision was governed by an automatic formula approved by the State Government for certain elements of cost. However, the increase in input cost was not correctly fed in the formula resulting in higher fare revision. The Corporation had also not formulated norms for providing services on uneconomical routes. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.

Inadequate monitoring

The fixation of targets for various operational parameters and an effective Management Information System for obtaining feed back on achievement thereof are essential for monitoring by the top management. However, Audit observed that norms/benchmarks for bus staff ratio and vehicle productivity had not been fixed.

Conclusion and Recommendations

Though the Corporation has been earning profit from 2006-07 onwards, it can control cost of operations by reducing manpower and fuel costs through effective monitoring. The Corporation can increase profit by resorting to hiring of buses and tapping non-conventional sources of revenue. This review contains eight recommendations to improve the Corporation's performance. Hiring of buses, creating a regulator to regulate fares and services and tapping non-conventional sources of revenue by undertaking PPP projects are some of these recommendations.

Introduction

3.1 In Maharashtra public road transport is provided by the Maharashtra State Road Transport Corporation (Corporation) which is mandated to provide an efficient, adequate, economical and properly coordinated road transport. The Corporation has a monopoly in stage carriage in *mofussil* (Rural) areas. It also operates city services in eight urban/semi urban locations*. In 13 other urban locations✦ the city services are operated by the Municipal Corporations. Private stage carriage is not allowed in the State, however, the Home Department (Transport) of the State Government issues permits to private operators for point to point services.

3.2 The Corporation was incorporated on 1 July 1961 by Government of Maharashtra (GoM) under Section 3 of the Road Transport Corporations Act, 1950 as a Statutory Corporation of the State Government. The Corporation is under the administrative control of the Home Department (Transport) of the GoM. The Management of the Corporation is vested with a Board of Directors (BoD) comprising of the Chairman, Vice Chairman & Managing Director (VC&MD) and six Directors appointed by the GoM. The day-to-day operations are carried out by the VC&MD who is the Chief Executive of the Corporation, with the assistance of General Managers, Deputy General Managers, Regional Managers, Divisional Controllers and Depot Managers. The Corporation has six Regional Offices, 30 Divisional Offices, 247 Depots, nine tyre retreading plants, 30 Divisional Workshops and three Central Workshops (CWs). The bus body building is carried out departmentally in its CWs.

3.3 The Corporation had a fleet strength of 16,357 buses (including 24 hired buses) as on 31 March 2009. The Corporation carried on an average 60.62 lakh passengers *per* day during 2004-05 to 2008-09. The turnover of the Corporation was Rs 4,196.19 crore in 2008-09 which was equal to 0.60 *per cent* of the State Gross Domestic Product (Rs 6,97,683 crore♠). The Corporation employed 96,454 employees as at 31 March 2009.

3.4 A review on fleet utilisation of the Corporation was included in the Report of the Comptroller and Auditor General of India for the year 2006-07 (Commercial), GoM. The report has not been discussed by the Committee on Public Undertakings so far (December 2009).

Scope of Audit and Audit Methodology

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

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* Arnala, Chandrapur, Miraj, Nalla Sopara, Nashik, Ratnagiri, Satara and Vasai.

✦ Akola, Amravati, Aurangabad, Kolhapur, Kalyan-Dombivali, Mira-Bhayandar, Mumbai (BEST), Nanded, Navi Mumbai, Pimpri-Chinchwad, Pune, Solapur and Thane.

♠ Estimated.

top Management of the Corporation. The audit examination involved scrutiny of records at the Head Office, one (Dapodi, Pune) out of three CWs, five[≠] Divisional Offices along with five Divisional Workshops out of 30 Divisions and 20 Depots[¥] out of 247 Depots.

The parameters of fleet strength, fleet utilisation, trip analysis[*] number of schedules operated, scheduled kilometres, earning *per* Kilometre (EPKM), vehicle productivity, tyre consumption rate, cost *per* Kilometre (CPKM), *ratio* of operated KMs to sanctioned KMs and consumption of High Speed Diesel (HSD) were considered for selection of units. The Audit sample covered 2,528 buses out of the fleet of 16,357 buses as on 31 March, 2009 and expenditure of Rs 604.89 crore out of total expenditure of Rs 4,078.10 crore during 2008-09.

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

Audit objectives

3.7 The objectives of the performance audit were to assess:

3.7.1 *Operational Performance*

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

3.7.2 *Financial Management*

- whether the Corporation was able to meet its commitments and recover its dues efficiently; and

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[≠] Akola, Mumbai, Nagpur, Satara and Sindhudurg.

[¥] Akola-I and II, Devgad, Kankavali, Karanja, Katol, Koregaon, Kudal, Kurla, Mahabaleshwar, Medha, Mumbai Central, Nagpur-I and II, Panvel, Parel, Ramtek, Satara, Vengurla and Washim.

[*] 'A' trips are profit making trips, 'B' trips are not recovering total cost component and 'C' trips are not recovering even variable cost.

- the possibility of realigning the business model of the Corporation to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

3.7.3 *Fare Policy and Fulfillment of Social Obligations*

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

3.7.4 *Monitoring by Top Management*

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

Audit criteria

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

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

Financial position and Working results

3.9 The financial position of the Corporation for the five years up to 2008-09 is given below:

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09 (Provisional)
A. Liabilities					
Paid up capital (including capital contribution)	785.24	923.81	1,072.57	1,231.77	1,403.37
Reserve and surplus (including Capital grants but excluding depreciation reserve)	145.49	150.48	177.67	177.25	193.19
Borrowings (Loan funds)	266.26	246.21	254.73	137.94	58.78
Current liabilities and provisions	630.29	628.74	519.82	559.39	731.48
Total	**1,827.28**	**1,949.24**	**2,024.79**	**2,106.35**	**2,386.82**
B. Assets					
Gross block	1,797.12	1,838.46	1,882.11	2,016.49	2,180.78
Less: Depreciation	1,609.24	1,665.82	1,357.48	1,475.98	1,610.06
Net Fixed Assets	187.88	172.64	524.63	540.51	570.72
Capital works-in-progress (including cost of chassis)	30.58	28.51	23.12	24.64	32.96
Investments	0.07	0.08	0.08	53.50	189.30
Current Assets, Loans and Advances	525.67	625.03	738.81	908.78	1,136.71
Accumulated losses	1,083.08	1,122.98	738.15	578.92	457.13
Total	**1,827.28**	**1,949.24**	**2,024.79**	**2,106.35**	**2,386.82**

(Source: Annual Accounts for the year 2004-05 to 2008-09)

3.10 The details of working results like operating revenue and expenditure, total revenue and expenditure, net surplus/loss and earnings and cost *per* KM of operation are given below:

(Rupees in crore)

Sl.No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09 (Provisional)
1.	Total revenue	3,263.45	3,295.97	3,593.89	3,869.55	4,196.19
2.	Operating revenue[ϕ]	2,909.72	3,200.45	3,470.79	3,740.90	4,091.96
3.	Total expenditure	3,396.63	3,336.82	3,585.88	3,702.22	4,078.10
4.	Operating expenditure[ψ]	3,341.90	3,277.13	3,516.83	3,627.11	4,004.28
5.	Operating profit/ loss (-)	(-)432.18	(-)76.68	(-)46.04	113.79	87.68
6.	Profit/loss (-) for the year before prior period adjustment	(-)133.18	(-)40.85	8.01	167.33	118.09
7.	Fixed costs					
	(i) Personnel costs	1,373.84	1,147.12	1,183.82	1,290.63	1,483.37
	(ii) Depreciation	174.34	165.68	208.75	213.79	215.77
	(iii) Interest	53.79	58.70	68.32	74.03	71.43
	(iv) Other fixed costs	142.52	140.96	155.37	179.12	197.53
	Total fixed costs	**1,744.49**	**1,512.46**	**1,616.26**	**1,757.57**	**1,968.10**
8.	Variable costs					
	(i) Fuel & Lubricants	1,085.39	1,228.82	1,298.35	1,240.98	1,357.71
	(ii) Tyres & Tubes	78.29	74.29	99.19	103.36	101.54
	(iii) Other Items/spares	59.15	56.50	72.42	65.55	77.49
	(iv) Taxes (MV Tax, Passenger Tax, *etc*.)	429.31	464.75	499.66	534.76	573.26
	Total variable costs	**1,652.14**	**1,824.36**	**1,969.62**	**1,944.65**	**2,110.00**
9.	Effective KMs operated (in crore)	179.76	172.13	173.52	178.85	181.31
10.	Earnings *per* KM (Rupees) (1/9)	18.15	19.15	20.71	21.64	23.14
11.	Fixed cost *per* KM (Rupees) (7/9)	9.70	8.79	9.31	9.83	10.85
12.	Variable Cost *per* KM (Rupees) (8/9)	9.19	10.60	11.35	10.87	11.64
13.	Cost *per* KM (Rupees) (11+12)	18.89	19.39	20.66	20.70	22.49
14.	Net earnings *per* KM (Rupees) (10-13)	(-) 0.74	(-)0.24	0.05	0.94	0.65
15.	Traffic Revenue[§]	2,894.70	3,185.59	3,456.78	3,727.09	4,076.21
16.	Traffic Revenue *per* KM (Rupees) (15/9)	16.10	18.51	19.92	20.84	22.48
17.	Contribution *per* KM (Rupees) (16-12)	6.91	7.91	8.57	9.97	10.84
18.	Operating Profit/loss (-) *per* KM (Rupees) (5/9)	(-)2.40	(-)0.45	(-)0.27	0.64	0.48

(Source: Annual Accounts and Monthly Operational Reports)

[ϕ] Operating revenue includes traffic earnings, passes and season tickets, fare realised from private operators under KM Scheme, luggage and parcel charges *etc*.

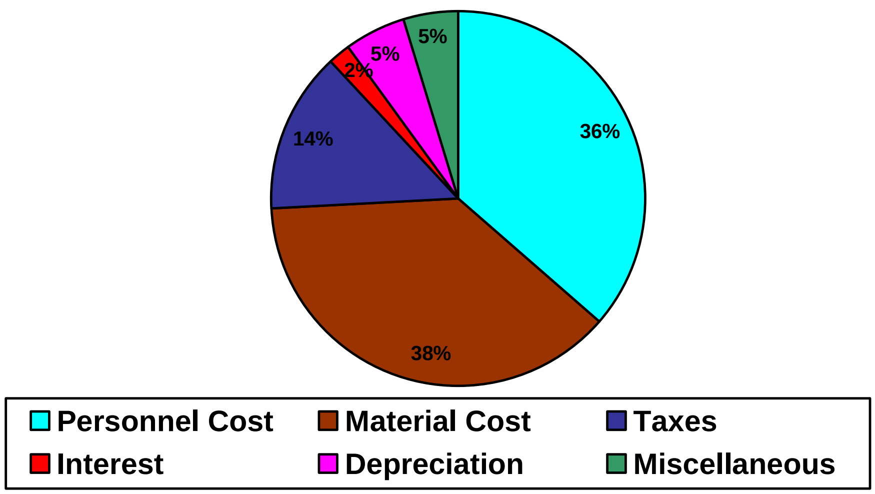
[ψ] Operating expenditure includes expenses relating to traffic, depreciation on fleet, repair and maintenance, electricity, welfare and remuneration, licences and taxes and general administration expenses.

[§] Traffic revenue represents sale of tickets, advance booking, reservation charges, re-imbursement against concessional passes and contract service earnings.

Elements of Cost

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

Components of various elements of cost

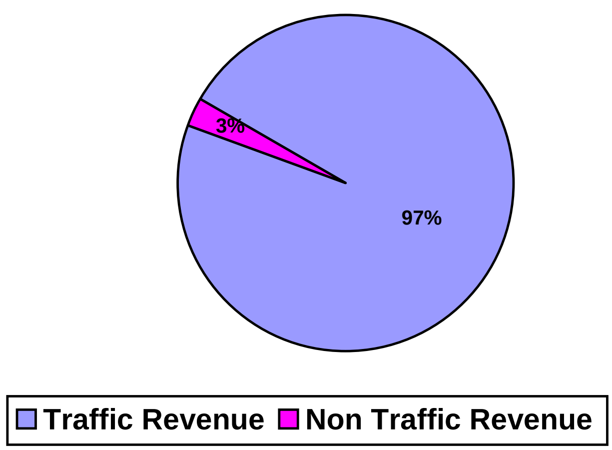


(Source: Working results of the Corporation)

Elements of revenue

3.12 Traffic revenue[@] constitutes the major element of revenue. The percentage break-up of revenue for 2008-09 is given below in the pie-chart.

Components of various elements of revenue



(Source : Working results of the Corporation)

[@] Traffic revenue (Rs 4,076.21 crore) includes subsidy received from the State Government (Rs 591.51 crore) for re-imbursement against concessional passes/tickets.

Audit findings

3.13 Audit explained the audit objectives to the Corporation during an 'entry conference' held on 28 January 2009. Subsequently, audit findings were reported to the Corporation and the Government in August 2009 and discussed in an 'exit conference' held on 21 October 2009, which was attended by the representative of the Home Department (Transport), Government of Maharashtra, VC&MD and General Manager (Finance) of the Corporation. The Corporation replied to the audit findings in October 2009. The views expressed by them have been considered while finalising this review. The audit findings are discussed below.

Operational performance

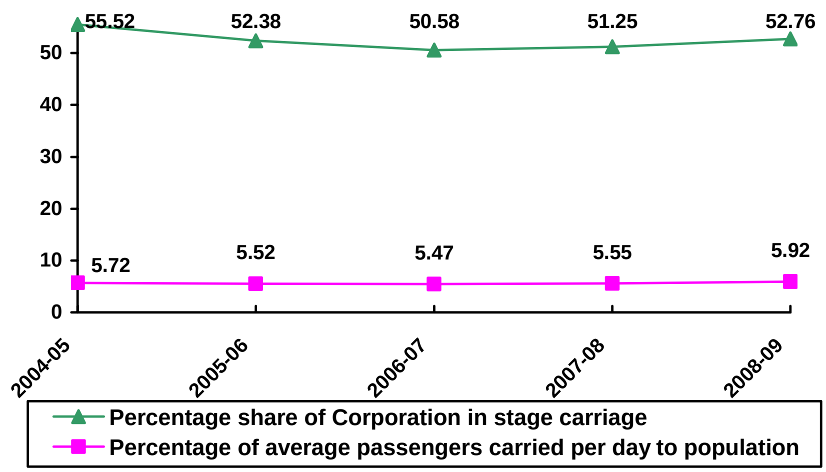
3.14 The operational performance of the Corporation for the five years ending 2008-09 is given in the **Annexure 11**. The operational performance of the Corporation was evaluated on various operational parameters as described below. It was also seen whether the Corporation was able to maintain pace with the growing demand of public transport. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that the losses were controllable and there is scope for improvement in performance.

Share of Corporation in public transport

GoM was yet to formulate an Integrated Transport policy defining the role of the Corporation.

3.15 In order to have a balanced modal mix of public and private transport an Integrated Transport Policy (ITP) defining the role of Corporation is necessary. Such a policy would seek to focus on the role of bus transport system as the main mass transport system provider *vis-a-vis* an increase in adequate, accessible and affordable mass transport options. A Concept Paper for Passenger Transport Policy was submitted (February 2008) by the Corporation to GoM. The policy is yet to be formulated (November 2009). The policy needs to be in place to develop an integrated and holistic perspective, delineating the specific role of the Corporation and other forms of mass transport.

3.16 The data on total passenger traffic in the State indicating total passengers travelled by all modes of transport and share of the Corporation in total traffic was not available with the State Government. The line-graph depicting the percentage of average passengers carried *per* day by the Corporation to the population of the State and percentage share of the Corporation in stage carriage in terms of number of buses during the five years ending 2008-09 is given below:



(Source: Census and information furnished by the Corporation)

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

Sl. No.	Particular	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Corporation's buses at the end of the year	16,115	15,456	15,111	15,864	16,333
2.	Total buses for public transport	29,023	29,506	29,877	30,957	30,957*
3.	Percentage share of Corporation in stage carriage (1/2)	55.52	52.38	50.58	51.25	52.76
4.	Estimated population (crore)	10.31	10.50	10.78	10.98	11.11
5.	Vehicle density *per* one lakh population	28.15	28.10	27.72	28.19	27.86
6.	Vehicle density of Corporation buses *per* one lakh population	15.63	14.72	14.02	14.45	14.70

(Source: Information furnished by the Transport Commissioner and the Corporation)

It was seen from the above that the percentage share of the Corporation to total stage carriage buses operated in the State decreased from 55.52 in 2004-05 to 52.76 in 2008-09.

3.18 The Corporation however has not been able to keep pace with the growing demand for Public Transport. The percentage of passengers carried by the Corporation *per* day to the population marginally increased from 5.72 *per cent* in 2004-05 to 5.92 *per cent* in 2008-09. The share of the Corporation in stage carriage declined between 2004-05 and 2007-08. The Corporation has not conducted scientific study/survey to assess the demand for public transport. Thus, the adequacy of services provided by the Corporation could not be ensured. The effective *per* capita KM operated *per* year is given below:

* Figures for 2008-09 are yet to be compiled by the Transport Commissioner. However, the figures of 2007-08 for total buses have been adopted in 2008-09 for the purpose of comparison only.

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Effective KM operated (crore)	179.76	172.13	173.52	178.85	181.31
Estimated population (crore)	10.31	10.50	10.78	10.98	11.11
Per capita KM *per* year (1/2)	17.44	16.39	16.10	16.29	16.32

(Source: Monthly Operational Reports and Information furnished by the Corporation)

***Per* capita KMs operated *per* year declined from 17.44 in 2004-05 to 16.32 in 2008-09.**

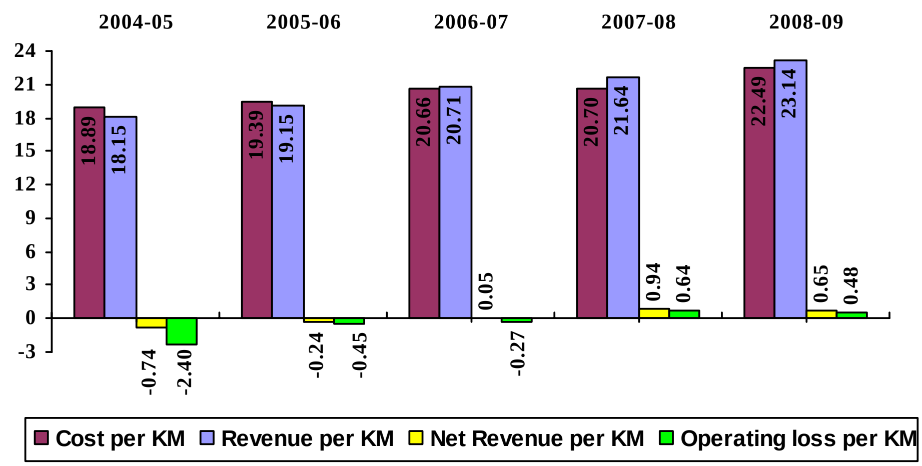
3.19 The above table shows that the *per* capita KMs *per* year had declined from 17.44 in 2004-05 to 16.32 in 2008-09 though the population (estimated) had increased from 10.31 crore to 11.11 crore.

The Corporation stated (October 2009) that conducting of scientific survey regarding private and public passenger transport in the State was under the purview of the State Government. As the Corporation has monopoly in operating stage carriages it is necessary that periodical survey is conducted to get feedback from the public for necessary remedial action.

3.20 Public transport has definite benefits over personalised transport in terms of costs, congestion on roads and environmental impact. The public transport services have to be adequate to derive those benefits. In the instant case, the Corporation had operational inefficiencies in some areas of operation as described later.

Recovery of cost of operations

3.21 The Corporation was not able to recover its cost of operations during 2004-07 but earned profit thereafter. The trend of revenue during 2004-05 to 2008-09 is shown in the graph⊗ below:



(Source: Annual Accounts for the years 2004-05 to 2008-09)

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

3.22 Above graph indicates the improving trend in the performance of the Corporation. The Corporation had earned operational profit during 2007-08 and 2008-09. The net earning of the Corporation was Rs 0.05 *per* KM in 2006-07 which improved to Rs 0.94 *per* KM in 2007-08 and decreased to Rs 0.65 *per* KM in 2008-09. However, the Corporation was not able to achieve the All India Average (AIA) for cost *per* KM (Rs 19.94) since 2006-07. This has been impacting the ability of the Corporation to provide public transport adequately as it is not able to replace its fleet on time or increase the fleet strength to meet growing demand.

Orissa, Uttar Pradesh and Karnataka registered best net earnings *per* KM at Rs. 0.49, Rs. 0.47 and Rs. 0.34 respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

The Corporation stated (October 2009) that the operating cost of the Corporation was not comparable with All India Average (AIA) because of different structure of wages/salary, Value Added Tax (VAT) on High Speed Diesel (HSD) and passenger tax *etc*. The Corporation had not however requested the State Government to review the structure of VAT on HSD and passenger tax. Also the Corporation needs to improve operational efficiency and strive to achieve the AIA so as to make the public transport more affordable.

Efficiency and Economy in operations

Fleet strength and utilisation

Fleet Strength and its Age Profile

3.23 The Corporation has its own fleet of buses. It also hires buses. Audit findings in respect of hired buses are given in **Paragraphs 3.49** and **3.50.** The table below explains the position of Corporation's own fleet.

3.24 The Association of State Road Transport Undertakings (ASRTU) had prescribed (September 1997) the desirable age of a bus as eight years or five lakh KMs, whichever was earlier. The Corporation however, fixed the life of a bus as 10 years. The table below shows the age profile of the buses held by the Corporation for the period of five years ending 2008-09.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total No. of buses at the beginning of the year	16,128	16,115	15,456	15,111	15,864
2.	Additions during the year	1,610	1,125	1,554	2,018	1,769
3.	Buses scrapped during the year	1,623	1,784	1,899	1,265	1,300
4.	Buses held at the end of the year (1+2-3)	16,115	15,456	15,111	15,864	16,333
5.	Of (4), No. of buses more than 10 years old	1,611	1,518	820	1,132	689
6.	Percentage of overage buses to total buses	10.00	9.82	5.43	7.14	4.22

(Source: Information furnished by the Corporation)

3.25 The above table shows that the Corporation was not able to achieve the norms of right age buses. During 2004-09, the Corporation added 8,076 new buses at a cost of Rs 907.54 crore. The expenditure was funded through internal resources (Rs 173.13 crore) and capital contribution (Rs 734.41 crore) received from the State Government. The requirement of funds to replace 689 buses more than 10 years old as on 31 March 2009 was Rs 77.44 crore at the rate of Rs 11.24 lakh *per* bus based on the average cost of buses purchased during 2004-09. Audit noticed that the Corporation had not prepared long term plan for replacement of overaged buses in a phased manner.

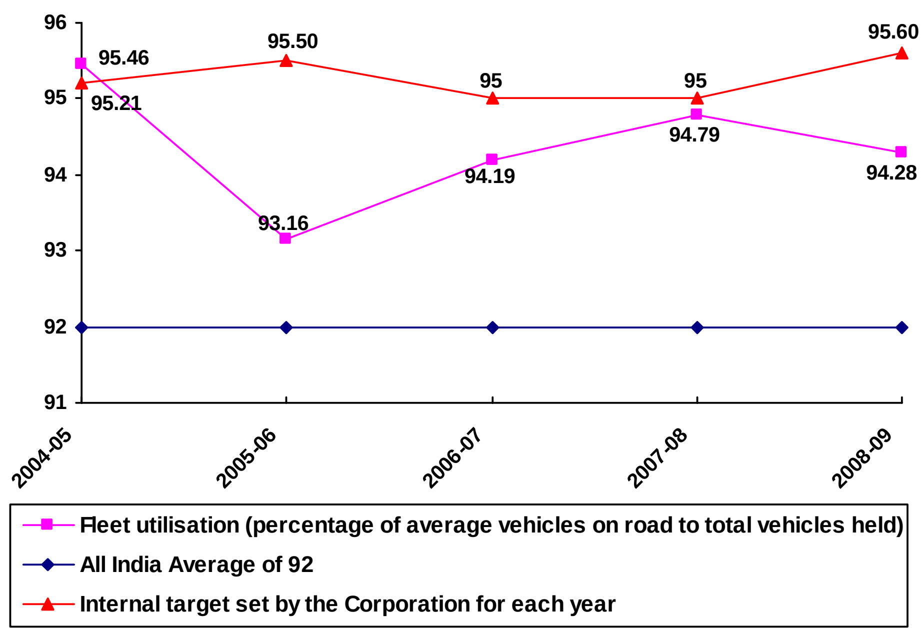
3.26 The overage fleet requires high maintenance and results in extra cost and less availability of vehicles compared to right age fleet, other things being equal. This only increases operational inefficiency and causes losses, which affects the ability of the Corporation to replace its fleet on a timely basis.

The Corporation stated (October 2009) that it had revised (August 2009) the policy for vehicle age as eight years and that the revised policy would be implemented in stages considering the fund position.

Fleet Utilisation

3.27 Fleet Utilisation (FU) represents the *ratio* of buses on road to those held by the Corporation. The Corporation had set target of FU at 95.21, 95.50, 95.00, 95.00 and 95.60 *per cent* during the period from 2004-05 to 2008-09 respectively. Against this, the FU of the Corporation varied from 95.46 *per cent* in 2004-05 to 93.16 *per cent* in 2005-06 as indicated in the graph given below:

Andhra Pradesh, Tamil Nadu (Kumbakonam) and Tamil Nadu (Coimbatore) registered best fleet utilisation at 99.4, 98.4 and Rs. 98.3 *per cent* respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)



Though, the FU of the Corporation was above the AIA of 92 *per cent,* it was below the internal targets fixed by the Corporation as well as the best performers.

The Corporation stated (October 2009) that the targets were always fixed on the higher side to encourage the field offices to achieve maximum utilisation and efforts were being made to keep the FU more than 92 *per cent*. Considering the audit observation, targets for 2009-10 were set on realistic basis so that the divisions could achieve the same and efforts were being made to provide training to staff to improve FU.

3.28 Even though the Corporation had achieved an overall FU above the AIA, it was noticed that in Akola, Mumbai and Sindhudurg Divisions FU was below AIA and varied from 89.00 to 91.94 *per cent* during 2004-05 to 2008-09. It was also noticed in Audit that in the said three Divisions the vehicles were detained in the Divisional Workshops (DWS) for seven to 114 days before being taken for repairs. Due to delay in repairs, these vehicles were not available for utilisation. The reasons for detention of vehicles in DWS were attributed by management to shortage of manpower, heavy accidents and non availability of spare parts.

The Corporation stated (October 2009) that the FU in Akola and Sindhudurg had improved (July 2009) and was above AIA. Further, the Corporation had decided to recruit maintenance staff and make spare parts available to ensure timely repairs. However, the fact remains that there were delays in repairs due to reasons within the management control.

Vehicle productivity

3.29 Vehicle productivity refers to the average KMs run by each bus *per* day during the year. The vehicle productivity of the Corporation *vis-a-vis* the overage fleet for the five years ending 2008-09 is shown in the table below:

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Vehicle productivity (KMs run *per* day *per* bus held)	309	299	310	317	316
2.	Overage fleet (percentage)-more than 10 years old	10.00	9.82	5.43	7.14	4.22

(Source: Information furnished by the Corporation)

It could be seen from the above that the vehicle productivity varied between 299 and 317 KMs *per* day *per* bus during the review period.

No target was fixed for vehicle productivity.

3.30 Compared to the AIA of 313 KMs, the vehicle productivity of the Corporation was lower during 2004-05 to 2006-07 but improved since 2007-08 and exceeded the AIA. The Corporation had however not fixed internal targets for vehicle productivity. The lower productivity was mainly on account of:

Tamil Nadu (Villupuram), Tamil Nadu (Salem) and Tamil Nadu (Kumbakonam), registered best vehicle productivity at 474, 469 and 462.8 KMs per day respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

- Excess time taken for repairs (**Paragraphs 3.28**).
- Want of crew (**Paragraphs 3.38 and 3.39**).
- Cancellation of scheduled KMs (**Paragraph 3.38**).

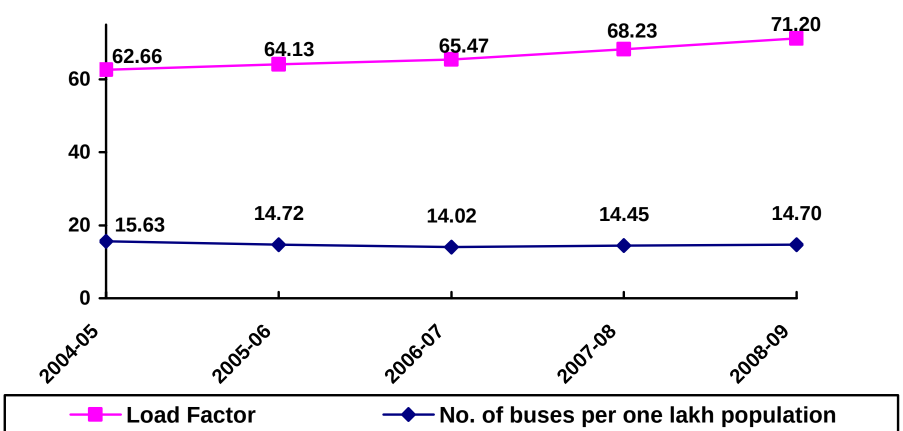
The Corporation stated (October 2009) that the norms for vehicle productivity cannot be fixed because of different types of operations at different places depending upon traffic potential. The reply is not convincing as depot-wise norms can be fixed considering the different types of operations.

Capacity utilisation

Load Factor

Number of buses *per* lakh population decreased from 15.63 in 2004-05 to 14.70 in 2008-09.

3.31 Capacity utilisation of a transport undertaking is measured in terms of Load Factor (LF) which represents the percentage of passengers carried to seating capacity. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the LF. The LF worked out by the Corporation was 56.20, 56.59, 57.28, 59.03 and 60.76 during 2004-05 to 2008-09 respectively. It was, however, noticed that the LF was being erroneously worked out by the Corporation on the basis of actual passenger earnings without considering concessions in passenger fares reimbursed by the State Government divided by expected passenger earnings on total seating capacity. The LF after considering the amount of concessions reimbursed by the Government however, worked out to 62.66, 64.13, 65.47, 68.23 and 71.20 *per cent* during the said period as against AIA of 63 *per cent*. A graph depicting the LF after considering concessions *vis-a-vis* number of buses *per* one lakh population is given below:



The above graph indicates that though the LF showed an increasing trend over the period under review, the number of buses *per* one lakh population had decreased from 15.63 (2004-05) to 14.70 (2008-09).

The Corporation stated (October 2009) that LF would be worked out by reckoning the concessions reimbursed by the GoM.

A reference is invited to **Paragraph 4.17** of the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 2005, Government of Maharashtra, where deficiencies in inspection of the passenger routes operated by the private operators who had been permitted point to point service was highlighted. In the oral evidence before the Committee on Public Undertakings (COPU) (September-October 2008), the Corporation accepted the fact that the revenue was affected due to clandestine operations. COPU recommended (October 2008) that the Government in co-ordination with all other concerned and the Corporation should take effective steps to curtail the clandestine operations. No Action Taken Note was however submitted by the Corporation/Government so far (December 2009).

The Corporation stated (October 2009) that the State Government had formed checking squads consisting of Regional Transport Office, police and staff of the Corporation for controlling clandestine operations. Further, it was stated that the authority to formulate rules to impose high penalty for clandestine operations was with the State Government. Audit observed that the clandestine operations were still in existence (December 2009). The Corporation conducted the last survey of clandestine operations in February 2005 according to which it was estimated that the Corporation was suffering revenue loss of Rs 2.94 crore *per* day due to such operations.

3.32 The table below provides the details for Break-even Load Factor (BELF) for traffic revenue. Audit worked out this BELF at the given level of vehicle productivity and total cost *per* KM.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* KM (Rupees)	18.89	19.39	20.66	20.70	22.49
2.	Traffic revenue *per* KM at 100 *per cent* LF	25.69	28.86	30.43	30.54	31.57
3.	Break-even Load Factor (1/2) (*per cent*)[¥]	73.53	67.19	67.89	67.78	71.24

(Source: Information furnished by the Corporation)

3.33 The above table indicates that the actual LF of the Corporation was below the BELF during 2004-05 to 2008-09 except for the year 2007-08. Thus, while the scope to improve upon the LF remains limited, there is a scope to cut down cost of operations as explained later.

[¥] Calculated on year wise average capacity of 52, 52, 52, 46 and 44 seats *per* bus during each of the five years.

Route Planning

3.34 Appropriate route planning to tap demand leads to higher load factor. The Corporation conducts post operational trip analysis by categorising trips into 'A', 'B' and 'C' groups. A trips are profit making, B trips are not recovering the total cost and C trips are not recovering even variable cost. However, the Corporation does not have an Management Information System framework to assess the route-wise profitability.

3.35 Some trips are profitable while others are not. The position of profit and loss making trips is given in the table below:

Particulars	Total No. of routes	Total No. of trips	No. of trips making profit (A trips)	No. of trips not meeting total cost (B and C trips)	No. of trips not meeting variable cost (C trips)
2004-05	17,584	88,612 (100)	16,027 (18)	72,585 (82)	23,979 (27)
2005-06	16,697	84,781 (100)	16,467 (19)	68,314 (81)	21,988 (26)
2006-07	16,482	84,162 (100)	17,455 (21)	66,707 (79)	19,011 (23)
2007-08	16,227	84,000 (100)	20,084 (24)	63,916 (76)	16,432 (20)
2008-09	16,521	85,071 (100)	18,102 (21)	66,969 (79)	17,536 (21)

(Figures in bracket indicate percentage to total trips)

(Source: Compiled from Monthly Operational Reports of the Corporation

Profitability of trips operated was assessed by the Corporation without considering the amount of concessions reimbursed by GoM.

It could be seen from above that the total number of routes operated by the Corporation which were 17,584 in 2004-05 were reduced to 16,521 in 2008-09. Similarly, the total trips operated were also reduced from 88,612 trips in 2004-05 to 85,071 trips in 2008-09. In this regard audit observed that the profitability of A, B and C trips was assessed by the Corporation without reckoning the amount of concessions in passenger fare reimbursed by the State Government. Inclusion of concessions reimbursed by the State Government may alter the profitability of trips to some extent.

3.36 Though some of the routes now appearing unprofitable may become profitable once the Corporation considers reimbursement of concessional claims and improves its efficiency, there would still be some uneconomical routes. Given the scenario of mixed routes and obligation to serve uneconomical routes, the Corporation should decide an optimum quantum of services on different routes so as to optimise its revenue while serving the cause. However, no systematic route planning exercise with structured parameters and timeframes for route survey was carried out by the Corporation.

While accepting the Audit suggestion Corporation stated (October 2009) that analysis of trips would be done after taking into account the amount of concessions given by GoM.

Cancellation of Scheduled Kilometres

3.37 A review of the operations indicated that the scheduled KMs were not fully operated mainly due to shortage/absenteeism of crews, non-availability of adequate number of buses owing to delay in repairs of vehicles, delay of buses from Depots/line, accidents and break down of vehicles due to mechanical faults.

3.38 The details of scheduled KMs, effective KMs and cancelled KMs calculated as difference between scheduled KMs and effective KMs are furnished in the table below:

(In crore KMs)

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled KMs (planned)	174.89	167.72	169.95	173.75	176.33
2.	Effective✦ scheduled KMs (out of planned)	171.23	164.22	165.14	169.37	172.21
3.	Kilometres cancelled	3.66	3.50	4.81	4.38	4.12
4.	Percentage of cancellation	2.09	2.09	2.83	2.52	2.34
Cause-wise analysis						
5.	Want of buses	0.31	0.32	0.74	0.69	0.71
6.	Want of crew	1.82	1.07	1.25	1.35	1.86
7.	Others (3 - 5 - 6)	1.53	2.11	2.82	2.34	1.55
8.	Contribution *per* KM (in Rupees)	6.91	7.91	8.57	9.97	10.84
9.	Avoidable cancellation (want of buses and crew) (5 + 6)	2.13	1.39	1.99	2.04	2.57
10.	Loss of contribution (8 x 9) (Rupees in crore)	14.72	10.99	17.05	20.34	27.86

Cancellation of scheduled KMs was higher than Tamil Nadu (best performer).

3.39 It can be seen from the above table that the percentage of cancellation of scheduled KMs varied from 2.09 to 2.83 during 2004-05 to 2008-09 and remained on the higher side as compared to the best performers. The main reason for cancellation was the shortage and absenteeism of crews besides shortage of vehicles. Due to cancellation of scheduled KMs for want of buses and crews, the Corporation was deprived of contribution of Rs 90.96 crore during 2004-05 to 2008-09. The cancellation also affected the reliability in the service. The non availability of buses was due to delay in repairs, breakdown of vehicles due to mechanical faults indicating poor preventive maintenance.

Tamil Nadu (Salem), State Express Transport Corporation (Tamil Nadu) and Tamil Nadu (Villupuram) registered least cancellation of scheduled KMs at 0.45, 0.67 and 0.78 *per cent* respectively during 2006-07. (Source: STUs profile and performance 2006-07 by CIRT, Pune)

The Corporation stated (October 2009) that sometimes non-obligatory, low paying scheduled KMs are cancelled for extra operations to meet demand of the passengers on profitable routes and to operate buses on casual contracts.

✦This does not tally with the effective KMs mentioned in Sl. No.9 of table under **Paragraph 3.10** as it includes KMs operated for casual contracts and extra operations besides scheduled KMs.

However, Audit observed that the cancellation was mainly due to non availability of crew.

Maintenance of vehicles

Preventive Maintenance

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

Sl. No.	Particulars	Schedule
1.	**Engine oil change**	
1 (a)	Tata make	Every 18,000 KMs
1 (b)	Leyland make	Every 16,000 KMs
2	**Brake inspection**	
2(a)	Tata make	Daily Inspection
	Leyland make	

(Source: MSRTC instructions and chassis manufacturing Operating Manual)

Top up of oil is required to maintain the level of oil recommended by manufacturers which gets reduced due to leakage and poor efficiency of the engine. It is therefore necessary to have an engine make-wise data on oil consumption separately for top up and engine oil change for comparison with the standard prescribed by OEMs. The reporting of make-wise consumption of oil for top up and change of engine oil was reported through Monthly Operational Reports (MORs) from April 2008 only.

Ineffective monitoring of engine oil consumption resulted in excess consumption of 2.93 lakh litres as compared to norms during 2008-09.

A scrutiny of MORs of 2008-09 in Audit revealed that there was excess consumption of 2.93 lakh litres of engine oil as compared to norms for change of engine oil. This indicated lack of effective management control on consumption of engine oil.

The Corporation stated (October 2009) that oil was also required for top up to maintain the oil level between the period of two oil changes and variation of (+/-) 500 KMs in standard KPL is permissible as recommended by OEMs. The reply is not acceptable as the consumption differed for the same make from Region to Region during the two years under comparison.

Reconditioning of buses

3.41 Reconditioning (RC) of buses involves replacement of all damaged parts of bus, change of seats and painting work *etc*. As *per* the time schedule, first RC is to be done within three years from the date of registration of the vehicle, second RC within two years from the date of first RC and third RC within two years from the date of second RC. The Corporation does not maintain records of buses due for various RC during the year. However, the internal targets for RC of buses to be done annually are set by the Corporation.

The consolidated position of buses targeted for RC and RC actually done during 2004-05 to 2008-09 was as under:

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	No. of buses targeted	4,624	4,211	4,501	4,319	4,302
2.	No. of buses reconditioned	4,281	4,091	4,507	4,318	4,114
3.	Shortfall in reconditioning	343	120	06 (excess)	01	188

(Source: Information furnished by the Corporation)

Audit observed that in the absence of details of number of buses due for first RC, second RC and third RC and buses actually reconditioned under each category the correctness of the target fixed for RC in each year was not verifiable in audit.

Docking of buses

3.42 Docking involves inspection and repair of engine, clutch and transmission, steering and suspension, wheel and brake *etc*. As *per* the norms fixed by the Corporation, six docking of buses is required to be done in a year after every two months from the date of registration/certification of vehicle by the Regional Transport Office (RTO). As *per* the procedure third and sixth docking is required to be done in Divisional Workshops and the remaining four dockings at Depot Workshop.

The consolidated details of docking of buses done at Depot level during 2004-09 was as under:

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	No. of scheduled dockings due	64,282	61,931	57,844	58,357	59,738
2.	No. of docking done in time	55,247	52,833	50,179	51,228	52,776
3.	Percentage of dockings done in time	85.94	85.31	86.75	87.78	88.35

(Source: Information furnished by the Corporation)

It could be seen from the above that docking in time had increased from 85.94 *per cent* (2004-05) to 88.35 *per cent* (2008-09).

The Corporation stated (October 2009) that the FU during the review period was above the norm of 92 *per cent* which was an indication that vehicles were not available for scheduled maintenance.

The docking of buses, as *per* the prescribed schedule is preventive maintenance and in the interest of productivity and passenger safety.

Repairs and Maintenance

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

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total buses at the end of the year (No.)*	16,115	15,456	15,111	15,864	16,333
2.	Over-age buses (more than 10 years old)	1,611	1,518	820	1,132	689
3.	Percentage of over age buses (2/1 x 100)	10.00	9.82	5.43	7.14	4.22
4.	R&M Expenses (Rupees in crore)	345.24	339.85	379.65	397.29	413.23
5.	R&M Expenses *per* bus (4/1) (in lakh Rupees)	2.14	2.20	2.51	2.50	2.53
6.	Percentage of manpower cost in R&M expenses	50.59	51.81	48.64	49.20	49.85

(Source: Information furnished by the Corporation)

The above table indicates that though there was a decline in number of overaged buses from 1,611 (2004-05) to 689 (2008-09), there was increase in R&M expenses *per* bus from Rs 2.14 lakh to Rs 2.53 lakh during the period 2004-05 to 2008-09.

The Corporation stated (October 2009) that the increase was mainly due to increasing prices of raw material and other elements of cost. The reply is not convincing as the Corporation has not maintained separate records for R&M expenses on over aged buses to ascertain the reasonability of expenditure on repairs of such buses.

Manpower cost

3.44 The cost structure of the organisation shows that manpower and fuel constitute 69.67 *per cent* of total cost. Interest, depreciation and taxes-the costs which are not controllable in the short-term - account for 21.10 *per cent.* Thus, the major cost saving can come only from manpower and fuel.

3.45 Manpower is an important element of cost which constituted 36.37 *per cent* of the total expenditure of the Corporation in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity. The table below provides the details of manpower, its cost and productivity.

Gujarat, Tamil Nadu (Villupuram) and Tamil Nadu (Salem) registered best performance at Rs. 6.10, Rs. 6.13 and Rs. 6.21 cost *per* effective KM respectively during 2006-07.
(Source: STUs profile and performance 2006-07 by CIRT, Pune)

*Position excluding hired buses.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total manpower at the end of the year	1,01,724	1,02,818	1,00,247	1,00,774	96,454
2.	Manpower cost (Rupees in crore)	1,373.84	1,147.12	1,183.82	1,290.63	1,483.37
3.	Effective KMs (in crore)	179.76	172.13	173.52	178.85	181.31
4.	Cost *per* effective KM (Rupees) (2÷3)	7.64	6.66	6.82	7.22	8.18
5.	Productivity *per* person (KMs)	57	57	58	60	61
6.	Total No. of buses at the end of the year	16,115	15,456	15,111	15,864	16,333
7.	Manpower *per* bus (1/6)	6.31	6.65	6.63	6.35	5.91

(Source: Compiled from Monthly Operational Reports of the Corporation)

North West Karnataka State Road Transport, Karnataka State Road Transport and Himachal Pradesh registered best performance at 4.89, 4.99 and 4.94 manpower *per* bus. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

It may be seen from the above that the deployment of manpower *per* bus was higher as compared with AIA of 6.5 person *per* bus up to 2006-07 but reduced thereafter. The decrease in bus staff *ratio* was mainly due to reduction in administrative staff from 0.85 person *per* bus in 2004-05 to 0.75 person in 2008-09. The manpower cost *per* KM increased in 2008-09 due to revision of pay. Similarly, productivity of staff increased due to reduction in staff and increase in effective KMs.

The Corporation has however, not prescribed norms for deployment of staff *per* bus. In the absence of norms, the deployment of staff differed from Division to Division. The deployment of manpower *per* bus in the five divisions test checked in Audit was as under:

(***Number of persons per bus)***

Year	Akola	Mumbai	Nagpur	Satara	Sindhudurg
2004-05	7.07	7.96	5.82	6.41	7.10
2005-06	7.39	7.65	5.75	6.33	7.07
2006-07	7.43	7.11	6.51	6.71	6.73
2007-08	8.04	7.06	6.71	6.43	6.35
2008-09	7.87	6.94	6.45	6.13	6.43

(Source: Information furnished by Divisions)

From the above, it may be seen that there was a need to take appropriate steps to formulate norms for deployment and regulate the staff deployment accordingly to achieve optimum utilisation of manpower.

The Corporation stated (October 2009) that it deployed staff in some departments such as Central Workshops, Tyre Retreading Plants and Civil Engineering Departments which are not in existence in some other STUs. Hence the comparison of deployment of staff *per* bus with AIA was not correct. However, the fact remains that the Corporation had not fixed any norm for bus staff *ratio* for effective utilisation of manpower.

3.46 The normal duty hours prescribed for operating crew is 12 hours, which includes steering duty of eight hours. In 16 out of 20 depots it was noticed that the average normal duty (steering plus spread over) hours provided ranged from 6.60 to 9.32 hours during 2004-05 to 2008-09 resulting in under utilisation of operating crews. In remaining four depots it was noticed that depot-wise steering and spread over duty was not reported through MORs. Further, the overall average steering duty hours in the Corporation ranged from 6.55 (2007-08) to 7.14 hours (2008-09) during the review period. However, the Corporation paid overtime of Rs 102.69 crore to crew for double duty during the review period. Thus, there is a need to review the duty hours and provide maximum duty permissible under the rules so that overtime payment can be minimised. The assignment of normal duty hours need to be reviewed as it has a bearing on the overtime payment and manpower productivity.

Fuel cost

3.47 Fuel is a major cost element which constituted 33.29 *per cent* of total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on its productivity. The table below gives the targets fixed by the Corporation for fuel consumption, actual consumption, KMs obtained *per* litre (KMPL), AIA and estimated extra expenditure.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Gross KMs (in crore)	181.39	173.69	175.12	180.49	183.06
2.	Kilometres obtained *per* litre (KMPL)	4.85	4.89	4.93	4.93	4.93
3.	Actual Consumption (in crore litres) (1 / 2)	37.40	35.52	35.52	36.61	37.13
4.	Target of KMPL fixed by Corporation	4.90	4.90	5.09	5.03	5.03
5.	All India Average in the category	4.94	4.94	4.94	4.94	4.94
6.	Consumption as per All India Average (in crore litres) (1/5)	36.72	35.16	35.45	36.54	37.06
7.	Excess Consumption (in crore litres) (3-6)	0.68	0.36	0.07	0.07	0.07
8.	Average cost *per* litre (in Rupees)	28.66	34.22	36.10	33.34	36.04
9.	Extra expenditure (Rupees in crore) (7 x 8)	19.49	12.32	2.53	2.33	2.52

(Source: Information furnished by the Corporation)

Excess consumption of fuel as compared to AIA resulted in extra expenditure of Rs 39.19 crore.

3.48 It can be seen from the above table that the mileage obtained *per* litre had remained almost static over the period under review. There was excess consumption of 1.25 crore litres of fuel as compared to AIA during 2004-09 resulting in extra expenditure of Rs 39.19 crore. The consumption was even more than the targets fixed by the Corporation considering the local situation.

North East Karnataka State Road Transport, Uttar Pradesh and Andhra Pradesh registered mileage of 5.45, 5.33 and 5.26 KMPL.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

The Corporation stated (October 2009) that targets were fixed on higher side with the intention to achieve optimum consumption. There was an improving trend and efforts were being made to get optimum performance. The comparison with AIA and working of the loss there against was unrealistic as the fleet age, road condition and topographical condition differed from State to State. However, Audit observed that the number of overaged buses had come down from 1,611 (2004-05) to 689 (2008-09) and the other conditions in the best performing States were similar to that in Maharashtra.

Cost effectiveness of hired buses

3.49 The Corporation started (December 2006) hiring of private buses on KM payment basis (KM scheme). Agreements with the private bus owners were initially entered into for a period of three years. The owners of these buses were required to provide new air-conditioned buses with drivers and to incur all expenditure for their running. The Corporation was to provide conductors, pay fuel charges at agreed rates and make payment as *per* the actual KMs operated by the hired buses. During 2006-09, the Corporation earned a net profit of Rs 4.11 crore from the operation of hired AC buses (Volvo, Mahabus and Kinglong) as shown below:

(Amount in Rupees)

Sl.No.	Particulars	2006-07	2007-08	2008-09
	Own fleet[§] (Volvo only)			
1.	Cost *per* effective KM	40.16	39.67	36.69
2.	Traffic Revenue *per* effective KM	45.58	46.02	51.22
3.	Net Revenue *per* effective KM	5.42	6.35	14.53
	Hired buses (Volvo, Mahabus and Kinglong)			
4.	No. of Hired buses at the end of the year	29	29	24
5.	Cost *per* effective KM[+] (Rupees)	37.21	36.72	33.74
6.	Traffic Revenue *per* effective KM (Rupees)	33.30	35.61	42.79
7.	Net Revenue/Loss (-) *per* effective KM (Rupees)	(-) 3.91	(-) 1.11	9.05
8.	Total effective KMs operated (in lakh)	6.69	37.99	52.97
9.	Profit from hired buses (Rupees in crore) (7/8)	(-)0.26	(-)0.42	(+)4.79
10.	Break-even load factor[◗] considering traffic revenue	66.10	67.15	54.05

(Source: Information furnished by the Corporation)

3.50 It could be seen from the above table that though the cost *per* effective KM of hired buses was less than the same for owned buses, the net revenue *per* KM from hired buses remained low as compared to own fleet because the traffic revenue *per* KM of hired buses was much less than that for owned buses. The Corporation could have improved the net revenue *per* KM from operation of hired buses by optimising the number of trips on routes, based on traffic potential. Thus, due to operation of hired buses, the Corporation

§ Under own fleet only Volvo buses have been considered to have a better comparison of profit between owned and hired buses.

+ This includes hire charges, fuel cost, conductors pay and other overheads.

◗ Calculated at capacity of 45 seats *per* bus.

suffered loss of Rs 68 lakh during the first two years. The Corporation has however not prepared a scientific cost benefit analysis of utilising its own fleet *vis-a-vis* hiring of buses in areas with different traffic potential to adopt the best option.

The Corporation stated (November 2009) that CPKM of hired buses was Rs 32 and owned Volvo buses was Rs 36 and BELF was 52 and 58 respectively. It was further stated that the Corporation increased hired buses from 24 to 47 AC buses from April 2009 onwards out of 64 AC buses operated. Audit observed that there is a further scope to go for more hired buses considering its lower cost and BELF after due consideration to the traffic potential in different areas.

It was further observed in Audit that though the manufacturer of Volvo had a monopoly, it offered rebate of Rs 0.50 lakh *per* bus. However, the Corporation purchased (August 2005) 15 Volvo buses without deducting the rebate resulting in excess payment of Rs 7.50 lakh. The Corporation stated (October 2009) that an amount of Rs 2 lakh had been recovered and the remaining amount of Rs 5.50 lakh will be recovered.

Financial management

3.51 Raising of funds for capital expenditure *i.e*., for replacement/addition of buses happens to be the major challenge in financial management of the Corporation's affairs. This issue has been covered in **Paragraphs 3.24** to **3.26**. The section below deals with the Corporation's efficiency in raising claims and their recovery. This section also analyses whether an opportunity exists to realign the business model to generate more resources without compromising on service delivery.

Claims and dues

3.52 The Corporation gives its buses on hire for which parties are required to pay in advance the charges at prescribed rate *per* KM basis at the time of booking. However, hire charges of Rs 2.06 crore for buses provided (1998-99) to the State Government for Agro Advantage Programme and Rs 2.67 crore for buses provided (2004-05 to 2008-09) to various Government Departments were still outstanding (November 2009).

The Corporation stated (October 2009) that the matter has been taken up with the concerned departments.

3.53 Further, the Corporation provides free/concessional passes to various categories of public like students, senior citizens, handicapped, journalists *etc.* The State Government reimburses the Corporation the concession in fare given to students and other categories. The number of passes issued to students and others, the total amount recoverable for all categories and the amount received during 2004-05 to 2008-09 is shown in the table below:

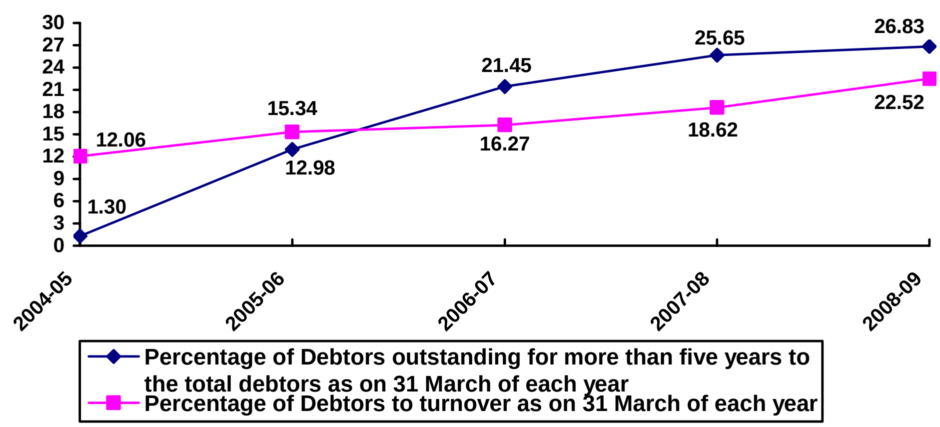
Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	No. of student passes issued (in lakh)	47.05	47.77	47.84	53.86	64.85
2.	No. of other passes issued (in lakh)	--•	--•	--•	--•	--•
3.	Amount recoverable for student passes (Rupees in crore)	185.71	198.41	220.59	254.59	296.22
4.	Amount recoverable for other passes (Rupees in crore)	112.87	174.58	210.74	245.20	295.29
5.	Total amount recoverable from State Government for the year (Rupees in crore) (3+4)	298.58	372.99	431.33	499.79	591.51
6.	Amount actually received*/adjusted# (Rupees in crore)	264.59	347.71	374.64	406.59	442.40
7.	Unrealised claims (cumulative) (Rupees in crore)	35.16ϒ	60.44	117.13	210.33	359.44

(Source: Information furnished by the Corporation)

Unrealised claims due from GoM in respect of concessions in fare extended by the Corporation increased from Rs 35.16 crore in 2004-05 to Rs 359.44 crore in 2008-09.

3.54 The above table indicates that the amount of concessions receivable from the State Government increased from Rs 35.16 crore in 2004-05 to Rs 359.44 crore in 2008-09. The State Government directed (June 2000) the Corporation to adjust the amount of concessions from the Passenger Tax (PT) payable. The PT payable was however not sufficient to adjust the concessions and the arrears were increasing year after year. In view of the above, the Corporation may take up the matter with the State Government to re-imburse the unrealized claims.

3.55 An analysis in Audit of the debtors outstanding as a percentage of turnover and the percentage of outstanding debtors for more than five years to the total debtors for the five years ending March 2009 are depicted in the graph below:



3.56 From the above, it can be seen that the outstanding dues are continuously increasing as compared to the turnover since 2004-05. Further,

• Data on passes other than students and Senior Citizens, *etc.* has not been maintained by the Corporation.

* Data on category wise recovery is not maintained by the Corporation.

Adjustments are made against passenger tax and interest and capital contribution.

ϒ This includes unrealised claims of previous years besides 2004-05.

The Corporation could not realise Rs 352 crore due from the GoM against wage settlement dues.

the age-wise analysis of debtors indicated that the outstanding dues for more than five years as compared to the total outstanding debtors for each year has been increasing over the period under review. This was due to non-realisation of wage settlement dues (Rs 352 crore) recoverable from the GoM for the pay increase granted to employees for the period 2000-2004 and 2004-2008. As per the agreement with the Government (August 2004) the above amount was to be adjusted against passenger tax collected by the Corporation. However, Audit observed that the passenger tax collected was not sufficient even to adjust the concessions provided to various categories of passengers as mentioned in **Paragraph 3.54** leaving aside the above amount unrealised. Besides, outstanding dues as on 31 March 2009 include Rs 11.08 crore recoverable from commercial establishments in the Corporation's premises as licence fees. Audit observed that the Corporation had not formulated any strategic plan in conjunction with the State Government for recovery of outstanding dues.

The Corporation stated (October 2009) that it had requested the State Government to allow adjustment of dues against capital contribution. Audit however, observed that the Corporation had not prepared any long term plan for adjustment of dues.

Realignment of business model

3.57 The Corporation is mandated to provide an efficient, adequate and economical road transport to public. Therefore, the Corporation cannot take an absolutely commercial view in running its operations. It has to cater to uneconomical routes to fulfil its mandate. It also has to keep the fares affordable. In such a situation, it is imperative for the Corporation to tap non-traffic revenue sources to cross-subsidise its operations. However, the share of non-traffic revenues (other than interest on investments) was nominal at 4.32 *per cent* of total revenue during 2004-09. The non traffic revenue of Rs 786.76 crore during 2004-09 mainly came from advertisements, restaurant/ shop rentals and sale of scrap.

3.58 Over a period of time, the Corporation had acquired sites at prime locations in cities, district and tehsil headquarters in the State. The Corporation generally uses the ground floor/land for its operations, leaving ample scope to construct and utilise spaces above. Audit observed that the Corporation had land at 763 locations (mostly owned/leased by Government) in the State. Location-wise details of land held by the Corporation as of 31 March 2009 were as under:

Particulars	Cities (Municipal areas)	District Headquarters	Tehsil Headquarters	Other places	Total
Number of sites	168	34	312	249	763
Occupied land (Square metres in lakh)	37.67	10.33	61.37	27.16	136.53

(Source: Information furnished by the Corporation)

The Corporation stated (July 2009) that land mapping is available at Divisional level and there was a system for periodical inspection to ensure that no encroachment takes place on the land. However, it was observed that the system of periodical inspection was not effective. Out of five Divisions test checked in Audit the encroachment of land of 13,953.57 square metres was noticed in four Divisions as detailed below:

Name of Division	Land encroachment in square metres
Akola	3,988.47
Mumbai	8,344.70
Nagpur	1,540.30
Satara	80.10
Total	**13,953.57**

(Source: Information furnished by the Corporation)

The Corporation may evolve a suitable policy for dealing with the issue of land under encroachment.

The Corporation had not formulated any consistent policy for commercial exploitation of land.

3.59 It was possible for the Corporation to undertake projects on public private partnership basis for construction of shopping complexes, malls, hotels, office spaces, *etc*. above (from first or second floor onwards) the existing sites so as to bring in a steady stream of revenue without any investment by it. Such projects can be executed without curtailing the existing area of operations of the Corporation and can yield substantial revenue.

The Corporation has not formulated any consistent policy regarding commercial exploitation of available land. The GoM accepted (September 2008) the request of the Corporation and increased the Floor Space Index (FSI)[#] on such land from one to one and half. However, consequential increase in availability of built-up area due to increase in FSI was not commercially exploited by the Corporation (November 2009).

The Corporation stated (October 2009) that the projects were being re-planned considering increase in FSI from 0.5 to 1.00 for commercial use out of maximum FSI of 1.5. The reply is not convincing as the increase in FSI, which was accepted by the GoM in September 2008 is yet to be effectively utilised by the Corporation (November 2009).

Fare policy and fulfillment of social obligations

Existence and fairness of fare policy

3.60 Section 67(1) of the Motor Vehicles Act empowers the State Government to fix the minimum and maximum rate for stage and contract carriages. The

[#] Floor space index is fixed by the local authority. It is the *ratio* of the combined gross floor area of all floors (excluding areas specifically exempted) to the total area of the plot.

State Government appointed (December 1992) a Committee✦ to recommend a standard formula for automatic revision of passenger fare.

The Committee recommended (October 1995) an automatic fare revision formula based on which the fare be revised annually. This was accepted by the State Government (April 1999) which provided for revision of fare based on revision of DA rates and increase in cost of fuel, tyres and chassis. The automatic fair revision formula was for ordinary services and 80 *per cent* schedules of the Corporation were of ordinary services.

The input price increase was to be neutralised to the extent of 87.5 *per cent* while revising the fare and the balance 12.5 *per cent* was to be absorbed by the Corporation. The position of the passenger fare during 2004-05 to 2008-09 was as under:

Fare table for ordinary buses *(In Rupees)*

Stages	2004-05	2005-06	2006-07	2007-08	2008-09
First 6 KMs	4	4	4	4	4
Upto 12 KMs	7	7	8	8	8
Upto 24 KMs	14	15	15	15	16
Upto 96 KMs	54	58	60	60	62
Upto 102 KMs	58	62	64	64	66

(Source: Information compiled from the Fare Table)

The Corporation had revised the fare four times in November 2004, October 2005, August 2006 and July 2008 during the review period. Audit scrutiny of three fare revisions from October 2005 onwards revealed the following:

- The Corporation considered the High Speed Diesel (HSD) rate of five Divisions only instead of cost of fuel at Mumbai which was lower than the average for five Divisions. Therefore the fare revision on account of HSD was on higher side.

- The cost of chassis considered by the Corporation was of TATA make only while the chassis of Leyland make was also procured. The tyres were purchased from six manufacturers. The weighted average cost of both chassis make and tyres was less than what was considered in fare revision resulting in higher revision of fare.

- In the approved formula for automatic fare revision, only change in percentage of Dearness Allowance (DA) rates was considered as a contributor for fare revision instead of total manpower cost. Audit observed that subsequent to pay revision after implementation of Pay Commission recommendations, the percentage of DA got reduced though the overall

✦ Comprising of Secretary, Home Department (Transport), Joint Commissioner of State Transport, Deputy General Manager (Transport) MSRTC, Additional General Manager of Brihan Mumbai Electric Supply and Transport Undertaking (BEST), representative of Consumer Forum *etc*.

manpower cost had increased. However, the Corporation considered the old contribution of DA to total operating cost after the pay revision. This has resulted in revision of fare on higher side.

- According to the approved automatic fare revision formula, fare is to be charged to the passenger inclusive of Passenger Tax (PT). Further, instead of considering existing fare exclusive of PT, the fare including PT was considered for working out PT element in the revised fare which also resulted in higher fare revision.

Deficiencies in computation of the element of fare revisions as *per* automatic formula resulted in higher revision of fare.

The above deficiencies resulted in higher revision of fare for ordinary services in all the three fare revisions. This has resulted in excess collection from public. However, the financial impact of excess revision could not be worked out in Audit as the previous fare revisions would have an effect on the quantum of increase. Further, the effective kilometers operated under each category of services and their respective load factors would also have a bearing on the excess collection of fare due to higher revision of fare.

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

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* KM (Rupees)	18.89	19.39	20.66	20.70	22.49
2.	Traffic Revenue *per* KM (Rupees)	16.10	18.51	19.92	20.84	22.48
3.	Loss of revenue[#] due to less vehicle productivity per KM (Rupees)	0.08	0.33	0.07	@	@
4.	Excess cost due to excess consumption of fuel *per* KM (Rupees)	0.11	0.07	0.01	0.01	0.01
5.	Ideal revenue (2 + 3) (Rupees)	16.18	18.84	19.99	20.84	22.48
6.	Ideal cost *per* KM (1 - 4) (Rupees)	18.78	19.32	20.65	20.69	22.48
7.	Net revenue *per* KM (2 - 1) (Rupees)	(-) 2.79	(-) 0.88	(-) 0.74	0.14	(-)0.01
8.	Net ideal revenue (5-6) (Rupees)	(-)2.60	(-)0.48	(-)0.66	0.15	--
9.	Effective KMs (in crore)	179.76	172.13	173.52	178.85	181.31
10.	Avoidable loss (in (Rupees) crore) [(7-8) X 9]	34.15	68.85	13.88	1.79	1.81

(Source: Financial results of the Corporation)

3.62 The above table does not take into account other inefficiencies such as defective route planning *etc*. Nonetheless, it shows that the net revenue could

[#] Loss of revenue has been worked out on the basis of traffic revenue contribution *per* KM.
[@] Not applicable as the Vehicle productivity was above AIA.

be higher, if the operations are properly planned and efficiently managed, than what they actually are.

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

Adequacy of services on uneconomical routes

3.64 The Corporation has been serving all rural routes in the State. The Corporation had 21 *per cent* profit making routes as of March 2009 as shown in table under **Paragraph 3.35**. However, the position may change if the Corporation improved its efficiency. Nonetheless, there may still be some routes which would be uneconomical. Though, the Corporation was required to cater to these routes, the Corporation had not formulated norms for providing services on uneconomical routes. In the absence of norms, the adequacy of services on uneconomical routes could not be ascertained in Audit. The desirability to have an independent regulatory body to specify the quantum of services on uneconomical routes taking into account the specific needs of commuters is further underlined.

As *per* Essential Services (ES) Act, 2005 the Corporation operates certain services at the behest of the GoM as ES, which are called obligatory trips. Based on the recommendations of Upasani Committee[#] (January 2003) for defining obligatory trips, the Corporation defined (October 2003) all trips which were not recovering even variable cost as obligatory trips. However, the GoM rejected (April 2007) the definition given by the Corporation on the plea that all trips not recovering variable costs are not covered as trips operated for ES. However, the Corporation raised claims for Rs 962.45 crore during 2004-09 with the GoM for reimbursement of losses on account of ES based on its own definition which had not been paid by the Government. Audit observed that some of the 'C' trips may become 'B' trips by improving operational efficiency and after inclusion of the reimbursement of concessions.

The Corporation stated (October 2009) that it is obligatory on the part of the Corporation to provide minimum services to the passengers being its monopoly in the sector. The performance was reviewed at all levels to reduce the loss from non obligatory trips. It was further stated that profitability of each trip would be assessed in future after taking concessions into account as suggested by audit. However, the Corporation may define obligatory trips so that the same is mutually accepted by both the GoM and the Corporation and losses on their operations are reimbursed.

[#] Committee headed by Shri Upasani (former Chief Secretary to the GoM) assisted by two expert members appointed by the GoM for financial and administrative restructuring of the Corporation.

Monitoring by top management

MIS data and monitoring of service parameters

3.65 For a Road Transport Corporation to succeed in operating economically, efficiently and effectively, there have to be written norms of operations, service standards and targets. Further, there has to be Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such so that its achievement would make an organisation self-reliant. The annual targets for Regions are fixed by VC&MD and in turn Regions fixed targets for Divisions.

In the light of the above, Audit reviewed the system and it was observed that Monthly Operational Reports (MORs) are generated to report the performance of the Corporation, which were inadequate in view of the following:

- The MOR indicates the performance of key parameters. However, in the absence of norms regarding vehicle productivity and bus staff *ratio* the comparison with the actual achievement could not be worked out through available data from MOR.

- MOR did not furnish the figures for cumulative consumption of engine oil. Further, the consumption of single month reported through MOR is not comparable with the standards as the engines due for oil change may differ from month to month.

- The Corporation had not generated MIS on number of buses due for reconditioning and actually reconditioned under each category to ensure that all buses are reconditioned in time.

- The performance of Divisional Workshop on docking of buses was not reported though MOR to ensure docking of buses in time.

- There was no system of evaluation of utilisation of manpower by the Corporation with standard mandays.

- Monitoring of pending court cases for recovery of licence fees and others was not effective and pendency registered increasing trend.

- The MORs are reviewed by VC&MD and deficiencies noticed are brought to the notice of the Regional Managers for remedial action. However, there was no system for periodical submission of operational reports to Board of Directors (BoD) for their consideration.

The Corporation stated (October 2009) that compilation of MIS is submitted to top management for decision and corrective action. The annual Administrative Report is submitted to BoD and the GoM as *per* provisions of the RTC, Act. The reply is not convincing as periodicity of the Administrative

Report is annual and would not be an aid to the BoD for addressing the deficiencies noticed during the course of the year for remedial action.

Acknowledgement

3.66 Audit acknowledges the co-operation and assistance extended by different levels of the management at various stages of conducting of the performance audit.

Conclusion

Operational performance

- **The State Government had not formulated an Integrated Transport Policy defining the role of the Corporation in public transport.**
- **The Corporation had not fixed internal targets for vehicle productivity to enhance efficiency on that account.**
- **The profitability of trips was being assessed without reckoning the concessions received from the State Government. Based on the information furnished by the Corporation, there was no significant increase in percentage of profit making trips over the review period.**
- **Percentage of cancellation of scheduled KMs increased from 2.09 to 2.34 during the review period mainly due to shortage and absenteeism of crew and shortage of buses.**
- **The Corporation had not conducted cost benefit analysis of utilising its own fleet *vis-a-vis* hired buses in areas with different traffic potential to adopt the best option.**

Financial management

- **The Corporation could not realise Rs 352 crore recoverable from the State Government on account of wage settlement dues. The Corporation had not formulated any strategic plan in conjunction with the State Government for recovery of outstanding dues.**
- **The Corporation did not have any consistent policy for large scale tapping of non conventional sources of revenue through commercial exploitation of available land by taking up BOT projects.**

Fare policy and fulfillment of social obligations

- **Though the Corporation had a fare policy, due to incorrect inputs in automatic fare revision formula, the Corporation had charged excess fare from the public.**

- **In the absence of any norms, the adequacy of services on uneconomical routes could not be ascertained in Audit.**

Monitoring by top management

- **The Corporation had not prescribed any norms for bus staff *ratio* and vehicle productivity to ensure maximum utilisation of manpower and fleet. Further, the periodicity of MIS submitted to the top management was inadequate.**

On the whole, there is immense scope to improve the performance of the Corporation. Effective monitoring of key parameters, coupled with certain policy measures can see further improvement in performance.

Recommendations

Operational performance

- **The Corporation may minimise cancellation of scheduled KMs and improve the reliability of services besides ensuring economy in operation particularly in the area of manpower utilisation and consumption of fuel.**

- **The Corporation may improve its load factor by controlling the clandestine operations. The State Government may review the existing rules for penalty for clandestine operations.**

Financial performance

- **The Corporation may formulate a strategic plan in conjunction with the State Government for recovery of outstanding dues.**

- **The Corporation may evolve policy to deal with land encroachment and large scale commercial exploitation of available land.**

Fare policy and fulfillment of social obligations

- **The Government may consider creating a regulator to ensure that correct cost inputs are used to regulate fares based on agreed formula, the formula is updated at regular intervals and regulate services on uneconomical routes.**

- **The Corporation and Government may evolve mutually acceptable definition of obligatory trips so that the losses on that account are reimbursed to the Corporation.**

Monitoring by top management

- **The Corporation may prescribe norms for bus staff *ratio* and vehicle productivity to ensure maximum utilisation of manpower and fleet.**

- **The Corporation may evolve an MIS with greater reliability and with enhanced periodicity for submission to BoD.**

The matter was reported to the Government (August 2009); their reply was awaited (December 2009).

Chapter IV

4. Transaction Audit Observations

Important Audit findings emerging from test check of transactions made by the State Government companies and Statutory corporation are included in this Chapter.

Government Companies

City and Industrial Development Corporation of Maharashtra Limited

4.1 *Loss of revenue*

The Company suffered loss of revenue of Rs 4.46 crore due to allotment of residential-cum-commercial plot for residential purpose and allotment of school plots to an ineligible party.

The Company, allots plots by way of sale for residential, commercial and educational purposes. Audit noticed that the Company suffered loss of revenue of Rs 4.46 crore by not following the land allotment policy. The individual cases are discussed below:

4.1.1 *Allotment of residential-cum-commercial plot as residential plot*

As per the Land Pricing and Disposal Policy (August 2000), plots for Co-operative Housing Societies were to be allotted at fixed price while plots for residential-cum-commercial purpose were to be allotted at competitive prices after invitation of tenders.

In June 2004, Venus Co-operative Housing Society (VCH), a society comprising of members mainly from the medical profession, requested the Company to allot a plot in Sector 58-A in Nerul node. The Company allotted (January 2005) plot No.8 admeasuring 2,966.48 square metres in Sector 58-A of Nerul node earmarked for residential-cum-commercial use at a fixed rate of Rs 14,931 per square metre with one Floor Space Index (FSI) though, as per the policy, the plot was to be allotted by inviting tenders. The society paid the lease premium of Rs 4.43 crore and the agreement was executed in April 2005.

It was observed in Audit that the base rate worked out by the Company itself for sale of this residential-cum-commercial plot through tender was Rs 19,197 per square metre. Also a similar plot located two kilometres away was allotted in June 2004 through tender at the rate of Rs 25,200 per square metre.

Thus, allotment of the residential-cum-commercial plot as residential plot at fixed rate of Rs 14,931 per square metre was not a prudent decision, which resulted in loss of Rs 3.05 crore[♦] worked out on the basis of the sale price of similar plot (Rs 25,200 per square metre) allotted through tender in June 2004. Further, allotment of residential-cum-commercial plot at fixed rate without inviting tenders also lacked fairness and transparency.

4.1.2 *Allotment of plots to an ineligible party*

As per the Land Pricing and Disposal Policy (August 2000), plots for establishing primary and secondary schools including junior college were to be allotted at concessional rate of 10 *per cent* of the reserve price of the land. Further, as per the Board decision (January 2004) on the allotment of plots to educational institutes, plots reserved for primary and secondary schools including junior college were to be allotted only to the educational institutions fulfilling *inter alia* the following eligibility criteria:

- Financially sound to acquire the plot and construct the building within the stipulated time along with the required furniture and fixtures.
- Trustees and office bearers had good educational background and credentials.

The Company allotted (February 2005) 11 plots from plot No.11 to 21 admeasuring 2,413.90 square metres in Sector 8, Koparkhairane to Shramik Shikshan Mandal (SSM), a trust registered under the Bombay Public Trust Act, 1950 and the Society Registration Act, 1860 for establishing a junior college at a concessional rate of Rs 330 per square metre. Similarly, the Company allotted (September 2005) plot No.1 admeasuring 3,500.049 square metres in Sector 9, Koparkhairane to SSM for establishing pre-primary, primary and secondary school with junior college at a concessional rate of Rs 405 per square metre.

In this connection Audit observed the following:

- The Company had previously allotted (1992) a constructed school building on plot No.22 in Sector 8 of Koparkhairane node to SSM. As on 31 March 2005 SSM had defaulted in payment of Rs 4 crore apart from delayed payment charges of Rs 1.76 crore. The then Managing Director of the Company had also observed (July 2003) that any further allotment of land to this party was to be considered only after clearance of the pending dues. Despite non-clearance of the said previous dues, land was allotted to SSM.
- At the time of allotment, the Company had pending applications from 13 other eligible educational institutions for allotment of land in and around Navi Mumbai. However, the Company ignoring the waiting list, allotted plots to SSM out of turn though its name was not appearing in the waiting

[♦] Rs 25,200 – Rs 14,931 per square metre x 2,966.48 square metres = Rs 3.05 crore.

list. This violated the principles of fairness and transparency in land allotment.

- It was noticed that out of six trustees and office bearers of SSM, only three possessed qualification of degree level though the policy required trustees/office bearers to have good educational background and credentials.

Thus, the allotment of plots to a trust not fulfilling the eligibility criteria resulted in passing of undue benefit of Rs 1.41 crore being the difference between the reserve prices of the land and the allotment at concessional rates. Even though the allotment was made in September 2005 the trust had not established the pre-primary, primary and secondary school with junior college in Sector 9 Koparkhairane till date (December 2009).

It is recommended that the Company ensures fairness and transparency in land allotment matters and should take the decision in the matter in line with the laid down policy in this regard

The matter was reported to the Government/Management (April-May 2009); their replies had not been received (December 2009).

4.2 *Undue benefit to contractors*

Non/short levy of compensation for the delay in completion of contracts resulted in undue benefit of Rs 1.42 crore to the contractors.

The general terms and conditions of all contracts awarded by the Company for various works through tendering system stipulates recovery of compensation for delay in completion of contract.

The contract conditions provided for compensation at the rate of one *per cent*, 0.5 *per cent* and 0.25 *per cent* per week of the contract value in respect of contracts having completion period of six months, between six months to two years and above two years respectively. The compensation recoverable was subject to a maximum limit of 10 *per cent*, 7.5 *per cent* and five *per cent* of the contract value or such smaller amount as may be fixed by the Chief Engineer.

Scrutiny of ten contracts on construction and upgradation of road, construction of culvert *etc*. (contract value: Rs 31.14 crore) awarded by the Company during the period 2004-05 to 2006-07 revealed delays ranging between 38 and 72 days in completion of works. Though, the compensation for the delays at the prescribed percentage stipulated in the contracts worked out to Rs 1.46 crore, the Chief Engineer levied a reduced compensation of Rs 3.65 lakh in nine contracts. In one contract, the Chief Engineer did not levy compensation of Rs 10.17 lakh though there was delay of 61 days attributable to the contractor. The reasons for delay in execution of works considered while levying reduced penalty mainly included heavy monsoon and delay in commencement of work by the contractors. However, the completion period as stipulated in the contract was inclusive of monsoon and the Company also did not stipulate quantum of the delay to be considered while levying/reducing the penalty. This resulted in passing of undue benefit of Rs 1.42 crore to the contractor in 10 contracts.

To ensure transparency and fairness in the exercise of discretionary powers of reduction/waival of penalties prescribed in the contract the Company should evolve definitive benchmarks laying down the quantum of the delay attributable to controllable reasons for levy of penalty. The reasonability of waival/reduction of penalties as per contractual provisions needs to be assessed against such benchmarks.

The matter was reported to the Government/Management (June 2009); their replies had not been received (December 2009).

4.3 *Extra expenditure*

Failure of the Company to finalise the tender within the validity period resulted in an extra expenditure of Rs 36.39 lakh.

The Company invited (August 2004) tenders for the work of "Providing earthwork for track formation on Nerul-Belapur Uran Railway line" at an estimated cost of Rs 1.74 crore. In response, eight offers were received (November and December 2004) and the tenders were opened on 8 December 2004. The lowest offer was of Girish Enterprises who quoted at par with the estimated cost *i.e.* Rs 1.74 crore with validity up to 4 March 2005. The Tender Committee[♦] recommended on 8 February 2005, *i.e.* within the validity period, awarding of the work to the lowest bidder. However, the tender was not finalised before the expiry of the validity period. The lowest bidder in response to Company's request (17 March 2005) refused (21 March 2005) to extend the validity period beyond the stipulated date of 4 March 2005.

The Company re-invited tenders in September 2005 and the work was awarded (February 2006) to the lowest bidder S.N. Naik and Brothers at 25 *per cent* above the estimated cost. The work was completed in January 2007 at a total cost of Rs 1.82 crore which included loading of 25 *per cent* over the actual works cost (Rs 1.46 crore) as per the contract agreement. Thus, the Company had to incur extra expenditure of Rs 36.39 lakh on account of 25 *per cent* loading over the works cost, as it failed to award the work to the L1 contractor as per the tender of August 2004 who had quoted at par with the estimated cost.

The Management stated (March 2009) that there were inconsistencies in the offer received and accepted the fact that the validity of the offer was overlooked while discussing the offer. The reply is indicative of the flawed contract management process as the Tender Committee had recommended the proposal within the validity period. Failure to finalise the tender within the

[♦]Tender committee comprised of Additional Chief Engineer, Senior Accounts Officer, Superintendent Engineer, Executive Engineer and Assistant Executive Engineer.

validity period resulted in re-invitation of tenders and incurring of the extra expenditure of Rs 36.39 lakh.

Similar, instances of loss due to delay in finalisation of tenders and award of work after the validity period were also commented in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (**Paragraphs 4.2** and **4.3**). In order to safeguard the financial interest and ensure timely completion of works undertaken, the Company should streamline the system of contract management and institute an accountability mechanism to fix responsibility in case of lapses.

The matter was reported to the Government/Management (March 2009); their reply has not been received (December 2009).

4.4 *Short recovery of lease premium*

Incorrect calculation of lease premium by the Company resulted in short recovery of Rs 25.59 lakh.

As per the provisions contained in Electricity Act 2003, permanent constructions of any type are not permitted on land falling under High Tension (HT) line. With a view to generate additional revenue by utilising the land falling under HT line, the Company formulated (May 2004) a policy to allot such land to the adjoining plot owner and permit utilisation of Floor Space Index (FSI) * of the area under HT line for construction in the adjoining plots. The lease premium for the land under HT lines was to be recovered at the rate of the original plot quoted in the tender duly appreciated by 18 *per cent* per annum (compounded) from the date of allotment of original plot till the date of allotment of additional land as per Board's decision of November 2004, which was applicable retrospectively.

The Company allotted (September 2004 and October 2005) land admeasuring 2,502.50 and 2,360.40 square metres falling under HT lines in Sector-18, Sanpada node adjoining to plot No.2 and 3 held by Bhumiraj Construction at the rate of Rs 13,219 and Rs 16,043 per square metre respectively. Audit scrutiny (July 2008) revealed that contrary to Company's approved policy, the original rates of plot No.2 and 3 were appreciated by 18 *per cent* per annum on simple basis instead of compounding up to the actual date of allotment (1 September 2004) of additional land under HT line. The lease premium recoverable as per the policy worked out to Rs 13,787 and Rs 16,525 per square metre for the land adjoining plot No.2 and 3 respectively. Thus, incorrect calculation of premium for the additional plots resulted in short recovery of land premium of Rs 25.59 lakh. Although, the Company stated that recovery notice has been issued (February 2009) the amount is yet to be recovered till date (December 2009).

The present internal control system is inadequate to the extent that it failed to detect the incorrect calculation. Hence it is recommended that the Company

* Floor space index is fixed by the local authority. It is the *ratio* of the combined gross floor area of all floors (excluding areas specifically exempted) to the total area of the plot.

strengthens its internal control system to prevent recurrence of such omissions and fixes responsibility on the erring officials.

The matter was reported to the Government/Management (May 2009); their replies had not been received (December 2009).

Maharashtra Airport Development Company Limited

4.5 *Undue benefit*

The Company extended undue benefit of Rs 20.21 crore to Satyam Computer Services Limited by sale of land at lower rates in MIHAN Project at Nagpur.

The Maharashtra Airport Development Company Limited (Company) was formed (26 August 2002) for development of Multi-model International Passenger and Cargo Hub Airport (MIHAN) at Nagpur. Government of India (GoI) approved in principle (August 2005) the establishment of a multi-product Special Economic Zone (SEZ) in MIHAN area at Nagpur.

The Board of Directors (BoD) of the Company approved (May 2005) the land pricing policy of MIHAN. The rates approved by the Board for sale of land were Rs 65 lakh per hectare[•] up to two hectares, Rs 64 lakh per hectare for more than two hectares and up to 10 hectares, Rs 62 lakh per hectare for more than 10 hectares and up to 20 hectares and Rs 60 lakh per hectare for more than 20 hectares but not less than 25 hectares or more (*i.e.* Rs 24.28 lakh per acre). It was also decided to allot land on 'first come first serve' basis at the rate fixed by the Company.

Satyam Computer Services Limited, Hyderabad (SCSL) approached (November 2005) the Company for allotment of 100 acres of land (equivalent to 40.47 hectare) at the rate of Rs 16 lakh per acre for setting up Information Technology (IT) activities in MIHAN. The BoD of the Company which was the competent authority for the purpose approved (5 December 2005) allotment of 100 acres of land to SCSL at a lower rate of Rs 18 lakh per acre[∇] as against the applicable rate of Rs 24.28 lakh per acre considering it to be an "early bird" offer. A Memorandum of Understanding (MOU) was signed by the Company with SCSL in December 2005 for allotment of 100 acres of land.

Audit observed the following

- The Company had not formulated any policy for concessional allotment of land as an "early bird" incentive. Formulation of such a policy was necessary to ensure fairness and transparency in the Company's sale of land policy.

[•] One hectare = 2.471 acre; one acre = 0.405 hectare.
[∇] Equivalent to Rs. 44.48 lakh per hectare.

- The BoD of the Company had also approved (5 December 2005) allotment of 100 acres of land at MIHAN to Shapoorji Pallonji and Company Limited (SPCL) at the rate of Rs 26.30 lakh per acre for development of IT facilities. Therefore, approval for sale of land to SCSL on the same day at a lower rate as an “early bird” incentive was not justified. Considering the sale price of Rs 24.28 lakh[□] per acre approved by the Company, the allotment of land to SCSL at Rs 18 lakh per acre resulted in a loss of revenue of Rs 6.28 crore to the Company owing to undue benefit offered to the SCSL.

- Further, on the basis of subsequent request received from SCSL and based on site survey, the Company without the approval of the BoD, allotted 28.06 acres of additional land by amending the MOU on 3 March 2007, at the rate of Rs 22.35 lakh[⊗] per acre. The market price during 2005-06 was Rs 72 lakh per acre as offered by M/s Reatox Builders & Developers for 'non-processing zone'. The allotment of additional land (March 2007) without the approval of the competent authority at less than the prevailing market price of land was irregular and allotment at concessional rate resulted in loss of revenue of Rs 13.93[•] crore.

Thus, the decision of the Company to allot land at concessional rates to SCSL resulted in a total undue benefit of Rs 20.21 crore (Rs 6.28 crore + Rs 13.93 crore) and consequential loss of revenue.

The Management in its reply claimed (May 2009) that the Company had called for expression of interest by giving public notice in December 2004, for which no good and enough response was received. It also stated that the allotments to SCSL and SPCL was not made on the same day.

The reply of the Company is not factually correct in view of the following:

- The advertisement for land was given in December 2004 before the GoI had approved the establishment of a multi-product SEZ in MIHAN area at Nagpur in August 2005. Therefore the contention of having given wide publicity is not correct.

- Though, the allotments to SCSL and SPCL were made on different dates, both the proposals were approved by the BoD in the same meeting held on 5 December 2005. The allotment of additional land to SCSL without the approval of BoD was not justifiable in the absence of a policy regarding concessional allotments.

It is recommended that:

- allotment of land should be done only with prior approval of the BoD.

[□] Equivalent to Rs 60 lakh per hectare.
[⊗] Equivalent to Rs 55.23 lakh per hectare.
[•] 28.06 acres x (Rs 72 lakh - Rs 22.35 lakh per acre).

- the Company should evolve a clear-cut policy regarding allotment of land at concessional rates linked with the market price.

- ensure fairness and transparency in allotment of land so that no undue benefits are extended.

The matter was reported to the Government (April 2009); their reply had not been received (December 2009).

4.6 *Avoidable expenditure*

Decision to set up a coal based captive power plant in the prohibited location resulted in avoidable expenditure of Rs 29.62 lakh.

The Company is engaged in developing Multimodel International Passenger and Cargo Hub Airport at Nagpur (MIHAN). The Company intended to develop Captive Power Plant (CPP) along with the main transmission and distribution system to ensure quality and uninterrupted power supply to various units in MIHAN. A proposal to set up a CPP (100 MW) was approved by the Board of Directors of the Company in September 2004. The CPP was to be set up on Build, Operate and Transfer (BOT) basis for a period of 33 years.

The Company applied (March 2005) to Airport Authority of India (AAI) for grant of No Objection Certificate (NOC) for setting up a coal based CPP at Dahegaon which was 4.6 kilometres away from the proposed runway. The AAI granted (August 2005) NOC to the Company with the condition that the use of oil fired or electric fired furnace was obligatory within the eight kilometres of Aerodrome. Before receipt of NOC from AAI, the Company through competitive bidding, appointed (July 2005) Ernst and Young Private Limited (EYP) as consultant for a fixed professional fee of Rs 39.50 lakh. The consultancy work involved preparation of a detailed Business Plan for the CPP, project financial structuring, project viability and tariff setting, bid process management and finalisation of commercial structure. Despite the NOC granted by AAI for use of only oil fired or electric furnace, EYP on behalf of the Company prepared the bid documents and tenders were invited in May 2006 for coal based CPP. After invitation of tenders for coal based CPP, the Company requested AAI, to review and grant NOC for coal based furnace which was not accepted (August 2006) by AAI on the ground that the stipulation for oil/electric furnace was mandatory for which the Company had also given undertaking in Form 1B. The Company therefore had to shift the proposed CPP to a new location which was more than eight kilometres away from the aerodrome to suit usage of coal based furnace. Company paid Rs 29.62 lakh to EYP against 75 *per cent* of the work done for the earlier location. The Company again appointed EYP at a negotiated price of Rs 39.50 lakh since the work of preparing the tender document, agreement, calculation of expected price, evaluation of bid had to be done afresh at changed location.

Thus, the commencement of work for setting up a coal based CPP at an inappropriate location despite being aware of the mandatory condition prohibiting use of coal based furnace indicated deficient planning on part of the Management, which resulted in avoidable expenditure of Rs 29.62 lakh paid to EYP.

The Management stated (December 2008-August 2009) that it had initiated action well in advance for obtaining various statutory clearances for installation of coal based power plant. However, under extraordinary circumstances the Company had to shift the location of CPP and hence the expenditure was unavoidable. The Management has also stated that once the Board had approved the project it could not wait for the completion of procedural formalities. The reply confirms the fact that the Company was aware of the mandatory condition regarding prohibition of use of coal based furnace within eight kilometres of the proposed airport. The justification given for commencement of work of this nature without obtaining clearance of AAI is not acceptable.

It is therefore recommended that the Company should fix the responsibility for the loss caused due to deficient planning and should select project site as well as commence work only after obtaining all requisite and complete permission.

The matter was reported to the Government (July 2009); their reply had not been received (December 2009).

Maharashtra State Electricity Distribution Company Limited

4.7 *Short recovery of electricity charges*

Incorrect categorisation of seven commercial consumers as industrial consumers resulted in short recovery of electricity charges of Rs 7.59 crore.

Tariff for supply of electricity by Maharashtra State Electricity Distribution Company Limited (Company) to its consumers is revised from time to time with the approval of the Maharashtra Electricity Regulatory Commission (MERC). The tariff categorises the consumers into different categories like industrial, railways, agriculture, commercial *etc*. depending upon the purpose for which electricity is supplied. Therefore, correct classification of consumers is vital as incorrect classification may adversely affect the revenue of the Company. As per the tariff order (May 2007) of MERC effective from May 2007 "commercial consumers" were to be billed under 'HT-VI category. A subsequent tariff order (May 2008) of MERC effective from June 2008 further categorised Commercial category consumers availing supply at High Tension (HT) and classified under existing 'HT-I Industrial' under a new category 'HT-II Commercial'.

Audit scrutiny (March 2009) of bills raised by the Company on high tension consumers in Pune Urban Circle revealed seven cases of incorrect classification of consumers and consequent short recovery due to incorrect billing as discussed below:

- Godrej Properties and Investment Limited (GPIL) was sanctioned (February 2004) power supply for a **commercial complex**. Supply of power was released in April 2004. However, the billing was done by incorrectly categorising the consumer as "industrial consumer" instead of "commercial consumer". The incorrect categorisation resulted in short recovery of Rs 2.84 crore for the period from April 2004 to February 2009.

- Gesco Corporation Limited (GCL) was sanctioned (November 2000) power supply for a **commercial complex**. The agreement executed (November 2000) with GCL also stipulated the use of electricity for **commercial complex.** Supply of power was released in April 2001. However, the billing was done by incorrectly categorising the consumer as "industrial consumer" instead of "commercial consumer". The incorrect classification resulted in short recovery of Rs 2.49 crore for the period from May 2001 to February 2009.

- The Company released ten HT connections to Magarpatta Township Developers and Construction Company Limited, (MTDCCL), during the period December 2003-08 for development of township in Pune. The 10 connections released were for supply of power for Information Technology park, club, gymnasium, ready-mix plant, central garden and water works *etc*. in the township. Scrutiny in Audit revealed that four connections (Consumer No. 17001903024, 17001903107, 17001903183, 17001903301) earlier categorised under 'HT-I Industrial' were not re-classified under 'HT-II Commercial' as per MERC tariff order of May 2008 resulting in short recovery of Rs 1.10 crore for the period between June 2008 and February 2009.

- The Company released (June 2007) HT power to Bharti Airtel Limited (BAL) (Consumer No. 17001903234) for its "Service Call and Data Centre". Being a commercial activity, BAL should have been classified as a "Commercial consumer" and billed under HT-VI category as per MERC's tariff order of May 2007 effective from May 2007. Further, from June 2008 BAL should have been billed under 'HT-II Commercial' as per the tariff order (May 2008) of MERC. However, the billing was done by categorising the consumer as an "Industrial consumer" instead of 'Commercial' resulting in short recovery of Rs 1.16 crore during the period July 2007 to February 2009.

In all above cases, the mistake of wrong classification of consumers was rectified by the Company with effect from March 2009.

The Management while admitting the facts stated (July 2009) that the supplementary bills for differential amounts had been issued to GPIL and GCL which were challenged by them in the Consumers Grievance Redressal Forum and the Hon'ble High Court respectively and stay obtained against recovery. The reply of the Government was awaited (December 2009).

In respect of MTDCCL and BAL the amount of Rs 2.26 crore (MTDCCL: Rs 1.10 crore) and (BAL: Rs 1.16 crore) was stated (July 2009) to have been recovered in May and June 2009 respectively. The Management also stated that the Company had internal check system at Circle level to check all HT bills before its issue to consumers and internal Audit of HT bills was conducted annually. Government endorsed (August 2009) the reply of Management. The reply is not tenable as the non-detection of the incorrect application of tariff in one Circle Office of the Company, despite 100 *per cent* checking of HT bills stated to be carried out by the Junior Manager/Assistant Accountant of the Company indicated serious inefficiencies in the internal control system. Responsibility also needs to be fixed on the erring officials at all levels with clear accountability parameters. The Company needs to therefore revamp its internal check system with specific verification of classification of all HT consumers.

4.8 *Avoidable expenditure*

Failure of the Company to accept the rate received in the tender and subsequent purchase at a higher rate resulted in extra expenditure of Rs 1.74 crore.

Tenders were invited (October 2007) by the Company for purchase of ten lakh Low Tension (LT) static meters with enclosure and five lakh LT static meters without enclosure. The lowest bid received (November 2007) from HPL Socomec Private Limited (HPLS) quoted Rs 765 per meter with enclosure and Rs 630 per meter without enclosure. The Managing Director of the Company constituted (February 2008) a committee consisting of Director (Finance), Director (Operation) and Executive Director (II) to hold negotiation with HPLS for reduction in the rates of both types of meters. However, the committee held negotiation with HPLS for reducing the rate in respect of meter with enclosure only and did not negotiate for the price of meter without enclosure on the ground that the rate quoted by HPLS for the same was much higher as compared to the rate (Rs 512.16 per meter) accepted in the order placed in July 2006. HPLS reduced the rate for meter with enclosure to Rs 749.70 per meter. Accordingly, the Company placed order (February 2008) for purchase of ten lakh meters with enclosure only, with the approval (February 2008) of the Board of Directors of the Company.

The Company again invited (April 2008) tenders for procurement of five lakh LT static meters each with enclosure and without enclosure having similar specifications as stipulated in the tenders invited in October 2007. The lowest offer was received from HPLS at Rs 749.70 per meter with enclosure and Rs 630 per meter without enclosure. The second lowest bidder Genus Power Infrastructures Limited (GPIL) quoted Rs 811.08 and Rs 671.05 per meter for meters with and without enclosure respectively.

Considering the capacity of the lowest bidder (HPLS) to supply within the delivery period of four months, the Company placed (August 2008) order on it for supply of five lakh meters with enclosure at the rate of Rs 749.70 per meter and 75,000 meters without enclosure at the rate of Rs 630 per meter. The order for balance quantity of 4.25 lakh meters without enclosure was placed on the second lowest bidder *viz.* GPIL at the rate of Rs 671.05 per meter.

Audit observed the following:

- Failure to negotiate the rate for meter without enclosure quoted by HPLS in November 2007, acceptance of the same rate in the subsequent tender called for in April 2008 and award of part order for 75,000 meters without enclosure to HPLS proved that the rate was reasonable. Thus, non- acceptance of the said rate (*viz.* Rs 630 per meter) quoted by HPLS for supply of meters without enclosure in November 2007 and April 2008 and purchase at a higher rate resulted in extra expenditure of Rs 1.74 crore (Rs 671.05 per meter – Rs 630 per meter x 4.25 lakh meters).

- In the tenders called for in April 2008, the second highest bidder v*iz.* GPIL did not agree to match its rate with the first lowest bidder. Considering the rate difference, the Company should have placed the order for entire quantity of meters without enclosure with HPLS. Even though, this would have entailed extended delivery period of only three months the extra expenditure of Rs 1.74 crore could have been avoided. Further, it was observed that despite paying higher rate, out of 4.25 lakh meters ordered, only 0.50 lakh meters (12 *per cent*) were supplied by GPIL within the delivery period (December 2008), 2.5 lakh meters were delivered up to May 2009 while the balance 1.25 lakh meters were received only in June 2009.

The Government/Management stated (October/July 2009) that order was placed on GPIL to have multiple sources. The reply is not acceptable as the decision to place order on GPIL for balance requirement was stated to have been taken after considering the ability of HPLS to supply the meters and meet the delivery schedule which was not achieved. Thus, there was no consistent Management policy for multi-source purchases at competitive rates.

As the requirement of meters for new connections and replacement of defectives is a continuing process, it is recommended that the Company should explore the possibilities of developing alternative sources for procurement of meters at competitive rates.

4.9 *Wasteful expenditure*

Acceptance of unreasonable condition of lock-in period for rental premises resulted in wasteful expenditure of Rs 1.29 crore towards rent.

The Maharashtra State Electricity Distribution Company Limited (Company) issued (January 2006) a Letter of Intent (LoI) to Mikamachi Instruments, Pune (Contractor) for supply, installation, commissioning, operation and maintenance of Automatic Meter Reading (AMR) system. As per the provisions of the LoI, the Company was responsible for providing suitable premises for setting up the control centre for installing the equipment.

Though, the contract for the AMR system was not finalised, the Company hired (August 2006) premises admeasuring 8,700 square feet from Sai Erectors, Pune on a monthly rent of Rs 5.80 lakh (including maintenance and parking charges). The Leave and License Agreement (LLA) was valid for seven years with a lock-in period• of three years. The agreement also stipulated a restrictive clause regarding use of the premises only for the AMR system. The Company paid Security Deposit (SD) of Rs 57.42 lakh in August 2006.

Audit observed (June 2008) that the hired premises remained vacant due to non-finalisation of the contract for AMR system. The Company decided (May 2007) to surrender the hired premises and requested Sai Erectors to take back possession of the premises. However, Sai Erectors refused to take back possession and to refund SD quoting the provision in the agreement regarding lock-in period.

The Company filed a Civil Suit (January 2008) against Sai Erectors. However, on the basis of legal opinion that the Company might be held liable to pay rent for the un-expired lock-in period, it reached on an out of court settlement (March 2008) with the licensor and paid rent of Rs 1.29 crore for the period from August 2006 to June 2008 for the premises which remained vacant.

Thus, the hiring of premises with restrictive conditions like lock-in period and restricted utilisation of premises only for specific purpose of AMR system resulted in wasteful expenditure of Rs 1.29 crore towards rent without utilising the premises for any purpose.

The Management in its reply (May 2009), which was endorsed by the Government (July 2009), while confirming the payment of rent for the period August 2006 to June 2008 accepted the Audit contention. Further, it was stated that utmost care will be taken while accepting contract specifications to ensure protection of the financial interest of the organisation.

It is recommended that the Company should be vigilant and not accept imprudent contract conditions which are detrimental to its interests.

Maharashtra Film, Stage and Cultural Development Corporation Limited

4.10 *Loss of revenue*

The Company suffered revenue loss of Rs 1.65 crore due to delay in restoration of studio damaged by fire.

The Maharashtra Film, Stage and Cultural Development Corporation Limited (Company) was engaged in providing infrastructural facilities like studios, recording, dubbing and preview theatre, processing laboratory *etc*. to the film/entertainment industry.

The Company had 15 Studios out of which Studio No.3 was damaged due to fire on 18 August 2002. The Company received insurance claim amounting to Rs 4.83 lakh in March 2003. The Company belatedly decided (January 2007)

• Lock-in period is the minimum guaranteed period during which the surrender of premises was not permitted.

to undertake restoration work and accordingly tenders were invited in July 2007. The work awarded (September 2007) to Dev Engineers for Rs 36.81 lakh, which was completed in February 2008. After restoration of the studio the Company had earned hire charges of Rs 62.48 lakh in one year during 2008-09, which was almost double the cost of the restoration work incurred by the Company. Thus, the delayed restoration of damaged studio deprived the Company income of Rs 1.65 crore on the basis of its own assessment (August 2007) for the period April 2003 to February 2008.

On being pointed out the Company stated (February 2009) that restoration work was completed after receipt of funds from the Government in 2007. The reply is not tenable as the Company had during 2002-03 to 2006-07 before receipt of funds from the Government in 2007-08 spent Rs 8.62 crore on various capital works. The Company should have prioritised the restoration work of the studio by funding it through loans or with available cash and bank balances in view of the short pay back period. Alternatively, the Company should have approached Government for assistance to raise funds for its short time requirement from financial institutions.

The matter was reported to the Government (June 2009); Government stated (December 2009) that the Company had to give priority for repayment of non-redeemable bonds issued in 2000-01 and hence it did not take up any development work. However, the reply was contrary to the factual position of expenditure incurred on capital works as cited above.

The Company needs to evaluate the financial outgo with reference to its impact on revenue while deciding postponement of expenditure on maintenance/restoration of revenue earning assets.

Maharashtra State Electricity Transmission Company Limited

4.11 *Unfruitful expenditure*

Non-execution of formal agreement with Ispat Industries Limited resulted in unfruitful expenditure of Rs 8.99 crore.

The Maharashtra State Electricity Transmission Company Limited (Company) awarded (February 1996) the work of construction of 220 KV double circuit line from 400 KV Nagothane sub-station to 220 KV, Wadkhal sub-station, for ensuring reliable power supply to the consumers in Wadkhal area to KEC International Limited for Rs 8.49 crore. However, this work had to be abandoned (June 1997) after incurring expenditure of Rs 57.09 lakh on account of severe way leave problems and also resistance from land owners.

Ispat Industries Limited (IIL) a substantial consumer of Maharashtra State Electricity Distribution Company Limited (MSEDCL) who would happened to be a major beneficiary of the work of improvement in the power supply system, in a meeting (May 2004) with MSEDCL agreed to clear the way leave problems at its cost and also to bear the additional cost over and above the estimated cost quoted by the lowest bidder. However, no formal agreement was entered into in this regard with IIL. Based on the verbal assurance given by IIL, contract for the abandoned work was awarded (May 2006) to Ashtavinayaka construction for an amount of Rs 8.80 crore against estimated cost of Rs 5.54 crore which was later increased to Rs 16.98 crore due to change in route in view of opposition by land owners. The work was to be completed within 15 months period. After executing work valued at Rs 8.99 crore, the contractor expressed (May 2008) inability to execute the balance work due to way leave problems. The balance work was not taken up by the Company till date (November 2009).

Thus, undertaking of abandoned work at the instance of IIL without any contractual arrangement absolved IIL of the responsibility of clearing the way leave problems resulting in unfruitful expenditure of Rs 8.99 crore on the incomplete work.

The Management in reply stated (May 2009) that as IIL itself volunteered to support in resolving the way leave problems, no legal agreement was required to be entered into. The reply did not address the Company's failure in safeguarding its interests through a legally enforceable agreement with IIL which might have avoided the loss caused due to back out by the latter in fulfilling its verbal assurance.

It is recommended that the Company should not undertake work based on voluntary support which is not enforceable and binding in the absence of any formal legal agreement.

The matter was reported to the Government/Management (June 2009); their replies had not been received (December 2009).

Maharashtra State Road Development Corporation Limited

4.12 *Unfruitful investment*

Construction of Food mall without conducting a feasibility study resulted in unfruitful investment of Rs 5.80 crore with consequential loss of interest of Rs 1.50 crore.

Maharashtra State Road Development Corporation Limited (Company), considering the need of expressway users, constructed (August 2006) a Food mall at Kusgaon near Lonavala along the Mumbai-Pune Expressway at a total cost of Rs 5.80 crore. The Food mall with a built-up area of 3,153.07 square metres included a drivers canteen, parking area, landscaping area *etc*. The Food mall was lying (September 2009) vacant since its construction in August 2006.

Audit observed the following:

- The Company did not conduct a feasibility study prior to construction of the Food mall. The Food mall was located on the ramp from the Expressway to the National Highway-4, due to which the access to it was restricted to road users on the way to Lonavala city at Kusgaon. Further, most road users who intended to go to Lonavala used the main ramp before the ramp at Kusgaon where the Food mall was located, thereby further restricting the number of road users having access to it. Thus, the location of the Food mall was inappropriate. Consequently, despite inviting tenders in February, September and December 2007 for lease of the Food mall, no response was received due to lack of direct access and poor visibility of the Food mall from the Expressway.

- Construction of the Food mall without conducting a feasibility study and subsequent lack of response for leasing it resulted in unfruitful investment of Rs 5.80 crore with consequential loss of interest of Rs 1.50 crore[♣] (September 2006 to March 2009).

The Management stated (May 2009) that the mall at Kusgaon was connected to the Expressway as well as NH-4 and was accessible from both the corridors of the Expressway. The reply did not address the issue of direct accessibility of the mall from the Expressway or the non-conducting of a feasibility study prior to construction of the mall. The fact that the Company was not able to lease the mall for more than three years (September 2009) also confirmed the Audit finding of inappropriate location of the mall.

It is recommended that the Company should evolve a system of providing such amenities only after conducting a feasibility study for establishing the need, economic viability and techno-commercial aspects of the specific location for such amenities.

The matter was reported to the Government (March 2009); their reply had not been received (December 2009).

4.13 *Avoidable expenditure due to unrealistic contractual condition*

Award of contract without ensuring possession of land for work resulted in avoidable expenditure of Rs 1.89 crore.

Judicious planning of construction contracts require that prior to award of contract, pre-requisites of undertaking the work such as availability of dispute free land, *etc*. are ensured.

The Company awarded (November 2000) the work of improvement of 53 kilometres of road and construction of one Rail Over Bridge at Sinnar Ghoti Road to Ray Constructions, Mumbai (Contractor). The contract value was Rs 36.29 crore with a completion period of 24 months. As per the contract condition possession of site for 44 kilometres of the road was to be given to the Contractor within 14 days from the date of issue of notice (16 November 2000) to proceed with the work and the balance site for nine kilometres of road after expiry of six months. The Company failed to fulfill the contract condition of giving the possession of site for 44 kilometres within

[♣] Rs 5.80 crore x 10 *per cent* (borrowing rate of interest on bonds) x 31 months (from September 2006 to March 2009).

the stipulated period due to non-availability of dispute free land. The possession of site was given in stretches between November 2001 and March 2004 causing considerable delay (12 to 39 months) in handing over the site to the Contractor. Consequently, the work was completed in December 2006 *i.e.* after a delay of more than four years from the stipulated period of completion at a total cost of Rs 41.22 crore including additional work and excess quantity.

On account of delay in giving the possession of site by the Company, the Contractor claimed (July 2004), Rs 11.79 crore towards idle machinery, interest on mobilisation advance *etc.* The claim was initially rejected (April 2007) by the Company. The Steering Committee of the Company, however, approved (September 2007) a claim of Rs 1.89 crore as compensation towards idling of machinery, loss due to extension of bank guarantee *etc*., on account of delay in handing over possession of the site.

Audit observed that the contract condition stipulating handing over of 44 kilometres of land within 14 days from the date of issue of notice to proceed with the work without assessing its feasibility showed improper planning on the part of the Company.

Thus, award of contract without ensuring possession of land for execution of the work resulted in avoidable expenditure of Rs 1.89 crore on account of payment of compensation.

The Government/Management admitted (November 2009) the failure in handing over possession of site as per the terms of contract due to delay in acquiring land.

It is therefore recommended that the Company should award a contract only after ensuring the availability of dispute-free land and other mandatory facilities. Co-ordinated action with related State agencies in this regard should be factored into the initial planning process. Accountability mechanisms should also be firmed up within the Company so as to fix responsibility for unrealistic site projection inputs.

4.14 *Avoidable loss*

The Company suffered a loss of Rs 1.69 crore due to non-recovery of cost of project through toll collection.

The Company constructs roads and bridges on Build, Operate and Transfer (BOT) basis for Government of Maharashtra (GoM). The project cost alongwith interest component is recovered by the Company by collecting toll from the general public for the period prescribed by GoM. The notification for levy of toll is issued by the Public Works Department (PWD) of the GoM based on the proposal submitted by the Company.

The Company completed the construction of Rail Over Bridge (ROB) at Rotegaon in Aurangabad District in June 2000 at a cost of Rs 4.21 crore. As per the cash flow statement the expenditure on the project was expected to be recovered by the year 2007. Accordingly, the Company in April 2000 requested PWD to issue notification for collection of toll at Rotegaon up to December 2007. PWD issued (September 2000) notification for collection of toll for the period from 20 September 2000 to 19 September 2003. In August 2003, the Company submitted another proposal to PWD requesting to increase the period of levy of toll up to the year 2011 due to decrease in the traffic and consequent decrease in the toll revenue. PWD, however, permitted levy of toll only up to December 2005 and directed the Company to bear the loss on the ground that the estimation of toll revenue done by the Company was wrong.

In this regard, Audit observed the following:

- The actual toll collection during the years 2001 and 2002 was Rs 80.42 lakh and Rs 1.09 crore respectively as against the estimated toll collection of Rs 1.81 crore and Rs 1.90 crore submitted by the Company in April 2000 *i.e.* lower by 56 and 43 *per cent* respectively of estimated toll thereby indicating faulty estimation of toll revenue by the Company.

- As against the project expenditure of Rs 7.23 crore including the interest component up to March 2006 incurred by the Company towards the construction of ROB, the recovery of expenditure through toll collections during the period from September 2000 to December 2005 was only Rs 5.54 crore leaving a gap of Rs 1.69 crore. The gap of Rs 1.69 crore also resulted in further loss of interest of Rs 91.26 lakh [♦] for the period April 2006 to March 2009 at the rate of 18 *per cent* per annum considered in the cash flow statement.

- Since recovery of cost of project through toll collection is an essential characteristic of a BOT project the decision of the PWD/Government in not allowing toll collection to the extent of expenditure incurred on the project was contrary to the concept of undertaking infrastructure projects on the principles of BOT.

The Company, justified (May 2008) the loss, stating that the estimate was a forecast and may vary with the actuals. It further attributed the gap in expected revenue and actual revenue to reduction in traffic and concessions offered to frequent travellers. The Company also stated that it was making efforts to recover the loss from the Government. The reply is not tenable as the wide variation in the actual and estimated toll collection and non-reckoning of concessions in the estimates indicated adoption of faulty forecast methodology resulting in loss of Rs 1.69 crore. The State Government had neither reimbursed the loss (July 2009) nor had the Company followed up the matter after August 2006.

Since toll is a major source of revenue for the Company to recover the cost of a project it is recommended that the Company should adopt accurate and viable forecast technique for assessment of the same to ensure minimum variation between the actual and estimated recovery of the cost. The Company should vigorously follow-up the issue of reimbursement of loss with the State

[♦] Rs 1.69 crore x 18 *per cent* for 36 months from April 2006 to March 2009.

Government. The State Government should allow the cost of BOT projects to be recovered through toll collection to avoid loss to the entrepreneur undertaking such projects.

The matter was reported to the Government/Management (June 2009); their reply has not been received (December 2009).

4.15 *Avoidable loss of revenue*

Failure of the Company to finalise toll collection contract within the validity period resulted in avoidable loss of revenue of Rs 1.18 crore.

The Company executes road construction contracts on Build, Operate and Transfer (BOT) basis. The project cost is recovered by collecting toll from the general public for the concession period prescribed by the Government of Maharashtra. The Company engages contractors who pay the lump sum amount to the Company and collect the toll. An efficient contract management system would require the Company to ensure that the new toll collection contract is finalised at appropriate levels of decision making before the expiry of the earlier contract and that the contract is awarded to the highest bidder so as to maximise revenue generation. Audit scrutiny revealed that at Dhoregaon toll station on Aurangabad-Ahmednagar Road the earlier toll collection contract was valid till 29 May 2007. For collection of toll for the period 30 May 2007 to 29 May 2009, the Company had invited tenders in February 2007 which were opened on 15 March 2007. The offer of Ganesh Enterprises at Rs 13.05 crore stood highest and was valid up to 13 June 2007.

Instead of finalising the offer, the Company awarded (28 May 2007) toll collection work on temporary basis to Ganesh Enterprises on monthly payment of Rs 50.19[♦] lakh with effect from 30 May 2007 on the ground that the Board of Directors (BoD) of the Company did not discuss the proposal for award of contract. No reasons were available on record for the same. As a result, the contract could not be finalised within the validity period. Meanwhile, Ganesh Enterprises also refused (August 2007) collection of toll.

Later the Company awarded two toll collection contracts to the second and third highest bidder in the tenders invited in February 2007 for the periods 17 August 2007 (three months) to 22 November 2007 and 23 November 2007 to 6 September 2008 (10 months) at the rate of Rs 48.64 lakh per month and Rs 41.55 lakh per month respectively. Fresh tenders were invited in November 2007 and February 2008 for awarding the regular toll collection contract which also could not be finalised due to receipt of unreasonably low offers and poor response to the tenders respectively. The regular toll collection contract was finally awarded (August 2008) to MEP Toll Road Private Limited (MEP) based on tenders invited in April 2008 for 52 weeks at monthly toll payment of Rs 46.38 lakh with effect from 7 September 2008. MEP continued toll collection till 26 February 2009 and the toll collection was handed over to the Public Works Department with effect from 27 February 2009.

[♦] Rs 13.05 crore ÷ 104 weeks x four weeks = Rs 50.19 lakh.

Thus, non-finalisation of tender within the validity period at the offered bid of Rs 13.05 crore for two years and the consequent award of contract for lower amounts resulted in avoidable loss of revenue of Rs 1.18 crore.

The Company therefore needs to evolve an effective contract management system which would facilitate timely finalisation of high value contracts having significant impact on the revenue of Company. Accountability mechanism fixing responsibility for delays at all levels of decision-making also need to be developed.

The matter was reported to the Government/Management (March 2009); their replies had not been received (December 2009).

Maharashtra Tourism Development Corporation Limited

4.16 *Wasteful expenditure*

Construction of tents resort without ascertaining the title of the land resulted in wasteful expenditure of Rs 22.14 lakh.

Maharashtra Tourism Development Corporation Limited (Company) awarded (June 2005) the work of constructing tent resort at Vengurla Taluka in Sindhudurg District to Suchintan Enterprises. The work was completed in March 2006 at a cost of Rs 36.90 lakh. Based on a complaint received (June 2006) from Shri Andurlekar, a private individual, the Company found that six out of 10 tents constructed by the Company were on the land owned by the complainant.

The Company invited (November 2006) tenders for running the tents resort on rental basis for a period of 10 years. The highest offer was received from Kinara Restaurant for a monthly rent of Rs 42,500. However, since six tents were constructed on the land not owned by the Company, no action was taken on these offers. The Company belatedly decided (July 2008) to rent only four tents constructed on its land and handed over (September 2008) the same to Kinara Restaurant the highest bidder in the tenders invited in November 2006 at a proportionate monthly rent of Rs 17,000. Earlier, the Company based on negotiation with Shri Andurlekar rented out the tents constructed on the land belonging to him up to May 2007 by sharing the rent earned equally (Rs 1.07 lakh). These six tents could not be rented out thereafter. The Company’s attempt (September 2007) to shift the tents was also not successful as Shri Andurlekar obstructed the shifting against which the Company approached the court. No further developments were noticed in the matter thereafter.

It was observed in Audit that the Company constructed the tents without clearly ascertaining the title to the land and demarcating the boundaries of the land belonging to it through the Taluka Inspector of Land Records, Vengurla. Thus, construction of six tents at a cost of Rs 22.14[•] lakh on land not owned

[•] Rs 36.90 lakh ÷ 10 x six = Rs 22.14 lakh.

by the Company indicated lack of supervision in execution of the project resulting in wasteful expenditure of Rs 22.14 lakh.

The Management while admitting the fact stated (November 2009) that the error occurred due to wrong scale on certified map used for giving layout. The Government endorsed (November 2009) the views of the Management.

The Company needs to fix responsibility for the failure of its officials to ascertain the clear title to the land and undertake accurate demarcation of land boundaries before constructing the tents. Lack of supervision in project execution needs to be strengthened to avoid such lapses.

Statutory Corporation

Maharashtra Industrial Development Corporation

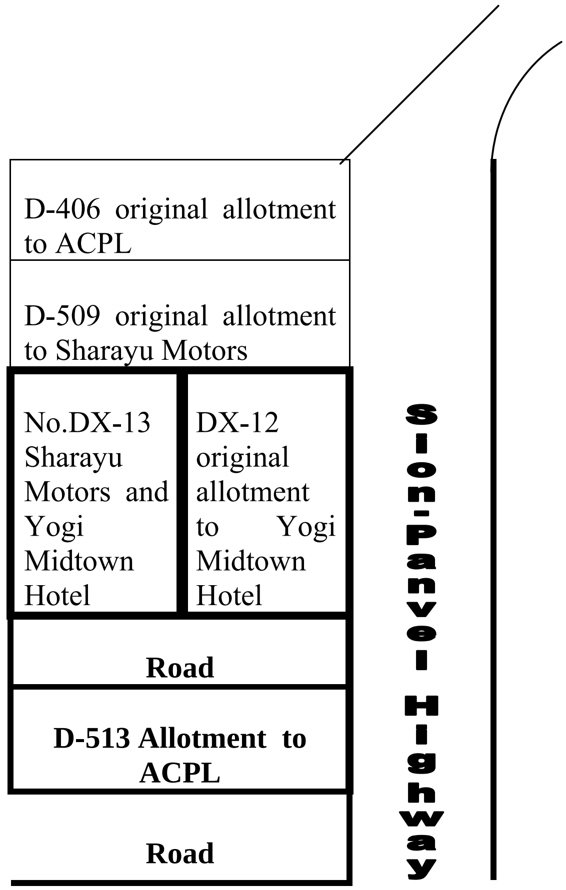
4.17 *Undue favour in the allotment of land*

The Corporation extended undue benefit of Rs 5.44 crore due to allotment of a commercial plot of land at industrial rate.

Maharashtra Industrial Development Corporation (Corporation) allotted (April 1990) Plot No.D-406 admeasuring 4,118 square metres at Turbhe in Trans Thane Creek (TTC) Industrial area to Arpee Consultant Private Limited (ACPL) for carrying out the business of "Mechanical Workshop for Automobile Engines". In September 2007, ACPL requested the Corporation to allot additional plot for expansion of its existing business. As per the policy framed (August 2007) by the Corporation, allotment of plots for expansion of existing business could be done on the basis of demand received from the adjacent plot holder at 10 *per cent* above the prevailing price of the plots. Where the demand for a plot is from more than one plot holder for expansion of existing business, the party quoting the highest rate is to be allotted the plot subject to the party quoting 10 *per cent* above the reserve price of the plot. Public Works Department (PWD) surrendered (December 2007), 2,678.48 square metre of land taken from the Corporation for construction of a flyover at Turbhe in TTC area. The Corporation allotted (February 2008) plot admeasuring 1,500 square metre (earmarked as Plot No.D-513) to ACPL, which was carved out of the land surrendered by PWD, at the industrial rate of Rs 6,710 per square metre in response to the request made by ACPL in September 2007.

In this connection Audit observed the following:

- Plot No.D-513 allotted to ACPL was a corner plot facing the road and next to the Sion-Panvel Highway and the area had commercial potential as had been stated (June 2002) by the Corporation earlier. The Corporation had also allotted Plot No.DX-13 (August 2008) at the rate of Rs 43,000 per square metre and Plot No. DX-12 (February 2004) as "commercial plot'' which were adjacent to plot allotted to ACPL as shown in the diagram below:



Trans Thane Creek (TTC) Industrial Area

Therefore the allotment of Plot No D-513 to ACPL at the rate of Rs 6,710 per square metre by earmarking the same as an "industrial plot" instead of a "commercial plot" resulted in an undue benefit of Rs 5.44♦ crore being passed on to ACPL.

- The Corporation did not also follow a consistent pricing policy for allotment of adjacent plots located in the same area and also designated differential rates for similar activity of automobile servicing and repairing.
- The Corporation further did not advertise the availability of the plot of land earmarked as Plot No.D-513, carved out of land returned by PWD in December 2007 to assess the demand before allotment and to ensure transparency in this regard.

The Management stated (September 2009) that to make proper use of the land and taking into consideration the request of the party to allot the plot for expansion of their existing activities, the proposal to convert use of the amenity plot into industrial plot was approved by the competent authority. It was further stated that the Corporation was competent to decide the land use.

♦Rs 43,000 – Rs 6,710 per square metre x 1,500 square metre = Rs 5.44 crore.

Government endorsed (December 2009) the views of Management. The reply, however, did not address the issue of ensuring transparency and fairness in the process of allotment through widespread publicity of the availability of plots. Further, the absence of clear-cut norms for effecting such changes in the categorisation of plots resulted in *ad-hoc* allotment on case to case basis without safeguarding the financial interest of the Corporation.

It is, therefore, recommended that the Corporation strengthen its internal control mechanism by formulating clear-cut norms for earmarking plots as “industrial” or “commercial” and evolving uniform benchmarks for effecting changes in the categorisation of plots. It is also recommended that the Corporation ensures transparency and competition in allotment of plots by widely advertising the availability of plots of land to all interested parties.

4.18 *Avoidable expenditure*

Failure of the Corporation to finalise the tenders within the validity period resulted in award of works at higher rates and avoidable expenditure of Rs 4.71 crore.

An efficient contract management system requires acceptance of offers within the validity period to safeguard the financial interest of the organisation. The re-invitation of tenders involves the risk of increased rates besides delays in completion of works.

Audit scrutiny (November 2008) of tenders awarded by Corporation indicated delays in finalisation of tenders within the validity period and the consequent award of work on re-tendering at higher rates resulting in avoidable expenditure. Three cases noticed in Audit are discussed below:

Case I

The Corporation invited tenders (September 2006) at an estimated cost of Rs 1.77 crore to carry out the work of "Flood protection measures and construction of slab drains" at Taloja Industrial Area in Navi Mumbai. In response two offers were received which were opened on 6 November 2006. The offer of the lowest bidder S.C. Thakur & Brothers (SCTB) was for Rs 1.68 crore. As per the tender condition, the validity of the offer was 180 days from the date of opening of tender *i.e.* up to 5 May 2007. The Chief Executive Officer (CEO) of the Corporation recommended (8 December 2006) award of the work to the lowest bidder within the validity period. However, the approval of the Chairman of the Corporation was received only on 22 August 2007 *i.e.* after the expiry of the validity period. No reasons for the delay in according the approval were found on record. The request of the Corporation (July 2007) to extend the validity period was not agreed to by SCTB.

As the contract was not finalised within the validity period, tenders were re-invited in October 2007 and the work was awarded at a cost of Rs 2.47 crore to the same party who was again the lowest bidder. Thus, non-finalisation of tender within the validity period and award of work at a higher rate on re-tendering resulted in avoidable expenditure of Rs 78.96 lakh.

Case II

Similarly, tenders were invited (January 2007) for providing, laying and jointing 450 mm diameter pipe from Chalkewadi to Mirjole at an estimated cost of Rs 4.53 crore. The lowest offer received from SMC Infrastructure Private Limited (SMC) was for Rs 6.02 crore which was reduced to Rs 5.80 crore after negotiation. As per the tender condition, the validity of the offer was 180 days from the date of opening of tender *i.e*. up to 8 September 2007. The CEO recommended the acceptance of the offer on 10 September 2007 *i.e.* after the expiry of the validity period which was approved by the Chairman of the Corporation on 18 October 2007.

The Corporation requested (November 2007) SMC to extend the validity period which was agreed to subject to grant of increased price of pipe amounting to Rs 82.88 lakh. In view of the condition stipulated by SMC the Corporation cancelled the tender and invited fresh tenders in February 2008. The lowest offer was again from SMC which was accepted and the work was awarded (October 2008) at a cost of Rs 7.79 crore.

Thus, non-finalisation of tenders within the validity period and award of work at higher rates to the same party on re-tendering resulted in avoidable expenditure of Rs 1.99 crore.

The Management in its reply (April 2009) attributed the delay in both the cases to administrative reasons. Further, it was stated that the time schedule will be closely monitored in order to avoid re-tendering. However, the Management did not elaborate the exact administrative reasons and no such reasons were found on record.

The above cases are indicative of the failure on the part of the Corporation to act prudently and in the best financial interest of the Corporation, non-observance of which led to avoidable expenditure of Rs 2.78 crore.

Case III

The administrative approval (ADP) for the work of "providing, laying and jointing 150 mm diameter pipelines from Latur to Ausa Industrial area" was given (December 2005) by the Chief Executive Officer (CEO) considering use of 150 mm diameter Cast Iron (CI) pipes. The technical sanction for the work was given (February 2006) by the Chief Engineer, (CE) Pune Zone before inviting the tenders. In the technical sanction the use of 200 mm diameter MS pipeline was considered instead of 150 mm diameter CI pipeline as per sanctioned ADP. The dissimilarity in specification of input material at ADP and technical sanction stages indicated lack of co-ordinated planning in the process. Based on technical sanction, the Division of the Corporation invited tenders (April 2006) at an estimated cost of Rs 3.13 crore. The tenders were opened on 12 June 2006 and the validity of the offers was up to 11 December 2006. The offer of Rs 3.12 crore received (June 2006) from

Rudrani Construction Company (RCC) was the lowest. However, the tender was not finalised on the ground that the administrative approval granted in December 2005 by CEO was for use of 150 mm diameter CI pipeline whereas tender invited (April 2006) after obtaining (February 2006) technical approval by CE, Pune Zone was for use of 200 mm MS pipeline. A final decision to use 200 mm diameter MS pipeline was taken by the Corporation only on 16 January 2007 *i.e.* after expiry of the validity of the offers of April 2006 tender. The lowest bidder refused to execute the work at quoted rates. Therefore the tenders were re-invited (July 2007) with the same estimated cost (Rs 3.13 crore) and the lowest offer of Rs 4.68 crore from the same party (RCC) was accepted and the work was awarded in December 2007. The increased rate was justified by the Corporation on the ground that the estimates were based on 2004-05 District Schedule of Rates. The work was completed in July 2009 and the expenditure incurred was Rs 5.05 crore. The Board of Directors of the Corporation accorded *post facto* ADP for the work.

Thus, the change of pipeline specifications after its approval (ADP), while inviting tenders and delay of six months in finalising the decision to use the MS pipes instead of the CI pipes resulted in lapse of validity of offer received. The subsequent award of work at higher rate on the basis of re-invited tender resulted in avoidable expenditure of Rs 1.93 crore (Rs 5.05 crore - Rs 3.12 crore).

The Management in its reply (September 2009) while accepting the Audit contention stated that efforts are being made to avoid delay at all levels for acceptance of tenders as per powers delegated. It is recommended that the Corporation:

- streamlines the system of contract management for safeguarding its financial interest and ensuring timely completion of work.

- institutes an accountability mechanism with re-delegation of powers, if required, for approval of such work tenders at appropriate lower levels so as to avoid such delays in finalisation of tenders.

- ensures better co-ordination at the planning stage and strengthen the Management Information System so as to avoid slippages in works specifications.

The matters were reported to the Government (July 2009); their reply had not been received (December 2009).

4.19 *Undue benefit*

The Corporation extended undue benefit of Rs 12.38 lakh in transfer of plot by not charging the additional land premium rate for the plot facing State Highway due to flawed documentation.

As per the transfer guidelines (May 1998) of Corporation transfer of plots from Holding Company to Subsidiary Company, from one Subsidiary Company to another Subsidiary Company, from one private limited Company to another private limited Company *etc*. is permitted subject to recovery of 30 *per cent* of the differential premium. The differential premium is the difference between the land premium rate prevailing at the time of transfer of land and the land premium rate at which the plot was originally allotted. The Corporation decided (July 2002) that the land premium rate should be increased by 15 *per cent* if the plot is facing or is parallel to National/State Highway or service road. However, the circular through which Corporation guidelines were issued did not categorically state that additional charges for plots facing National/State Highway would be exempt from computation of additional premium in cases of transfer of plots.

The Regional Office of the Corporation at Nashik permitted transfer of plots admeasuring 4,500 and 3,360 square metres held by Dhananjay Marketing Private Limited (DMPL) in Nashik (Satpur) Industrial area to Roots Corporation Limited (RCL) and Shell India Marketing Private Limited (SIMPL) in January and August 2006 respectively. The Corporation recovered transfer fee of Rs 46.94 lakh and Rs 35.04 lakh from DMPL for permitting transfer of land to RCL and SIMPL respectively. Audit observed (November 2008) that during the recovery of the transfer charges by the Regional Manager, Nashik the land rate prevailing at the time of transfer was not increased by 15 *per cent* as per the decision of the Corporation (July 2002) though the plots transferred were facing the State Highway. Consequently, there was under recovery of transfer charges amounting to Rs 12.38 lakh.[♦]

The Management in its reply (September 2009) which was endorsed by the Government (November 2009) stated that the 15 *per cent* additional charges as per circular of July 2002 were to be recovered only at the time of allotment of plot and the same was not applicable for transfer cases. It was further stated that as per Corporation's circular of June 2007 the levy of additional premium in respect of transfer cases was made applicable only from June 2007. The reply is not tenable as the basic principle in levy of additional charges for plots facing National/State Highway is to share the additional benefits accruing to the plot owners on account of the strategic location. In the instant case, the plots transferred faced the State Highway and were strategically located for which additional charges were recoverable. The subsequent circular of June 2007 categorically asserted that additional premium for road facing plots are also to be recovered for transfer cases. This clear assertion stipulating recovery of additional premium even in transfer cases only corroborates Audit contention of granting of undue benefit to the parties through ambiguous wording of the earlier circular.

It is therefore recommended that the Corporation should avoid ambiguities in the guidelines/circulars on such significant issues in order to safeguard its financial interest.

[♦] 15 *per cent* of prevailing land rate of Rs 3,500 square metre = Rs 525 per square metre (Total area = 7,860 square metres x 525 per square metre) x 30 *per cent* = Rs 12.38 lakh.

General

4.20 *Opportunity to recover money ignored*

Nine Public Sector Undertakings did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs 332.70 crore remains doubtful.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods up to 2003-04 showed that there were 59 paras in respect of nine Public Sector Undertakings (PSUs) involving a recovery of Rs 332.70 crore. As per the instruction of Government of Maharashtra, Finance Department Resolution No.VGI-1161/XIX dated 26 June 1960 the PSUs are required to take remedial action within one month after receipt of IRs from Audit. However, no effective action has been initiated to take the matters to their logical end, *i.e.*, to recover money from the concerned parties. As a result, these PSUs have lost the opportunity to recover their money which could have augmented their finances.

PSU wise details of paras and recovery amount are given below. The list of individual paras is given in **Annexure-12**.

Sl. No.	PSU Name	No. of paras	Amount for recovery (Rupees in crore)
1.	Maharashtra State Electricity Distribution Company Limited	37	310.02
2.	Maharashtra State Electricity Transmission Company Limited	5	5.88
3	Mahatma Phule Backward Class Development Corporation Limited	6	3.00
4	Maharashtra State Financial Corporation	5	10.46
5	City and Industrial Development Corporation of Maharashtra Limited	1	0.48
6	Development Corporation of Vidarbha Limited	2	2.40
7	Maharashtra Tourism Development Corporation Limited	1	0.10
8	Maharashtra State Police Housing and Welfare Corporation Limited	1	0.04
9	Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited	1	0.32
Total		**59**	**332.70**

The paras mainly pertain to non-recovery on account of cost of meters, processing charges from wind mill developers, expenditure incurred by the PSUs on behalf of the consumers, arrears recoverable from consumers, under billing *etc*.

Above cases point out the failure of respective PSU authorities to safeguard their financial interest. Audit observations and their repeated follow-up by

Audit, including bringing the pendency to the notice of the Administrative/ Finance Department and PSU Management periodically, have not yielded the desired results in these cases.

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

The matter was reported to the Government (July 2009); their reply had not been received (December 2009).

4.21 *Lack of remedial action on Audit observations*

Five Public Sector Undertakings did not either take remedial action or pursue the matters to their logical end in respect of 31 Inspection Report paras, resulting in foregoing the opportunity to improve their functioning.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods up to 2003-04 showed that there were 31 IR paras in respect of five Public Sector Undertakings (PSUs), which pointed out deficiencies in the functioning of these PSUs. As per the instruction of Government of Maharashtra, Finance Department Resolution No.VGI-1161/XIX dated 26 June 1960 the PSUs are required to take remedial action within one month after receipt of IRs from Audit. However, no effective action has been initiated to take the matters to their logical end, *i.e.*, to take remedial action to address these deficiencies. As a result, these PSUs have so far lost the opportunity to improve their functioning in this regard.

PSU wise details of paras are given below. The list of individual paras is given in **Annexure-13**.

Sl. No.	PSU Name	No. of Paras
1	Maharashtra State Electricity Transmission Company Limited	12
2	Maharashtra State Power Generation Company Limited	6
3	Maharashtra State Electricity Distribution Company Limited	11
4	Kolhapur Chitranagri Mahamandal Limited	1
5	City and Industrial Development Corporation of Maharashtra Limited	1
Total		**31**

The paras mainly pertain to lack of pursuance in obtaining administrative approval for excess cost, idle asset, incomplete work, obsolete/surplus spares *etc*.

Above cases point out the failure of respective PSU authorities to address the specific deficiencies and ensure accountability of their staff. Audit observations and their repeated follow-up by Audit, including bringing the pendency to the notice of the Administrative/Finance Department and PSU management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to take remedial action on these paras and complete the exercise in a time bound manner.

The matter was reported to the Government (July 2009); their reply had not been received (December 2009).

Follow-up action on Audit Reports

4.22 *Explanatory Notes outstanding*

4.22.1 Audit Reports of the Comptroller and Auditor General of India represent culmination of the process of scrutiny, starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance Department of the State Government issues instructions every year to all administrative departments to submit explanatory notes to paragraphs and reviews included in the Audit Reports within a period of three months of their presentation to the Legislature, in the prescribed format, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

Though the Audit Report (Commercial) for the year 2006-07 containing six reviews and 28 paragraphs was presented to the State Legislature on 30 December 2008, eight Departments did not submit replies to 20 out of 34 paragraphs/reviews, as of 30 September 2009. Moreover, even in the case of the Audit Report (Commercial) for the year 2005-06 which was presented on 17 April 2007, three Departments (Social Welfare, Co-operation and Textile and Urban Development) did not submit explanatory notes for two reviews and one paragraph.

Compliance to Reports of the Committee on Public Undertakings

4.22.2 Action Taken Notes (ATNs) to 116 recommendations contained in 18 Reports of the COPU presented to the State Legislature between April 1995 to September 2009 were still awaited as on September 2009 as indicated below:

Year of COPU Report	Total no. of Reports involved	No. of recommendations where ATNs were not received
1995-96	1	7
1997-98	3	27
1999-2000	2	12
2005-06	2	2
2006-07	3	22
2007-08	4	38
2008-09	3	8
Total	**18**	**116**

The matter of pending ATNs has been taken up with the concerned administrative departments and also Finance Department at various levels so as to expedite the ATNs on pending recommendations of COPU.

Response to inspection reports, draft paragraphs and reviews

4.22.3 Audit observations noticed during Audit and not settled on the spot are communicated to the heads of PSUs and the concerned administrative departments of the State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through the respective heads of departments within a period of six weeks Inspection Reports issued up to March 2009 pertaining to 54 PSUs disclosed that 2,020 paragraphs relating to 485 Inspection Reports remained outstanding at the end of September 2009. The department-wise break-up of Inspection Reports and Audit observations outstanding as on 30 September 2009 is given in **Annexure-14**.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that out of 21 draft paragraphs and two draft performance reviews forwarded to various departments between March to August 2009 and included in the Audit Report, 14 draft paragraphs and two draft performance reviews as detailed in **Annexure-15**, were not replied to (December 2009).

It is recommended that the Government should ensure that (a) procedure exists for action against officials who fail to send replies to inspection reports/draft paragraphs/reviews and ATNs to the recommendations of COPU as per the prescribed time schedule; (b) action to recover loss/outstanding advances/ overpayment is taken in a time bound schedule; and (c) the system of responding to Audit observations is revamped.

Sayantani Jafa

MUMBAI **(SAYANTANI JAFA)**
The 08-03-2010 **Accountant General (Commercial Audit), Maharashtra**

Countersigned

V Rai

NEW DELHI **(VINOD RAI)**
The 09-03-2010 **Comptroller and Auditor General of India**

Annexure – 1

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

(Referred to in paragraph 1.7)

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

Sl. No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Forest Development Corporation of Maharashtra Limited	Revenue and Forest	1974	371.71	--≈	--≈	371.71	--≈	--≈	--≈	--≈	-- (3.78:1)	1,683
2.	Maharashtra Agro Industries Development Corporation Limited	Agriculture, Animal Husbandry Dairy Development and Fisheries	1965	3.00	2.50	--≈	5.50	--≈	--≈	0.20	0.20	0.04:1 --	1,011
3.	Maharashtra Insecticides Limited	Agriculture, Animal Husbandry Dairy Development and Fisheries	1984	--≈	--≈	1.00	1.00	--≈	--≈	--≈	--≈	-- --	73
4.	Maharashtra State Farming Corporation Limited.	Revenue and Forest	1963	2.75	--≈	--≈	2.75	82.42	--≈	--≈	82.42	29.97:1 (29.21:1)	705
5.	Maharashtra State Seeds Corporation Limited	Agriculture	1976	2.05	1.48	0.65	4.18	5.00	--	--	5.00	1.20:1 (1.190:1)	@
6.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	Animal Husbandry and Dairy Development	1978	2.71	2.02	--≈	4.73	--≈	--≈	--≈	--≈	-- --	306
7.	The Maharashtra Fisheries Development Corporation Limited ♠	Fisheries, Animal Husbandry and Dairy Development	1973	2.48	--≈	--≈	2.48	1.10	--≈	--≈	1.10	0.44:1 (0.44:1)	@
Sector- wise total				**384.70**	**6.00**	**1.65**	**392.35**	**88.52**	**--**	**0.20**	**88.72**	**0.23:1 (3.85:1)**	**3,778**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
FINANCE													
8.	Annasaheb Patil Arthik Magas Vikas Mahamandal Limited	Employment and self-employment	1998	48.75	--≈	--≈	48.75	--≈	--≈	--≈	--≈	-- --	@
9.	Lokshahir Annabhau Sathe Development Corporation Limited	Social Welfare	1985	9.15	0.34	--≈	9.49	--≈	--≈	5.78	5.78	0.61:1 (0.08:1)	154
10.	Maharashtra Co-operative Development Corporation Limited ♠	Co-operation and Textile	2001	3.19	--≈	3.28	6.47	--≈	--≈	--≈	--≈	-- --	@
11.	Maharashtra Film, Stage and Cultural Development Corporation Limited	Cultural Affairs	1977	12.30	--≈	--≈	12.30	0.56	--≈	5.68	6.24	0.51:1 (0.95:1)	180
12.	Maharashtra Patbandhare Vittiya Company Limited ♠	Planning	2002	0.06	--≈	--≈	0.06	--≈	--≈	798.25	798.25	13,304.17:1 (13,304.17:1)	@
13.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	Social Justice, Cultural Affairs, Sports and Special Assistance	1999	49.88	--≈	--≈	49.88	--≈	97.14	--≈	97.14	1.95:1 (1.57:1)	132
14.	Maharashtra Small Scale Industries Development Corporation Limited	Industries	1962	14.51	--≈	--≈	14.51	--≈	--≈	2.61	2.61	0.18:1 --	260
15.	Maharashtra State Handicapped Finance and Development Corporation	Social Justice and Special Assistance	2002	6.43	--≈	--≈	6.43	--≈	--≈	--≈	--≈	-- (10.30:1)	13
16.	Maharashtra State Handlooms Corporation Limited	Co-operative, Textiles and Marketing	1971	78.20	1.90	--≈	80.10	20.08	--≈	--≈	20.08	0.25:1 (0.27:1)	52
17.	Maharashtra Vikrikar Rokhe Pradhikaran Limited ♠	Industries, Energy and Labour	1996	--	--≈	0.05	0.05	--≈	--≈	154.93	154.93	3,098.60 :1 (3,098.60:1)	@
18.	Mahatma Phule Backward Class Development Corporation Limited	Social Welfare	1978	119.85	64.07	--≈	183.92	0.40	--≈	14.46	14.86	0.08:1 (0.04:1)	262

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
19.	Maulana Azad Alpasankyak Arthik Vikas Mahamandal Limited	Minority Development	2000	92.64	--≈	--≈	92.64	--≈	--≈	--≈	--≈	-- --	14
20.	Sant Rohidas Leather Industries and Charmakar Development Corporation of Maharashtra Limited	Social Welfare Cultural Affairs Sports and Tourism	1974	73.21	--≈	--≈	73.21	--≈	--≈	--≈	--≈	-- --	172
21.	Shabri Adivasi Vitta Va Vikas Mahamandal Limited ♠	Tribal Development	1999	27.77	0.52	--≈	28.29	--≈	--≈	24.88	24.88	0.88:1 (0.88:1)	@
22.	Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited	Social Justice, Cultural Affairs and Special Assistance	1984	91.55	--≈	--≈	91.55	--≈	--≈	--≈	--≈	-- (0.14:1)	86
Sector- wise total				**627.49**	**66.83**	**3.33**	**697.65**	**21.04**	**97.14**	**1,006.59**	**1,124.77**	**1.61:1 (1.94:1)**	**1,325**
INFRASTRUCTURE													
23.	Amravati City Road Development Company Limited	Public Works Department	2004	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	Staff of Holding Com. engaged
24.	Baramati Infrastructure Development Company Limited	Public Works Department	2004	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	Staff of Holding Com. engaged
25.	City and Industrial Development Corporation of Maharashtra Limited	Urban Development	1970	3.95	--≈	--≈	3.95	4.00	--≈	134.17	138.17	34.98:1 (58.90:1)	1,883
26.	Development Corporation of Konkan Limited	Industries, Energy and Labour	1970	8.81	--≈	--≈	8.81	6.16	--≈	---≈	6.16	0.70:1 (0.70:1)	23

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
27.	Kolhapur City Road Development Company Limited	Public Works Department	2004	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	Staff of Holding Com. engaged
28.	Maharashtra Airport Development Company Limited	General Administration (Civil Aviation)	2003	--≈	--≈	22.00	22.00	--≈	--≈	171.00	171.00	7.77:1 --	25
29.	Maharashtra State Police Housing and Welfare Corporation Limited	Home	1974	7.96	--≈	--≈	7.96	--≈	--≈	13.37	13.37	1.68:1 (5.85:1)	39
30.	Maharashtra State Road Development Corporation Limited ♠	Public Works Department	1996	5.00	--≈	--≈	5.00	--≈	--≈	4,174.02	4,174.02	834.80:1 (323.04:1)	@
31.	Maharashtra Urban Infrastructure Development Company Limited	Urban Development	2002	0.25	--≈	0.05	0.30	--≈	--≈	1.00	1.00	3.33:1 --	6
32.	Maharashtra Urban Infrastructure Fund Trustee Company Limited	Urban Development	2002	0.05	--≈	0.05	0.10	--≈	--≈	--≈	--≈	-- --	@
33.	Mumbai Inland Passenger Water-Transport Company Limited	Public Works Department	2003	--≈	--≈	1.05	1.05	--≈	--≈	--≈	--≈	-- --	Staff of Holding Com. engaged
34.	Satara Kagal Highway Construction Company Limited	Public Works Department	2002	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- (1,284.53:1)	Staff of Holding Com. engaged
35.	Shivshahi Punarvasan Prakalp Limited	Housing	1998	115.00	--≈	--≈	115.00	--≈	--≈	--≈	--≈	-- --	38
36.	Solapur City Integrated Road Development Limited	Public Works Department	2002	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- (888.81:1)	Staff of Holding Com. engaged

≈ This indicates ‘nil’ amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
37.	Western Maharashtra Development Corporation Limited	Industries, Energy and Labour	1970	3.06	--≈	--≈	3.06	--≈	--≈	--≈	--≈	-- (8.67:1)	82
Sector- wise total				**144.08**	**--**	**23.40**	**167.48**	**10.16**	**--**	**4,493.56**	**4,503.72**	**26.89:1 (27.27:1)**	**2,096**
MANUFACTURING													
38.	Haffkine Ajintha Pharmaceuticals Limited	Medical Education and Drugs	1977	--≈	--≈	0.18	0.18	--≈	--≈	--≈	--≈	-- --	51
39.	Haffkine Bio-Pharmaceuticals Corporation Limited	Medical Education and Drugs	1974	8.71	--≈	--≈	8.71	--≈	--≈	--≈	--≈	-- --	485
40.	Mahaguj Collieries Limited	Industries, Energy and Labour (Energy)	2006	--≈	--≈	0.05	0.05	--≈	--≈	0.83	0.83	16.60:1 (8.44:1)	5
41.	Maharashtra Petrochemicals Corporation Limited	Industries, Energy and Labour	1981	8.96	--≈	--≈	8.96	--≈	--≈	--≈	--≈	-- --	5
42.	Maharashtra State Mining Corporation Limited	Industries, Energy and Labour	1973	2.07	--≈	--≈	2.07	4.57	--≈	--≈	4.57	2.21:1 (2.21:1)	297
43.	Maharashtra State Powerlooms Corporation Limited	Co-operative, Textiles and Marketing	1972	12.68	--≈	--≈	12.68	0.20	--≈	--≈	0.20	0.02:1 (0.02:1)	37
Sector- wise total				**32.42**	**--**	**0.23**	**32.65**	**4.77**	**--**	**0.83**	**5.60**	**0.17:1 (0.16:1)**	**880**
POWER													
44.	Aurangabad Power Company Limited	Industries, Energy and Labour (Energy)	2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	@

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
45.	Dhopave Coastal Power Limited	Industries, Energy and Labour (Energy)	2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	@
46.	Dhule Thermal Power Company Limited	Industries, Energy and Labour (Energy)	2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	@
47.	Maharashtra Power Development Corporation Limited	MSEB (Residual MSEB after trifurcation)	1997	--≈	--≈	0.45	0.45	--≈	--≈	908.97	908.97	2,019.93:1 (2,014.12:1)	1
48.	Maharashtra State Electricity Distribution Company Limited	Industries, Energy and Labour (Energy)	2005	207.85	--≈	3,232.71	3,440.56	464.73	--≈	3,536.69	4,001.42	1.16 :1 (1.29:1)	62,645
49.	Maharashtra State Power Generation Company Limited	Industries, Energy and Labour (Energy)	2005	3,602.36	--≈	0.05	3,602.41	221.43	--≈	7,974.69	8,196.12	2.28:1 (1.40:1)	15,138
50.	Maharashtra State Electricity Transmission Company Limited	Industries, Energy and Labour (Energy)	2005	--≈	--≈	2,696.04	2,696.04	--≈	--≈	2,809.54	2,809.54	1.04 :1 (0.92:1)	10,338
51.	Maharashtra State Electric Power Trading Company (P) Limited	Industries, Energy and Labour (Energy)	2007	--≈	--≈	10.01	10.01	--≈	--≈	--≈	--≈	-- --	@
52.	M.S.E.B. Holding Company Limited	Industries, Energy and Labour (Energy)	2005	8,570.34	--≈	--≈	8,570.34	3,282.26	--≈	--≈	3,282.26	0.38:1 --	10
Sector- wise total				**12,380.55**	--	**5,939.41**	**18,319.96**	**3,968.42**	--	**15,229.89**	**19,198.31**	**1.05 :1 (1.34:1)**	**88,132**
SERVICES													
53.	Maharashtra Tourism Development Corporation Limited	Home (Tourism)	1975	15.09	--≈	--≈	15.09	4.40	--≈	--≈	4.40	0.29:1 (0.29:1)	385
Sector- wise total				**15.09**	--	--	**15.09**	**4.40**	--	--	**4.40**	**0.29:1 (0.29:1)**	**385**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
MISCELLANEOUS													
54.	Krupanidhi Limited ♠	Trade and Commerce	1964	0.01	--≈	--≈	0.01	--≈	--≈	--≈	--≈	-- --	@
55.	Maharashtra Ex-Servicemen Corporation Limited	General Administration	2002	3.55	--≈	--≈	3.55	--≈	--≈	--≈	--≈	-- --	4,666
56.	Mahila Arthik Vikas Mahamandal	Women and Child Development	1975	2.12	0.47	0.01	2.60	--≈	--≈	--≈	--≈	-- --	103
57.	Nagpur Flying Club (P) Limited	Industries, Energy and Labour (Energy)	2007	0.85	--≈	--≈	0.85	--≈	--≈	--≈	--≈	-- --	@
Sector- wise total				**6.53**	**0.47**	**0.01**	**7.01**	**--**	**--**	**--**	**--**	**-- (1.83:1)**	**4,769**
Total A (All sector wise working Government companies)				**13,590.86**	**73.30**	**5,968.03**	**19,632.19**	**4,097.31**	**97.14**	**20,731.07**	**24,925.52**	**1.27:1 (1.83:1)**	**1,01,365**
B. Working Statutory corporations													
AGRICULTURE & ALLIED													
1.	Maharashtra State Warehousing Corporation	Co-operation and Textile	1957	4.36	4.35	--≈	8.71	--≈	--≈	12.69	12.69	1.46:1 (1.40:1)	1,103
Sector- wise total				**4.36**	**4.35**	**--**	**8.71**	**--**	**--**	**12.69**	**12.69**	**1.46:1 (1.40:1)**	**1,103**
FINANCE													
2.	Maharashtra State Financial Corporation	Industries, Energy and Labour (Industries)	1962	34.28	--≈	28.36	62.64	--≈	--≈	479.72	479.72	7.66:1 (10.00:1)	121
Sector- wise total				**34.28**	**--**	**28.36**	**62.64**	**--**	**--**	**479.72**	**479.72**	**7.66:1 (10.00:1)**	**121**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
INFRASTRUCTURE													
3.	Maharashtra Industrial Development Corporation	Industries, Energy and Labour	1962	--≈	--≈	--≈	--≈	--≈	--≈	4.30	4.30	-- --	3,422
Sector- wise total				--	--	--	--	--	--	**4.30**	**4.30**	-- --	**3,422**
SERVICE													
4.	Maharashtra State Road Transport Corporation	Home (Transport)	1950	1,346.60	56.77	--≈	1,403.37	--≈	--≈	8.75	8.75	0.01:1 (0.07:1)	96,454
Sector- wise total				**1,346.60**	**56.77**	--	**1,403.37**	--	--	**8.75**	**8.75**	**0.01:1 (0.07:1)**	**96,454**
Total B (All sector wise working Statutory corporations)				**1,385.24**	**61.12**	**28.36**	**1,474.72**	--	--	**505.46**	**505.46**	**0.34:1 (0.56:1)**	**1,01,100**
Grand Total (A + B)				**14,976.10**	**134.42**	**5,996.39**	**21,106.91**	**4,097.31**	**97.14**	**21,236.53**	**25,430.98**	**1.20:1 (1.68:1)**	**2,02,465**
C. Non working companies													
AGRICULTURE & ALLIED													
1.	Dairy Development Corporation of Marathwada Limited	Industries, Energy and Labour	1974	0.20	--≈	0.18	0.38	--≈	--≈	2.65	2.65	6.97:1 (6.56:1)	@
2.	Ellora Milk Products Limited	Industries, Energy and Labour	1985	--≈	--≈	0.05	0.05	--≈	--≈	1.35	1.35	27.00:1 (27.38:1)	@
3.	Irrigation Development Corporation of Maharashtra Limited ♠	Irrigation	1973	19.93	--≈	--≈	19.93	--≈[≈]	--≈	--≈	--≈	-- --	@
4.	MAFCO Limited	Finance	1970	5.04	--≈	--≈	5.04	6.27	--≈	--≈	6.27	1.24:1 (1.66:1)	@

[≈] This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
5.	Parbhani Krishi Go-samvardhan Limited	Industries, Energy and Labour	1977	--≈	--≈	0.19	0.19	--≈	--≈	2.02	2.02	10.63:1 (10.66:1)	@
6.	Vidarbha Quality Seeds Limited	Industries	1973	--≈	--≈	0.10	0.10	--≈	--≈	0.28	0.28	2.80:1 (2.81:1)	@
Sector- wise total				**25.17**	--	**0.52**	**25.69**	**6.27**	--	**6.30**	**12.57**	**0.49:1 (0.57:1)**	
FINANCE													
7.	Kolhapur Chitranagri Mahamandal Limited ♠	Cultural Affairs	1985	3.24	--≈	--≈	3.24	0.13	--≈	--≈	0.13	0.04:1 (0.04:1)	@
Sector- wise total				**3.24**	--	--	**3.24**	**0.13**	--	--	**0.13**	**0.04:1 (0.04:1)**	
INFRASTRUCTURE													
8.	Development Corporation of Vidarbha Limited	Industries	1970	7.17	--≈	--≈	7.17	--≈	--≈	--≈	--≈	-- --	@
9.	Maharashtra Land Development Corporation Limited ♠	Irrigation	1973	3.00	1.00	--≈	4.00	43.21	--≈	--≈	43.21	10.80:1 (10.80:1)	@
10.	Maharashtra Rural Development Corporation Limited	Rural Development and Conservation	1982	0.05	--≈	--≈	0.05	--≈	--≈	--≈	--≈	-- --	@
11.	Maharashtra State Housing Corporation Limited	Housing	1974	0.01	--≈	--≈	0.01	--≈	--≈	--≈	--≈	-- --	@
12.	Marathwada Development Corporation Limited	Industries, Energy and Labour	1967	10.17	--≈	--≈	10.17	48.96	--≈	--≈	48.96	4.81:1 (4.86:1)	@
Sector- wise total				**20.40**	**1.00**	--	**21.40**	**92.17**	--	--	**92.17**	**4.31:1 (4.34:1)**	

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
MANUFACTURING													
13.	Godavari Garments Limited	Industries, Energy and Labour	1977	--≈	--≈	0.24	0.24	--≈	--≈	7.15	7.15	29.79:1 (29.39:1)	@
14.	Kinwat Roofing Tiles Limited	Industries, Energy and Labour	1977	--≈	--≈	0.19	0.19	--≈	--≈	0.74	0.74	3.89:1 (3.91:1)	@
15.	Maharashtra Electronics Corporation Limited ♠	Industries, Energy and Labour	1978	9.69	--≈	--≈	9.69	57.72	--≈	17.78	75.50	7.79:1 (7.79:1)	@
16.	Maharashtra State Textile Corporation Limited	Co-operation and Textile	1966	236.16	--≈	--≈	236.16	176.91	--≈	--≈	176.91	0.75:1 (0.96:1)	@
17.	Marathwada Ceramic Complex Limited	Industries, Energy and Labour	1982	--≈	--≈	0.68	0.68	--≈	--≈	6.35	6.35	9.34:1 (9.38:1)	@
18.	Sahyadri Glass Works Limited ♠	Industries, Energy and Labour	1974	--≈	--≈	0.45	0.45	--≈	--≈	--≈	--≈	-- --	@
19.	Textile Corporation of Marathwada Limited ♠	Co-operation and Textile	1970	3.09	--≈	1.91	5.00	--≈	--≈	--≈	--≈	-- --	@
20.	The Gondwana Paints and Minerals Limited	Industries	1946	--≈	--≈	0.10	0.10	--≈	--≈	0.80	0.80	8.00:1 (8.14:1)	@
21.	The Pratap Spinning, Weaving and Manufacturing Company Limited	Textile	1906	--≈	--≈	23.17	23.17	--≈	--≈	24.15	24.15	1.04:1 (1.01:1)	@
Sector- wise total				**248.94**	--	**26.74**	**275.68**	**234.63**	--	**56.97**	**291.60**	**1.06:1 (1.23:1)**	
MISCELLANEOUS													
22.	Leather Industries Corporation of Marathwada Limited	Industries, Energy and Labour	1974	--≈	--≈	0.64	0.64	--≈	--≈	6.22	6.22	9.72:1 (9.98:1)	@

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the Company	Name of the Department	Year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)6c/5(d)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
23.	The Overseas Employment and Export Promotion Corporation of Maharashtra Limited ♠	Education and Employment	1979	0.12	--≈	--≈	0.12	0.58	--≈	--≈	0.58	4.83:1 (4.73:1)	@
24.	Vidarbha Tanneries Limited	Industries	1979	--≈	--≈	0.10	0.10	--≈	--≈	--≈	--≈	-- --	@
Sector- wise total				**0.12**	**--**	**0.74**	**0.86**	**0.58**	**--**	**6.22**	**6.80**	**7.91:1 (8.06:1)**	
Total C (All sector wise non working Government companies)				**297.87**	**1.00**	**28.00**	**326.87**	**333.78**	**--**	**69.49**	**403.27**	**1.23:1 (1.38:1)**	
Grand Total (A + B + C)				**15,273.97**	**135.42**	**6,024.39**	**21,433.78**	**4.431.09**	**97.14**	**21,306.02**	**25,834.25**	**1.21:1 (1.67:1)**	**2,02,465**

Above includes Section 619-B companies at Sl. No. A-5, 17, 28 and 47.

$ Paid-up capital includes share application money.

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

♠ Information not furnished for the year 2008-2009.

@ Information regarding no. of employees not furnished by PSUs.

≈ This indicates 'nil' amount.

Annexure - 2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraph 1.15)

(Figures in column 5 (a) to (11) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Forest Development Corporation of Maharashtra Limited	2007-08	2008-09	48.66	--≈	0.50	48.16	92.48	--≈	371.71	292.04	853.74	48.16	5.64
2.	Maharashtra Agro Industries Development Corporation Limited	2007-08	2008-09	6.37	0.46	0.80	5.11	402.15	--≈	5.50	47.47	54.01	5.57	10.31
3.	Maharashtra Insecticides Limited	2007-08	2008-09	(-)1.53	--≈	0.23	(-)1.76	6.28	--≈	1.00	8.35	10.40	(-)1.76	--Σ
4.	Maharashtra State Farming Corporation Limited.	2003-04	2008-09	(-)4.02	4.55	0.45	(-)9.02	6.33	(-)16.15	2.75	(-)85.89	(-)27.42	(-)4.47	--Σ
5.	Maharashtra State Seeds Corporation Limited	2007-08	2008-09	13.08	0.51	1.30	11.27	288.15	--≈	4.18	35.55	89.74	11.78	13.13
6.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	2005-06	2008-09	0.14	--≈	0.06	0.08	3.43	(-)0.09	4.73	(-)0.92	13.05	0.08	0.61

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
7.	The Maharashtra Fisheries Development Corporation Limited	1998-99	2007-08	(-)0.42	0.12	0.02	(-)0.56	0.79	--≈	1.25	(-)3.55	(-)1.20	(-)0.44	--Σ
Sector- wise total				**62.28**	**5.64**	**3.36**	**53.28**	**799.61**	**--**	**391.12**	**293.05**	**992.32**	**58.92**	**5.94**
FINANCE														
8.	Annasaheb Patil Arthik Magas Vikas Mahamandal Limited	2001-02	2006-07	0.39	--≈	0.01	0.38	--≈	--≈	5.00	1.18	6.33	0.38	6.00
9.	Lokshahir Annabhau Sathe Development Corporation Limited	1996-97	2009-10	(-)0.38	--≈	0.01	(-)0.39	0.09	--≈	4.49	(-)0.98	7.14	(-)0.39	--Σ
10.	Maharashtra Co-operative Development Corporation Limited.	2005-06	2008-09	14.70	14.15	0.05	0.50	17.26	(-)2.95	6.47	(-)1.90	2.10	14.65	697.62
11.	Maharashtra Film, Stage and Cultural Development Corporation Limited	2006-07	2008-09	5.40	1.70	1.46	2.24	15.30	(-)0.50	10.63	3.76	24.51	3.94	16.08
12.	Maharashtra Patbandhare Vittiya Company Limited (•)	2006-07	2007-08	79.63	79.62	0.01	--≈	79.54	--≈	0.06	0.01	798.32	79.62	9.97
13.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	2005-06	2008-09	10.06	0.99	0.15	8.92	4.66	--≈	33.88	14.14	98.37	9.91	10.07

Σ Percentage of Return on Capital Employed was Negative.

≈ This indicates 'nil' amount.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
14.	Maharashtra Small Scale Industries Development Corporation Limited	2003-04	2008-09	(-)0.59	2.44	0.36	(-)3.39	122.32	0.14	9.79	0.43	37.01	(-)0.95	--[Σ]
15.	Maharashtra State Handicapped Finance and Development Corporation	2004-05	2006-07	0.51	0.27	0.01	0.23	0.51	--[≈]	3.10	0.09	18.43	0.50	2.71
16.	Maharashtra State Handlooms Corporation Limited	2007-08	2008-09	(-)15.79	1.84	0.02	(-)17.65	17.75	(-)1.57	75.70	(-)98.37	(-)1.87	(-)15.81	--[Σ]
17.	Maharashtra Vikrikar Rokhe Pradhikaran Limited (•)	2007-08	2008-09	17.31	17.30	0.01	--≈	--≈	0.01	0.05	0.41	291.44	17.30	5.94
18.	Mahatma Phule Backward Class Development Corporation Limited	1998-99	2009-10	6.55	0.01	0.06	6.48	3.02	--≈	61.34	11.54	133.44	6.49	4.86
19.	Maulana Azad Alpasankyak Arthik Vikas Mahamandal Limited	2005-06	2006-07	1.35	0.55	0.01	0.79	0.87	--≈	38.20	1.50	59.04	1.34	2.27
20.	Sant Rohidas Leather Industries and Charmakar Development Corporation of Maharashtra Limited	1995-96	2008-09	1.42	0.04	0.07	1.31	5.41	--≈	3.71	0.25	4.88	1.35	27.66

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
21.	Shabri Adivasi Vitta Va Vikas Mahamandal Limited	2002-03	2007-08	1.33	0.47	0.02	0.84	0.87	--≈	15.00	2.49	28.11	1.31	4.66
22.	Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited	1995-96	2006-07	0.18	0.14	0.02	0.02	0.40	--≈	6.15	(-)0.93	12.80	0.16	1.25
Sector -wise total				**122.07**	**119.52**	**2.27**	**0.28**	**268.00**	**--**	**273.57**	**(-)66.38**	**1,520.05**	**119.80**	**7.88**
INFRASTRUCTURE														
23.	Amravati City Road Development Company Limited ∇	2006-07	2009-10	(-)0.01	--≈	--≈	(-)0.01	--≈	--≈	0.05	(-)0.01	24.34	(-)0.01	--Σ
24.	Baramati Infrastructure Development Company Limited ∇	2007-08	2009-10	(-)0.01	--≈	--≈	(-)0.01	--≈	--≈	0.05	(-)0.02	0.02	(-)0.01	--Σ
25.	City and Industrial Development Corporation of Maharashtra Limited	2005-06	2007-08	2.04	6.94	0.14	(-)5.04	43.86	1.13	3.95	89.45	312.09	1.90	0.61
26.	Development Corporation of Konkan Limited	1997-98	2005-06	(-)0.35	--≈	0.03	(-)0.38	0.32	--≈	8.81	(-)7.74	6.66	(-)0.38	--Σ
27.	Kolhapur City Road Development Company Limited ∇	2007-08	2009-10	(-)0.004	--≈	--≈	(-)0.004	--≈	--≈	0.05	(-)0.01	0.02	(-)0.004	--Σ
28.	Maharashtra Airport Development Company Limited	2008-09	2009-10	2.73	--≈	0.46	2.27	47.50	--≈	22.00	53.95	472.31	2.27	0.48

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
29.	Maharashtra State Police Housing and Welfare Corporation Limited ¶	2005-06	2006-07	--≈	--≈	--≈	--≈	--≈	--≈	7.96	--≈	--≈	--≈	--ψ
30.	Maharashtra State Road Development Corporation Limited	2006-07	2007-08	284.87	410.51	211.95	(-)337.59	277.32	(-)27.70	5.00	(-)1,865.57	4,861.32	72.92	1.50
31.	Maharashtra Urban Infrastructure Development Company Limited	2008-09	2009-10	(-)0.19	--≈	0.02	(-)0.21	0.01	--≈	0.30	(-)0.25	(-)13.67	(-)0.21	--Σ
32.	Maharashtra Urban Infrastructure Fund Trustee Company Limited	2008-09	2009-10	0.001	--≈	--≈	0.001	--≈	--≈	0.10	--≈	0.10	0.001	1.00
33.	Mumbai Inland Passenger Water-Transport Company Limited ∇	2007-08	2009-10	(-)0.004	--≈	--≈	(-)0.004	--≈	--≈	1.05	(-)0.01	1.02	(-)0.004	--Σ
34.	Satara Kagal Highway Construction Company Limited∇	2006-07	2008-09	(-)0.01	--≈	--≈	(-)0.01	--≈	--≈	0.05	(-)0.03	193.89	(-)0.01	--Σ
35.	Shivshahi Punarvasan Prakalp Limited	2003-04	2007-08	9.35	--≈	0.18	9.17	8.78	--≈	115.00	(-)39.24	111.87	9.17	8.20
36.	Solapur City Integrated Road Development Limited ∇	2006-07	2008-09	1.88	1.89	--≈	(-)0.01	--≈	--≈	0.05	(-)0.03	22.76	1.88	8.26

≈ This indicates 'nil' amount

ψ Return on capital employed not applicable.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
37.	Western Maharashtra Development Corporation Limited	2008-09	2009-10	1.33	0.36	0.06	0.91	2.44	--≈	3.06	(-)17.79	11.60	1.27	10.95
Sector- wise total				**301.62**	**419.70**	**212.84**	**(-)330.92**	**380.23**	**--**	**167.48**	**(-)1,787.30**	**6,004.33**	**88.78**	**1.48**
MANUFACTURING														
38.	Haffkine Ajintha Pharmaceuticals Limited	2006-07	2007-08	0.34	0.13	0.18	0.03	6.67	--≈	0.18	1.85	4.00	0.16	4.00
39.	Haffkine Bio-Pharmaceuticals Corporation Limited	2006-07	2007-08	2.78	0.32	1.88	0.58	72.52	--≈	8.71	20.76	36.48	0.90	2.47
40.	Mahaguj Collieries Limited	2007-08	2008-09	0.22	--≈	--≈	0.22	--≈	--≈	0.05	0.18	0.61	0.22	36.07
41.	Maharashtra Petrochemicals Corporation Limited	2007-08	2008-09	0.77	--≈	0.04	0.73	1.37	--≈	8.96	8.88	17.82	0.73	4.10
42.	Maharashtra State Mining Corporation Limited	2007-08	2008-09	2.32	--≈	0.04	2.28	5.51	--≈	2.07	(-)3.55	13.40	2.28	17.01
43.	Maharashtra State Powerlooms Corporation Limited	2004-05	2009-10	0.31	0.05	0.02	0.24	13.08	(-)1.47	11.23	16.62	(-)4.72	0.29	--Σ
Sector- wise total				**6.74**	**0.50**	**2.16**	**4.08**	**99.15**	**--**	**31.20**	**44.74**	**67.59**	**4.58**	**6.78**
POWER														
44.	Aurangabad Power Company Limited ♠	2007-08	2008-09	(-)0.004	--≈	--≈	(-)0.004	--≈	--≈	0.05	(-)0.004	0.05	(-)0.004	--Σ

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
45.	Dhopave Coastal Power Limited ¥	2007-08	2008-09	--	--≈	--≈	--≈	--≈	--≈	0.05	--≈	1.76	--≈	--ψ
46.	Dhule Thermal Power Company Limited ♠	2007-08	2008-09	(-)0.003	--≈	--≈	(-)0.003	--≈	0.003	0.05	(-)0.003	0.05	(-)0.003	--Σ
47.	Maharashtra Power Development Corporation Limited∅	2006-07	2008-09	(-)0.81	--≈	--≈	(-)0.81	--≈	(-)3.68	0.45	(-)1,010.71	5.41	(-)0.81	--Σ
48.	Maharashtra State Electricity Distribution Company Limited	2007-08	2008-09	1,166.12	505.07	539.83	121.22	20,158.61	(-)26.34	3,211.41	(-)422.14	10,017.88	626.29	6.25
49.	Maharashtra State Power Generation Company Limited	2007-08	2008-09	1,102.77	417.14	206.55	479.08	8,081.97	(-)57.41	3,113.41	373.93	9,461.90	896.22	9.47
50.	Maharashtra State Electricity Transmission Company Limited	2007-08	2008-09	1,046.76	195.17	495.48	356.11	1,571.06	0.61	2,696.04	614.65	5,854.46	551.28	9.42
51.	Maharashtra State Electric Power Trading Company (P) Limited ∇	2008-09	2009-10	0.59	--≈	--≈	0.59	--≈	--≈	10.01	0.44	10.32	0.59	5.72
52	MSEB Holding Company Limited ⊕	2007-08	2009-10	31.72	369.04	2.56	(-)339.88	--≈	(-)1.03	8,256.15	(-)2,632.35	791.83	29.16	3.68
Sector- wise total				**3,347.14**	**1,486.42**	**1,244.42**	**616.30**	**29,811.64**	**--**	**17,287.62**	**(-)3,076.19**	**26,143.66**	**2,102.72**	**8.04**
SERVICES														
53.	Maharashtra Tourism Development Corporation Limited	2004-05	2008-09	3.27	0.16	0.88	2.23	8.56	0.06	15.09	(-)6.50	16.62	2.39	14.38
Sector- wise total				**3.27**	**0.16**	**0.88**	**2.23**	**8.56**	**--**	**15.09**	**(-)6.50**	**16.62**	**2.39**	**14.38**

ψ Return on capital employed not applicable.

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	**(2)**	**(3)**	**(4)**	**5(a)**	**5 (b)**	**5 (c)**	**5 (d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
MISCELLANEOUS														
54.	Krupanidhi Limited♦	2007-08	2008-09	--≈	--≈	--≈	--≈	0.08	0.002	0.01	--≈	--≈	--≈	--Ψ
55.	Maharashtra Ex-Servicemen Corporation Limited	2004-05	2008-09	1.07	--≈	0.04	1.03	0.88	--≈	3.55	1.80	6.13	1.03	16.80
56.	Mahila Arthik Vikas Mahamandal	1996-97	2009-10	(-)0.23	--≈	0.04	(-)0.27	19.00	(-)0.61	1.74	(-)0.95	1.34	(-)0.27	--Σ
57.	Nagpur Flying Club (P) Limited	2008-09	2009-10	0.18	--≈	0.05	0.13	0.15	--≈	0.85	0.01	1.34	0.13	9.70
Sector- wise total				**1.02**	**--**	**0.13**	**0.89**	**20.11**	**--**	**6.15**	**0.86**	**8.81**	**0.89**	**10.10**
Total A (All sector wise working Government companies)				**3,844.14**	**2,031.94**	**1,466.06**	**346.14**	**31,387.30**	**--**	**18,172.23**	**(-)4,597.72**	**34,753.38**	**2,378.08**	**6.84**
B. Working Statutory corporations														
AGRICULTURE & ALLIED														
1.	Maharashtra State Warehousing Corporation	2007-08	2008-09	25.85	0.72	3.86	21.27	53.86	(-)7.05	8.71	5.42	162.33	21.99	13.54
Sector- wise total				**25.85**	**0.72**	**3.86**	**21.27**	**53.86**	**--**	**8.71**	**5.42**	**162.33**	**21.99**	**13.54**
FINANCE														
2.	Maharashtra State Financial Corporation	2007-08	2008-09	17.89	30.11	0.13	(-)12.35	16.52	(-)218.00	62.64	(-)634.75	62.41	17.76	28.46
Sector- wise total				**17.89**	**30.11**	**0.13**	**(-)12.35**	**16.52**	**--**	**62.64**	**(-)634.75**	**62.41**	**17.76**	**28.46**

Ψ Return on Capital employed not applicable.

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
INFRASTRUCTURE														
3.	Maharashtra Industrial Development Corporation	2007-08	2008-09	45.26	3.59	10.41	31.26	296.66	(-)8.98	--≈	37.80	28.74	34.85	121.26
Sector- wise total				**45.26**	**3.59**	**10.41**	**31.26**	**296.66**	**--**	**--**	**37.80**	**28.74**	**34.85**	**121.26**
SERVICE														
4.	Maharashtra State Road Transport Corporation	2007-08	2008-09	447.05	74.03	213.79	159.23	3,740.89	(-)6.85	1,231.77	(-)578.92	1,035.24	233.26	22.53
Sector- wise total				**447.05**	**74.03**	**213.79**	**159.23**	**3,740.89**	**--**	**1,231.77**	**(-)578.92**	**1,035.24**	**233.26**	**22.53**
Total B (All sector wise working Statutory corporations)				**536.05**	**108.45**	**228.19**	**199.41**	**4,107.93**	**--**	**1,303.12**	**(-)1,170.45**	**1,288.72**	**307.86**	**23.89**
Grand Total (A + B)				**4,380.19**	**2,140.39**	**1,694.25**	**545.55**	**35,495.23**	**--**	**19,475.35**	**(-)5,768.17**	**36,042.10**	**2,685.94**	**7.45**
C. Non working Government companies														
AGRICULTURE & ALLIED														
1.	Dairy Development Corporation of Marathwada Limited	2007-08	2008-09	(-)0.002	--≈	--≈	(-)0.002	--≈	(-)0.08	0.38	(-)3.09	(-)0.06	(-)0.002	--Σ
2.	Ellora Milk Products Limited	2007-08	2009-10	0.001	--≈	0.002	(-)0.001	--≈	(-)0.008	0.05	(-)1.52	(-)0.10	(-)0.001	--Σ
3.	Irrigation Development Corporation of Maharashtra Limited	2006-07	2007-08	--≈	--≈	--≈	--≈	--≈	--≈	19.93	(-)19.93	--≈	--≈	--Σ
4.	MAFCO Limited	2007-08	2009-10	(-)3.44	0.53	0.26	(-)4.23	--≈	--≈	5.04	(-)15.39	0.75	(-)3.70	--Σ
5.	Parbhani Krishi Go-samvardhan Limited	2007-08	2008-09	0.004	--≈	0.001	0.003	--≈	--≈	0.19	(-)2.32	0.11	0.003	2.73

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
6.	Vidarbha Quality Seeds Limited	2008-09	2009-10	(-)0.0004	--≈	--≈	(-)0.0004	--≈	(-)0.04	0.10	(-)0.39	0.04	(-)0.0004	--Σ
Sector- wise total				**(-)3.44**	**0.53**	**0.26**	**(-)4.23**	--	--	**25.69**	**(-)42.64**	**0.74**	**(-)3.70**	--
FINANCE														
7.	Kolhapur Chitranagri Mahamandal Limited	1997-98	2005-06	(-)0.05	--≈	0.12	(-)0.17	--≈	--≈	2.89	(-)1.47	1.63	(-)0.17	--Σ
Sector- wise total				**(-)0.05**	--	**0.12**	**(-)0.17**	--	--	**2.89**	**(-)1.47**	**1.63**	**(-)0.17**	--
INFRASTRUCTURE														
8.	Development Corporation of Vidarbha Limited	2005-06	2008-09	(-)0.46	--≈	--≈	(-)0.46	--≈	--≈	7.17	(-)11.71	(-)0.44	(-)0.46	--Σ
9.	Maharashtra Land Development Corporation Limited	2005-06	2007-08	(-)0.03	--≈	--≈	(-)0.03	--≈	--≈	4.00	(-)17.91	34.30	(-)0.03	--Σ
10.	Maharashtra Rural Development Corporation Limited	1985-86	1993-94	0.0002	--≈	--≈	0.0002	--≈	--≈	0.05	0.007	0.05	0.0002	0.40
11.	Maharashtra State Housing Corporation Limited	1997-98	2005-06	0.07	0.04	--≈	0.03	--≈	--≈	0.01	0.28	0.29	0.07	24.14
12.	Marathwada Development Corporation Limited	2007-08	2008-09	(-)0.17	--≈	--≈	(-)0.17	--≈	--≈	10.17	(-)12.62	37.21	(-)0.17	--Σ
Sector- wise total				**(-)0.59**	**0.04**	--	**(-)0.63**	--	--	**21.40**	**(-)41.95**	**71.41**	**(-)0.59**	--

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
MANUFACTURING														
13.	Godavari Garments Limited	2006-07	2009-10	(-)0.18	--[≈]	--[≈]	(-)0.18	0.01	(-)0.43	0.24	(-)8.21	(-)0.89	(-)0.18	--[Σ]
14.	Kinwat Roofing Tiles Limited	2007-08	2009-10	(-)0.001	--[≈]	--[≈]	(-)0.001	--[≈]	--[≈]	0.19	(-)1.22	(-)0.28	(-)0.001	--[Σ]
15.	Maharashtra Electronics Corporation Limited	2007-08	2009-10	(-)0.15	15.89	0.26	(-)16.30	--[≈]	--[≈]	9.69	(-)199.64	0.05	(-)0.41	--[Σ]
16.	Maharashtra State Textile Corporation Limited	2008-09	2009-10	9.36	40.54	0.03	(-)31.21	--[≈]	--[≈]	236.16	(-)732.84	(-)320.49	9.33	--[Σ]
17.	Marathwada Ceramic Complex Limited	2006-07	2007-08	0.01	0.08	0.01	(-)0.08	--[≈]	--[≈]	0.68	(-)8.08	(-)0.20	--[≈]	--[Σ]
18.	Shahyadri Glass Works Limited	1993-94	1995-96	(-)0.35	0.04	0.02	(-)0.41	--[≈]	--[≈]	0.45	(-)9.22	(-)2.48	(-)0.37	--[Σ]
19.	Textile Corporation of Marathwada Limited	2008-09	2008-09	0.94	--[≈]	0.01	0.93	--[≈]	--[≈]	5.00	(-)119.36	0.63	0.93	147.62
20.	The Gondwana Paints and Minerals Limited	2007-08	2009-10	(-)0.01	--[≈]	--[≈]	(-)0.01	--[≈]	--[≈]	0.10	(-)0.87	0.04	(-)0.01	--[Σ]
21.	The Pratap Spinning, Weaving and Manufacturing Company Limited	2008-09	2009-10	0.05	--[≈]	--[≈]	0.05	--[≈]	--[≈]	23.17	(-)63.90	(-)16.59	0.05	--[Σ]
Sector- wise total				**9.67**	**56.55**	**0.33**	**(-)47.21**	**0.01**	**--**	**275.68**	**(-)1,143.34**	**(-)340.21**	**9.34**	**--**
MISCELLANEOUS														
22.	Leather Industries Corporation of Marathwada Limited	2007-08	2008-09	0.02	--[≈]	0.01	0.01	--[≈]	(-)0.17	0.64	(-)7.82	(-)0.43	0.01	--[Σ]

[≈] This indicates 'nil' amount.

[Σ] Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
23.	The Overseas Employment and Export Promotion Corporation of Maharashtra Limited	1989-90	1990-91	(-)0.01	0.05	0.05	(-)0.11	--≈	--≈	0.12	(-)0.31	0.76	(-)0.06	--Σ
24.	Vidarbha Tanneries Limited	2008-09	2009-10	(-)0.01	--≈	--≈	(-)0.01	--≈	(-)0.06	0.10	(-)1.20	(-)0.05	(-)0.01	--Σ
Sector- wise total				**--**	**0.05**	**0.06**	**(-)0.11**	**--**	**--**	**0.86**	**(-)9.33**	**0.28**	**(-)0.06**	**--**
Total C (All sector wise non working Government Companies)				**5.59**	**57.17**	**0.77**	**(-)52.35**	**0.01**	**--**	**326.52**	**(-)1,238.73**	**(-)266.15**	**4.82**	**--** Σ
Grand Total (A + B+C)				**4,385.78**	**2,197.56**	**1,695.02**	**493.20**	**35,495.24**	**--**	**19,801.87**	**(-)7,006.90**	**35,775.95**	**2,690.76**	**7.52**

\# Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

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

♦Deficit is recoverable from share holders hence there is no loss/accumulated loss (Sl. No. A-54).

(•)Expenditure in respect of companies at Sl.No.A-12 and A-17 is recouped from Government hence the figure under profit/loss is 'Nil'.

¶Excess of expenditure over income capitalised (Sl. No. A-29).

∇Companies at Sl.No.A-23,24,27,33,34,36 and 51 had not started commercial activities. Hence their turnover figures are 'Nil' however the figures of net profit/loss shown in column 5(d) are on account of non-operational income and expenditure.

¥ Company at Sl. No.A-45 is under construction and has not prepared profit/loss account.

♠ Companies at Sl. No.A-44 and A-46 had been formed as Special Purpose Vehicles and hence turnover is 'Nil'.

⊕Company at Sl. No.A-52 has been vested with the Assets & Liabilities of all its subsidiaries on unbundling of M.S.E. Board in 2005-06 and does not have any turnover of its own.

∅Company at Sl. No.A-47 was formed with the objective of investment mainly in Dabhol Power Company (DPC) Limited and hence the company does not have any turnover of its own.

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Annexure - 3

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

(Referred to in paragraph 1.10)

(Rupees in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Forest Development Corporation of Maharashtra Limited	--≈	--≈	1.10	0.35	--≈	1.45	--≈	--≈	--≈	--≈	--≈	--≈
2.	Maharashtra Agro Industries Development Corporation Limited	--≈	--≈	--≈	--≈	--≈	--≈	457.50	300.00	--≈	--≈	--≈	--≈
3.	Maharashtra State Farming Corporation Limited.	--≈	--≈	--≈	--≈	--≈	0.00	--≈	2.13	--≈	--≈	--≈	--≈
4.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	--≈	--≈	0.07	4.13	--≈	4.20	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**--**	**1.17**	**4.48**	**--**	**5.65**	**457.50**	**302.13**	**--**	**--**	**--**	**--**
FINANCE													
5.	Annasaheb Patil Arthik Magas Vikas Mahamandal Limited	26.60	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
6.	Lokshahir Annabhau Sathe Development Corporation Limited	--≈	0.60	9.50	2.34	--≈	11.84	50.00	0.12	--≈	--≈	--≈	--≈

≈ This indicates 'nil' amount.

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
7.	Maharashtra Small Scale Industries Development Corporation Limited	--≈	--≈	0.05	0.20	--≈	0.25	--≈	--≈	--≈	--≈	--≈	--≈
8.	Mahatma Phule Backward Class Development Corporation Limited	58.51	--≈	--≈	20.82	--≈	20.82	--≈	46.56	--≈	--≈	--≈	--≈
9.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	4.00	--≈	--≈	5.48	--≈	5.48	50.00	92.77	--≈	--≈	--≈	--≈
10.	Maharashtra State Handicapped Finance and Development Corporation	1.50	--≈	--≈	0.40	--≈	0.40	--≈	45.14	--≈	--≈	--≈	--≈
11.	Maharashtra Film, Stage and Cultural Development Corporation Limited	--	--≈	--≈	--≈	--≈	--≈	--≈	3.56	--≈	--≈	--≈	--≈
12.	Sant Rohidas Leather Industries and Charmakar Development Corporation of Maharashtra	30.00	--≈	--≈	8.50	--≈	8.50	--≈	15.00	--≈	--≈	--≈	--≈
13	Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited	32.00	--≈	--≈	2.57	--≈	2.57	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**152.61**	**0.60**	**9.55**	**40.31**	**--**	**49.86**	**100.00**	**203.15**	**--**	**--**	**--**	**--**

≈ This indicates 'nil' amount.

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
INFRASTRUCTURE													
14.	City and Industrial Development Corporation of Maharashtra Limited	--≈	--≈	1.05	--≈	--≈	1.05	--≈	112.94	--≈	--≈	--≈	--≈
15.	Maharashtra State Police Housing and Welfare Corporation Limited	--≈	--≈	--≈	--≈	--≈	--≈	--≈	0.14	--≈	--≈	--≈	--≈
16.	Maharashtra Airport Development Company Limited	--≈	--≈	--≈	79.85	--≈	79.85	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**--**	**1.05**	**79.85**	**--**	**80.90**	**--**	**113.08**	**--**	**--**	**--**	**--**
SERVICE													
17.	Maharashtra State Mining Corporation Limited	--≈	--≈	--≈	9.24	--≈	9.24	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**--**	**--**	**9.24**	**--**	**9.24**	**--**	**--**	**--**	**--**	**--**	**--**
POWER													
18.	MSEB Holding Company Limited	49.20	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
19.	Maharashtra State Power Generation Company Limited	489.00	--≈	--≈	--≈	--≈	--≈	--≈	1,502.51	--≈	--≈	--≈	--≈
20.	Maharashtra State Electricity Transmission Company Limited	--≈	--≈	--≈	90.00	--≈	90.00	--≈	1,029.06	--≈	--≈	--≈	--≈
21.	Maharashtra State Electricity Distribution Company Limited	--≈	80.38	4.70	2,037.46	--≈	2,042.16	--≈	888.76	--≈	--≈	--≈	--≈
Sector- wise total		**538.20**	**80.38**	**4.70**	**2,127.46**	**--**	**2,132.16**	**--**	**3,420.33**	**--**	**--**	**--**	**--**

≈ This indicates 'nil' amount.

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
SERVICE													
22.	Maharashtra Tourism Development Corporation Limited	--≈	--≈	21.02	78.71	--≈	99.73	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**--**	**21.02**	**78.71**	**--**	**99.73**	**--**	**--**	**--**	**--**	**--**	**--**
MISCELLANEOUS													
23.	Mahila Arthik Vikas Mahamandal	--≈	--≈	--≈	4.95	8.04	12.99	--≈	--≈	--≈	--≈	--≈	--≈
24.	Nagpur Flying Club (P) Limited	--≈	--≈	--≈	0.94	--≈	0.94	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**--**	**--**	**5.89**	**8.04**	**13.93**	**--**	**--**	**--**	**--**	**--**	**--**
Total : A (All sector wise working Government companies)		**690.81**	**80.98**	**37.49**	**2,345.94**	**8.04**	**2,391.47**	**557.50**	**4,038.69**	**--**	**--**	**--**	**--**
B. Working Statutory corporations													
FINANCE													
1	Maharashtra State Financial Corporation	--≈	32.68	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**32.68**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
INFRASTRUCTURE													
2	Maharashtra Industrial Development Corporation	--≈	--≈	92.84	--≈	--≈	92.84	--≈	4.30	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**--**	**92.84**	**--**	**--**	**92.84**	**--**	**4.30**	**--**	**--**	**--**	**--**

≈ This indicates 'nil' amount.

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
SERVICE													
3	Maharashtra State Road Transport Corporation	171.61	--≈	--≈	643.70	1.12	644.82	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**171.61**	**--**	**--**	**643.70**	**1.12**	**644.82**	**--**	**--**	**--**	**--**	**--**	**--**
Total : B (All sector wise working Statutory corporations)		**171.61**	**32.68**	**92.84**	**643.70**	**1.12**	**737.66**	**--**	**4.30**	**--**	**--**	**--**	**--**
Total : (A+B)		**862.42**	**113.66**	**130.33**	**2,989.64**	**9.16**	**3,129.13**	**557.50**	**4,042.99**	**--**	**--**	**--**	**--**
C. Non working Government Companies													
INFRASTRUCTURE													
1	Leather Industries Corporation of Marathwada Limited	--≈	0.12	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
Sector- wise total		**--**	**0.12**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total : C (All sector wise Non working companies)		**--**	**0.12**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Grand Total : (A + B+C)		**862.42**	**113.78**	**130.33**	**2,989.64**	**9.16**	**3,129.13**	**557.50**	**4,042.99**	**--**	**--**	**--**	**--**

@ Figures indicate total guarantees outstanding at the end of the year.

≈ This indicates 'nil' amount.

Annexure - 4
Statement showing investment made by State Government in Public Sector Undertakings whose accounts were in arrears
(Referred to in paragraph 1.46)

(Rupees in crore)

Sl. No.	Name of the PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the year in which accounts are in arrear		
					Equity	Loan	Grants/ Subsidy
A : Working Companies							
1.	Forest Development Corporation of Maharashtra Limited	2007-2008	371.71	2008-2009	--≈	--≈	0.35
2.	Maharashtra State Farming Corporation Limited	2003-2004	2.75	2004-2005 to 2008-2009	--≈	36.26	--≈
3.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	2005-2006	4.73	2006-2007 to 2008-2009	--≈	--≈	16.84
4.	The Maharashtra Fisheries Development Corporation Limited	1998-1999	1.25	1999-2000 to 2008-2009	1.23	--≈	--≈
5.	Annasaheb Patil Arthik Magas Vikas Mahamandal Limited	2001-2002	5.00	2002-2003 to 2008-2009	43.75	--≈	--≈
6.	Lokshahir Annabhau Sathe Development Corporation Limited	1996-1997	4.49	1997-1998 to 2008-2009	5.00	0.60	2.34
7.	Maharashtra Co-operative Development Corporation Limited	2005-2006	6.47	2006-2007 to 2008-2009	4.81	144.73	--≈
8.	Maharashtra Film, Stage and Cultural Development Corporation Limited	2006-2007	10.63	2007-2008 to 2008-2009	1.67	--≈	--≈
9.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	2005-2006	33.88	2006-2007 to 2008-2009	16.00	--≈	17.62
10.	Maharashtra Small Scale Industries Development Corporation Limited	2003-2004	9.79	2004-2005 to 2008-2009	4.72	--≈	0.56
11.	Maharashtra State Handicapped Finance and Development corporation	2004-2005	3.10	2005-2006 to 2008-2009	3.33	--≈	1.80
12.	Maharashtra State Handlooms Corporation Limited	2007-2008	75.70	2008-2009	4.40	--≈	--≈

≈ This indicates 'nil' amount.

Sl. No.	Name of the PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the year in which accounts are in arrear		
					Equity	Loan	Grants/ Subsidy
A : Working Companies							
13.	Mahatma Phule Backward Class Development Corporation Limited	1998-1999	61.34	1999-2000 to 2008-2009	58.51	--≈	187.90
14.	Maulana Azad Alpasankhak Arthik Vikas Mahamandal Limited	2005-2006	38.20	2006-2007 to 2008-2009	54.44	--≈	--≈
15.	Sant Rohidas Leather Industries and Charmakar Development Corporation of Maharashtra Limited	1995-1996	3.71	1996-1997 to 2008-2009	69.50	--≈	8.50
16.	Shabri Adivasi Vitta Va Vikas Mahamandal Limited	2002-2003	15.00	2003-2004 to 2008-2009	12.77	--≈	7.09
17.	Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited	1995-1996	6.15	1996-1997 to 2008-2009	85.40	--≈	18.13
18.	Maharashtra State Road Development Corporation Limited	2006-07	5.00	2007-08 to 2008-09	--≈	--≈	80.39
19.	Maharashtra State Mining Corporation Limited	2007-2008	2.07	2008-2009	--≈	--≈	9.24
20.	Maharashtra State Powerlooms Corporation Limited	2004-2005	11.23	2005-2006 to 2008-2009	1.45	--≈	--≈
21.	Maharashtra State Electricity Distribution Company Limited	2007-2008	3,211.41	2008-2009	--≈	80.38	2,037.46
22.	Maharashtra State Power Generation Company Limited	2007-2008	3,113.41	2008-2009	489.00	--≈	--≈
23.	Maharashtra State Electricity Transmission Company Limited	2007-08	2,696.04	2008-2009	--≈	--≈	90.00
24.	MSEB Holding Company Limited	2007-2008	8,256.15	2008-2009	49.20	--≈	--≈
25.	Maharashtra Tourism Development Corporation Limited	2004-2005	15.09	2005 -2006 to 2008-2009	--≈	--≈	78.71
26.	Mahila Arthik Vikas Mahamandal	1996-1997	1.74	1997-1998 to 2008-2009	0.85	--≈	55.53
Total A : (Working Government Companies)			**17,966.04**		**906.03**	**2,61.97**	**2,612.46**

≈ This indicates 'nil' amount.

Sl. No.	Name of the PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the year in which accounts are in arrear		
					Equity	Loan	Grants/ Subsidy
B : Working Corporations							
27.	Maharashtra State Financial Corporation	2007-2008	62.64	2008-2009	--≈	32.68	--≈
28.	Maharashtra State Road Transport Corporation	2007-2008	1,231.77	2008-2009	171.61	--≈	643.70
Total B : (Working Government Corporation)			**1,294.41**		**171.61**	**32.68**	**643.70**
C : Non- Working Companies							
29.	Leather Industries Corporation of Marathwada Limited	2007-2008	0.64	2008-2009	--≈	0.12	--≈
Total C : (Non- Working Government Companies)			**0.64**		**--**	**0.12**	**--**
Grand Total : (A+B+C)			**19,261.09**		**1,077.64**	**294.77**	**3,256.16**

≈ This indicates 'nil' amount.

Annexure - 5

Statement showing financial position of working Statutory corporations
(Referred to in paragraph 1.15)

(Rupees in crore)

1. Maharashtra State Warehousing Corporation			
Particulars	**2005-2006**	**2006-2007**	**2007-2008**
A. Liabilities			
Paid-up capital	8.71	8.71	8.71
Reserves and surplus	151.22	131.16	140.94
Borrowings	--≈	--≈	--≈
- (Government)	--≈	--≈	--≈
- (Others)	18.19	15.23	12.19
Trade dues and current liabilities (including provision)	31.84	44.05	65.88
Total - A	**209.96**	**199.15**	**227.72**
B. Assets			
Gross block	146.95	152.14	152.93
Less: Depreciation	30.37	33.24	37.46
Net fixed assets	116.58	118.90	115.47
Capital works-in-progress	0.92	2.55	6.05
Investments	0.01	0.01	0.01
Current assets, loans and advances	92.45	77.69	106.19
Profit and loss account	--≈	--≈	--≈
Total - B	**209.96**	**199.15**	**227.72**
C. Capital employed[♠]	**178.11**	**153.89**	**162.33**

≈ This indicates 'nil' amount.

♠ Capital employed represents net fixed assets (including capital works-in-progress) *plus* working capital excluding provision for gratuity.

(Rupees in crore)

2. Maharashtra State Financial Corporation			
Particulars	**2005-2006**	**2006-2007**	**2007-2008**
A. Liabilities			
Paid-up capital	62.64	62.64	62.64
Share application money	--≈	--≈	--≈
Reserve fund and other reserves and surplus	41.73	46.22	46.22
Borrowings:			
(i) Bonds and debentures	298.98	263.23	192.43
(ii) Fixed Deposits	--≈	--≈	--≈
(iii) Industrial Development Bank of India and Small Industries Development Bank of India & Mumbai Metropolitan Region Development Authority	350.17	350.17	350.17
(iv) Reserve Bank of India	--≈	--≈	--≈
(v) Loan towards share capital			
(a) State Government	2.06	2.06	2.06
(b) Industrial Development Bank of India	2.05	2.05	2.05
(vi) Others (including State Government)	9.23	9.23	40.55
Other Liabilities and provisions	22.58	17.41	21.98
Total - A	**789.44**	**753.01**	**718.10**
B. Assets			
Cash and bank balances	46.36	44.68	30.92
Investments	1.26	1.26	1.18
Loans and advances	94.01	52.79	19.44
Net fixed assets	1.43	1.27	1.13
Other assets	31.41	30.64	30.68
Profit and loss account	614.97	622.37	634.75
Total - B	**789.44**	**753.01**	**718.10**
C. Capital employed$	**163.42**	**123.33**	**62.41**

≈ This indicates 'nil' amount.

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

(Rupees in crore)

3. Maharashtra Industrial Development Corporation			
Particulars	**2005-2006**	**2006-2007**	**2007-2008**
A. Liabilities			
Loans – Issue of Bonds	7.60	7.60	7.60
Reserves and surplus/funds•	67.19	67.29	98.52
Deposits	5,321.40	6,800.01	8,586.05
Current liabilities and provisions	53.95	130.88	120.11
Total - A	**5,450.14**	**7,005.78**	**8,812.28**
B. Assets			
Gross fixed assets	448.57	510.12	564.52
Less: Depreciation	164.78	183.15	204.90
Net fixed assets	283.79	326.97	359.62
Other assets	2,521.97	2,737.24	3,174.23
Investments	34.79	36.58	37.62
Current assets, loans and advances	2,609.59	3,904.99	5,240.81
Total – B	**5,450.14**	**7,005.78**	**8,812.28**
C. Capital employedΩ	**12.90**	**13.09**	**28.74**

• The above includes free reserves and surplus of Rs.5.44 crore and Rs.5.51 crore and Rs.36.77 crore for the year 2005-06, 2006-07 and 2007-08.

ΩCapital employed represents the mean of the aggregate of opening and closing balances of long term loans (including bonds), Development Rebate Reserves and other free reserves and surplus (excluding Sinking and Assets Replacement Fund).

(Rupees in crore)

4. Maharashtra State Road Transport Corporation			
Particulars	**2005-2006**	**2006-2007**	**2007-2008**
A. Liabilities			
Capital (including capital loan and equity capital)	923.81	1,072.57	1,231.77
Borrowings: Government Others (including deposits)	 --≈ 246.21	 --≈ 366.04	 --≈ 227.64
Funds/Reserves and surplus*	150.48	177.67	177.25
Trade dues and other current liabilities (including provisions)	628.74	408.51	469.69
Total	**1949.24**	**2,024.79**	**2,106.35**
B. Assets			
Gross block	1,838.46	1,882.11	2,016.49
Less: Depreciation	1,665.82	1,357.48	1,475.98
Net fixed assets	172.64	524.63	540.51
Capital works-in-progress (including cost of chassis)	28.51	23.12	24.64
Investments	0.08	0.08	53.50
Current assets, loans and advances	625.03	738.81	908.78
Accumulated losses	1,112.98	738.15	578.92
Total	**1,949.24**	**2,024.79**	**2,106.35**
C. Capital employed⧗	**197.44**	**878.05**	**1,035.24**

≈ This indicates 'nil' amount.

* Excluding depreciation funds and including reserves and surplus and capital grant.

⧗ Capital employed represents net fixed assets (including works-in-progress) *plus* working capital excluding gratuity provision.

Annexure - 6

Statement showing working results of working Statutory corporations
(Referred to in paragraph No.1.15)

(Rupees in crore)

1. Maharashtra State Warehousing Corporation				
Sl. No.	**Particulars**	**2005-2006**	**2006-2007**	**2007-2008**
1.	Income			
	(a) Warehousing charges	49.50	49.33	53.86
	(b) Other income	28.70	33.02	33.32
	Total - 1	**78.20**	**82.35**	**87.18**
2.	Expenses			
	(a) Establishment charges	19.89	19.55	21.44
	(b) Other expenses	40.77	42.89	43.85
	Total - 2	**60.66**	**62.44**	**65.29**
3.	**Profit (+)/loss (-) before tax**	**(+)17.54**	**(+)19.91**	**(+)21.89**[♦]
4.	Provision for tax	5.30	6.40	9.49
5.	Prior period adjustments	**--**[≈]	(+)0.44	(-)0.62
6.	Other appropriations	10.50	11.91	9.44
7.	Amount available for dividend	1.74	2.04	2.34
8.	Dividend for the year[#]	1.74	2.04	2.34
9.	Total return on capital employed	18.71	21.19	21.99
10.	Percentage of return on capital employed	10.50	13.77	13.54

[♦] This profit is before prior period adjustment of Rs. (-)0.62 crore
[≈] This indicates ‘nil’ amount.
[#] Including tax on dividend.

(Rupees in crore)

2.	**Maharashtra State Financial Corporation**			
Sl. No.	**Particulars**	**2005-2006**	**2006-2007**	**2007-2008**
1.	Income			
	(a) Interest on loans	18.96	31.69	16.52
	(b) Other income	4.41	3.12	2.63
	Total - 1	**23.37**	**34.81**	**19.15**
2.	Expenses			
	(a) Interest on long term and short term loans	38.78	34.74	30.11
	(b) Provision for non performing assets	--≈	0.16	--≈
	(c) Other expenses	11.09	9.66	9.02
	Total - 2	**49.87**	**44.56**	**39.13**
3.	Profit (Loss) before tax (1-2)	**(26.50)**	**(9.75)**	**(19.98)♦**
4.	Prior Period Adjustment	**(21.42)**	**(2.38)**	**7.63**
5.	Provision for tax	(0.04)	(0.03)	(0.03)
6.	Profit (Loss) after tax	(47.96)	(12.16)	(12.38)
7.	Other appropriations	--≈	--≈	--≈
6.	Amount available for dividend	--≈	--≈	--≈
7.	Dividend paid/payable	--≈	--≈	--≈
8.	Total return on capital employed	(9.14)	22.61	17.76
9.	Percentage of return on capital employed	--≈	18.33	28.46

≈ This indicates 'nil' amount

♦ This loss is before prior period adjustment of Rs. (+) 7.63 crore.

(Rupees in crore)

3. Maharashtra Industrial Development Corporation				
Sl. No.	**Particulars**	**2005-2006**	**2006-2007**	**2007-2008**
1.	Income	195.21	256.72	312.65
2.	Expenditure	194.98	256.62	281.39
3.	Surplus	0.23	0.10	31.26
4.	Interest charged to income and expenditure account	2.98	2.82	3.59
5.	Return on capital employed (3 + 4)	3.21	2.92	34.85
6.	Percentage of return on capital employed	24.88	22.30	121.26

(Rupees in crore)

4.	**Maharashtra State Road Transport Corporation**			
	Particulars	**2005-2006**	**2006-2007**	**2007-2008**
	Operating :-			
(a)	Revenue	3,200.45	3,470.79	3,740.89
(b)	Expenditure	3,277.13	3,516.83	3,627.11
(c)	Surplus (+)/deficit (-)	(-)76.68	(-)46.04	(+)113.78
	Non-operating :-			
(a)	Revenue	95.52	123.10	128.65
(b)	Expenditure	59.69	69.05	75.10
(c)	Surplus (+)/deficit (-)	(+)35.83	(+)54.05	(+)53.55
	Total :-			
(a)	Revenue	**3,295.97**	**3,593.89**	**3,869.54**
(b)	Expenditure[@]	**3,335.88**	**3,585.88**	**3,710.31**
(c)	Net profit (+)/loss (-)	(-)39.91	(+)8.01	(+)159.23
	Interest on capital and loans	57.93	68.31	74.03
	Total return on capital employed[*]	(+)18.02	(+)76.32	(+)233.26
	Percentage of return on capital employed	9.13	9.95	22.53

[@] Including prior period adjustments.

[*] Total return on capital employed represents net surplus/deficit *plus* total interest charged to profit and loss account (less interest capitalised).

Annexure 7
Statement showing the details of scheme-wise disbursement of loans by three Companies (Shabari Adivasi Vitta Va Vikas Mahamandal Limited, Maulana Azad Alpasankhyank Arthik Vikas Mahamandal Limited and Maharashtra State Handicapped Finance and Development Corporation) during 2004-05 to 2008-09
(Referred to in paragraphs No.2.8 and 2.11)

(Rupees in crore)

Name of Company	Particulars	2004-05		2005-06		2006-07		2007-08		2008-09		Total	
		Ben•	**Amt•**	**Ben**	**Amt**	**Ben**	**Amt**	**Ben**	**Amt**	**Ben**	**Amt**	**Ben**	**Amt**
SAVVVM	NSTFDC funds Term Loan	45	0.53	401	3.96	364	10.53	374	6.56	182	5.36	1,366	26.94
	AMSY	219	0.87	117	0.42	32	0.14	149	0.67	77	0.38	594	2.48
	Own funds Margin Money loan	81	0.13	58	0.12	47	0.06	67	0.13	40	0.16	293	0.60
	Direct loan	11	0.44	02	0.01	--	--	46	0.20	--	--	59	0.65
	Total	**356**	**1.97**	**578**	**4.51**	**443**	**10.73**	**636**	**7.56**	**299**	**5.90**	**2312**	**30.67**
MAAAVM	NMDFC funds Term Loan	440	2.33	835	4.64	494	2.94	311	3.08	291	2.31	2371	15.30
	Education Loan	--	--	--	--	35	0.66	192	1.16	363	2.84	590	4.66
	Micro Finance	--	--	--	--	--	--	147 *	0.50	--	--	147	0.50
	Own funds Direct Loan	--	---	---	---	---	---	238	1.03	366	2.79	604	3.82
	Total	**440**	**2.33**	**835**	**4.64**	**529**	**3.60**	**888**	**5.77**	**1,020**	**7.94**	**3,712**	**24.28**
MSHFDC	NHFDC funds Term Loan	1,017	8.29	430	2.89	1,277	8.86	355	2.48	12	0.55	3,091	23.07
	Education Loan	3	0.03	1	0.01	--	--	--	--	--	--	4	0.04
	Own funds Direct Loan	--	--	44	0.09	548	1.07	376	0.74	60	0.12	1,028	2.02
	Total	**1,020**	**8.32**	**475**	**2.99**	**1,825**	**9.93**	**731**	**3.22**	**72**	**0.67**	**4,123**	**25.13**
Grand total												**10,147**	**80.08**

• **Ben-Beneficiaries and Amt-Amount** *(Source; Information furnished by the Companies)*

* Represent group covering 794 members.

Annexure 8
Statement showing the details of funds received by three Companies during 2004-05 to 2008-09
(Referred to in paragraph No.2.8)

(Amount Rupees in crore)

Years	Name of the Company	Amount sanctioned by NAs	Amount received from NAs	Amount of equity capital received from GoM	Total funds received	Funds disbursed[⊕]	Unutilised balance / (Disbursed out of previous balances)
2004-05	**SAVVVM**	1.94	4.37	1.10	5.47	1.97	3.50
	MAAAVM	10.00	10.00	24.20	34.20	2.33	31.87
	MSHFDC	6.76	6.76	2.20	8.96	8.32	0.64
2005-06	**SAVVVM**	4.49	5.61	0.00	5.61	4.51	1.10
	MAAAVM	0.00	0.00	0.00	0.00	4.64	(4.64)
	MSHFDC	9.52	9.52	0.20	9.72	2.99	6.73
2006-07	**SAVVVM**	11.11	10.43	0.50	10.93	10.73	0.20
	MAAAVM	0.75	0.75	1.40	2.15	3.60	(1.45)
	MSHFDC	8.51	8.51	0.75	9.26	9.93	(0.67)
2007-08	**SAVVVM**	7.10	5.34	4.00	9.34	7.56	1.78
	MAAAVM	8.00	8.00	1.54	9.54	5.77	3.77
	MSHFDC	8.73	9.14	0.88	10.02	3.22	6.80
2008-09	SAVVVM	5.70	3.56	0.00	3.56	5.90	(2.34)
	MAAAVM	5.00	5.00	51.50	56.50	7.94	48.56
	MSHFDC	1.32	1.32	1.50	2.82	0.67	2.15
Total	**SAVVVM**	**30.34**	**29.31**	**5.60**	**34.91**	**30.67**	**4.24**
	MAAAVM	**23.75**	**23.75**	**78.64**	**102.39**	**24.28**	**78.11**
	MSHFDC	**34.84**	**35.25**	**5.53**	**40.78**	**25.13**	**15.65**
Grand Total		**88.93**	**88.31**	**89.77**	**178.08**	**80.08**	**98.00**

[⊕] This includes contribution of the companies towards its share in the NAs schemes funded through capital contribution received from GoM.

Annexure 9
Statement showing the District-wise data of targeted population
(Referred to in paragraph No.2.11)

(In lakh)

Sl. No.	District	Total population	Total Women	Total ST population	Total Minority	Total Handicapped
1	Mumbai	119.28	53.59	0.91	38.45	1.70
2	Mumbai uburban					
3	Thane	81.32	37.55	11.99	16.15	0.70
4	Raigad	22.08	10.90	2.69	2.88	0.28
5	Ratnagiri	16.97	9.02	0.20	3.05	0.27
6	Sindhudurg	8.69	4.51	0.05	0.66	0.13
7	Nashik	49.94	24.03	11.94	6.77	0.70
8	Dhule	17.08	8.29	4.44	1.84	0.28
9	Nandurbar	13.12	6.48	8.60	1.01	0.24
10	Jalgaon	36.83	17.77	4.36	6.17	0.57
11	Ahmednagar	40.41	19.57	3.03	3.70	0.84
12	Pune	72.73	34.64	2.62	10.17	0.91
13	Satara	28.09	14.00	0.22	2.71	0.37
14	Sangli	25.84	12.63	0.18	3.35	0.33
15	Solapur	38.50	18.60	0.69	4.56	0.66
16	Kolhapur	35.23	17.16	0.21	4.40	0.44
17	Aurangabad	28.97	13.92	1.00	8.64	0.59
18	Jalna	16.13	7.86	0.32	3.55	0.39
19	Parbhani	15.28	7.47	0.35	4.05	0.33
20	Hingoli	9.87	4.82	0.87	2.57	0.22
21	Beed	21.61	10.46	0.24	3.32	0.40
22	Nanded	28.76	13.95	2.54	7.08	0.77
23	Osmanabad	14.87	7.17	0.28	1.86	0.35
24	Latur	20.80	10.05	0.48	3.76	0.45
25	Buldana	22.32	10.85	1.15	6.08	0.42
26	Akola	16.30	7.89	1.00	6.04	0.29
27	Washim	10.20	4.94	0.71	2.73	0.18
28	Amravati	26.07	12.62	3.57	7.20	0.61
29	Yavatmal	24.58	11.92	4.73	4.35	0.42
30	Wardha	12.37	5.98	1.54	2.28	0.22
31	Nagpur	40.68	19.62	4.44	9.60	0.63
32	Bhandara	11.36	5.63	0.98	1.71	0.20
33	Gondiya	12.01	6.02	1.97	1.46	0.27
34	Chandrapur	20.71	10.08	3.75	3.70	0.40
35	Gadchiroli	9.70	4.79	3.72	1.00	0.14
	Total	**968.70**	**464.78**	**85.77**	**186.85**	**15.70**

(Source: Census data of 2001 given in Economic Survey of Maharashtra of 2008-09)

Annexure 10
Statement showing the performance of Self Help Groups formation by Mahila Arthik Vikas Mahamandal
(Referred to in paragraph No.2.17.6)

Sl. No.	Scheme	Targets (SHGs)	Opening Balance	2004-05	2005-06	2006-07	2007-08	2008-09	SHGs formed during 2004-05 to 2008-09	Closing Balance	Number of SHG members as on March 2009	Number of SHG member who had started income generating activities
1	SGSY	8,923	6,164	1,834	1,441	974	442	(886)	**3,805**	**9,969**	**1,10,371**	**50,022**
2	SCP	20,250	4,745	7,927	5,289	2,989	492	(357)	**16,340**	**21,085**	**2,53,874**	**66,823**
3	TSP	4,600	--	944	772	1,116	976	589	**4,397**	**4,397**	**51,763**	**9,600**
4	Swayamsidha	3,600	2,149	1,648	126	20	(21)	(506)	**1,267**	**3,416**	**42,014**	**16,370**
5	NABARD Add on	1,000	550	724	399	100	(111)	(191)	**921**	**1,471**	**17,851**	**6,639**
6	Tejaswini	62,675	--	0	0	5,920	1,501	65	**7,486**	**7,486**	**99,000**	**22,675**
7	RSVY	2,950	--	763	897	553	158	(249)	**2,122**	**2,122**	**26,059**	**9,089**
8	Krushisaptak	663	--	199	67	235	(90)	(9)	**402**	**402**	**6,853**	**1,466**
9	SJSRY	200	--	47	(2)	0	(28)	(6)	**11**	**11**	**121**	**46**
10	MWEP	200	--	0	0	0	62	57	**119**	**119**	**1,478**	**41**
11	Panlot◆	00	--	6	1	0	0	0	**7**	**7**	**86**	**14**
12	MSN◆	00	--	264	13	3	(52)	(7)	**221**	**221**	**3,126**	**2,236**
13	JNPT◆	50	--	0	24	8	1	0	**33**	**33**	**432**	**217**
14	MRCP*	00	5,204	(685)	(41)	38	(722)	(823)	**(2,233)**	**2,971**	**41,760**	**19,868**
15	Others	00	167●	(167)	0	0	0	0	**(167)**	--	--	--
	Total	**105,111**	**18,979**	**13,504**	**8,986**	**11,956**	**2,608**	**(2,323)**	**34,731**	**53,710**[2]	**--**	**--**
Women Members			**2,32,946**	**1,68,599**	**1,05,021**	**1,52,733**	**25,574**	**(30,085)**	**4,21,842**	**--**	**6,54,788**	**205,106**

(Source: Information furnished by the Company)

(Figures in bracket indicate SHGs not active)

◆ These schemes were specific objective schemes and are completed.
* The scheme is closed in 2002.
● Scheme-wise details not furnished by the MAVIM.
[2] Including 5,211 SHGs formed by NGOs.

Annexure–11
Statement showing the operational performance of Maharashtra State Road Transport Corporation
(Referred to in paragraph No. 3.14)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Average number of vehicles held	15,952	15,756	15,352	15,446	15,695
Average number of vehicles on road (excluding hired bus)	15,229	14,679	14,460	14,641	14,797
Percentage of utilisation of vehicles	95.46	93.16	94.19	94.79	94.28
Number of average employees	1,01,724	1,01,819	1,00,247	99,504	97,545
Employee vehicle ratio	6.68	6.94	6.93	6.80	6.59
Number of routes operated at the end of the year	17,584	16,697	16,482	16,227	16,521
Route kilometres (in lakh)	12.66	12.30	12.33	12.27	12.54
Kilometres operated (in lakh)					
Gross	18,139.31	17,369.03	17,512.16	18,049.18	18,306.50
Effective	17,976.31	17,212.95	17,351.77	17,884.98	18,130.86
Dead	163.00	156.08	160.39	164.20	175.64
Percentage of dead kilometres to gross kilometres	0.90	0.90	0.92	0.91	0.96
Average kilometres covered per bus *per* day	323.40	321.27	328.76	333.76	335.70
Average revenue *per* kilometre (Rs.)	18.15	19.15	20.71	21.64	23.14
Average expenditure *per* kilometre (Rs.)	18.89	19.39	20.66	20.70	22.49
Profit (+)/Loss (-) *per* kilometre (Rs.)	(-) 0.74	(-) 0.24	0.05	0.94	0.65
Number of operating Depots	248	248	247	247	247
Average number of break-downs *per* lakh kilometres	2.81	2.89	2.82	2.52	2.35
Average number of accidents *per* lakh kilometres	0.18	0.20	0.19	0.19	0.18
Passenger kilometre operated (in crore)	5,142.27	4,890.87	4,909.45	5,159.45	5,326.39
Occupancy ratio (Load Factor)	62.66	64.13	65.47	68.23	71.20
Kilometres obtained *per* litre of:					
Diesel Oil	4.85	4.89	4.93	4.93	4.93
Engine Oil	874	928	1,001	1,044	1,110
CNG/CNG Engine Oil	Not operated	Not operated	Not operated	Not operated	Not operated

Note: Operational performance in this annexure is evaluated on the basis of average number of vehicles held excluding hired buses and employees deployed during each year and not on the basis of position at the end of each year as mentioned in the review.

Annexure-12
Statement showing the paras involving recovery of money in State Public Sector Undertakings
(Referred to paragraph No.4.20)

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Maharashtra State Electricity Distribution Company Limited			
1	The Operation and Maintenance Division, Wai did not recover Rs 41.08 lakh towards cost of 4,108 meters replaced during the period August 2000 to October 2002 as per Company's Circular No.646 dated 17 June 2000.	Since inception to 2002	41.08	Reply not received
2	The Company had not recovered a sum of Rs 5,000 per metering point as processing charges from the wind mill developers during 2002-03 and 2003-04 amounting to Rs 25.55 lakh.	2000-03	25.55	Reply not received
3	A contract was awarded to M/s. Apex Electricals for repair of transformer in January 2001. However, the contract was cancelled (July 2001) in view of non-fulfillment of contract conditions. Fresh contract was awarded at the risk and cost of M/s. Apex Electricals. The extra expenditure of Rs 8.18 lakh incurred in award of fresh contract was not recovered from M/s. Apex Electricals.	1996-02	8.18	Reply not received
4	As per para 6 of "Miscellaneous charges for supply of Electrical energy" the consumer should deposit security deposit equivalent to three/four/six/eight months of estimated bill in respect of monthly/bi-monthly/quarterly/ half-yearly consumers respectively. The shortfall in recovery of security deposit was Rs 55.58 lakh in Operation and Maintenance Division, Wai.	Since inception to 2002	55.58	Reply not received
5	As per Company's Circular No.653 dated 8 November 2000 bulk discount concession can be given to High Tension consumers if the bill is paid by the consumer within seven days including the date of bill. It was noticed that bulk discount amounting to Rs 3.07 lakh was given to Inox Air Product Limited during June to October 2000 though the payment was received on the eight day.	2000-01	3.07	Reply not received
6	The arrears outstanding from permanently disconnected consumers as at the end of March 2003 in Baramati Division was Rs 2,303.68 lakh.	2000-03	2,303.68	Reply not received

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
7	Out of 141 cases of theft/unauthorised supply of power noticed by the flying squad during 2000-01 to 2002-03 Operation and Maintenance Division, Baramati had not made assessment in respect of 80 cases involving an amount of Rs 54.43 lakh for want of information from concerned sub-divisions.	2000-03	54.43	Reply not received
8	Power was supplied to Pentagorm Private Limited in September 1996. However, as the meter number was not fed into the billing system, bills were issued on average basis till January 2002. The actual consumption as per the meter worked out to Rs 12.35 lakh after adjusting the average bill raised. The bill raised in January 2002 was not recovered from the consumer nor action taken on the negligent employees of the Company for the lapse. The dues as on June 2003 was Rs 18.60 lakh.	1998-03	18.60	Reply not received
9	The arrears from nineteen permanently disconnected consumers was Rs 31.71 lakh as on February 2002 in Thane Urban Division. The arrears were outstanding for a period of six months to 74 months. No action was taken to recover the arrears except in two cases by filing suit. In three cases involving amount of Rs 6.23 lakh suit has been filed.	2000-03	24.48	Amount recovered was only rupees one lakh as per reply dated 1 July 2009.
10	The arrears recoverable from Low Tension consumers in Operation and Maintenance Division, Baramati as on December 2002 was Rs 9,427.26 lakh.	2000-03	6,898.42	The arrears amount has decreased to Rs 6,898.42 lakh only as on September 2004 as per reply dated 21 February 2005.
11	On the basis of flying squad report the Operation and Maintenance Division, Bhosari issued bills amounting to Rs 22.88 lakh for illegal abstraction of power to Hotel Panchsheel, Chinchwad. However, based on the instruction of Chief Engineer the final bill was revised to Rs 6.02 lakh.	1998-2003	22.88	Reply not received.
12	The arrears recoverable from Low Tension consumers in Operation and Maintenance Division, Khamgaon was Rs 2,796.38 lakh as on December 2001 out of which arrears of 6,978 consumers whose arrears amounted to Rs 596.59 lakh were time barred and hence recovery was remote.	1997-01	2,796.38	Recovery awaited

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
13	In respect of seven court cases decided in favour of the Company involving an amount of Rs 1.26 lakh only Rs 0.22 lakh was recovered in Operation and Maintenance Division, Khamgaon.	1997-01	1.04	Recovery awaited
14	The arrears recoverable from Low Tension consumers in Operation and Maintenance Division, Wai as on September 2002 was Rs 353.93 lakh.	Since Inception to 2002.	353.93	Recovery awaited
15	Scrutiny of bills raised for street light during the period February 2001 to October 2002 revealed that the units billed were on lower side as compared to the connected load. The underbilling in five connections worked out to Rs 2.59 lakh.	Since Inception to 2002.	2.59	Recovery awaited
16	As per the agreement executed by the Company with Karnataka Electricity Board (KEB) for sale of power to KEB a Letter of Credit (LoC) was to be opened in favour of the Company. However, LoC was not opened due to which arrears on account of sale of power accumulated to Rs 1,512 lakh.	2000-01	1,512.00	Recovery awaited
17	The billing in respect of three consumers was less than the consumption considering the connected load resulting in underbilling of Rs 4.63 lakh in Baramati Urban sub-division.	2000-03	4.63	Recovery awaited
18	17 different connection were released in various names of the same family resulting in loss of revenue amounting to Rs 2.78 lakh in Saswad, District Pune.	2000-03	2.78	Recovery awaited
19	847 cases involving an amount of Rs 39.86 lakh due to theft of energy were pending recovery in Operation and Maintenance Division, Baramati.	2000-03	39.86	Recovery awaited
20	As per clause 6 of "Condition of Supply" security deposit equivalent to three, four, six, and eight months of estimated bills is required to be obtained. Against security deposit of Rs 910.68 lakh recoverable the security deposit held by Operation and Maintenance Division Achalpur was Rs 359.96 lakh only. Thus, there was shortfall of Rs 550.72 lakh in security deposit.	1997-01	550.72	Recovery awaited
21	Recovery of Rs 25.11 lakh from 15 consumers on account of theft of energy detected by flying squad was pending recovery as on September 2003. No action was taken for recovery since last one year.	1998-2003	25.11	Recovery awaited

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
22	The energy charges recoverable from Low Tension consumer in Operation and Maintenance Division, Bhosari as on March 2003 was Rs 3,863.82 lakh which worked out to 12.6 times of the monthly revenue of the Division.	1998-2003	3,863.82	Recovery awaited
23	The energy charges recoverable from 4,841 permanently disconnected consumers as on March 2003 in Operation and Maintenance Division, Bhosari was Rs 1,525.78 lakh.	1998-2003	1,525.78	Recovery awaited
24	Due to faulty meters New India Iron and Steel Company, Swastik Engineer, Diamond Carfts, Sachin Product in Operation and Maintenance Division, Bhosari was underbilled to the extent of Rs 22.17 lakh considering assessed consumption for 25 days for one shift.	1998-2003	22.17	Recovery awaited
25	The consumption of Shirodkar packing was abnormally low as compared to the connected load during the period May 1998 to August 2003 resulting in under billing to the extend of Rs 14.09 lakh.	1998-2003	14.09	Recovery awaited
26	The energy charges recoverable from 55,558 consumers in Civil Construction cum Operation and Maintenance Division Satara was Rs 1,360.80 lakh	2000-03	1,360.80	Recovery awaited
27	The energy charges recoverable from permanently disconnected consumers as on March 2003 in Bundgarden Division, Pune was Rs 1,307 lakh	2000-03	1,307.00	Recovery awaited
28	East India Udyog Limited did not repair the transformer which failed within the guarantee period. Due to refusal of party to repair the transformer, Major Stores, Kolhapur had instructed to recover Rs 5.08 lakh from the pending bills of East India Udyog.	2000-03	5.08	Recovery awaited
29	Review of temporary connections given by the Company in Thane urban division revealed that an amount of Rs 12.69 lakh was outstanding as on March 2003.	2000-03	11.95	An amount of Rs 0.74 lakh was only recovered as per reply date 1 July 2009.
30	Transformers which failed within the guarantee period were repaired through other agencies at a cost of Rs 3.68 lakh on failure of the original supplier to repair the same. The cost of repair was not recovered from the original supplier.	1999-03	3.68	Recovery awaited

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
31	Chief Engineer (Commercial) in May 2001 directed Superintending Engineer Pune Rural circle to recover an amount of Rs 69.39 lakh due from Shree Mahavir Ispat Limited (SMI) consequent upon dismissal of winding up petition field by SMI. However, no action was by Superintending Engineer, Vasai to recover the dues.	2001-02	69.39	Recovery awaited
32	Minimum charges amounting to Rs 0.85 lakh had not been levied from date of temporary disconnection to permanent disconnection in respect of H.M.G.Industries. Further, the outstanding against the consumer was Rs 3.50 lakh as against security deposit of Rs 2.48 lakh.	2001-02	1.87	Recovery awaited
33	The service line charges recoverable from three consumers in Vasai circle on account of additional load as detected by the Flying Squad worked out to Rs 3.88 lakh.	2001-02	3.88	Recovery awaited
34	An amount of Rs 20.33 lakh was recoverable from Surya Conductors Private Limited in Vasai who failed to adhere to the schedule of payment in installments and supply was disconnected in November 2002.	2001-02	20.33	Recovery awaited
35	The energy charges recoverable from High Tension consumers in Vasai circle as on September 2002 was Rs 4,734.09 lakh.	2001-02	4,734.09	Recovery awaited
36	There was huge arrears of Rs 107.45 lakh recoverable from Manmad Municipal Council. Further, there was shortfall in security deposit to be collected from High Tension consumers amounting to Rs 2,190.25 lakh	1999-02	2,297.70	Recovery awaited
37	An amount of Rs 1,015 lakh was due from Viswa Bharati Spinning and Weaving Co-operative Society. Legal action for recovery of dues was awaited.	2001-02	1,015.00	Recovery awaited.
Total			**31,001.62**	

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Maharashtra State Electricity Transmission Company Limited			
1	132 KV Transformer at Dahiwad failed in March 2000 due to negligence of OVAC Switchgear Services Private Limited (OVAC SSPL). The transformer was repaired by the Company at a cost of Rs 14.96 lakh from another contractor. The expenditure of Rs 14.96 lakh was not recovered from OVAC SSPL.	1999-2002	8.96	Recovery of Rs 8.96 lakh was still pending as per reply dated 19 July 2008.
2	At the request of M/s. Nippon Denro India Limited (NDIL), the Company shifted (May 1998) the High Voltage Direct Current line from Padghe to Chandrapur at Bhadravati where NDIL had proposed to set up a power plant by incurring an expenditure of Rs 149.11 lakh Since the diversion of line was at the request of NDIL the work should have been carried out under Outright Contribution after obtaining deposit equivalent to the cost of work. Though, the Company requested NDIL to reimburse the expenditure, the same was not done.	1996-2000	149.11	The recovery was under process at Head Office as per reply dated 18 May 2009.
3	As per the "Miscellaneous charges for Supply of Electrical Energy" the consumers requiring power supply at High Tension/Extra High Voltage should pay the total cost for providing the power supply on out right contribution basis. As against an expenditure of Rs 632.25 lakh incurred by the Company for providing power supply to M/s. Gas Authority of India Limited the Board collected only Rs 360 lakh. The balance amount of Rs 272.25 lakh was not recovered.	1996-2001	272.25	Recovery of cost awaited
4	The Company constructed a sub-station at Wadkhal at the request of M/s. Ispat Industries Limited (IIL) without collecting the amount in advance from IIL. An amount of Rs 73 lakh incurred in the construction of the sub-station was not recovered from IIL.	1996-2001	73.00	Recovery was awaited.
5	The work of providing power supply to Bhadi Traction sub-station for Central Railway (CR) was taken up by the Company under Deposit Works Scheme. The excess expenditure incurred over the amount deposited by CR for the work amounting to Rs 84.80 lakh was not recovered.	1996-2001	84.80	Recovery was awaited.
	Total		**588.12**	

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Mahatma Phule Backward Class Development Corporation Limited			
1	Loans disbursed to beneficiaries for purchase of auto rickshaws were not recovered. The recovery of Rs 196.82 lakh was not pursued by the Company nor action taken to recover the amount from the sureties.	2000-02	138.41	The Company recovered Rs 58.41 lakh only
2	The Company granted loan to four beneficiaries amounting to Rs 1.95 lakh. The cheque collected from beneficiaries were dishonoured on presentation. The dues as on March 2000 from these four beneficiaries was Rs 2.44 lakh. No effective action taken to recover the amount.	1997-2000	1.73	Company recovered Rs. 0.71 lakh only.
3	The Company released Rs 6.84 lakh to Shri Ramesh Kamble for purchase of truck. The total overdue against the loan was Rs 3.33 lakh as at the end of June 2000. The outstanding amount as on March 2008 was Rs 10.53 lakh.	1997-2000	10.53	Recovery of Rs 10.53 lakh was pending as per reply dated 19 March 2008
4	Loan amounting to Rs 3.71 lakh was disbursed to Shir Prashant Suresh Chavan for purchase of tempo trax. The outstanding amount recoverable was Rs 3.92 lakh.	1997-2000	3.02	The Company recovered Rs. 0.90 lakh only till March 2008.
5	The Company disbursed loan of Rs 187.68 lakh to beneficiaries for purchase of min truck, tractor *etc*. An amount of Rs 169.09 lakh was due from the beneficiaries	2000-01	130.79	The Company recovered Rs 38.30 lakh.
6	The Company disbursed loan amounting to Rs 12.18 lakh to seven beneficiaries during 1994-97 for purchase of Desk Top Publishing units. Only Rs 0.22 lakh was recovered and the balance amount of Rs 15.87 lakh (including interest) recoverable. No action was taken by the Company to encash post dated cheques or dispose of guarantors property to recover the dues.	2000-02	15.87	In four cases involving arrears of Rs 9.29 lakh legal notice issued.
	Total		**300.35**	

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Maharashtra State Financial Corporation			
1	Financial assistance was granted to M/s.Verms Engineering (P) Limited without ensuring the viability resulting in non recovery of outstanding loan of Rs 195.58 lakh.	2000-01	195.58	Recovery pending
2	Loan of (Rs 39.66 lakh) was disbursed to Vaishnavi Rasayani Limited (VRL) without compliance to conditions stipulated in the loan sanction letter regarding submission of document from bank regarding funding for working capital requirement. The dues of VRL amounted to Rs 129.90 lakh as on October 2002.	2003-04	129.90	Recovery pending. Possession notice yet to be issued as per reply dated 19 June 2009.
3	Loan amounting to Rs 446.15 lakh was disbursed to Trinity Petro Film Private Limited and Sunitha Petrochemicals Private Limited though the units defaulted in payment of earlier dues. The dues recoverable from both the units amounted to Rs 597.07 lakh. Efforts of Company to dispose of properties were not fruitful.	2000-01	597.07	Recovery was awaited
4	Term loan of Rs 26.70 lakh was disbursed to Chaudhary Acrylic Industries during February to April 1997 on the assumption of easy availability of working capital which did not materialise and thus failed to achieve sales target. The outstanding dues of the unit was Rs 29.29 lakh as on January 2001.	2001-02	29.29	Recovery was awaited
5	The Company disbursed term loan of Rs 73.80 lakh to Durga Matha Cement Private Limited in November 1996. The outstanding dues as on October 1999 was Rs 116.22 lakh out of which 22.10 lakh was realised by the Company through sale of units assets.	2001-02	94.12	Recovery was awaited
	Total		**1045.96**	
	PSU Name: City and Industrial Development Corporation of Maharashtra Limited			
1	The project affected persons who were allotted land under the scheme were liable to pay service charges to the Company as per the agreement. However, demand for service charges was not raised. The amount of service charges recoverable from 938 allottees up to March 1999 worked out to Rs 48.28 lakh.	2002-03	48.24	Reply awaited
	Total		**48.24**	

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Development Corporation of Vidarbha Limited			
1	The Company provided financial assistance in the form of loan to Inter State Tasar Silk Project (ISTP) amounting to Rs 159 lakh during 1986 to 1999. Though ISTP was handed over to Directorate of Sericulture the loan was not recovered from the Directorate of Sericulture. The Company preferred a claim in 1999.	1998-2002	159.00	Recovery was awaited
2	Shivraj Fine Art Litho Works, a printing press was handed over to the Company for operation and maintenance as an agent. The Company extended financial assistance in the form of loan to the Press amounting to Rs 80.86 lakh till the Press was handed over to Director of Printing presses. The Company submitted claim of Rs 80.86 lakh with the Press but there was no response.	1998-02	80.86	Recovery was awaited
	Total		**239.86**	
	PSU Name:Maharashtra Tourism Development Corporation Limited			
1	The Company handed over in May 1993 a holiday camp at Jawahar to the Collector, Thane for accommodating its office on a lease rental of Rs 1.59 lakh per year. The lease rental for the period 1996-2002 amounting to Rs 9.54 lakh was recoverable from the Collector, Thane.	2001-02	9.54	Recovery was awaited
	Total		**9.54**	
	PSU Name: Maharashtra State Police Housing and Welfare Corporation Limited			
1	The work of providing internal electrical installation at staff quarters at Goregaon was awarded in 1999 to Vijay Corporation. Since the contractor did not complete the work the balance work was awarded to Paresh Electric Stores. The excess cost of Rs 3.90 lakh was not recovered by the Company at the risk and cost of Vijay Corporation.	2002-03	3.90	Reply not received
	Total		**3.90**	

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited			
1	The Company disbursed loan of Rs 40.85 lakh to Dugad Utpadak Bandhkam Majur Sahakari Sanstha Limited (DUBMSS). The loan was financed to the extent of 85 *per cent* by National Backward Classes Finances Development Corporation Limited (NBCFDC). The Corporation without receipt of funds from NBCFDC disbursed funds to DUBMSS without approval of the Board of Directors. As against 10 *per cent* interest to be charged from the beneficiaries the Nashik branch of the Company levied only seven *per cent* interest till April 2001 resulting in under charging of interest to the extent of Rs 12.53 lakh. Recovery from beneficiaries to the extent of Rs 18.39 lakh though due was not recovered till March 2002.	1998-02	32.40	An amount of Rs 8.45 lakh has been recovered out of Rs 40.85 lakh as per reply dated May 2008. The reply was silent on other audit points.
	Total		**32.40**	

Annexure-13
Statement showing the paras involving deficiencies in State Public Sector Undertakings
(Referred to paragraph No.4.21)

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Maharashtra State Electricity Transmission Company Limited			
1	Due to frequent failure of AAA conductor in respect of High Voltage Direct Current line from Padghe to Chandrapur the power had to be transmitted through 400KV AC line resulting in transmission loss of Rs 2.88 crore.	2000-03	288.00	Further progress in replacement of conductor awaited.
2	As against the administrative approval of Rs 1,432 lakh for construction of 220KV DC line on double circuit towers from Dhule-II to Dondaicha Sub-station the actual expenditure incurred was Rs 2,603.54 lakh. The revised technical and administrative approval was awaited. The delay in commencement and completion of sub-station resulted in cost over run of Rs 1,281.94 lakh.	1996-2001	1,281.94	Revised technical and administrative approval awaited.
3	The Company acquired land from Irrigation Department for establishment of sub-station at Kaulewada in 1998. However, the land was not technically suitable for establishment of sub-station resulting in increase in land development expenditure by Rs 286.16 lakh.	1998-02	286.16	Revised administrative/ technical approval not produced to audit.
4	In the four ongoing works the actual expenditure was more than the sanctioned cost by Rs 2,382.92 lakh for which justification and approval of competent authority was awaited. Similarly, in respect of three completed works the actual expenditure was more than the sanctioned cost by Rs 278.95 lakh for which approval of competent authority was not obtained	1999-2002	2,661.87	Approval of competent authorities not produced to Audit.
5	A 150 MVA transformer was repaired at a cost of Rs 35 lakh which failed on charging. Similarly another 150 MVA transformer repaired at a cost of Rs 14.85 lakh failed within the guarantee period. Despite pursuance by the Company the contractor did not repair the failed transformer. The Company did not take action to repair the transformer at the risk and cost of the contractor resulting in idling of transformer valuing Rs 246.88 lakh and infructuous expenditure on repairs amounting to Rs 49.85 lakh.	2000-03	296.73	Action taken in this matter awaited.

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
6	A transformer which failed in November 1999 was declared as scrap by the Board of Directors without utilisation the reasons for failure. The transformer which was used for eight years and having depreciated value of Rs 56.92 lakh was sold as scrap at Rs 27.55 lakh resulting in loss of Rs 29.37 lakh.	2000-03	29.37	Further progress awaited.
7	Out of 614 quarters in Bableshwar and Nashik Road only 475 quarters were occupied by the employee. 139 quarters were vacant since January 2000 resulting in idle asset.	2002-03	--	Action taken to allot the quarters awaited.
8	Two, 400 KV CVT transformer was not working since 1999. However, no action was taken for repair of the transformer resulting in idle asset of Rs 9.74 lakh	Since inception to 2003	9.74	Information on repair and utilisation of transformers awaited.
9	The work of supply, erection and stringing of 400 KV line from Dabhol Power Station to Nagothane was awarded (January 1991) to M/s. Electrical Manufacturing Company Limited for an amount of Rs 35.11 crore to be completed by February 2001. Work amounting to Rs 25.45 crore was only completed till July 2002. Material amounting to Rs 42.35 crore given to contractor was in the custody of the contractor. Further, advance amounting to Rs 2.51 crore was lying with the contractor pending adjustment. Thus, the stoppage of work resulted in blockage of fund amounting to Rs 70.31crore and loss of interest of Rs 8.04.crore	1998-2002	7,835.66	Progress of work awaited.
10	The delay in construction of Jejuri Sub-station resulted in loss of expected benefit to the extent of Rs 23.97 crore for the period April 2002 to September 2002.	1998-2002	2,397.00	Completion of work awaited.
11	Scrutiny of material at site account revealed that material worth Rs 691.24 lakh was lying idle during the period 1997-98 to 2001-02.	1998-2002	691.24	Utilisation of material awaited.
12	Transformers and main equipments valuing Rs 4221.53 lakh were procured in advance for sub-station at Waluj and Kundane resulting in blocking of Company's fund and loss of interest of Rs 590.09 lakh	1993-01	4,811.62	Progress in utilisation awaited.
	Total		**20,589.33**	

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
	PSU Name: Maharashtra State Power Generation Company Limited			
1	One core 400 sqm copper conductor valuing Rs 2.98 lakh was stolen from godown, the explanation/clarification of the supervisory staff was not found satisfactory by the Executive Engineer. Investigation of the case was in progress.	1998-01	2.98	Loss under investigation.
2	The work of construction "Bund" along with drain at Bhusawal was awarded in March 1998. The royalty charges payable to Revenue authorities by the contractor for use of material such as murum, rock and sand metal in the work was included in the item wise rate estimate on which the contractor submitted the percentage offer. The inclusion of royalty charges in the estimated cost instead of reimbursement of actual royalty charges was irregular as the same resulted in avoidable payment of Rs 9.70 lakh on account of contractors quoted percentage above the estimate cost.	1999-02	9.70	Comments of Chief Engineer awaited.
3	The delay in submission of information regarding idle vehicle by Controller of Vehicle resulted in payment of Motor vehicle tax amounting to Rs 8.83 lakh.	1999-02	8.83	Reply not received
4	The Company paid Rs 1.62 lakh as tax in respect of vehicles whose registration were cancelled subsequent to auction.	1999-02	1.62	Reply not received
5	The actual consumption of spares and the consumption as per trial balance showed a difference of Rs 510.08 lakh as on March 2002 which was not reconciled.	1999-02	510.08	Reply not received
6	Obsolete/surplus spares of vehicles valuing Rs 12.06 lakh was lying in stock without disposal for more than 10 years resulting in blocking of Company's fund.	1999-02	12.06	Reply not received
	Total		**545.27**	
	PSU Name: Maharashtra State Electricity Distribution Company Limited			
1	There were delays ranging between one to five years in remittance of funds by District Co-operative banks to Head Office (HO) resulting in loss of revenue of Rs 4.97 lakh. Further, an amount of Rs 11.33 lakh collected during 1994 to 2000 was not remitted by the banks to HO.	1997-2001	16.30	Reply not received

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
2	As per Circular No.476 dated 13 February 1991 the Company had to levy penalty at 10 *per cent* of the bill amount for non-installation or non-working low tension shunt capacitors to be installed by Agriculture consumers. No survey was conducted to check the installation of capacitor for levy of penalty. The penalty at 10 *per cent* of the bill raised on agriculture consumers for the year 2001-02 worked out to Rs 24.30 lakh.	Since inception to 2002.	24.30	Reply not received
3	Two transformer repaired by Chief Engineer, Akola through Asian Electricals at a cost of Rs 3.83 lakh failed within guarantee period. This resulted in infructuous expenditure of Rs 3.83 lakh and the transformer was lying idle at the sub-station	1 July 1996 to March 2001	3.83	Information on progress in repair of transformer through Asian Electricals awaited.
4	As per Company's circular of July 1998 while carrying out repair of power and other transformer the old copper winding to be replaced should be taken back and credited to stores instead of accepting credit for the copper. However, the above order was not followed in Operation and Maintenance Division, Bhosari resulting in loss of Rs 14 lakh due to acceptance of credit for scrap instead of taking back the copper.	1998-03	14.00	Reply not received
5	As per Company's circular of July 1998 while carrying out repair of power and other transformer the old copper winding to be replaced should be taken back and credited to stores instead of accepting credit for the copper. However, the above order was not followed in Operation and Maintenance Division, Kothrud resulting in loss of Rs 9.36 lakh due to acceptance of credit for scrap instead of taking back the copper.	2000-03	9.36	Reply not received
6	As against MERC direction to reduce line losses to 15 *per cent* the percentage of line losses in Civil Construction and Operation and Maintenance Division, Dhule was 27.82, 23.55 and 28.37 during 2000-01, 2001-02 and 2002-03 respectively resulting in loss of revenue to the extent of Rs 2,993.67 lakh.	1999-03	2,993.67	Reply not received
7	Due to delay in granting approval for filing legal suits against four permanently disconnected High Tension consumers arrears of Rs 108.48 lakh became time barred.	2001-02	108.48	Reply not received

(Amount in Rupees lakh)

Sr. No.	Para	Year of IR	Amount involved	Remarks
8	There was delay ranging from three to 24 months in finalising the appeals from the consumers against theft cases resulting in blockage of funds to the extent of Rs 751.78 lakh and loss of interest of Rs 116.99 lakh. There was delay ranging from two to 12 months in issue of final bill amounting to Rs 865.93 lakh with consequent loss of interest of Rs 18.38 lakh.	2001-02	1,753.08	Reply not received
9	The delay in finalisation of appeal in theft case by Shree Shankar Silk Mills Limited resulted in blocking of revenue of Rs 81.12 lakh and loss of interest of Rs 25.96 lakh.	2001-02	107.08	Reply not received
10	A letter of credit was opened by the Company in favour of Nuclear Power Corporation (NPC) to make payment for the power purchased. However, the Letter of Credit was not utilised for payment to NPC resulting in levy of delayed payment charges amounting to Rs 3.09 lakh and disallowance of discount for prompt payment amounting to Rs 29.52 lakh. The Company referred the matter to NPC in August 2002 which was not pursued further.	2001-02	32.61	Reply not received
11	The Resident Manager of the Company at New Delhi was allotted one flat. An amount of Rs 120/month was being recovered towards electricity charges. However, the average monthly bill during 2000-01 and 2001-02 was Rs 1,814 per month and Rs 1,928 per month respectively. Thus, there is a need to review the electricity charges being recovered.	1996-2002	-	Reply not received
	Total		**5,062.71**	
	PSU Name: Kolhapur Chitranagri Mahamandal Limited			
1	The Company incurred an expenditure of Rs 26.74 lakh in 1997 for a separate water supply line. Though the work was completed by MIDC under deposit work in 1998 the Company did not take over the scheme till June 2002	1998-99	26.74	The Company has not commissioned the water supply line as per reply dated 8 June 2007.
	Total		**26.74**	
	PSU Name: City and Industrial Development Corporation of Maharashtra Limited			
1	The Company constructed commercial properties in various Railway Stations without ascertaining demand at the time of construction resulting in blocking of capital of Rs 396.72 crore	2002-03	396.72	Reply awaited
	Total		**396.72**	

Annexure-14

Statement showing the department-wise outstanding inspection reports (IRs)

(Referred to paragraph No.4.22.3)

Sl. No.	Name of Department	Number of PSUs	Number of outstanding inspections reports	Number of outstanding paragraphs	Years to which outstanding paragraphs pertain to
A.	**Working Companies and Corporations**				
1.	Industries, Energy and Labour				
	i) Energy	4	260	1,152	2001-09
	ii) Industries	7	61	282	2003-09
2.	Agriculture and Animal Husbandry	5	12	30	2002-09
3.	Co-operation and Textile				
	i) Co-operation	2	5	22	2007-09
	ii) Textile	2	4	9	2006-08
4.	Social Justice, Cultural Affairs and Sports	7	22	79	2001-09
5.	Employment and Self Employment	1	1	2	2007-08
6.	Minority Development	1	2	8	2008-09
7.	Medical Education and Drugs	1	4	12	2005-09
8.	Home				
	i) Transport	1	57	160	2004-09
	ii) Others	2	9	42	2004-09
9.	Public Works	2	6	43	2005-09
10.	Urban Development	3	14	90	2003-09
11.	Housing and Special Assistance	1	3	19	2005-08
12.	Revenue and Forest				
	i) Revenue	1	1	1	2007-08
	ii) Forest	1	3	9	2007-09
13.	Woman and Child Welfare	1	1	2	2006-07
14.	Tribal Development	1	2	9	2007-08
15.	Planning	1	2	9	2007-08
16.	Trade and Commerce	1	1	1	2003-04
	Total : A	**45**	**470**	**1,981**	
B.	**Non-working companies**				
1.	Industries, Energy and Labour	6	10	20	2003-07
2.	Finance	1	2	8	2006-08
3.	Irrigation	1	1	3	2007-08
4.	Social Justice, Cultural Affairs and Sports	1	2	8	2003-07
	Total : B	**9**	**15**	**39**	
	Grand Total : (A + B)	**54**	**485**	**2,020**	

Annexure-15
Statement showing the department-wise draft paragraphs/reviews to which replies were awaited
(Referred to in paragraph No.4.22.3)

Sl. No.	Name of Department	Number of draft paragraphs	Number of reviews	Period of issue
1.	Minority Development, Social Justice, Tribal Development and Women and Child Development	-	1	August 2009
2.	Home (Transport)	-	1	August 2009
3.	Administrative Reforms, O&M Department, (GAD)	2	-	April and July 2009
4.	Urban Development	4	-	March-June 2009
5.	Industries, Energy and Labour (Energy)	2	-	May and June 2009
6.	Public Works (Road)	3	-	March and June 2009
7.	Industries, Energy and Labour (Industries)	1	-	July 2009
8.	Finance	2	-	July 2009
	Total	**14**	**2**	