Preface

Government commercial enterprises, the accounts of which are subject to audit by the Comptroller and Auditor General of India (CAG), 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 Government of Haryana 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)-Government of Haryana.

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

4. In respect of Haryana Warehousing Corporation, 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 CAG. As per the State Financial Corporations (Amendment) Act, 2000, CAG has the right to conduct the audit of accounts of the Haryana Financial Corporation in addition to the audit conducted by Chartered Accountants appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Haryana Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these 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 2009-10 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 2009-10 have also been included, wherever necessary.

6. Audits have been conducted in conformity with the Auditing Standards issued by the CAG.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2010, the State of Haryana had 21 working PSUs, (19 companies and two Statutory corporations) and seven non-working PSUs (all companies). The State working PSUs, which employed 0.35 lakh employees, had registered a turnover of ₹ 15,934.48 crore for 2009-10 as per their latest finalised accounts. This turnover was equal to 7.61 *per cent* of State GDP indicating an important role played by State PSUs in the economy. However, the working PSUs incurred a loss of ₹ 1,612.37 crore for 2009-10 while all the State PSUs had overall accumulated losses of ₹ 5,086.93 crore.

Investments in PSUs

As on 31 March 2010, the investment (capital and long term loans) in 28 PSUs was ₹ 24,307.45 crore. It grew by 146.84 *per cent* from ₹ 9,847.38 crore in 2004-05. Power Sector accounted for nearly 95 *per cent* of total investment in 2009-10. The Government contributed ₹ 3,840.38 crore towards equity, loans and grants/subsidies during 2009-10.

Performance of PSUs

During the year 2009-10, out of 21 working PSUs, 14 PSUs earned profit of ₹ 293.52 crore and seven PSUs incurred loss of ₹ 1,905.89 crore. The major contributors to profit were Haryana State Industrial and Infrastructure Development Corporation Limited (₹ 60.70 crore), Haryana Power Generation Corporation Limited (₹ 66.22 crore) and Haryana Vidyut Prasaran Nigam Limited (₹ 127.30 crore). The heavy losses were incurred by Uttar Haryana Bijli Vitran Nigam Limited (₹ 1,107.54 crore) and Dakshin Haryana Bijli Vitran Nigam Limited (₹ 779.01 crore).

The losses are mainly 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 ₹ 821.66 crore and infructuous investments of ₹ 44.83 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. Fifteen out of 17 accounts finalised during October 2009 to 30 September 2010 received qualified certificates. There were 31 instances of non-compliance with Accounting Standards in these accounts. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Sixteen working PSUs had arrears of 29 accounts as of September 2010. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were seven non-working companies. As no purpose is served by keeping these PSUs in existence, they need to be wound up quickly.

2. Performance reviews relating to Government companies

Performance reviews relating to '**Working of Haryana Agro Industries Corporation Limited'** and **'Power Generation Activities of Haryana Power Generation Corporation Limited'** were conducted. Executive summary of Audit findings is given below:

Working of Haryana Agro Industries Corporation Limited

Haryana Agro Industries Corporation Limited (Company) was established in 1967 as a joint venture of State Government and Government of India with the objective to promote agro based industries, provide farmers with agricultural implements and assist them in farm mechanisation. Besides, the Company was assigned procurement of wheat, paddy and bajra for the central pool. As on 31 March 2010, the Company had 17 Farmers Service Centres (FSCs), three manufacturing plants, six petrol pumps and four storage godowns to carry out its activities.

Finances and performance

All three manufacturing plants incurred losses during the five years from 2004-05 to 2008-09. The FSCs which were carrying out trading activities related with farmers, suffered losses of ₹ 11.08 crore during 2004-09. Though the Company overall, had been earning profits, but the same were mainly contributed from procurement activities for central pool, turnover of which was 84 to 89 *per cent* of total turnover during 2004-09.

Appraisal of activities

The Company had not taken any step to assist and promote agro based industries such as poultry, dairy, land development, seeds and other agro based industries in terms of its main objectives. It did not finance any agro based industry during the period under review. The Company did not make efforts to produce and deliver the agricultural implements at competitive rates to the farmers and provide pesticides and insecticides to farmers directly at reasonable rates. The Company's manufacturing plants with outdated infrastructure were grossly underutilised and were engaged in supply of their products to Government organisations only. Though the Company had analysed the reasons for low capacity utilisation, it had not taken any steps to address the issue and increase the production.

Procurement activity

The procurement activity in wheat and paddy was found satisfactory. While the procurement of wheat ranged between 8.86 to 10.67 *per cent* of total State procurement against the target of nine *per cent,* the procurement targets for paddy were achieved fully during the last five years up to 2009-10. However, the procurement of bajra was inconsistent which ranged between nil and 29 *per cent* in 2005-06 to 2009-10. The Company did not enforce terms of agreements executed with the millers for milling of paddy and as a result suffered loss of ₹ 1.67 crore in two cases.

The activities of the Company were mainly procurement concentric and it was not paying due attention to the activities necessary for accomplishment of its laid down objectives. The manpower in A, B and C categories was inadequate resulting in junior staff undertaking higher responsibilities involving huge funds without any supervision thereby exposed to risks of committing errors and misappropriation. The Company did not prepare budgets on realistic basis and was not prompt in claiming from FCI the reimbursement of guarantee fees paid to Government. There are remote chances of recovery of dues shown recoverable from employees.

Conclusion and Recommendations

The deficiencies in the Company's functioning are controllable and there is scope to improve the performance through better management of its operations. This review contains six recommendations to improve the Company's performance. Preparation of budget on realistic basis, up gradation of old manufacturing plants, strengthening of marketing network and exploring possibilities of new ventures are some of these recommendations.

(Chapter 2.1*)*

Power Generation Activities of Haryana Power Generation Corporation Limited

Power is an essential requirement for all facets of life and has been recognised as a basic human need. In view of phenomenal growth in the demand of power since 2005-06, capacity addition was not adequate to meet the requirement leaving a deficit of 2,423.6 MW at the end of 2009-10. In the background of chronic power shortage in the State, it was considered desirable to conduct performance audit of Haryana Power Generation Corporation Limited to assess the status of power generation vis a vis requirement for power during the period 2005-06 to 2009-10. The audit findings are discussed below.

Planning and Project Management

The total installed capacity of the State increased from 4,033.60 MW as on 1 April 2005 to 4,636.75 MW as on 31 March 2010. During 2005-10, actual capacity addition was 970.71 MW only against 3,720.71 MW planned by the State, leaving shortfall of 2750 MW. Besides, there was decrease in capacity by 367.56 MW during 2005-10. The shortfall in capacity addition was due to delayed commercial operation of two Units of 300 MW each at Deenbandhu Chottu Ram Thermal Power Plant (DCRTPP), Yamunanagar; non commissioning of Unit– 1 and 2 (600 MW each) of Rajiv Gandhi Thermal Power Plant (RGTPP), Hisar due to prolonged trial operations; and non taking up of Gas based Power Plant of 1,050 MW (increased to 1500 MW) at Faridabad and 3rd Unit of 300 MW (now increased to 660 MW September 2009) at DCRTPP, Yamunanagar. There was cost overrun of ₹ 305.18 crore in the construction of RGTPP, Hisar. There were other deficiencies in the execution of RGTPP, Hisar such as non – implementation of zero discharge scheme, delay in synchronisation and prolonged trial run leading to delay in commercial operation of the Units.

Due to inadequate installed capacity, the State had to resort to purchase of power through short term Power Purchase Agreements (PPAs) and unscheduled interchange ranging between 2,606 MUs and 6,027MUs which was costly as compared to own generation cost and cost from other long term PPAs. However, over the review period load shedding was reduced from 2,270.42 MUs (2007-08) to 68.71 MUs (2009-10).

Operational performance

Performance of the existing generation stations depends on efficient use of material, manpower and capacity of the plants so as to generate maximum energy possible without effecting the long term operation of the plants. Audit of operation of the power stations revealed that the Plant Load Factor (PLF) of Panipat Thermal Power Station-I (PTPS-I), was lower than Haryana Electricity Regulatory Commission (HERC) norm (except 2005-06) as well as national average and that of PTPS-II was largely above the HERC norm as well as the national average. The forced outages in respect of PTPS-I remained more than the Central Electricity Authority (CEA) norm of 10 *per cent* and in respect of PTPS-II, it was more than the norms only during 2005-06. Compliance of the CEA norms would have entailed availability of additional 8,954 hours with consequential generation of 1,008.84 MUs valued at ₹ 90.20 crore. With better preventive maintenance, forced outages could have been reduced considerably. Due to frequent breakdown of Units and delay in timely rectification of defects, auxiliary consumption was higher as compared to the norm. There was excess consumption of coal as compared to HERC norms valued at ₹ 251.75 crore during review period.

Conclusion and Recommendations

Timely commissioning of RGTPP, Hisar could have enabled the Company to generate additional power to the extent of 3,790 MUs. Excessive outages than the norms of CEA and delay in taking up preventive maintenance work resulted in generation loss of 3,206 MUs during 2005-10. Inadequate capacity additions have increased the dependence of the State on high cost power purchases. The review contains six recommendations which *inter-alia* include increasing the PLF, adherence to schedule maintenance of plants and adherence to environmental safeguards.

(Chapter 2.2)

3. Transaction audit observations

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

Loss of ₹5.91 crore in two cases due to non compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.4 and 3.7)

Loss of ₹4.50 crore in three cases due to non-safeguarding the financial interests of organisation.

(Paragraphs 3.5, 3.9, and 3.13)

Loss of ₹3.46 crore in two cases and blockage of ₹ 0.65 crore in one case due to defective/deficient planning

(Paragraphs 3.1, 3.8 and 3.11)

Unfruitful expenditure of ₹12.38 crore in one case and loss of ₹0.14 crore in another case due to inadequate/deficient monitoring.

(Paragraphs 3.2 and 3.14)

Loss of ₹1.26 crore in three cases due to undue favour.

(Paragraphs 3.3, 3.6 and 3.10)

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

Anti theft system meant to curb the distribution losses could not be installed despite incurring expenditure of ₹ 3.16 crore by **Dakshin Haryana Bijli Vitran Nigam Limited** due to deficient planning.

(Paragraph 3.1)

Due to non rectification of fault occurred in the Energy Audit System, expenditure of ₹ 12.38 crore incurred by **Dakshin Haryana Bijli Vitran Nigam Limited** on installation of System remained unfruitful.

(Paragraph 3.2)

Haryana State Roads and Bridges Development Corporation Limited suffered loss of ₹ 3.19 crore due to abnormal delay in initiating action for revision of toll rates

(Paragraph 3.9)

Haryana Warehousing Corporation suffered loss of revenue of ₹ 55.54 lakh due to inordinate delay in awarding of contract.

(Paragraph 3.13)

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 Haryana, the State PSUs occupy an important place in the State economy. The working State PSUs registered a turnover of ₹ 15,934.48 crore for 2009-10 as per their latest finalised accounts as of 30 September 2010. This turnover was equal to 7.61 *per cent* of State Gross Domestic Product (GDP) for 2009-10. Major activities of Haryana State PSUs are concentrated in power sector. The working State PSUs incurred a loss of ₹ 1612.37 crore in the aggregate for 2009-10 as *per* their latest finalised accounts. They had employed 0.35 lakh[♣] employees as of 31 March 2010. The State PSUs do not include five 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 2010, there were 28 PSUs as *per* the details given below.

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government Companies[♦]	19	7[⊕]	26
Statutory Corporations	2	-	2
Total	**21**	**7**	**28**

Audit Mandate

1.3 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

♣ As per the details provided by 28 PSUs.

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

♦ Includes Yamuna Coal Company Private Limited registered under section 619 B of the Companies Act 1956.

⊕ During the year, one Company Haryana Minerals Limited (HML) has been transferred to the list of non-working PSUs.

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.

1.4 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 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.

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

Investment in State PSUs

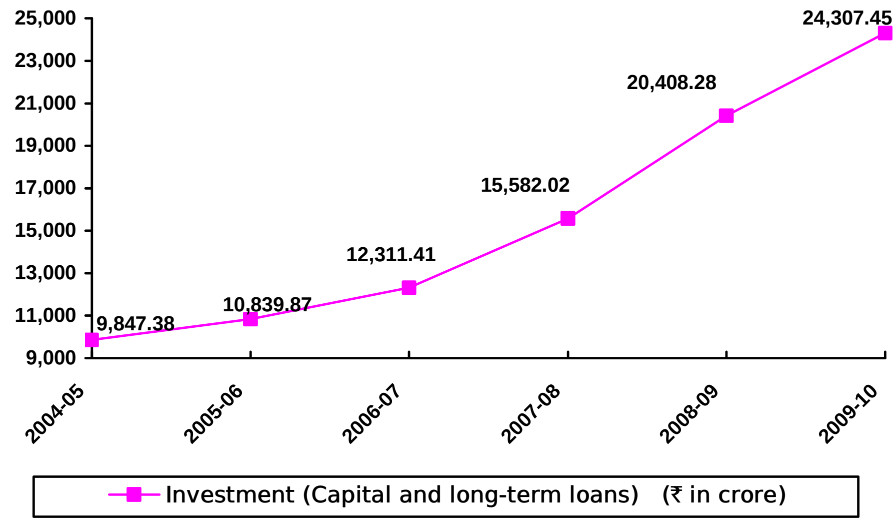
1.6 As on 31 March 2010, the investment (capital and long-term loans) in 28 PSUs (including one 619-B Company) was ₹ 24,307.45 crore as per details given below.

(Amount: ₹ in crore)

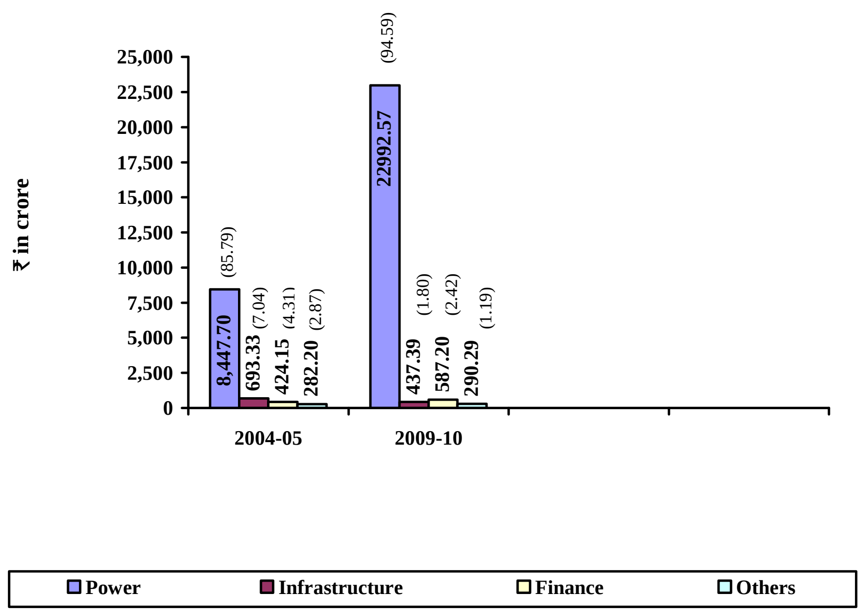
Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	6650.91	16991.58	23642.49	192.84	241.67	434.51	24077.00
Non-working PSUs	24.19	206.26	230.45	-	-	-	230.45
Total	**6675.10**	**17197.84**	**23872.94**	**192.84**	**241.67**	**434.51**	**24307.45**

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

1.7 As on 31 March 2010, of the total investment in State PSUs, 99.05 *per cent* was in working PSUs and the remaining 0.95 *per cent* in non-working PSUs. This total investment consisted of 28.25 *per cent* towards capital and 71.75 *per cent* in long-term loans. The investment has grown by 146.84 *per cent* from ₹ 9,847.38 crore in 2004-05 to ₹ 24,307.45 crore in 2009-10 as shown in the graph below.



1.8 The investment in various important sectors and percentage thereof at the end of 31 March 2005 and 31 March 2010 are indicated below in the bar chart.



(Figures in brackets show the percentage of total investment)

As may be seen from the above chart, major investment by the State Government in PSUs was in power sector which increased from ₹ 8,447.70 crore during 2004-05 to ₹ 22,992.57 crore during 2009-10.

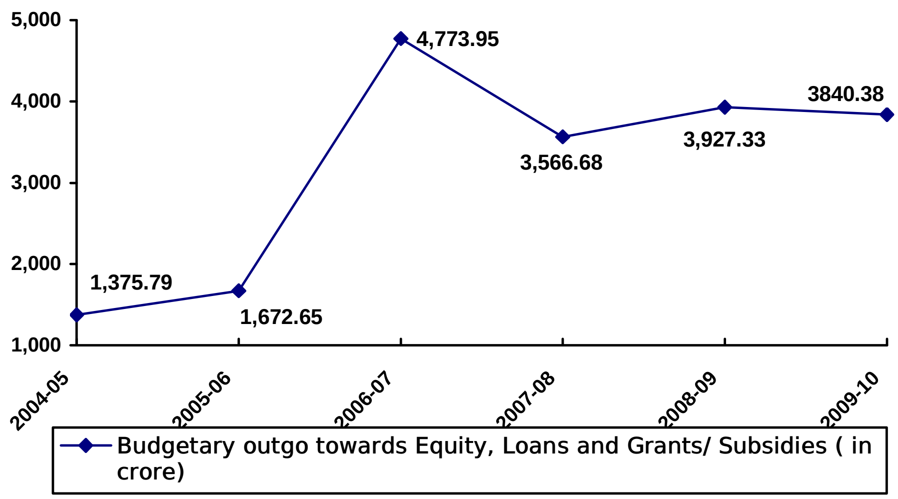
Budgetary outgo, grants/subsidies, guarantees and loans

1.9 The details regarding budgetary outgo by the State Government towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Annexure 3***. The summarised details are given below for three years ended 2009-10.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	11	920.97	11	951.64	10	903.79
2.	Loans given from budget	2	2.51	-	-	1	123.54
3.	Grants/Subsidy received	11	2,643.20	13	2,975.69	12	2813.05
4.	Total Outgo (1+2+3)		3,566.68		3,927.33		3840.38
5.	Guarantees issued	4	187.10	4	524.51	2	881.59
6.	Guarantee Commitment	12	2,656.43	13	2,779.36	12	2714.40

1.10 The details regarding budgetary outgo towards equity, loans and grants/subsidies for past six years are given in the graph below.



Budgetary outgo towards equity, loan and grant/subsidy by the State Government increased by 179.14 *per cent* from ₹ 1,375.79 crore during 2004-05 to ₹ 3,840.38 crore during 2009-10.

1.11 The Guarantee received during 2009-10 was ₹ 881.59 crore and outstanding as on 31 March 2010 was ₹ 2,714.40 crore. The State Government levied guarantee fee at the rate of two *per cent* on all the borrowings of PSUs to be raised against State Government guarantee with effect from 1 August 2001. The guarantee fee paid/payable by the State PSUs during 2009-10 was ₹ 18.56 crore.

Reconciliation with Finance Accounts

1.12 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 2010 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	5123.26	5699.36	576.10
Loans	430.50	464.22	33.72
Guarantees	2714.40	2714.40	-

1.13 We observed that the differences occurred in respect of 13 PSUs and some of the differences were pending reconciliation prior to 2004-05. Letters/reminders have been issued to State Government regarding reconciling the differences at an early date. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.14 The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in ***Annexure*s *2, 5*** and ***6*** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. The table below provides the details of working PSUs turnover and State GDP for the period 2004-05 to 2009-10.

(₹ in crore)

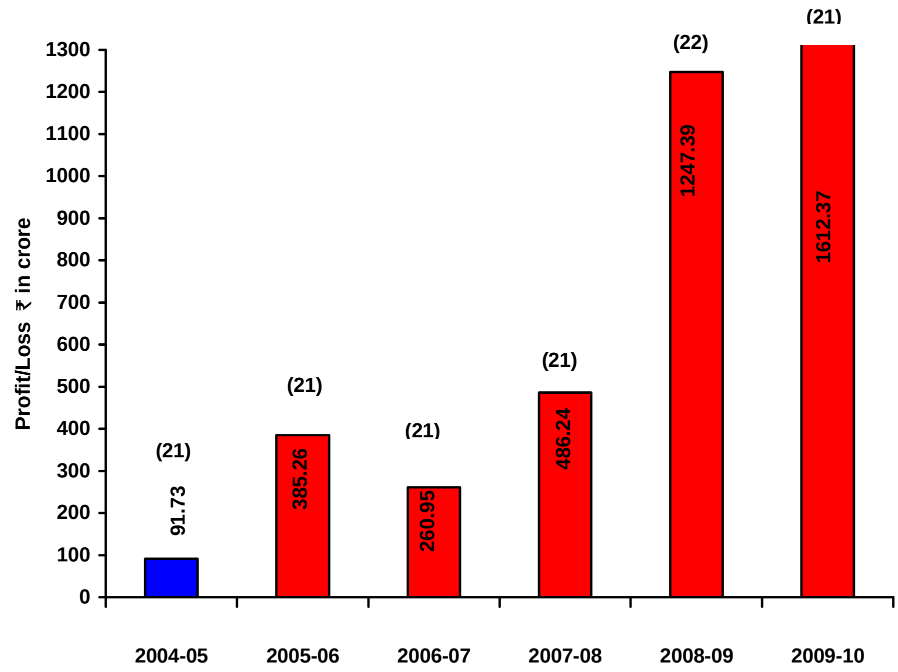
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Turnover[∝]	11,727.66	7,629.44	8,251.11	14,668.00	18,424.04	15934.48
State GDP[*]	93,804.00	1,06,732.00	1,30,033.00	1,53,087.00	1,80,494.00	209510.00
Percentage of Turnover to State GDP	12.50	7.15	6.35	9.58	10.21	7.61

The turnover of PSUs decreased from ₹ 11,727.66 crore in 2004-05 to ₹ 7,629.44 crore in 2005-06 mainly due to decrease in turnover of power sector. It increased gradually in subsequent years due to addition of generating capacity in power sector and reached at ₹ 18,424.04 crore. However, during 2009-10, turnover of PSUs again declined and stood at ₹ 15,934.48 crore.

∝ Turnover for 2004-05 to 2009-10 is as per latest accounts finalised as of 30 September 2010.

* Figures for 2006-07 to 2007-08 are provisional estimates, figures for 2008-09 are quick estimates and figures for 2009-10 are advance estimates.

1.15 Profit earned/losses incurred by State working PSUs during 2004-05 to 2009-10 are given below in a bar chart.



(Figures in blue represent profits and in red are losses and figures in brackets show the number of working PSUs in respective years)

During the year 2009-10, out of 21 working PSUs, 14 PSUs earned profit of ₹ 293.52 crore and seven PSUs incurred loss of ₹ 1,905.89 crore as per their latest finalised accounts. The major contributors to profit were Haryana State Industrial and Infrastructure Development Corporation Limited (₹ 60.70 crore), Haryana Power Generation Corporation Limited (₹ 66.22 crore) and Haryana Vidyut Prasaran Nigam Limited (₹ 127.30 crore). The heavy losses were incurred by Uttar Haryana Bijli Vitran Nigam Limited (₹ 1,107.54 crore) and Dakshin Haryana Bijli Vitran Nigam Limited (₹ 779.01 crore).

1.16 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 latest Audit Reports of CAG shows that the working State PSUs incurred losses to the tune of ₹ 821.66 crore and infructuous investments of ₹ 44.83 crore which were controllable with better management. Year wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	Total
Net Profit/loss (-) of working PSUs	(-)486.24	(-)1,247.39	(-)1,612.37	(-)3,346.00
Controllable losses as per CAG's Audit Report	203.02	105.61	513.03	821.66
Infructuous Investment	6.30	12.57	25.96	44.83

1.17 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/eliminated. 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.

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

(₹ in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Return on Capital Employed (*Per cent*)	9.35	1.59	2.53	2.44	-	-
Debt	7,195.64	7,770.87	8,449.84	10,651.62	14,446.13	17,439.51
Turnover[ϒ]	11,727.66	7,629.44	8,251.11	14,668.00	18,424.04	15,934.48
Debt/Turnover Ratio	0.61:1	1.02:1	1.02:1	0.73:1	0.78:1	1.09:1
Interest Payments	699.48	540.48	590.94	837.23	1,200.19	1,306.27
Accumulated Profits (losses)	(-)1,027.67	(-)1,583.67	(-)2,022.95	(-)2,678.33	(-)4,543.71	(-)5,086.93

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

1.19 The turnover of State working PSUs increased by 35.87 *per cent* from ₹. 11,727.66 crore during 2004-05 to ₹ 15,934.48 crore in 2009-10. During the corresponding period debts also increased by 142.36 *per cent* from ₹ 7,195.64 crore (2004-05) to ₹ 17,439.51 crore (2009-10) causing deterioration in the debt/turnover ratio over the periods. Rapid increase in the debts in comparison to the turnover has consequently caused pressure on the profitability of State PSUs due to increased liability towards interest.

1.20 The State Government had formulated (October 2003) a dividend policy under which all PSUs are required to pay a minimum return of four *per cent* on the paid up share capital contributed by the State Government. As per their latest finalised accounts, 14 PSUs earned an aggregate profit of ₹ 293.52 crore but only one PSU^ declared dividend of ₹ 0.88 crore.

Arrears in finalisation of accounts

1.21 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

ϒ Turnover of working PSUs as per their latest finalised accounts (2004-05 to 2009-10) as on 30 September 2010.

^ Haryana Warehousing Corporation.

working PSUs in finalisation of accounts by 30 September 2010.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Number of Working PSUs	21	21	21	22[ϒ]	21
2.	Number of accounts finalised during the year	27	22	22	23	17
3.	Number of accounts in arrears	31	30	29	27	29[϶]
4.	Average arrears per PSU (3/1)	1.48	1.43	1.38	1.23	1.38
5.	Number of Working PSUs with arrears in accounts	13	14	15	12	16
6.	Extent of arrears	1 to 7 years	1 to 6 years	1 to 5 years	1 to 5 years	1 to 6 years

1.22 From the above table it would be seen that number of accounts finalised during the year decreased from 23 to 17. The extent of arrears has also increased from 5 to 6 years indicating that no concrete steps were taken to clear the arrears completely. The main reasons as stated by the Companies for delay in finalisation of accounts are:

- lack of trained staff; and
- non computerisation in the accounts section.

1.23 In addition to above, there were arrears in finalisation of accounts by non-working PSUs. Out of seven non-working PSUs, two[#] had gone into liquidation process. The remaining five non-working PSUs had arrears of accounts for one to three years.

1.24 The State Government had invested ₹ 2,139.35 crore (Equity: ₹ 439.23 crore, grants: ₹ 51.19 crore and others: ₹ 1,648.93 crore) in 13 PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 4***. 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.

1.25 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 we informed the concerned administrative departments and officials of the Government every quarter of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this we could not assess the net worth of these PSUs. We had also taken up (July 2010) the matter of arrears in accounts with the Chief Secretary to expedite the backlog of arrears in accounts in a time bound manner. A meeting with the management was held under the chairmanship of

ϒ Including one company (Yamuna Coal Company Limited) incorporated on 15 January 2009.

϶ During 2009-10, one Company (Haryana Minerals Limited), which had two accounts in arrears (during 2008-09) was transferred to non-working PSUs.

\# Haryana State Housing Finance Corporation Limited and Haryana Concast Limited.

Finance Secretary in April 2010 and again with the statutory auditors of the companies and management in August 2010 for clearance of accounts.

1.26 In view of above state of arrears, it is recommended that:

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

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

Winding up of non-working PSUs

1.27 There were seven non-working PSUs (all Companies) as on 31 March 2010. Of these, two PSUs* are under liquidation/winding up. The number of non-working Companies at the end of each year during past five years are given below.

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Number of non-working Companies	7	7	6	6	7

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2009-10, two non-working PSUs incurred an expenditure of ₹ 0.23 crore towards establishment. This expenditure was met through recoveries (₹ 0.22 crore) and interest received from banks (₹ 0.01 crore).

1.28 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	7
2.	Of (1) above, the No. under	
(a)	liquidation by Court (liquidator appointed)	-
(b)	Voluntary winding up (liquidator appointed)	-
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	2

1.29 The process of voluntary winding up under the Companies Act is much faster and needs to be adopted /pursued vigorously. The Government may make a decision regarding winding up of five non-working PSUs 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 the non-working companies.

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* Haryana State Housing Finance Corporation Limited and Haryana Concast Limited.

Accounts Comments and Internal Audit

1.30 Fourteen working companies forwarded their fifteen audited accounts to Principal Accountant General (Audit), Haryana (PAG) during the year 2009-10. All of these were selected for supplementary audit. The audit reports of statutory auditors appointed by the Comptroller and Auditor General of India (CAG) and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	8	91.85	7	133.25	7	582.21
2.	Increase in loss	5	781.46	3	441.69	3	97.34
3.	Non-disclosure of material facts	4	129.43	4	30.05	3	40.94
4.	Errors of classification	5	414.29	1	41.42	6	669.85
	Total		**1,417.03**		**646.41**		**1,390.34**

An analysis of the money value of the comments with the number of accounts audited revealed that the money value of comments per account finalised increased from ₹ 64.41 crore (2007-08) to ₹ 81.78 crore (2009-10).

1.31 During the year, the statutory auditors had given qualified certificates for fourteen accounts. The compliance of companies with the Accounting Standards (AS) remained poor as there were 31 instances of non-compliance with the AS in 13 accounts during the year.

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

Haryana Vidyut Prasaran Nigam Limited (2008-09)

- Non provision for diminution in the value of investment resulted in overstatement of profit by ₹ 453.08 crore.
- Wrong booking of income earned by way of liquidated damages, interest on advance, etc. against profits instead of adjusting against cost of works resulted in overstatement of profits by ₹ 29.78 crore.

Haryana Power Generation Corporation Limited (2008-09)

- Non provision of estimated value of the future payments to be made to the dependents of the deceased employees as per AS-15 read with AS-29 resulted in understatement of employees cost and overstatement of profit by ₹ 4.90 crore.

Dakshin Haryana Bijli Vitran Nigam Limited (2008-09)

- Losses were understated by ₹ 69.75 crore due to non provision of arrear of pay on account of revision of pay scales.

Uttar Haryana Bijli Vitran Nigam Limited (2008-09)

- The loss was understated by ₹ 18.80 crore due to wrong credit of income relating to execution of capital works (viz. liquidated damages and discount on early payments).

Haryana Roadways Engineering Corporation Limited (2007-08)

- Cash and bank balances do not include ₹ 16.95 crore kept in the personal name of Managing Director of the Company as on 31 March 2008. The bank transactions routed through this bank account were not accounted in books of accounts of the Company leaving the scope of misappropriation of cash.

Haryana State Industrial and Infrastructure Development Corporation Limited (2008-09)

- Profit was overstated by ₹ 1.56 crore due to non provision of pay arrears and Contributory Provident Fund.
- Non provision for doubtful investment of ₹ 3.60 crore resulted in overstatement of investment and profit to that extent.

Haryana State Roads and Bridges Development Corporation Limited (2007-08)

- The loss was understated by ₹ 1.16 crore due to non provision of doubtful debts shown as recoverable from a contractor who has expired.

Haryana Women Development Corporation Limited (2007-08)

- The loss was understated by ₹ 2.21 crore due to non provision of doubtful debts outstanding for more than four to 18 years.

Haryana State Handloom and Handicrafts Corporation Limited (2007-08)

- Net loss was understated by ₹ 2.28 crore due to non provision for doubtful debts (₹ 2.20 crore) and advances (₹ 0.08 crore).

1.33 Similarly, out of two working Statutory corporations, one corporation forwarded its accounts for the year 2008-09 and one for the year 2009-10 to PAG during 2009-10 and 2010-11 respectively and both were selected for supplementary audit. Comments of one Statutory Corporation viz. Haryana Warehousing Corporation for the year 2008-09 were finalised during 2009-10. The Audit Report of statutory auditors and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	41.37	1	2.77	1	4.62
2.	Non-disclosure of material facts	2	70.36	1	2.60	1	147.23
	Total		**111.73**		**5.37**		**151.85**

1.34 During the year October 2009 to September 2010, the Statutory Auditors had given qualified certificate to the accounts of the Statutory corporation audited during 2009-10 and 2010-11. There were eight instances of non-compliance with AS in the said accounts.

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

Haryana Financial Corporation (2008-09)

- Material fact regarding investment of ₹ 145.00 crore made by the Corporation in unquoted shares of Haryana Power Generation Corporation Limited from funds provided by Government had not been disclosed in the accounts.

Haryana Warehousing Corporation (2008-09)

- Profit was overstated by ₹ 3.29 crore due to short provision (₹ 3.15 crore) towards depreciation and non provision against deferred revenue assets (₹ 0.14 crore).
- Profit was overstated by ₹ 0.70 crore due to non provision of estimated value of future payments in respect of deceased employees.

1.36 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 one Company[*] for the year 2005-06, one Company[ϒ] for the year 2006-07, two Companies[µ] for the year 2007-08, one Company[″] for the year 2008-09 and three companies[⊕] for the year 2009-10 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	2	A3, A11
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	4	A4, A5, A7, A10
3.	Non maintenance of proper records showing full particulars including quantitative details, identity number, date of acquisition, depreciated value of fixed assets and their locations	3	A4, A5, A10
4.	Lack of internal control over purchase of material	1	A11
5.	Inadequate/non existence of Internal Audit System	5	A5, A7, A10, A11, A12
6.	Non use of Computer System(EDP)	3	A5, A7, A10

[*] Sr. No. A5 in ***Annexure*** – 2.
[ϒ] Sr. No. A4 in ***Annexure*** – 2.
[µ] Sr. No. A7 and A10 in ***Annexure*** – 2.
[″] Sr. No. A11 in ***Annexure***-2.
[⊕] Sr. No. A3, A4 and A12 in ***Annexure****-2.*

Recoveries at the instance of audit

1.37 During the course of audit in 2009-10, recoveries of ₹ 2.37 crore were pointed out to the Management of various PSUs, which were admitted by PSUs and recovered during the year 2009-10.

Status of placement of Separate Audit Reports

1.38 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.	Haryana Financial Corporation	2008-09	NA	NA	NA
2.	Haryana Warehousing Corporation	2006-07	2007-08	Under process	-

Disinvestment, Privatisation and Restructuring of PSUs

1.39 The State Government did not undertake the exercise of disinvestment, privatisation and restructuring of any of its PSUs during 2009-10.

Reforms in Power Sector

1.40 The State has Haryana Electricity Regulatory Commission (HERC) formed on 17 August 1998 under the Haryana Electricity Reforms Act, 1997 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2009-10, HERC issued 14 orders (eight on annual revenue requirements and six on others).

1.41 Memorandum of Understanding (MOU) was signed on 13 February 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Targeted completion schedule	Status (As on 31 March 2010)
	Commitment made by State Government		
1.	Reduction in transmission and distribution losses to 15.50 *per cent* by 2007-08.	-	The T & D losses for the year 2009-10 were 29.18 *per cent*.
2.	100 *per cent* metering of all distribution feeders	31 March 2001	Metering of all distribution feeders completed in March 2001.
3.	100 *per cent* metering of all consumers	31 December 2001	Metering of all consumers has been completed.
4.	Haryana Electricity Regulatory Commission (HERC)		
(a)	Establishment of HERC	-	Already established in August 1998.
(b)	Implementation of tariff orders issued by HERC during 2005-06	-	Implemented.
	General		
5	Monitoring of MOU	Quarterly	Being monitored regularly.

Chapter II

2. Performance reviews relating to Government companies

Haryana Agro Industries Corporation Limited

2.1 Working of Haryana Agro Industries Corporation Limited

Executive Summary

Haryana Agro Industries Corporation Limited (Company) was established in 1967 as a joint venture of State Government and Government of India with the objective to promote agro based industries, provide farmers with agricultural implements and assist them in farm mechanisation. Besides, the Company was assigned procurement of wheat, paddy and bajra for the central pool. As on 31 March 2010, the Company had 17 Farmers Service Centres (FSCs), three manufacturing plants, six petrol pumps and four storage godowns to carry out its activities.

Finances and performance

All three manufacturing plants incurred losses during the five years from 2004-05 to 2008-09. The FSCs which were carrying out trading activities related with farmers, suffered losses of ₹11.08 crore during 2004-09. Though the Company overall, had been earning profits, but the same were mainly contributed from procurement activities for central pool, turnover of which was 84 to 89 per cent of total turnover during 2004-09.

Appraisal of activities

The Company had not taken any step to assist and promote agro based industries such as poultry, dairy, land development, seeds and other agro based industries in terms of its main objectives. It did not finance any agro based industry during the period under review. The Company did not make efforts to produce and deliver the agricultural implements at competitive rates to the farmers and provide pesticides and insecticides to farmers directly at reasonable rates. The Company's manufacturing plants with outdated infrastructure were grossly underutilised and were engaged in supply of their products to Government organisations only. Though the Company had analysed the reasons for low capacity utilisation, it had not taken any steps to address the issue and increase the production.

Procurement activity

The procurement activity in wheat and paddy was found satisfactory. While the procurement of wheat ranged between 8.86 to 10.67 per cent of total state procurement against the target of nine per cent, the procurement targets for paddy were achieved fully during the last five years up to 2009-10. However, the procurement of bajra was inconsistent which ranged between nil and 29 per cent in 2005-06 to 2009-10. The Company did not enforce terms of agreements executed with the millers for milling of paddy and as a result suffered loss of ₹ 1.67 crore in two cases.

The activities of the Company were mainly procurement concentric and it was not paying due attention to the activities necessary for accomplishment of its laid down objectives. The manpower in A, B and C categories was inadequate resulting in junior staff undertaking higher responsibilities involving huge funds without any supervision thereby exposed to risks of committing errors and misappropriation. The Company did not prepare budgets on realistic basis and was not prompt in claiming from FCI the reimbursement of guarantee fees paid to Government. There are remote chances of recovery of dues shown recoverable from employees.

Conclusion and Recommendations

The deficiencies in the Company's functioning are controllable and there is scope to improve the performance through better management of its operations. This review contains six recommendations to improve the Company's performance. Preparation of budget on realistic basis, upgradation of old manufacturing plants, strengthening of marketing network and exploring possibilities of new ventures are some of these recommendations.

Haryana Power Generation Corporation Limited

2.2 Power Generation Activities

Executive Summary

Power is an essential requirement for all facets of life and has been recognised as a basic human need. In view of phenomenal growth in the demand of power since 2005-06, capacity addition was not adequate to meet the requirement leaving a deficit of 2,423.6 MW at the end of 2009-10. In the background of chronic power shortage in the State, it was considered desirable to conduct performance audit of Haryana Power Generation Corporation Limited to assess the status of power generation vis-a-vis requirement for power during the period 2005-06 to 2009-10. The audit findings are discussed below.

Planning and Project Management

The total installed capacity of the State increased from 4,033.60 MW as on 1 April 2005 to 4,636.75 MW as on 31 March 2010. During 2005-10, actual capacity addition was 970.71 MW only against 3,720.71 MW planned by the State, leaving shortfall of 2750 MW. Besides, there was decrease in capacity by 367.56 MW during 2005-10. The shortfall in capacity addition was due to delayed commercial operation of two Units of 300 MW each at Deenbandhu Chottu Ram Thermal Power Plant (DCRTPP), Yamunanagar; non commissioning of Unit– 1 and 2 (600 MW each) of Rajiv Gandhi Thermal Power Plant (RGTPP), Hisar due to prolonged trial operations; and non taking up of Gas based Power Plant of 1,050 MW (increased to 1500 MW) at Faridabad and 3rd Unit of 300 MW (now increased to 660 MW September 2009) at DCRTPP, Yamunanagar. There was cost overrun of ₹ 305.18 crore in the construction of RGTPP, Hisar. There were other deficiencies in the execution of RGTPP, Hisar such as non-implementation of zero discharge scheme, delay in synchronisation and prolonged trial run leading to delay in commercial operation of the Units.

Due to inadequate installed capacity, the State had to resort to purchase of power through short term Power Purchase Agreements (PPAs) and unscheduled interchange ranging between 2,606 MUs and 6,027MUs which was costly as compared to own generation cost and cost from other long term PPAs. However, over the review period load shedding was reduced from 2,270.42 MUs (2007-08) to 68.71 MUs (2009-10).

Operational performance

Performance of the existing generation stations depends on efficient use of material, manpower and capacity of the plants so as to generate maximum energy possible without effecting the long term operation of the plants. Audit of operation of the power stations revealed that the Plant Load Factor (PLF) of Panipat Thermal Power Station-I (PTPS-I), was lower than Haryana Electricity Regulatory Commission (HERC) norm (except 2005-06) as well as national average and that of PTPS-II was largely above the HERC norm as well as the national average. The forced outages in respect of PTPS-I remained more than the Central Electricity Authority (CEA) norm of 10 per cent and in respect of PTPS-II, it was more than the norms only during 2005-06. Compliance of the CEA norms would have entailed availability of additional 8,954 hours with consequential generation of 1,008.84 MUs valued at ₹90.20 crore. With better preventive maintenance, forced outages could have been reduced considerably. Due to frequent breakdown of Units and delay in timely rectification of defects, auxiliary consumption was higher as compared to the norm. There was excess consumption of coal as compared to HERC norms valued at ₹251.75 crore during review period.

Conclusion and Recommendations

Timely commissioning of RGTPP, Hisar could have enabled the Company to generate additional power to the extent of 3,790 MUs. Excessive outages than the norms of CEA and delay in taking up preventive maintenance work resulted in generation loss of 3,206 MUs during 2005-10. Inadequate capacity additions have increased the dependence of the State on high cost power purchases. The review contains six recommendations which inter-alia include increasing the PLF, adherence to schedule maintenance of plants and adherence to environmental safeguards.

Introduction

2.2.1 Power is an essential requirement for all facets of life and has been recognised as a basic human need. The availability of reliable and quality power at competitive rates is very crucial to sustain growth of all sectors of the economy. The Electricity Act, 2003 provides a framework conducive to development of the Power Sector, promote transparency and competition and protect the interest of the consumers. In compliance with Section 3 of the *ibid* Act, the Government of India (GOI) prepared the National Electricity Policy in February 2005 in consultation with the State Governments and CEA for development of the Power Sector based on optimal utilisation of resources like coal, gas, nuclear material, hydro and renewable sources of energy. The Policy, *inter alia,* aims at, laying guidelines for accelerated development of the Power Sector and requires CEA to frame National Electricity Plan (NEP) once in five years. The Plan would be short term framework of five years and give a 15 years' perspective.

For 2005-06, electricity requirement in Haryana was assessed as 23,791 Million Units (MUs) of which only 23,243.77 MUs were available leaving a shortfall of 547.23 MUs, (2.30 *per cent*). The total installed power generation capacity in the State was 4,033.60 Mega Watt (MW) and effective available capacity[*] was 3,226.88 MW against the peak demand of 4,333 MW leaving deficit of 1,106.12 MW (25.53 *per cent*). As on 31 March 2010, the comparative figures of requirement and availability of power were 33,520 MUs and 33,451.29 MUs with deficit of 68.71 MUs (0.20 *per cent*), whereas the installed capacity was 4,636.75[♦] MW and effective available capacity[*] was 3,709.40 MW against the peak demand of 6,133 MW laving a deficit of 2,423.6 MW (39.52 *per cent*). Thus, there was a growth in peak demand of 1800 MW during 2005-10, whereas the net capacity addition was 603.15 MW[#].

In Haryana, generation of power is carried out by Haryana Power Generation Corporation Limited (Company), which was incorporated on 17 March 1997 under the Companies Act, 1956 as a wholly owned Government Company in accordance with the Haryana Electricity Reforms Act, 1997. The Company is under the administrative control of the Power Department of the State Government. The management of the Company is vested with a Board of Directors comprising, as on 31 March 2010, a Chairman, a Managing Director (MD), three Whole Time Directors and six part time Directors appointed by the State Government. For carrying out day-to-day operations, the MD (Chief Executive) is assisted by the whole time Directors and Chief Engineers. The Company has three thermal generating stations and two hydro generating stations with installed capacity (March 2010) of 2,022.8 MW and 62.7 MW respectively. The turnover of the Company was ₹ 3,792.82 crore in 2008-09, which was equal to 20.59 *per cent* and 2.10 *per cent* of the turnover of State PSUs

* 80 *per cent* of installed capacity as per CEA norm for PLF.

♦ Own Generation 2085.5 MW; Shared 875 MW; long term PPA with Central Public Sector Undertakings (CPSU) 1617.25 MW Non conventional source 34 MW and IPP 25 MW.

\# Actual capacity addition 970.71 MW minus decrease in capacity 367.56 MW. (detail in paragraph 2.2.13).

(₹ 18,424.04 crore) and State Gross Domestic Product (₹ 1,80,494 crore), respectively. It employed 3,451 employees as on 31 March 2010.

A review on the Construction and Operation of Unit I and II of DCRTPP Yamunanagar of the Company, was included in the Report of the Comptroller and Auditor General of India for the year 2008-09 (Commercial), Government of Haryana. The Report was yet to be discussed by the Committee on Public Undertakings.

Scope and Methodology of Audit

2.2.2 The present review conducted during January 2010 to May 2010 covers the performance of the Company during the period from 2005-06 to 2009-10. The review mainly deals with Planning, Project Management, Financial Management, Operational Performance, Environmental Issues and Monitoring by Top Management. The audit examination involved scrutiny of records at the Head Office and one (PTPS with 65 *per cent* of the total installed capacity) out of five* generating stations, and one thermal power plant under construction at Hisar.

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 unit, 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

2.2.3 The objectives of the performance audit were:

Planning and Project Management

- To assess whether capacity addition programme taken up/ to be taken up to meet the shortage of power in the State is in line with the National Policy of Power for All by 2012;
- To assess whether a plan of action is in place for optimization of generation from the existing capacity;
- To ascertain whether the contracts were awarded with due regard to economy and in transparent manner; and
- To ascertain whether the execution of projects were managed economically, effectively and efficiently.

* Three thermal stations at Panipat, Yamunanagar and Faridabad, one Hydel at Bhud Kalan and one micro hydel at Kakroi.

Financial Management

- To ascertain whether the projections for funding the new projects and up gradation of existing generating units were realistic including the identification and optimal utilisation for intended purpose;
- To assess whether all claims including energy bills were properly raised and recovered in an efficient manner; and
- To assess the soundness of financial health of the generating undertaking.

Operational Performance

- To assess whether the power plants were operated efficiently and preventive maintenance as prescribed was carried out minimising the forced outages;
- To assess whether requirement of fuel was worked out realistically, procured economically and utilised efficiently;
- To assess whether the manpower requirement was realistic and its utilisation optimal;
- To assess whether the Life Extension (LE), Renovation and Modernisation (R&M) programme were ascertained and carried out in an economic, effective and efficient manner; and
- To assess the impact of R&M/LE activity on the operational performance of the Unit.

Environmental Issues

- To assess whether the various types of pollutants (air, water, noise, hazardous waste) in power stations were within the prescribed norms and complied with the required statutory requirements; and
- To assess the adequacy of waste management system and its implementation.

Monitoring and Evaluation

- To ascertain whether adequate Management Information System (MIS) existed in the entity to monitor and assess the impact and utilise the feedback for preparation of future schemes.

Audit Criteria

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

- NEP, norms/guidelines of CEA regarding planning and implementation of the projects;

- standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- targets fixed for generation of power ;
- parameters fixed for plant availability, PLF etc;
- performance of best performers in the regions/all India averages;
- prescribed norms for planned outages; and
- Acts relating to Environmental laws.

Financial Position and Working Results

2.2.5 The financial position of the Company for the four years ending 2008-09* is given below.

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09
A. Liabilities				
Paid up Capital	831.95	1,292.09	1,853.17	2,403.97
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	-	-	-	-
Borrowings (Loan Funds)				
Secured	2,872.42	3,936.60	5,221.67	4,465.45
Unsecured	1,045.06	1,173.07	470.18	436.66
Current Liabilities & Provisions	991.86	1,913.00	1,891.39	1,913.34
Deferred Tax liabilities	-	84.22	87.97	118.45
Total	**5,741.29**	**8,398.98**	**9,524.38**	**9,337.87**
B. Assets				
Gross Fixed Assets	3,662.83	3,715.21	3,767.64	6,133.91
Less: Depreciation	729.37	1,026.60	1,304.07	1,724.52
Net Fixed Assets	2,933.46	2,688.61	2,463.57	4,409.39
Capital works-in-progress	205.94	1,697.54	2,958.54	2,722.54
Investments	-	-	229.28	229.33
Current Assets, Loans and Advances	2,503.13	3,841.82	3,704.02	1,835.96
Deferred Revenue Expenditure	11.02	0.8	0.71	0.62
Accumulated losses	87.74	170.21	168.26	140.03
Total	**5,741.29**	**8,398.98**	**9,524.38**	**9,337.87**

Debt Equity ratio of 70:30 is generally considered adequate against which the Company's debt equity ratio ranged from 75:25 to 64:36 during 2005-09. The accumulated losses of the Company steeply increased from ₹ 87.74 crore in 2005-06 to ₹ 170.21 crore in 2006-07. It decreased to ₹ 168.26 crore in 2007-08

* Annual Accounts for the year 2009-10 have not been prepared so far.

and ₹ 140.03 crore in 2008-09.

The Management stated (July 2010) that compliance of Accounting Standard (AS) for provision of deferred tax resulted in additional accumulated loss, which actually was not the expenditure.

Working results

2.2.6 The working results of generation activity of the Company for the four years ending 2008-09 are given below:

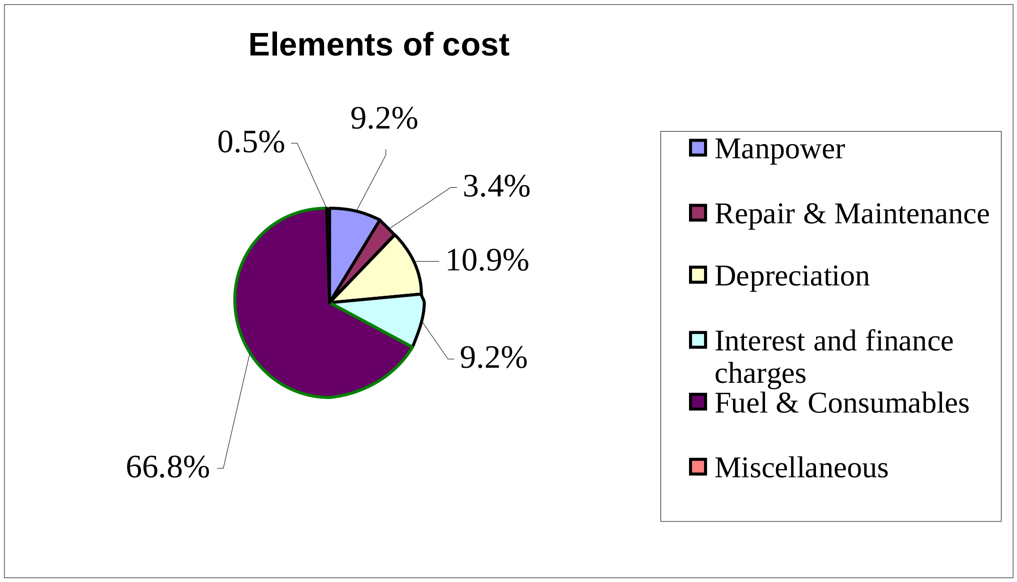
(₹ in crore)

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09
1	**Income**				
	Generation Revenue	2,334.06	2,779.09	2,790.03	3,792.82
	Other income including interest/subsidy	3.17	6.38	8.56	28.92
	Total Income	**2,337.23**	**2,785.47**	**2,798.59**	**3,821.74**
2	**Generation**				
	Total generation (In MUs)	9,181.52	10,780.33	10,959.63	13,519.16
	Less: Auxiliary consumption (In MUs)	911.84	1040.16	1078.36	1294.13
	Total generation available for Transmission and Distribution (In MUs)	**8,269.68**	**9,740.17**	**9,881.27**	**12,225.03**
3	**Expenditure**				
(a)	**Fixed cost**				
(i)	Employees cost	146.91	164.65	207.86	355.30
(ii)	Administrative and General expenses	12.26	16.08	13.05	20.48
(iii)	Depreciation	255.26	274.26	277.47	420.18
(iv)	Interest and finance charges	221.01	182.24	166.82	355.90
	Total fixed cost	**635.44**	**637.23**	**665.20**	**1,151.86**
(b)	**Variable cost**				
(i)	Fuel consumption				
	(a) Coal	1,500.85	1,774.60	1,850.73	2,392.23
	(b) Oil	55.89	44.50	87.30	144.76
	(e) Other fuel related cost including shortages/ surplus/ consumed during trial stage charged to capital works	74.38	63.94	49.01	28.56
(ii)	Cost of water (hydel/ thermal/gas/others)	7.99	9.38	13.08	23.80
(iii)	Lubricants and consumables	1.16	0.46	0.49	0.44
(iv)	repair and maintenance	65.38	85.67	71.35	106.38
	Total variable cost	**1,705.65**	**1,978.55**	**2,071.96**	**2,696.17**
C.	**Total cost 3(a) + (b)**	**2,341.09**	**2,615.78**	**2,737.16**	**3,878.03**
4	Realisation (per unit)	2.82	2.86	2.83	3.13
5	Fixed cost (per unit)	0.77	0.66	0.67	0.94
6	Variable cost (per unit)	2.06	2.03	2.10	2.21
7	Total cost per unit (5+6)	2.83	2.69	2.77	3.15
8	Contribution (4-6) (per unit)	0.76	0.83	0.73	0.92
9	**Profit (+)/Loss(-) (4-7)**	**-0.01**	**0.17**	**0.06**	**-0.02**

It would be seen from the table that during 2005-09 despite increase in realisation per unit of ₹ 0.31 from ₹ 2.82 during 2005-06 to ₹ 3.13 during 2008-09, there was loss of ₹ 0.02 per unit due to higher operation cost as discussed in paragraph 2.2.9. However, during 2006-07 and 2007-08, the Company earned profit of ₹ 0.17 and ₹ 0.06 per unit respectively.

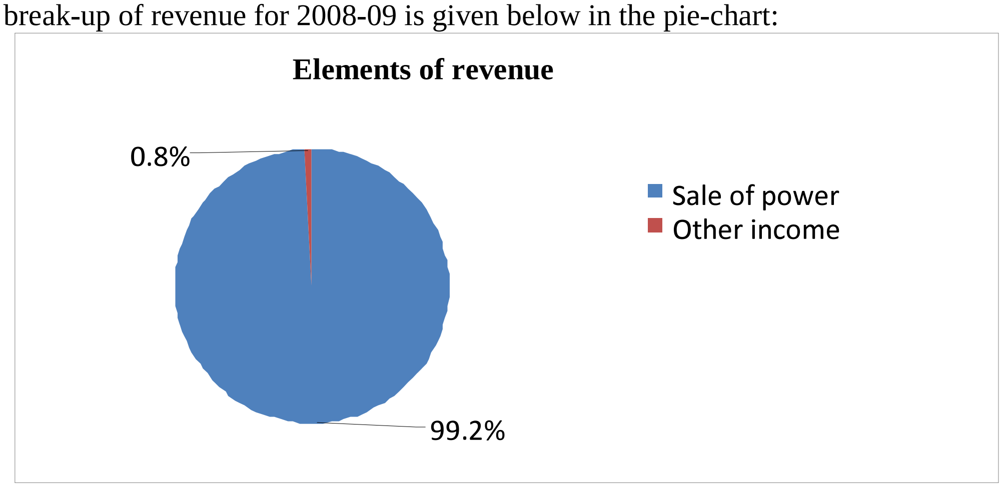
Elements of cost:

2.2.7 Fuel, Consumables and Depreciation constitute the major elements of costs. The percentage break-up of costs for 2008-09 is given below in the pie-chart:



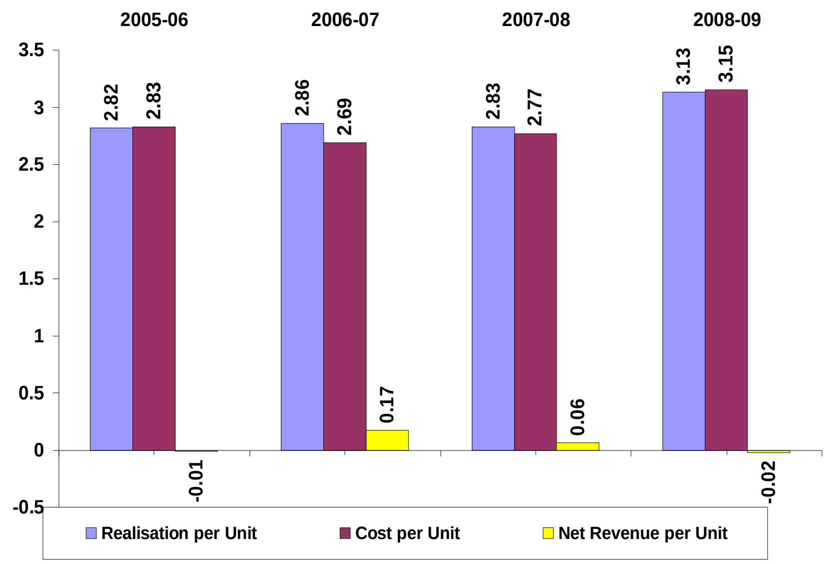
Elements of Revenue:

2.2.8 Sale of Power constitutes the major elements of revenue. The percentage break-up of revenue for 2008-09 is given below in the pie-chart:



Recovery of cost of operations

2.2.9 The Company was not able to recover its cost of operations during the years 2005-06 and 2008-09 as given in the graph below:



Had the total revenue earned by the Company been sufficient to cover the cost during these two years, an additional amount of ₹ 32.72 crore* could have been available to meet the working capital requirement of the Company. Increase in employees cost and interest and finance charges contributed to high cost of generation.

Audit Findings

2.2.10 During the 'Entry Conference' held on 01 April 2010 the audit objectives, criteria, coverage were explained. The audit findings were reported to the State Government/Management in July 2010 and discussed in the Exit Conference held on 30 July 2010, which was attended by the Managing Director of the Company. Views of the Management have been considered while finalising the review. The audit findings are discussed below.

Operational Performance

2.2.11 The operational performance of the Company for the five years ending 2009-10 is given in ***Annexure 10***. The operational performance of the Company was evaluated on various operational parameters. It was also seen whether the Company was able to maintain pace in terms of capacity addition with the growing demand for power in the State. Audit findings in this regard are

* 8269.68 MUs x ₹ 0.01 + 12225.03 MUs x ₹ 0.02 = ₹ 32.72 crore

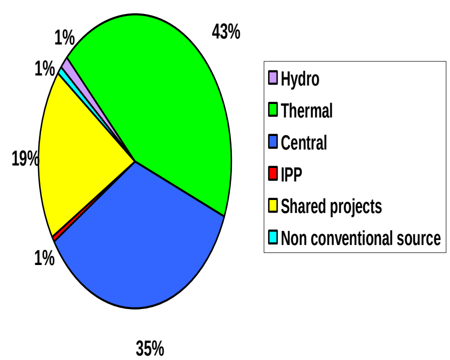
discussed in the subsequent paragraphs.

Planning

2.2.12 National Electricity Policy aims to provide availability of over 1,000 Units of per capita electricity by 2012, for which it was estimated that need based capacity addition of more than 1,00,000 MW would be required during 2002-2012 in the country. This section deals with capacity additions and optimal utilisation of existing facilities. Environmental aspects have been discussed in subsequent paragraphs.

Capacity Additions

2.2.13 The total installed capacity of the State increased from 4,033.60 MW as on 1 April 2005 to 4,636.75 MW as on 31 March 2010. The break up of generating capacity as on 31 March 2010 under Thermal, Hydro, Shared Projects, Central PSUs, IPPs and Non conventional source is as indicated below in the pie chart



To meet the estimated peak demand of 5883 MW in the State during 2009-10, as per 17^{th} Electric Power Survey Report, a capacity addition of about 2,139.39 MW was planned during 2005-06 to 2009-10 as per NEP. Against NEP, the State Government planned capacity addition of 3,720.71 MW during the review period. Two projects of 1,350 MW capacity viz. extension of DCRTPP, Yamunanagar and gas based power plant at Faridabad, though approved by the State Government, were not included in NEP in the absence of environmental clearance from MOE&F and non availability of gas respectively. Further, 189.52 MW capacity was planned through PPA in respect of CPSUs; 34 MW through Non conventional Energy sources and 7.8 MW by uprating of Unit-I of PTPS-I. However, the actual capacity addition was 970.71 MW. After considering the decrease in capacity (367.56 MW) during review period, net capacity was only 603.15 MW which was far below the targets and inadequate to meet the demand.

The particulars of capacity additions envisaged, actual additions and peak demand vis-à-vis energy supplied during 2005-10 are given below.

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Capacity at the beginning of the year (MW)	4033.60	4033.60	4051.58	4068.31	4695.25
2.	Additions Planned for the year as per National Electricity Plan (MW)	-	-	739.39	9	1391
3.	Additions planned by the State (MW)	-	497.32	367.19	81.2	2775
4.	Actual Additions (MW)	-	175.28	16.73	719.7	59*
5.	Decrease in capacity	-	157.30	0	92.76	117.5
6.	Capacity at the end of the year (MW) (1 + 4-5)	4033.60	4051.58	4068.31	4695.25	4636.75
7.	**Shortfall in capacity addition (MW) (3 – 4)**	**Nil**	**322.04**	**350.46**	**Nil**	**2716**
8.	Peak demand (MW)#	4333	4837	4956	5511	6133
9.	Peak demand Met (MW)#	3931	4201	4821	4791	5678
10.	**Surplus/Shortfall in demand (MW)**	**-402**	**-636**	**-135**	**-720**	**-455**

The particulars of the projects existing as on 1 April 2005, additions/deletions during the review period and projects existing as on 31 March 2010 are given in the ***Annexure 11.***

Against the planned capacity additions of 3,720.71 MW by the state, actual capacity addition during 2005-10 was 970.71MW only

During 2005-10, actual capacity addition was only 970.71 MW against 3,720.71 MW planned by the State leaving shortfall of 2,750 MW. The State was not in a position to meet the demand as the peak demand met (power generated plus the power purchased) fell short by 135 MW to 720 MW during 2005-10. Net deficit in terms of MUs increased from 547.23 MUs in 2005-06 to 2270.42 MUs in 2007-08 which subsequently decreased to 68.71 MUs in 2009-10. Audit scrutiny revealed that following factors contributed to inadequate capacity addition:

- Two Units of 300 MW each at DCRTPP, Yamunanagar were put to commercial operation on 14 April and 24 June 2008 against the schedule of March and June 2007 respectively due to change of collaborator, and resultant shifting of zero date besides repeated failure in trial runs respectively.

- The Unit – 1 and 2 (600 MW each) of RGTPP, Hisar, scheduled to be commissioned by 28 December 2009 and 28 March 2010 respectively were yet to be commissioned (July 2010) as discussed in paragraph 2.2.19;

- The proposal for setting up of 1050 MW (now increased to 1,500 MW April 2009) Gas based Power Plant at Faridabad approved by the State Government in August 2005 for implementation during 2009-11 could not fructify due to uncertainty regarding availability of gas and its pricing; and

- The proposal approved by the State Government in August 2007 for setting up of 3rd Unit of 300 MW (now increased to 660 MW-September 2009) at DCRTPP, Yamunanagar by 2009-10, , could not be implemented due to non relaxation of no-construction zone by Ministry of Environment and Forest (MOE&F), Government of India.

The Management while admitting the above facts stated (July 2010) that

* Includes Non conventional source of energy of 34 MW (Shahbad Co-operative Sugar Mill 16 MW, The Haryana Co-operative Sugar Mill 12 MW and Western Yamuna Canal, Dadupur 6 MW).

\# As per report published (April 2010) by CEA, Integrated Resource Planning Division.

applicable liquidated damages amounting to ₹ 204.46 crore had been recovered from the Engineering Procurement and Construction (EPC) contractor in respect of DCRTPP Yamunanagar for delay in completion of the project.

Short term power purchase

In order to meet the deficit of power, short term power purchases and unscheduled inter change increased from 2,606 MUs to 6,027 MUs during 2005-10

2.2.14 Due to inadequate installed capacity, the State had to resort to purchase of power through short term PPAs and unscheduled interchange (UI) which increased from 2,606.10 MUs in 2005-06 to 6,026.51 MUs in 2009-10. The cost of power purchased from other sources during 2005-10 is tabulated below:

Sl. No.	Source		2005-06	2006-07	2007-08	2008-09	2009-10
1.	CPSUs and Other/long term PPAs	Units (MUs)	8832.63	9414.89	9992.68	9799.43	10978.23
		₹ in crore	1677.78	1867	2108.71	2173.62	2484.10
		₹./unit	1.90	1.98	2.11	2.22	2.26
2.	Short term PPAs	Units (MUs)	1228.86	1428.70	1089.87	1460.47	3809.87
		₹ in crore	398.65	627.36	678.58	925.25	2362.54
		₹./unit	3.24	4.39	6.23	6.34	6.20
3.	Unschedule Interchange	Units (MUs)	1377.24	1492.43	2810.32	1435.63	2216.64
		₹. in crore	541.65	515.38	1018.40	749.55	946.19
		₹./unit	3.93	3.45	3.62	5.22	4.26

It would be seen from the above table that the weighted average cost of purchase of power through short term PPAs ranged between ₹ 3.24 per unit (2005-06) and ₹ 6.34 per unit (2008-09) and that of UI between ₹ 3.45 per unit (2006-07) and ₹ 5.22 per unit (2008-09). Thus, short term purchases were costlier than UI during review period except during 2005-06.

The Management stated (July 2010) that the short term power purchases and UI drawals could not be avoided even if the installed capacity matched with the requirement of the State as power requirement was not uniform throughout. The reply is not convincing because if the capacity addition had been achieved as planned, the increase in short term power purchase and UI drawals during 2005-10 would have been controlled considerably.

Optimum Utilisation of existing facilities

2.2.15 In order to cope with the rising demand for power, not only the additional capacity needs to be created, the plan needs to be in place for optimal utilisation of existing facilities. The details of the power generating Units, which fell due for R&M/LE programmes (as per CEA norms) during the five years ending 2009-2010 vis-à-vis actually taken up are indicated in the table below:

Sl. No.	Name of the Plant	Unit No.	Installed Capacity	Due Date (as per CEA norms)	Date when actually taken up/ completed
1.	PTPS - I	Unit I	110 MW	April 2004	August 2005/ April 2009.
		Unit III	110 MW	April 2004	Not yet taken up
		Unit IV	110 MW	April 2004	Not yet taken up

Against the three Units due for R&M/LE programmes in April 2004, only one Unit was actually taken up in August 2005 and completed in April 2009. The remaining two Units had not been taken up till date (July 2010) due to belated decision (July 2007) for execution of the R&M/LE through International Competitive Bidding (ICB) route for availing World Bank Loan.

The Management stated (July 2010) that they have finalised R&M work through

World Bank Funds and the work would be completed during the year 2013-14.

Project Management

2.2.16 Project management includes timely acquisition of land, effective actions to resolve bottlenecks, obtain necessary clearances from Ministry of Forest and Environment and other authorities, rehabilitation of displaced families, proper scheduling of various activities, adequate budget provisions, etc.

The following table indicates the scheduled and actual dates of synchronisation, date of start of transmission, date of commissioning and the time overrun of RGTPP Hisar, as on July 2010.

Time overrun

Sl. No.	Phase-wise name of the Unit	Details	As per agreed Mile stone	Actual time taken	Time overrun (days)
1.	RGTPP, Hisar Unit-I	Date of synchronisation	28.11.09	10.02.2010	73
		Date of commercial operation	28.12.09	Yet to be commissioned	207
		Generation loss			2384.64 MUs
2.	RGTPP, Hisar Unit-II	Date of synchronisation	28.02.10	17.07.2010	138
		Date of commercial operation	28.03.10	Yet to be commissioned	122
		Generation loss			1405.44 MUs

Delay in commercial operations of the units resulted in generation loss of 3,790.08 MUs

It would be seen from above that, none of the Units was completed in time and led loss of expected generation 3,790.08 MUs* up to July 2010. Reasons for delay are discussed in paragraph 2.2.19. The particulars of estimated cost, actual expenditure, pending works and cost overrun of various items of work in respect of RGTTP Hisar, Unit I and II are tabulated below:

Cost overrun

(₹ in crore)

Sl. No.	Particulars	Estimated cost as per DPR	Awarded/ Estimated Cost	Actual expenditure as on 30 June 2010	Pending works	Cost over run (4)+(5)-(3)
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
1.	Main Plant Package	3721.35**	3775.43	3156.73	678.11	59.41
2.	Land	37.00	39.50	90.33	-	50.83
3.	Raw Water Intake system	0.00	66.05	64.12	5.51	3.58
4.	Colony	32.15	70.49	90	3.12	22.63
5	Consultancy	9.76	14.46	6.43	8.53	0.50
6.	Startup Fuel cost	10.00	10.00	178.23	-	168.23
	TOTAL	**3810.26**	**3975.93**	**3585.84**	**695.27**	**305.18**

The table above shows that the cost overrun of ₹ 305.18 crore was due to increase in cost of land (₹ 50.83 crore) as land from Haryana Vidyut Prasaran Nigam Limited (HVPNL) was transferred at collector rate instead of book value of HVPNL, construction of colony (₹ 22.63 crore), raw water intake system (₹ 3.58 crore) on account of construction of standby arrangement, start up fuel

* Worked out on the basis of 80 *per cent* of installed capacity.

** Including raw water Intake System.

cost (₹ 168.23 crore) as a result of prolonged trial runs and foreign exchange fluctuation (₹ 59.41 crore) in the Main plant package. We observed that cost overrun on account of abnormal start up fuel cost was avoidable and could have been minimised as discussed in detail under para 2.2.19.

The Management stated (July 2010) that for contractual delay LD of ₹ 377.50 crore was imposed which should be weighed against the cost overrun.

Contract Management

2.2.17 Contract management is the process of efficiently managing contract (including inviting bids and award of work) and execution of work in an effective and economic manner.

The Company awarded (January 2007) EPC contract for construction of two units of 600 MW each at Hisar to Reliance Energy Limited (REL) at a cost of ₹ 3,775.43 crore. The completion schedule was 35 months and 38 months for Unit-I & II, respectively from the date of issue of LOI as against the CEA norms of 44 months for the first Unit and 50 months for the second Unit. The per MW cost of ₹ 3.15 crore for EPC contract was assessed to be the lowest compared with cost of contemporary projects.

Major audit findings are discussed below:

Non award of zero discharge scheme along with EPC contract.

2.2.18 The Company while inviting (July 2006) bids on ICB basis for setting up these units, stipulated that Zero Discharge Scheme should be offered as an option to meet the Ministry of Environment and Forests (MOE&F) stipulations for effluent discharge. The price of the same was to be given as optional in the price bid. REL in its supplementary price bid dated 3 January 2007 had quoted the optional price of ₹ 23 crore for Zero Discharge Scheme. LOI was, however, issued (29 January 2007) without reference to Zero Discharge Scheme. The Company approved (February 2008) implementation of the scheme and requested (March 2008) REL for the same. REL, in turn, stated (June 2008) that as per NIT, the validity of their complete offer had expired on 15 May 2007. As there was no positive response, the Company issued one month notice on 1 October 2009 for implementation of the scheme failing which the same would be completed at their risk and cost. REL refused (22 January 2010) to take cognizance of the notice. We observed that the Company should have included the zero discharge scheme within the EPC scope of work.

The Management stated (July 2010) that the scheme would be implemented at the risk and cost of REL.

Delay in synchronisation and commercial operation of Units

2.2.19 The contract with REL provided for synchronisation of Unit I and II by 28 November 2009 and 28 February 2010 respectively and thereafter starting commercial operation within 30 days after satisfactory trial operation. Unit I and II were synchronized on 10 February 2010 and 17 July 2010 after a delay of 73

Prolonged trial runs resulted in excess consumption of fuel valued at ₹ 168.23 crore

and 138 days respectively. However, Unit I could not be put to commercial operation till date, (July 2010) due to repeated failure/tripping in trial operations mainly attributable to tube leakages. The Company during discussion with REL attributed (July 2010) frequent tripping to long length of economiser tubes resulting in vibration and loosening of joints at weak points. The REL assured to take up the matter with the equipment supplier, Shanghai Electric Corporation, China. Thus, due to faulty design the trial operations were prolonged. Due to abnormal time taken for trial runs, the excess fuel consumption was of the order of ₹ 168.23 crore (up to 30 June 2010), against which the revenue earned on the power sold during trial run was only ₹ 59.16 crore* thereby resulting in loss of ₹ 109.07 crore. In the absence of any clause in the contract guaranteeing standard consumption during trial runs, loss of ₹ 109.07 crore could not be recovered from REL.

The Management stated (July 2010) that no norms for consumption of fuel for the period prior to commercial operation date had been provided in the contract or by Central Electricity Regulatory Commission (CERC). The fact remains that as per terms of contract the Unit was to be put to commercial operation within 30 days after its synchronisation which has not been achieved, thereby resulting in prolonged trial runs and excessive consumption of fuel.

Operational Performance

2.2.20 Operations of generation Company are dependent on input efficiency consisting of material and manpower and output efficiency in connection with PLF, plant availability, capacity utilisation, outages and auxiliary consumption. These aspects relating to the Company with emphasis on PTPS-I (Unit I to IV) and PTPS-II (Unit V to VIII) have been discussed below.

Input Efficiency

Procedure for procurement of coal

2.2.21 The CEA fixes power generation targets for Thermal Power Stations (TPS) considering capacity of plant, average PLF and past performance. The Company works out coal requirement on the basis of targets so fixed and past coal consumption trends. The coal requirement so assessed was conveyed to the Standing Linkage Committee (SLC) of the Ministry of Energy (MOE), Government of India, which decided the source and quantity of coal supply to TPSs on quarterly basis. On the basis of linkage source approved by SLC, the Company was to enter into Coal Supply Agreements (CSA) with collieries. However, the Company did not enter into CSA during 2003-09 due to lack of consensus among coal companies, CEA and power generation utilities. Since April 2009, these utilities have been permitted to enter into dedicated CSA with coal companies for their

* worked out at unscheduled inter change rate up to March 2010 and HERC approved provisional tariff towards variable cost for April – June 2010

coal requirements.

The position of coal linkages fixed, coal received, generation targets prescribed and actual generation achieved by the Company during the period from 2005-06 to 2009-10 was as under:

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Coal Linkage fixed (Lakh MT)	82.80	90.90	95.00	118.80	102.40	489.90
Quantity of coal received (Lakh MT)	65.87	72.55	75.14	89.58	98.59	401.73
Generation targets (MU)*	9815	9463	10836	14342	14272	58728
Actual generation achieved (MU)	8923	10524	10575	13237	14867	58126
Excess / Shortfall (-) in generation targets (MU)	-892	1061	-261	-1105	595	-602

It would be seen from the above table that despite short receipt of coal of 22.16 lakh MT during 2006-07 and 2009-10, there was excess generation than the targets. The shortfall in generation in the remaining years was attributed to non-availability of coal in proper form in coal bunkers (PTPS I and II), low PLF (PTPS I) and forced outages.

Fuel supply arrangement

2.2.22 Coal is classified into different grades. The price of the coal depends on the grade of coal. The Company had CSA with Bharat Cocking Coal Limited (BCCL) and Central Coalfields Limited (CCL) up to March 2003 which provided for full compensation to the Company for idle freight to the Railways for under loading of wagons below the carrying capacity and fifty *per cent* compensation for penal freight for overloading of wagons. Besides, compensation on stones in supply and slippage in grade of coal (quality) was to be given. Western Coalfields Limited (WCL) had agreed (May 2002) for compensating the Company only for slippage in grade of coal. There was no CSA during the period 2003-2009 due to lack of consensus between CEA, Coal companies and power utilities. The new CSA with the coal companies, applicable with effect from April 2009, provided for claims on account of stone, quality and under loading of wagon. A review of claim lodged and settled by various coal companies in respect of PTPS revealed the following:

- BCCL, CCL and WCL had been settling the claim on account of grade slippage even in the absence of CSA and settled claims of ₹ 69.27 crore during the period 2005-09. Claim of ₹ 30.66 crore for the period 2009-10 had been lodged with the coal companies out of which an amount of ₹ 12.95 crore and ₹ 1.48 crore was received from BCCL and WCL respectively and balance of ₹ 16.23 crore was yet to be received from these companies. Claim towards poor quality of coal from Dugdha Washery amounting to ₹ 4.52 crore had been rejected by BCCL due to lack of enabling clause in the agreement.

- The Company had unsettled claim of ₹ 71.09 crore (on account of penal freight for overloading, stones, shortage, under loading charges etc.) up to

* Based on HERC approved PLF for PTPS-I & II, DCRTPP and FTPS.

March 2009 with BCCL. As per negotiations held with BCCL, the Company accepted ₹ 29.31 crore towards full and final settlement of all claims against the total claims of ₹ 65.31 crore. The remaining portion of the claims of ₹ 36 crore were withdrawn by the Company. The decision for the balance claims of ₹ 5.78 crore were deferred.

- Claims amounting to ₹ 14.83 crore on account of stone for the period 2009-10 had been lodged as per new CSA with the coal companies (CCL, BCCL, NCL and WCL) which were pending for adjustment.

During Exit Conference the Management stated (July 2010) that in the absence of CSA the Company was not able to settle the claim up to March 2009 in full. Further, the new CSA applicable from April 2009 provides for recovery at monthly intervals and the claims not settled by coal companies so far shall be adjusted against their coal bills. The fact, however, remained that reconciliation of claims had not yet been done (July 2010) with coal companies (except BCCL) as a result of which the claims were pending.

Loss of generation due to improper fuel stock

2.2.23 Test check of records relating to outages of plants revealed that the different Units of PTPS- I and II were subject to forced shutdown during the years 2005-06 and 2009-10 due to non availability of coal in proper form in coal bunkers, resulting in loss of generation aggregating to 130.51 MUs valued at ₹ 13.58 crore (net of fuel cost).

The Management stated (July 2010) that the coal related problems occur mainly in rainy season as wet and slurried coal is received leading to non feeding of coal in coal bunkers due to choking of various systems of coal handling plants.

Consumption of fuel

Excess consumption of coal

2.2.24 The consumption of coal depends upon its calorific value. The norms are fixed in the project report for various power generating stations for production of one unit of power. Year–wise details indicating value of excess consumption of coal in PTPS are given below.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Unit generated (MUs)	8135.70	9908.12	9861.26	9588.42	10206.84
2.	Coal required as per norms (MT)	4391072.04	5363733.38	5339697.32	5191213.71	5588013.38
3.	Coal consumed (MT)	5809813.00	6926690.00	6944207.00	6783918.00	7311782.21
4.	Excess consumption (MT) (3 – 2)	1418740.96	1562956.62	1604509.68	1592704.29	1723768.83
5.	Rate per MT (₹)	2359.72	2396.96	2342.79	2588.84	3008.96
6.	Coal consumed per Unit (Kg.) [(3 / 1 x 1000)]	0.714	0.699	0.704	0.708	0.716
7.	Value of excess coal (₹ in crore)(4 x 5)	334.78	374.63	375.90	412.33	518.68

Audit analysis revealed that consumption above the norms was due to low calorific value of coal and delay in R&M of Unit III and IV resulting in excess consumption of coal of (79.03 lakh MT) valued at ₹ 2,016.32 crore during the review period as detailed in ***Annexure 12.*** However, as per HERC norm excess consumption of coal on account of excess heat rate valued ₹ 251.75 crore during review period.

Excess heat rate led to excess consumption of coal valued of ₹ 251.75 crore as compared to HERC norm

The Management stated (July 2010) that the Company has no control over quality of coal. However, it has been putting its best efforts for improvement in quality of coal received and had appointed coal agent in 2006-08 for ensuring delivery of good quality coal from specified collieries.

Manpower Management

2.2.25 As per NEP released by the CEA in April 2007, the man power norm in 10th Five year plan was 1.76 and 1.79 persons per MW of the installed capacity in respect of thermal and hydro power projects respectively. The details of actual men in position vis-a-vis norms of CEA during 2005-10 of the Company are given below:

(₹ in crore)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09
1	Manpower as per the CEA norms	2796	2796	2796	3769
2	Actual manpower	4479	4299	4234	4579
3.	Excess manpower	1683	1503	1438	810
4	Expenditure on salaries (₹ in crore)	147.92	165.83	209.84	355.30
5	Extra expenditure with reference to CEA norms (₹ in crore)	55.58	57.98	71.27	62.85

The manpower in excess of norms of CEA during the period 2005-10 resulted in extra expenditure of ₹ 247.68 crore. We observed that despite excess manpower at PTPS, temporary/contractual staff was deployed regularly for cleaning of coal handling plant/condenser etc. and incurred ₹ 19.59 crore during review period which could have been avoided. In view of excess manpower, the Company may consider rationalisation of its staff to reduce its establishment cost.

The Management stated (July 2010) that as compared to the sanctioned strength based on restructuring (July 2004) of manpower by Haryana Bureau of Public Enterprises, 683 number of positions were lying vacant in PTPS, Panipat on 30 June 2010. The reply is not convincing as staff was in excess of CEA norm.

Output Efficiency

Shortfall in generation

2.2.26 The targets for generation of power for each year are fixed by the Company and approved by the CEA. The particulars of CEA norms actual generation and excess / shortfall with reference to CEA norm for thermal and hydro power plants of the Company are given in the following table.

(figures in MUs)

Year	Target as per CEA norm		Actual		Excess /(-) Shortfall as compared to HERC norm	
	Thermal	Hydro	Thermal	Hydro	Thermal	Hydro
2005-06	9802	310	8923	258	-879	-52
2006-07	9951	310	10524	256	573	-54
2007-08	10356	275	10575	270	219	-5
2008-09	14776	275	13237	282	-1539	7
2009-10	15438	275	14867	235	-571	-40
Total	**60323**	**1445**	**58126**	**1301**	**-2197**	**-144**

Shortfall in generation was 1434 MUs in respect of PTPS-I during 2005-10

It would be seen from the above that the shortfall in generation, i.e. 879 MUs in 2005-06 from thermal plants was converted into excess of 573 MUs in 2006-07 and 219 MUs in 2007-08. Again in 2008-09, the shortfall, shot upto 1539 MUs in 2008-09 and slightly decreased to 571 MUs in 2009-10. The generation data of PTPS-I and II was analysed in detail. Particulars of generation with reference to CEA/HERC norm in respect of PTPS-I and II are given below in the table for the review period.

PTPS-I **(figures in MUs)**

Year	Target as per CEA norm	Target as per HERC norm	Actual	Excess /(-) Shortfall as compared to HERC norm
2005-06	2504	2505	2227	-278
2006-07	2310	2120	2567	447
2007-08	2515	2706	2296	-410
2008-09	2832	2968	2232	-736
2009-10	2830	3138	2681	-457
Total	**12991**	**13437**	**12003**	**-1434**

PTPS-II

Year	Target as per CEA norm	Target as per HERC norm	Actual	Excess /(-) Shortfall as compared to HERC norm
2005-06	6448	6414	5909	-505
2006-07	6780	6447	7342	895
2007-08	7091	6465	7565	1100
2008-09	7015	6447	7357	910
2009-10	6819	6447	7525	1078
Total	**34153**	**32220**	**35698**	**3478**

It is evident from above that while PTPS-II was able to generate in excess of HERC targets, the same could not be achieved by PTPS- I, which indicates that the resources and capacity of PTPS-I were not being utilised to the optimum level due to frequent breakdowns, excess time taken in R&M of Unit I and delay in rectification of defects as discussed subsequently. The year-wise details of energy to be generated as per HERC norms of PLF and actual generation in respect of PTPS, up to March 2010 are given in ***Annexure 13***.

Plant Load Factor (PLF)

2.2.27 PLF refers to the ratio between the actual generation and the maximum possible generation at installed capacity. According to norms fixed by CERC, the PLF for thermal power generating stations should be 80 *per cent*, against which the national average was 73.71 *per cent*, 77.03 *per cent*, 78.75 *per cent*, 77.22 *per cent* and 77.48 *per cent* during 2005 -06 to 2009-10 respectively. The PLF of thermal power plants of the Company as a whole was 67 *per cent*, 78.78 *per cent*, 78.94 *per cent*, 75.01 *per cent* and 82.93 *per cent* during 2005-06 to 2009-10 respectively. We observed that average realisation per unit would have increased by 9.93 *per cent* in 2005-06 and by 2.88 *per cent* in 2008-09. During 2006-07, 2007-08 and 2009-10 the PLF of the Company was higher than national PLF. Line graph depicting actual PLF vis-à-vis national average during the period under review is given below:

Unit No. VI of Kota TPS of RVUNL achieved PLF of 101.01 *per cent* which was highest among all the state sector units. (Source: Performance Review of Thermal Power Stations 2008-09 by CEA)

Further analysis revealed that the PLF of PTPS-I, was lower than HERC norms (except 2005-06) as well as the national average and that of Unit V to VIII of PTPS-II was largely above the HERC norms as well as the national average. Significantly Unit VII of PTPS-II performed very well and achieved 98.91 and 98.40 *per cent* PLF during 2007-08 and 2009-10 respectively. The details of average realisation vis-a-vis average cost per unit, PLF achieved, average realisation at national PLF, PLF at which average cost would be recovered and the difference of PLF in *per cent* are given below in respect of PTPS-I in the following table:

PLF of Unit VII, PTPS-II, was above 98 *per cent* during 2007-08 and 2009-10

Panipat Thermal Power Station-I

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1	Average Realisation (paise per unit)	288.84	285.08	279.00	273.00	315.00
2	Average cost (paise per unit)	286.69	237.92	322.75	367.79	407.29
3	Actual PLF (*per cent*)	57.77	66.59	59.41	57.89	68.36
4	Average Realisation at National PLF (paise per unit)	368.54	329.77	369.82	364.14	357.02
5	PLF at which average cost stands recovered (*per cent*) (2/1x3)	57.34	55.57	68.73	77.99	88.39
6	Difference (*per cent*) (4-1)/1	27.59	15.68	32.55	33.38	13.34

The Estimated shortfall in generation in respect of PTPS -I works out to 2528.35 MUs (at the national average PLF ranging between 73.71 *per cent* to 78.75 *per cent*) during 2005-06 to 2009-10 resulting in loss of contribution amounting to ₹ 82.67 crore. During the year 2008-09 and 2009-10, the Company was not able to recover even the variable cost of ₹ 10.91 crore due to excess heat consumption and excessive outages in respect of PTPS-I.

The main reasons for the low PLF, as observed in audit, were:

- low plant availability;
- low capacity utilisation; and
- major shut downs and delay in repairs and maintenance

These are discussed in the following paragraphs.

Plant availability

2.2.28 Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period. As against the CERC norm of 80 *per cent* plant availability during 2004 – 2009 and 85 *per cent* during 2010 –2014, the average plant availability of PTPS-I and II ranged between 69.3 to 82.14 and 76.96 to 91.79 *per cent* respectively during the five years up to 2009-10.

The details of total hours available, total hours operated, planned outages, forced outages and overall plant availability in respect of the PTPS-I & II, are given below

PTPS-I

Particulars	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Total Hours available	35040	35040	35136	35040	35040
Operated Hours	24553	28630	27002	24283	28782
Planned Outages (in hours)	3853	632	5574	8463	954
Forced Outages (in hours)	5912	5469	2490	2114	5300
Reserve Shut down (in hours)	722	309	70	180	4
Plant availability (*per cent*)	70.07	81.71	76.85	69.30	82.14

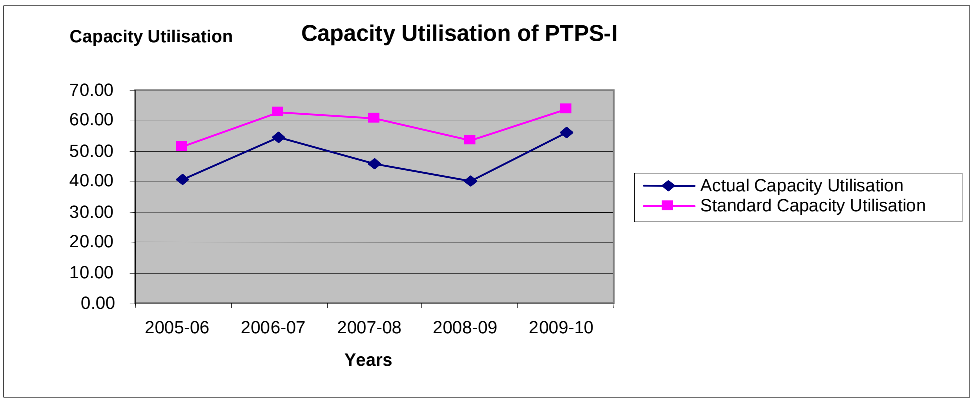
PTPS-II

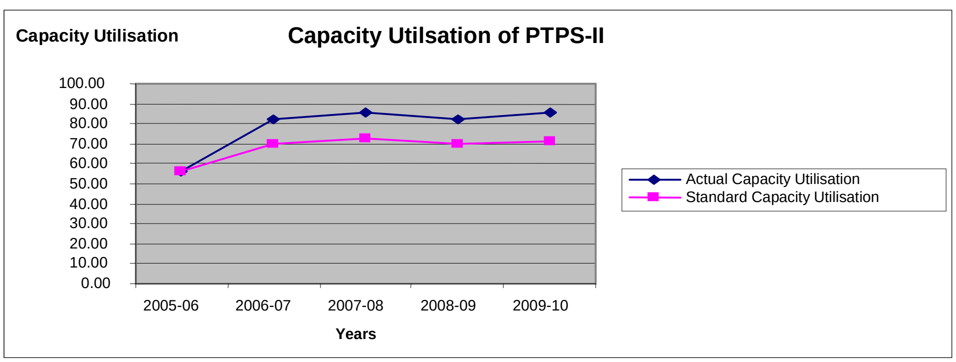
Particulars	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Total Hours available	34872	35040	35136	35040	35040
Operated Hours	26836	31660	32252	31560	32142
Planned Outages (in hours)	1158	1970	1431	2298	1342
Forced Outages (in hours)	6288	1055	1453	1082	1372
Reserve Shut down (in hours)	590	355	0	100	184
Plant availability (*per cent*)	76.96	90.35	91.79	90.07	91.73

The low availability of PTPS-I during 2005-06, 2007-08 and 2008-09 was due to longer duration of outages caused by inordinate delay in repair and maintenance and refurbishment of Unit – I. Low availability of PTPS-II during 2005-06 was due to excessive forced outages.

Low Capacity Utilisation

2.2.29 Capacity utilisation means the ratio of actual generation to possible generation during actual hours of operation. Based on national average PLF and plant availability, the standard capacity utilisation factor ranged between 51.65 *per cent* and 63.66 *per cent* for PTPS-I and 55.99 *per cent* and 72.28 *per cent* for PTPS-II. The actual capacity utilisation factor based on actual PLF and plant availability ranged from 40.48 *per cent* to 56.17 *per cent* for PTPS-I and 55.98 *per cent* to 85.92 *per cent* for PTPS-II. The audit analysis revealed that during the period 7.47 *per cent* to 14.86 *per cent* of the installed capacity remained unutilised in case of PTPS-I, while in case of PTPS-II the capacity utilisation was higher than the standard capacity utilisation. Line graph depicting the capacity utilisation of PTPS-I and II during the review period is given below:





The main reason for the low utilisation of available capacity of PTPS-I during 2005-10 as analysed in audit were:

- running of Units with partial load on account of tube leakage, flame failure and inadequate furnace pressure.
- lower efficiency of machinery as the Units were old which needed R&M.

Outages

2.2.30 Outages refer to the period for which the plant remained closed for attending planned/forced maintenance. We observed following deficiencies in planned and forced outages in respect of PTPS:

- The total number of hours lost due to planned outages in respect of PTPS-I increased from 3,853 hours in 2005-06 to 8,463 hours in 2008-09 i.e. from 11 *per cent* to 24.15 *per cent* of the total available hours in the respective years. However, during the year 2009-10 the planned outages decreased to 954 hours i.e. 2.72 *per cent* of the total available hours. In respect of PTPS-II there was marginal increase from 1,158 hours in 2005-06 to 1,342 hours in 2009-10 i.e. 3.32 to 3.83 *per cent* of the total available hours in respective years.

Excessive forced outages than the norms of CEA resulted in generation loss of 1008.84 MUs valuing ₹ 90.20 crore

- The forced outages in respect of PTPS-I decreased from 5,912 hours in 2005-06 to 5,300 hours in 2009- 10 i.e. from 16.87 to 15.13 *per cent* of the total available hours in the respective years. In respect of PTPS-II, the forced outages decreased from 6,288 hours in 2005-06 to 1,372 hours in 2009-10 i.e. from 18.03 to 3.92 *per cent*. The forced outages in respect of PTPS-I remained more than the norm of 10 *per cent* fixed by CEA during the years 2005-06, 2006-07 and 2009-10 and in respect of PTPS-II it was more than the norm only during 2005-06. Compliance of the CEA norms would have entailed availability of additional 8,954 operational hours with consequent generation of 1,008.84 MUs valued at ₹ 90.20 crore (net of fuel cost) during the period covered under review. With better preventive maintenance, forced outages could have been reduced considerably.

Auxiliary consumption of power

2.2.31 Energy consumed by power stations themselves for running their equipments and common services is called Auxiliary Consumption. CEA norm for auxiliary consumption for Unit size up to 200 MW and above 200 MW is 12 and 7.5 *per cent* respectively. On the other hand, HERC, also fixes norm for auxiliary consumption at the time of tariff fixation. The HERC norm varied from 8.50 *per cent* to 12.50 *per cent* during review period depending upon the generating capacity of the plants. While the norm for PTPS-I remained at 11 *per cent*, the same varied from 9 to 9.25 *per cent* for PTPS-II during review period. Similarly, norm for Faridabad Thermal Power Station was fixed at 12.50 *per cent* during review period and DCRTPP, Yamunanagar ranged between 9.50 and 8.50 *per cent* during 2007-08 to 2009-10. The auxiliary consumption of thermal power plants of the Company as a whole was 10.08, 9.80, 9.93, 9.66 and 9.77 *per cent* during 2005-06 to 2009-10 respectively. We observed that percentage of Auxiliary consumption of PTPS-I was higher than the norms prescribed by HERC during 2005-10, and was attributable to excessive forced shutdowns as auxiliaries continue to run and consume power even though the Unit is shutdown. Auxiliary consumption in Unit V & VI of PTPS-II was also more than the HERC norms during all the five years (except during 2006-07 in respect of Unit-V). In the case of Unit VII & VIII (PTPS-II) the auxiliary consumption was within the norms (except during 2005-06 in respect of Unit-VII). Auxiliary consumption in excess of HERC norms resulted in shortfall in supply of 155.68 MUs valued at ₹ 42.91 crore to the grid.

The Management, during Exit conference, stated (July 2010) that PTPS-I Panipat had almost completed their normal life leading to shortfall in generation. Unit III and IV of PTPS-I needed R&M pending which low PLF and excessive outages were causing short fall in generation and excess auxiliary consumption.

Repair and Maintenance

2.2.32 To ensure long term sustainable levels of performance, it is important to adhere to periodic maintenance schedules. Non adherence to schedules carry a risk of the equipment consuming more coal, fuel oil and a higher risk of forced outages which necessitate undertaking R&M works. In this connection, we observed that, annual maintenance of majority of Units at PTPS, was done after a delay ranging from 107 to 328 days in respect of eight units on 10 occasions during review period. The delayed maintenance caused continuous deterioration in the condition of machines causing forced outages. Besides, due to delayed preventive maintenance, the Company took excess days in carrying out R&M activity ranging from 91 to 253 on four occasion, during review period as compared to plan. The excess time taken in preventive maintenance resulted in generation loss of 2,196.97 MUs. For instance, Unit-I scheduled for R&M and up-rating from November 2006 could only be taken up from September 2007 after a delay of 328 days due to delay in supply of material by BHEL. The work rescheduled to be completed by 24 February 2008 was actually completed on 4 November 2008 after taking 253 extra days. This resulted in generation loss of 434.15 MUs.

The Management stated (July 2010) that the Company had to shut down its Units for planned maintenance based on power availability situation. As far as actual time taken being more than normative time in planned maintenance is concerned, the same depends on the conditions of the machine. Regarding delay in R&M of Unit I, the Company had levied applicable LD amounting to ₹ 6 crore on BHEL for the delay. The facts, however, remains that the preventive maintenance and R&M of the Units is a technical necessity rather than a function of demand and supply of power.

Renovation and Modernisation

2.2.33 R&M activities are aimed at overcoming problems in operating units caused due to generic defects, design deficiency and ageing by re-equipping, modifying, augmenting them with latest technology/systems.

The R&M and up-rating of Unit – I from 110 MW to 117.8 MW was awarded to BHEL in August 2005 at a cost of ₹ 120 crore. The Unit was synchronised in November 2008 and was declared for commercial operation in April 2009. As per terms of contract for R&M and up-rating, norms for post R&M period and input/output efficiencies are detailed below.

Name of Unit	Norms for					
	Auxiliary consumption (in *Per cent*)	Heat (in Kcl/Kwh)	Oil (Ml/Kwh)	Coal (Kg/Kwh)	PLF (in Percent)	Generation Cost (₹/Kwh)
Unit – I	11.05	2371	3.00	0.566	80	1.67

We observed that none of the parameters (except auxiliary consumption) was achieved after R&M and refurbishment of the Unit. It is indicative of the fact that R&M/refurbishment works were not carried out effectively and the expenditure incurred on R&M activity amounting to ₹ 150.71 crore remained largely unfruitful. It is suggested to carry out cost benefit study with reference to cost incurred on the refurbishment and the benefits achieved in financial terms

On 1 March 2010 Unit – I tripped as lubricating oil pressure remained very low and damaged turbine bearings. In order to repair the turbine, the Company placed (March 2010) a work order on BHEL valuing ₹ 1.20 crore. In addition, three purchase orders valuing ₹ 2.50 crore were also placed (March 2010) for supply of required stores and spares. The work was to be completed within 44 days from the date of start of work. The work had not been completed yet (July 2010). The tripping of the Unit with such a major fault within a period of one year of R&M corroborated the fact that the R&M/refurbishment works were not carried out efficiently. The shutdown of the Unit had resulted in generation loss of 326.55 MUs up to July 2010.

The Management admitted (July 2010) that guaranteed parameter were never achieved practically. As regards the shut down of Unit I the Management stated (July 2010) that the committee constituted to investigate the matter observed that it was a rare equipment failure. The work was likely to be completed by 15 August 2010.

Financial Management

2.2.34 Efficient fund management is the need of the hour in any organisation. This also serves as a tool for decision making, optimum utilisation of available resources and borrowings at favourable terms at appropriate time.

The main sources of funds were realisations from sale of power, loans from State Government/Banks/Financial Institutions (FI), etc. These funds were mainly utilised to meet payment of power purchase bills, debt servicing, employee and administrative cost and system improvement works of capital and revenue nature.

Details of sources and utilisation of resources of the Company for the years 2005-06 to 2008-09 are given below:

(₹ in crore)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09
Sources					
1	Net Profit/(loss)	(0.80)	1.75	5.70	66.22
2	Add: (a) adjustments: internal sources	587.04	634.95	658.10	768.42
3	Funds from operations (1+2)	586.24	636.70	663.80	834.64
4	Cash deficit (9-3)	464.03	1177.62	686.87	-
5	**Total (3+4)**	**1050.27**	**1814.32**	**1350.67**	**834.64**
Utilisation					
6	Capital expenditure	184.90	1543.90	1542.39	2129.63
7	Increase (decrease) in working capital	865.37	270.42	(191.72)	(1491.39)
8	Cash surplus (3-(6+7))	-	-	-	196.40
9	**Total**	**1050.27**	**1814.32**	**1350.67**	**834.64**

The cash deficit was overcome mainly by increased borrowings in the form of cash credit/loans from commercial banks/Financial institutions. Main reasons for cash deficit identified by audit were poor/delay in recovery of power supply bills, heavy interest commitment on loans and locking up of funds in inventory not required immediately. Further, dependence on borrowed funds increased during review period as borrowings increased from ₹ 3,917.48 crore in 2005-06 to ₹ 4,902.11 crore as at the end of 2008-09. This entailed interest burden of ₹ 1,387.26 crore during 2005-09 ultimately increasing the operating cost of the Company. Therefore, there is an urgent need to optimise internal resource generation by enhancing the PLF of PTPS-I to national level and vigorous pursuance of outstanding dues relating to recovery of energy bills. The instances of improper cash and inventory management are given below:

- The Company invested (September 2007 and April 2008) funds of ₹ 395 crore in Banks through FDRs for a period ranging from 6 to 17 days at the interest rate ranging from 3.81 to 5.76 *per cent* per annum and earned interest of ₹ 67.44 lakh. During the same period the Company had availed cash credit/overdraft facility at the interest rate ranging from 10 to 10.50 *per cent*. Thus, instead of reducing the burden of overdraft/cash credit entailing higher rate of interest, as compared to the interest earned on FDRs, the Company suffered differential interest loss of ₹ 74.48 lakh.

  The Management stated (July 2010) that the Company had not incurred any loss by investing surplus funds as simultaneously no cash credit limit was availed. The reply is not based on facts as cash credits were availed up to 15 April 2008.

- As per the guidelines of CERC, the Thermal Power Stations (TPS) have to maintain spares of ₹ four lakh for each MW of installed capacity. As worked out in Audit, the value of spares to be maintained by the TPS on the basis of CERC guidelines comes to ₹ 85.62 crore whereas the TPSs held a stock of spares valued at ₹ 593.62 crore as on 31 March 2009 resulting in holding of spares in excess of norm by ₹ 508 crore. This resulted in locking up of funds and corresponding loss of interest (at the rate of 11 *per cent* as allowed by HERC) of ₹ 55.88 crore for one year alone. We observed that at PTPS, Panipat as on 31 March 2010, inventory valuing ₹ 15.88 crore had not been moved from the stores for more than 10 years. Besides, inventory valuing ₹ 3.40 crore had to be declared obsolete due to its non use.

  The Management in Exit Conference stated (July 2010) that power generation plants needed various items under standby arrangement for different sizes of plant to minimise shut down and loss of generation. The reply is not convincing as the Company had neither conducted ABC analysis nor followed the principle of Economic Order Quantity.

Claims and Dues

2.2.35 The Company sells energy to DISCOMs i.e. Uttar Haryana Bijli Vitran

Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited at the rates specified by HERC from time to time. HERC fixes the tariff rates after considering various economic and other factors. The tariff for generation fixed by HERC is subject to Fuel Price adjustment due to change in the price and the gross calorific value of fuel. The table below gives the details of energy bills on DISCOMS and recoveries thereagainst and coal bills received vis-a-vis payments made during 2005-10.

(₹ in crore)

Sl. No.	Details	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1.	Energy bills on Discoms	5116.37	5803.03	6849.59	3792.82	4054.54	25616.35
2.	Amounts received	3426.26	5076.84	6706.73	5488.07	3925.29	24623.19
3.	Difference (1 –2)	1690.11	726.19	142.86	(1695.25)	129.25	993.16
4.	Coal bills received	794.52	842.66	926.40	1140.07	1270.40	4974.05
5.	Payments made	743.75	833.50	914.35	1137.92	1197.75	4827.27
6.	Difference (4 –5)	50.77	9.16	12.05	2.15	72.65	146.78

The Company had to purchase the power from different sources for onward sale to DISCOMS. While the Company had to make timely payments for purchase of power, the recovery of energy bills for sale of power to DISCOMS was slow. During the year 2008-09, there was recovery of excess amount than the bills raised as the power trading business was transferred from the Company to DISCOMS. The cumulative outstanding as at the end of 2008-09, as per audited figures was ₹ 1026.36 crore against DISCOMS/TRANSCO of which ₹ 52.25 crore remained pending for over five years against Haryana Vidyut Prasaran Nigam Limited. It was observed that there was always default in payments of energy bills by the DISCOMS which led to shortage of funds. To meet the gap between energy bills raised and amount received, the Company had to resort to cash credit limit and raise loan for working capital as per details given below:

(₹ in crore)

Particulars	2005 -06	2006 -07	2007 -08	2008 -09	2009-10
Cash credit	-	0.01	712.50	54.54	6.51
Loan for working capital	1461.24	1900.26	1753.02	172.87	1237.15
Total	1461.24	1900.27	2465.52	227.41	1243.66
Interest on borrowings for working capital	105.65	144.23	210.18	48.98	Not available

It could be seen that the cash credit/loan for meeting the requirement of working capital decreased from ₹ 1,461.24 crore in 2005-06 to ₹ 227.41 crore during 2008-09 due to transfer of power trading business to DISCOMS. However, during the year 2009-10, the cash credit/loan for working capital again increased to ₹ 1,243.66 crore as the Company depended on this source being available at lower rate ranging from 6.50 to 6.80 *per cent* as compared to the interest rate on long term loans.

The Management while admitting the fact of slow pace of recovery of energy bills from DISCOMS, stated (July 2010) in the Exit Conference that rural electrification subsidy due to DISCOMS from the Government was now being received by the Company from the State Government directly against its dues. Besides, the period of levy of surcharge due to delay in payment had also been reduced from 90 days to 60 days w.e.f 1 April 2008.

Tariff Fixation

2.2.36 At the time of tariff fixation, the Commission sets performance targets for each year of the Control Period for the items or parameters that are deemed to be "controllable" and which include:

(a) Station Heat Rate (b) Plant availability; (c) Auxiliary Energy Consumption; (d) Secondary Fuel Oil Consumption; (e) Operation and Maintenance Expenses; (f) Plant Load Factor; (g) Financing Cost which includes cost of debt (interest), cost of equity (return); and (h) Depreciation.

Any financial loss on account of underperformance on targets for parameters specified in Clause (a) to (f) is not recoverable through tariffs. In view of this, the commission did not allow expenditure of ₹ 294.66 crore on excess consumption of coal (₹ 251.75 crore) and auxiliary energy consumption (₹ 42.91 crore) during 2005-10 which increased the loss of the Company. However, this expenditure was controllable and could be avoided.

Environmental Issues

The Company failed to adhere to the environmental safeguards

2.2.37 In order to minimise the adverse impact on the environment, the GOI had enacted various Acts and Statutes. At the State level, Haryana Pollution Control Board (HPCB) is the regulating agency to ensure compliance with the provisions of these Acts and Statutes. MOE&F, GOI and Central Pollution Control Board (CPCB) are also vested with powers under various Statutes.

Audit scrutiny of records at PTPS relating to compliance with the provisions of various Acts in this regard revealed the following:

Air Pollution

2.2.38 Coal ash, being a fine particulate matter, is a pollutant under certain conditions when it is airborne and its concentration in a given volume of atmosphere is high. Control of dust levels (Suspended Particulate Matters – SPM) in flue gas is an important responsibility of thermal power stations. Electrostatic Precipitator (ESP) is used to reduce dust concentration in flue gases. Control of dust level is dependant on effective and efficient functioning of ESPs.

Non-achievement of specified SPM levels

2.2.39 The concentration of SPM in the ambient air as prescribed (April 1996) by MOE&F was maximum of 500 microgram per cubic meter. Audit noticed that during 2005-09, the SPM level in Coal Handling Mill (CHM) area was checked on 321 days out of which on 141 days the SPM level ranged between 510 (December 2006) and 1,494 (January 2007) microgram per cubic meter. There was no recording of SPM level during April 2009 – January 2010. During measurement (February/March 2010), the SPM level was found as high as 1,829 microgram per cubic meter. Effective measures were not taken to bring the concentration of SPM in the ambient air within the prescribed limits by regular tuning of electrostatic precipitators or its up-gradation in addition to proper stacking of crushed coal and making sprinklers functional in the coal handling areas.

The Management stated (July 2010) that despite undertaking requisite actions from time to time, SPM level remained above normative levels at a number of time. Further, suitable measures were underway to contain SPM levels.

Installation of on-line monitoring equipment

2.2.40 As per the provisions of the Environment (Protection) Act, 1986, TPSs should provide on-line monitoring systems to record SPM levels. The Company incurred an expenditure of ₹ 0.70 crore on procurement and installation of on-line monitoring and other equipments in Unit I & II and V & VI. In Unit VII & VIII, the system had been installed but not commissioned as yet. No system had been installed in Unit-III & IV. The SPM data was, however, being recorded manually only once a month. This defeated the very purpose of installation of these equipments.

MOE&F prescribed (May 1993) Particulate Matter (PM) level of 150 mg/NM^3 of stack emission for thermal plants having generation capacity of 62.5 MW and above. The SPM level of stack emission of Units I to IV was higher than the prescribed limit during June 2006 to March 2009 (except Unit I & II during August 2006 and March – July 2008 which ranged between 157 (October 2008) and 1,276 mg/NM^3 (January 2007). There was no recording during April 2009 to January 2010 as test laboratories were not engaged for the purpose. During the month of February and March 2010, the stack emission ranged from 322 to 3,247 mg/NM^3 which was higher than the norms in all the eight Units installed at PTPS.

The Management stated (July 2010) that the on-line monitoring system in Unit I, II, V & VI are in operation and results shall be included in daily generation report. In Unit III and IV the system is proposed to be installed at the time of their R&M which is scheduled for completion during 2013-14. In regard to Unit VII and VIII the matter was vigorously being taken up with BHEL for early commissioning of system.

Use of high ash content coal

2.2.41 As per MOE&F notification (July 2003) coal based power stations located 1,000 KM away from the coal mine or located in urban, sensitive and critically polluted areas were required to use coal having less than 34 *per cent* ash on an annual weighted average basis. Audit observed that PTPS used coal obtained from coal companies located more than 1,000 KM away in Jharkhand, Chattisgarh and Madhya Pradesh. During 2005-10, PTPS received 327.76 lakh MT of coal, in which the weighted average of ash ranged between 36.33 and 38.25 *per cent*. The ash content could have been brought down by washing the coal through washeries and beneficiation to meet the laid down norms. No action was, however, taken in this regard.

The Management stated (July 2010) that for keeping the ash content within limit prescribed by MOE&F, the Company has been using imported coal. Further, for washing of coal, bids had been invited and the same would be finalised soon.

Ash disposal

2.2.42 Annual generation of fly ash from PTPS, ranged between 18.76 lakh MT (2005-06) and 22.75 lakh MT (2007-08). MOE&F issued a notification (September 1999) which provided that every thermal plant should supply fly ash to building material manufacturing units free of cost at least for 10 years. Audit scrutiny of generation and disposal of fly ash during 2005-10 revealed that against the total fly ash of 107.74 lakh MT generated in PTPS, only 19.63 lakh MT (18.2 *per cent*) could be supplied. The remaining 88.11 lakh MT of fly ash had to be evacuated in the wet mode thereby leading to early filling of ash pond. Resultantly, the Company had to place three work orders valuing ₹ 32.48 crore during May 2007 to January 2009 to increase the height of Ash Dyke Pond.

The Management stated (July 2010) that raising of ash dyke is a regular feature as basic aim before the project is to generate power even by flushing ash through wet ash disposal system.

Noise Pollution

2.2.43 Noise Pollution (Regulation and Control) Rules, 2000 aim to regulate and control noise producing and generating sources with the objective of maintaining ambient air quality. The Company had not installed specific silencing equipments in the PTPS.

We observed that PTPS did not record noise levels till September 2009 at all. During October 2009 to March 2010 out of 190 times on which noise level recording was done in the plant area, the noise level on 155 times ranged from 76 to 97.6 decibels against the prescribed level of 75 decibels.

The Management stated (July 2010) that the Company had finalised R&M of Unit III and IV with World Bank Funds and environmental compliances including keeping of noise level within limits for the PTPS as a whole is covered under the R&M scope, being World Bank requirement.

Water Pollution

2.2.44 The waste water of the power plant is the source of water pollution. As per the provisions of the Water (Prevention & Control of pollution) Act, 1974, the TPS is required to obtain the consent of State Pollution Control Board which, *inter alia*,, contains the conditions and stipulations for water pollution to be complied with by the TPS.

Non-compliance of the statutory provisions relating to water pollution

2.2.45 The Water (Prevention and Control of Pollution) Cess Act, 1977, *inter alia,* provides for payment and collection of cess at the prescribed rates on water consumed by power generation utilities. Section 7 of the ibid Act provides for rebate of 25 *per cent* of the Cess payable if treatment plants had been installed.

The Company had installed one Effluent Treatment Plant (ETP) for Unit VII and

VIII in PTPS, yet it failed to avail rebate of ₹ 24.89 lakh* as the Company did not maintain data to quantify the quantum of water discharged after treatment. For Units I to VI, the ETP had not been installed resulting in discharge of water without treatment.

The Management stated (July 2010) that no provision had been made for construction of ETP in Unit I to VI, as per the requirement at the time of construction of these Units. The reply is not convincing because to protect the environment, ETPs should have been installed subsequently to meet the statutory requirement.

Clean Development Mechanism

2.2.46 To save the earth from green house gases (GHG) a number of countries including India signed the 'Kyoto Protocol', (December 1997). Article 3 of the Protocol targeted reduction of emission of GHG by five *per cent* in the developed countries. Only those power plants that meet the United Nations Framework Convention on Climate Change norms and take up new technologies will be entitled to sell these credits. If the developed countries were unable to reduce their own carbon emissions, they could book the savings of GHG in developing countries in their account by paying some money to the concerned country. This whole system is named Clean Development Mechanism (CDM). In India, the MOE&F, GOI is nominated as DNA.

We noticed (April 2010) that the Company neither worked out the quantum of carbon credit nor taken any initiative for registration of its Power plants (Unit VII & VIII of PTPS II, Panipat, Unit I and II of DCRTPP, Yamunanagar and Unit I and II o RGTPP, Hissar) installed after January 2000 for sale of CER.

The Management stated (August 2010) that they would endeavour to get carbon credit benefits for all future projects.

Monitoring by top management

MIS data and monitoring of service parameters

2.2.47 Generating Company plays an important role in the State economy. For such a giant organisation to succeed in operating economically, efficiently and effectively, there should be documented management systems of operations, service standards and targets. Further, there has to be a 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 that the achievement of which would make an organisation self-reliant. Audit review of the system existing in this regard revealed that the Company fixes the targets for important operational parameters and has developed an MIS to monitor performance against these parameters. The BOD reviews periodically the operational/financial performance of the Company for taking remedial action in case of under performance. Proper disaster

* Consumption of water calculated on the basis of installed capacity of Unit VII and VIII with reference to the total installed capacity of PTPS.

management system is in place.
The matter was referred (July 2010) to the Government; the reply had not been received (September 2010).

Conclusion

- **The Company failed to meet the growth in peak demand by 1,800 MW, as the net capacity addition was only 603.15 MW during 2005-10 due to delay in planning and implementation of capacity addition programmes.**
- **In order to meet the deficit of power, the State had to depend on short term purchases and unscheduled interchange sources of energy during 2005-10, which was costlier as compared to own generation cost and long term purchases.**
- **Both the units of RGTPP, Hisar were not completed in time and led to loss of expected generation of 3,790 MUs.**
- **Excess forced outages than CEA norm led to generation loss of 1,008.84 MUs and excess time taken in preventive maintenance resulted in generation loss of 2,196.97 MUs.**
- **The financial management was deficient as funds were kept in FDRs instead of reducing the burden of overdraft/cash credit.**
- **Delayed preventive maintenance of plants led to excess time in repair work and resultant generation loss.**
- **Environmental safeguards were not fully adhered to.**
- **The Company has proper MIS for taking remedial measures.**

Recommendations

The Company may consider:

- **intensifying its capacity addition programmes by close monitoring the programmes for timely execution so as to meet the national objective of power for all by 2012;**
- **taking measures to increase generation by increasing plant load factor of PTPS-I, Panipat;**
- **ensuring adherence to scheduled maintenance of the plants and upkeep of the equipments to avoid forced shutdowns of generating units;**
- **carrying out cost benefit study with reference to cost incurred on the refurbishment of Unit-I and II, PTPS, Panipat and the benefits achieved in financial terms;**
- **enforcing environment safeguards to bring the air, water and noise pollution within prescribed limits; and**
- **undertaking the study to explore the feasibility of measuring the carbon credit benefits.**

Introduction

2.1.1 Haryana Agro Industries Corporation Limited (Company) was incorporated in 1967 under the Companies Act, 1956 as a joint venture of the State Government and Government of India (GOI), with shareholding of 61.35 and 38.65 *per cent* respectively, with the objectives to promote agro based industries in the State, provide farmers with agricultural inputs and assist them in farm mechanisation. For attaining these objectives, the Company was running three manufacturing plants viz. Cattle Feed Plant at Jind, Agro Engineering Workshop at Nilokheri and Fertiliser and Chemical plant at Shahabad. Besides, the Company had a network of 17 Farmers Service Centres (FSCs) scattered through out the State for sale of seeds, fertilizers, pesticides, tractors and other agricultural machineries like diesel engine, electric motors, etc. to the farming community. The Company also owned six petrol pumps (PPs) and four godowns having storage capacity of 54,590 Metric Tonne (MT). The State Government had also assigned to the Company, the work relating to procurement of wheat, paddy and bajra for the central pool.

The Management of the Company was vested in a Board of Directors (Board) consisting of not less than two and not more than twelve directors including a Chairman and a Managing Director (MD), who were nominated/appointed by the State Government and GOI. As on 31 March 2010, there were nine directors (including two non officials nominated by GOI) on the Board including a Chairman appointed by the State Government. The MD was the Chief Executive of the Company and was assisted in day to day work by a Chief Administrative Officer-cum-Secretary, General Manager (Finance)-cum-Company Secretary and Deputy General Manager (Procurement) at Head Office and Deputy General Managers/District Managers in the field offices.

The working of the Company was last reviewed in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Commercial) Government of Haryana. The review was discussed by the Committee on Public Undertakings (COPU) and recommendations of COPU were contained in the 53rd Report presented to the State Legislature on 22 March 2007. The COPU, in the said Report had recommended (March 2007) that tenure of the Chief Executive should be three to five years for achieving results. During April 2004 to March 2010, the State Government appointed four MDs. The tenure of three MDs ranged between two and 23 months. However, the present MD was continuing with effect from January 2007.

Scope of Audit

2.1.2 The present performance review conducted during November 2009 to March 2010 covers the working of the Company, as per the audit objectives, for the last five years ending March 2010. Besides examining the records maintained at the head office of the Company, we test checked records of seven* out of 17 FSCs, three out of four warehouses and two out of six PPs under the control of selected FSCs. The selection was made by adopting simple random sampling without replacement method and covered 56.46 *per cent* of the total turnover.

Audit objectives

2.1.3 The audit objectives of the review were to ascertain whether:

- the activities of the Company resulted in development of agro based industries, providing farmers with agriculture inputs and assisting them in farm mechanisation in consonance with its objectives;
- the manufacturing units operated at their optimum level;
- the Company executed the procurement of foodgrains for the Central pool, in an efficient, effective and economical manner;
- the Company raised bills and differential claims with the Food Corporation of India (FCI) for sale of wheat and rice accurately within stipulated period and received full reimbursement of all cost elements including the statutory levies imposed by the State Government;
- proper financial management (including availing of cash credit limit) existed; and
- the Company had devised effective monitoring and internal control/audit system.

Audit criteria

2.1.4 The following audit criteria were adopted:

- policy of the Company for investments and providing assistance to agro based industries, providing agriculture inputs, covering area under farm mechanisation and targets fixed thereagainst;
- installed capacity of manufacturing units and targets fixed thereagainst;
- targets fixed for procurement and delivery of wheat and paddy and prescribed norms/procedures/time limit for the same;
- Policy and guidelines of GOI/FCI for milling of paddy;

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* Ambala, Jind, Kaithal, Karnal, Kurukshetra, Fatehabad and Sirsa.

- policy and guidelines of the Company/FCI regarding raising of bills etc.; and
- internal audit and other control procedures adopted by the Management.

Audit methodology

2.1.5 Audit followed the following methodology to assess the audit objectives with reference to the audit criteria:

- review of Company's policies, annual budgets, agenda/minutes of the Board meetings, COPU recommendations on previous review and interaction/discussion with the personnel of the Company;
- examination of records relating to procurement, storage and delivery of food grains to FCI, raising of claims for sale, differential claims and receipt of payments thereagainst;
- review of policy and guidelines of GOI/FCI and terms and conditions of agreements executed with the Millers;
- scrutiny of records relating to cash credit, payment of guarantee fee and other charges to the State Government and their reimbursement from FCI;
- review of investment of funds and debtors; and
- review of Management Information System (MIS) and various control procedures employed by the Company.

Audit findings

2.1.6 The audit findings were reported to the Government/Management in June 2010 and discussed in the Exit Conference held on 13 July 2010, which was attended by the MD and General Manager (Finance) of the Company. Views of the Management have been duly considered while finalising the review.

Audit findings are discussed in succeeding paragraphs.

Financial position and working results

2.1.7 Financial position and working results of the Company during the last five years ended 31 March 2009* are given in ***Annexure 7***. The summarised position is stated below:

(₹ in crore)

Particulars	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Capital	4.14	4.14	4.14	4.14	4.14
Reserves & surplus	21.08	23.06	31.03	33.00	33.11
Liabilities	180.50	123.89	173.18	212.15	414.40
Assets	205.72	151.09	208.35	249.29	451.65
Income					
Sales of Wheat and paddy	520.71	503.82	419.08	538.72	563.99
Other sales	96.41	77.57	64.31	68.12	78.43
Total sales	617.12	581.39	483.39	606.84	642.42
Other income	7.24	6.14	3.75	6.81	32.92
Total Income	624.36	587.53	487.14	613.65	675.34
Expenditure	628.05	585.55	478.93	611.68	675.23
Net profit/loss (-)	-3.70	1.98	8.21	1.97	0.11
Percentage of Wheat and Paddy sales to total sales	84.38	86.66	86.70	88.77	87.79

- The Company had not worked out the working results of each activity separately in the manner as required under Accounting Standard 17 - Segment Reporting. In the absence of separate working results, the Company was unable to identify the loss making units/activities for taking corrective measures to improve upon. The Management stated (July 2010) that the segment reporting was being done. The reply was not acceptable as the Company did not prepare separate working results for each activity giving complete details of the expenditure and income activity-wise. However, during exit conference, the Management agreed to prepare activity wise working results.

- The percentage of sale of wheat and paddy to total sales ranged between 84.38 and 88.77 which showed that major portion of sales was contributed through procurement activity.

Net profit dropped from ₹ 8.21 crore (2006-07) to ₹ 0.11 crore (2008-09) due to high incidence of interest charges and delay in receipt of incidentals from FCI

- The net profit dropped to ₹ 11 lakh in 2008-09 as against the profits of ₹ 8.21 crore earned during 2006-07. The main reason for significant reduction in the net profit was high incidence of interest on borrowings which registered increase of ₹ 6.68 crore and ₹ 34.42 crore during 2007-08 and 2008-09 respectively. As the above borrowings mainly include cash credits availed for procurement activities on behalf of FCI, delay in receipt of the incidental dues from FCI had adversely affected the working results of the Company.

* Figures for 2009-10 were under finalisation and not available.

Reserves and surplus of ₹ 33.11 crore as on 31 March 2009 need to be seen in light of the following:

- Non provision for diminution in value of investment of ₹ 6.11 crore made in assisted sector which were overdue for buyback since 1997 to 2001 and the Company did not hold any tangible security against these investments.
- Non provision for sundry debtors amounting to ₹ 12.82 crore outstanding for more than three years and considered to be doubtful.
- Non provision for pay arrears payable to the employees amounting to ₹ 1.60 crore and guarantee fee amounting to ₹ 68 lakh payable to the State Government.

Fund Management

Budgetary control

2.1.8 The Company had been preparing budgets annually for the manufacturing plants and the FSCs. The table below indicates unit wise budgeted vis-à-vis actual profit (+)/ loss (-) during the last five years up to 2008-09.

(₹ in lakh)

Name of unit	2004-05		2005-06		2006-07		2007-08		2008-09♣	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
FSCs	-14.70	-194.09	36.91	-142.71	51.51	-140.74	16.89	-209.21	171.70	138.27
Cattle feed plant	2.60	-14.20	7.25	-14.12	7.25	-14.08	10.00	-30.06	125.00	107.12
Fertilizer and chemical plant	3.80	-50.49	4.40	-42.75	4.40	-46.22	6.00	-46.46	5.00	6.73
Agro Engineering Workshop	2.07	-16.02	0.24	-2.56	0.24	-5.46	2.50	-1.48	10.00	18.87

Though the budgets were got approved from the Board every year, the actual results thereagainst were neither analysed nor reported to the Board. There were wide variations in the budgeted and actual figures of the working results which proved that the budgets were prepared on *adhoc* basis without linking with the actual production and previous trends of demand/sales of its products. In case of FSCs, we observed that budgeted figures for sale of tractors in physical terms was kept at 34 numbers during each of the five years ended 2008-09 ignoring the actual sales, which significantly fell short of the budgets and was ranging between two numbers (2006-07) and 18 numbers (2007-08) during the corresponding five years' period. As the Company did not pay due attention to sale of tractors, it failed in achieving the objective of expanding the area under farm mechanisation. Besides, poor turnover figures had corresponding adverse impacts on the working results of FSCs. In its 53rd Report presented to State Legislature on dated 22 March 2007, the COPU had also recommended (March 2007) to avoid variation in budgeted and actual figures.

♣ Figures for 2008-09 represents gross profit only, as the Company had not prepared budgets for net profit/loss.

However, no action on COPU's recommendations was taken by the Company, as apparent from the above figures.

Guarantee fee

2.1.9 Keeping in view the procurement plan given by the State Government, the Company sends proposals through the State Government for sanction of cash credit limit to the Reserve Bank of India (RBI). After getting approval from RBI, the State Bank of India, being the nodal bank, sanctions/releases the limits as per requirement of the Company. On the cash credit limit so sanctioned, the State Government provides necessary guarantee, on which a guarantee fee at prescribed rates, was payable by the Company.

Wrong assessment of cash credit requirement

Company would have to pay ₹. 59.88 lakh as guarantee fee due to wrong assessment of cash credit requirement

2.1.10 The Company could not use cash credit limit of ₹ 479.05 crore guaranteed by the State Government during the five years up to 2008-09. The Government, however, charged guarantee fee on sanctioned cash credit and raised demand accordingly for the years 2003-04 to 2007-08. Resultantly, the Company would have to pay ₹ 59.88 lakh for the unutilised portion of cash credit. Had the Company made assessment of cash credit on realistic basis, it could have avoided the payment liability of ₹ 59.88 lakh. The Management stated (July 2010) that the matter has been taken up with Director Food and Supplies (DFS)*, Haryana to charge guarantee fee on cash credit limit availed by the Company.

Delay in submission of claims

Delayed claim of guarantee fee resulted in loss of interest of ₹ 60.86 lakh

2.1.11 For raising claims on FCI for reimbursement of guarantee fee, the Company was required to furnish the claims in the prescribed proforma showing the details of deliveries made along with the challans for payment made to the State Government. We observed that though the Company had paid guarantee fee of ₹ 1.84 crore up to May 2003 for the years 1999-2000 to 2003-04, the claims for reimbursement of the fee paid could be raised in July 2006. FCI reimbursed ₹ 1.78 crore thereagainst in August 2006. The delay of more than three years in submission of claims was caused mainly due to delay in deciding as to which branch at head office would prefer the claims after collecting required information from field offices. The delayed claim of guarantee fee had resulted in loss of interest of ₹ 60.86 lakh for the period from June 2003 to June 2006 at the rate of nine *per cent* at which cash credit was availed by the Company. The guarantee fee (₹ 2.02 crore) for 2004-05 to 2009-10 was recently paid (April 2010) to State Government and submission of claims to FCI for reimbursement of said amount was pending.

Non reconciliation of accounts

2.1.12 The Company procures gunny bales from Director General Supplies and Disposal (DGS&D) Kolkata through Director Food and Supplies (DFS), Haryana by

- DFS is the nodal agency to manage procurement activities in the State and to liaison with FCI/GOI on behalf of the procuring agencies.

sending indent along with full payment in advance for each crop year based on provisional rates subject to their subsequent adjustment. Since advance payment was released for each crop year on provisional basis, reconciliation of accounts at the end of each crop year was necessary to adjust the excess payments made, if any, towards advance payment to be made for next crop year.

Advances of ₹ 47.65 crore made to DGS&D for gunny bales remained unadjusted

We noticed that the Company did not reconcile its accounts before releasing advance payments of ₹ 146.06 crore during 2004-05 to 2009-10 to the DGS&D Kolkata. As on 31 March 2010, there was an unadjusted balance of ₹ 47.65 crore shown as advances to the DGS&D against cost of gunny bales which remained unreconciled. Had the Company reconciled the account with DGS&D, it could have avoided loss of interest of ₹ 29.21 lakh as discussed in succeeding paragraphs.

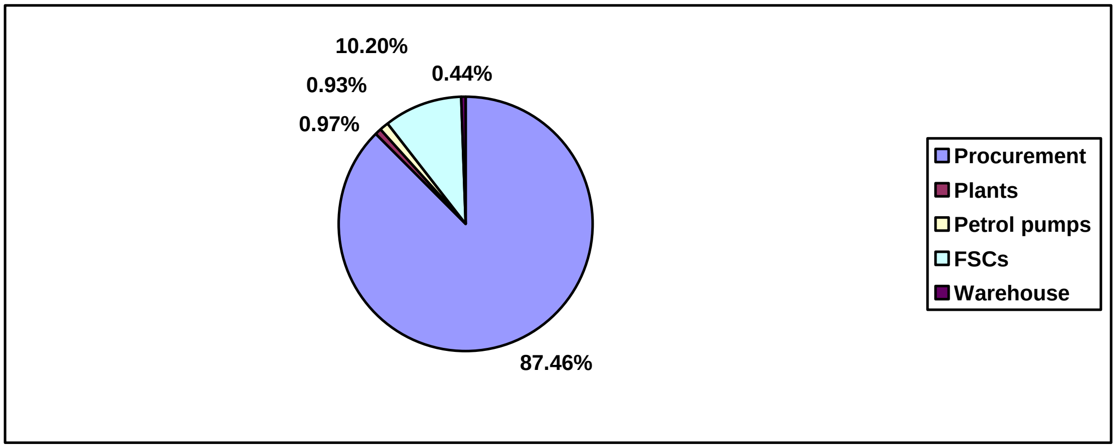
2.1.13 During Rabi 2009, the Company received 7,280 gunny bales from DGS&D Kolkata against the indent of 14,950 bales. On reconciliation among the procuring agencies, it was found that Haryana Warehousing Corporation (HWC) and Haryana State Co-operative Supply and Marketing Federation Limited (HAFED) had received 5,978 and 1,692 excess gunny bales respectively during Rabi 2009 procurement season. While HWC released payment of 5,978 gunny bales in March 2010 at current prices, payments for 1,387 gunny bales valuing ₹ 1.83 crore (after adjustments of 305 bales borrowed by the Company) from HAFED were pending (June 2010) thereby causing blockage of funds of ₹ 1.83 crore besides incurring the interest loss of ₹ 19.24 lakh from May 2009 to June 2010.

2.1.14 During Rabi 2008, the Company did not receive 403 gunny bales (value ₹ 45.82 lakh) out of indented 19,630 gunny bales for which full payment had been made to DGS&D. This had resulted in blockage of funds of ₹ 45.82 lakh besides loss of interest of ₹ 9.97 lakh for the period from February 2008 to July 2010.

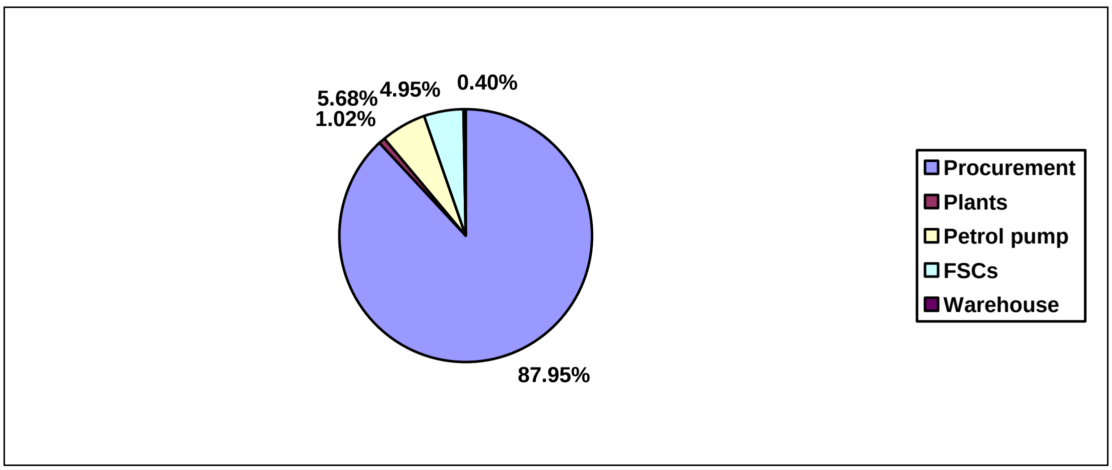
Appraisal of activities

2.1.15 In order to attain the laid down objectives, the Company was running three manufacturing plants and 17 FSCs for manufacturing and sale of cattle feeds, pesticides, and various agricultural implements, besides trading of seeds, fertilizers, tractors etc. The Company was selling petroleum products through the network of six PPs and was also having four godowns. Besides, Company was also engaged in the procurement of foodgrains for central pool on behalf of FCI. Activity-wise turnover of the Company for the years 2004-05 to 2008-09 have been summarized under ***Annexure 7*** and the said figures for 2004-05 and 2008-09 are presented in the form of pie charts as under:

2004-05



2008-09



The activity-wise analysis of Company's operations was as under:

Promotion and assistance to agro based industries

2.1.16 The Company was incorporated with the main objectives to undertake, assist, aid, finance and promote agro based industries such as poultry, dairy, land development, seed and other agro based industries in the State. However, the Company had not formulated any policy in this regard nor fixed any targets for achievement of these objectives. We observed that the Company made investment of ₹ 6.44 crore in 18 assisted sector units during 1991-97, out of which 17 units defaulted in buy back of investments of the Company as discussed in the paragraph 2.1.36 *infra*. Thereafter, the Company neither planned nor took any steps for providing assistance or promoting agro based industries in terms of fulfillment of its main objectives. Thus, the main objectives of formation of the Company were completely ignored.

Manufacturing Plants

2.1.17 In order to attain the objectives of providing farmers with agricultural inputs and assisting them in farm mechanisation, the Company was running three manufacturing plants viz. Cattle Feed Plant at Jind, Agro Engineering workshop at Nilokheri and Fertilizers and Chemical Plant at Shahbad. The capacity utilisation and working results of the manufacturing plants during the five years up to 2008-09 are shown in ***Annexure 8***.

Performance of individual plants has been discussed below:

Cattle Feed Plant, Jind

2.1.18 Cattle Feed Plant was set up in the year 1974 for manufacture of cattle feed. The total installed capacity of the plant was 30,000 MT per year. The annual capacity utilisation of the plant ranged between 20.29 and 27.70 *per cent* during the last five years up to 2008-09. The plant was constantly running into losses during all the five years. The annual losses ranged between ₹ 14.08 lakh (2006-07) and ₹ 50.43 lakh (2008-09) during the same period (after excluding warehouse income) with total loss of ₹ 1.23 crore during 2004-05 to 2008-09. The Company reviewed (July 2006) performance of the plant and found that low capacity utilisation was due to non obtaining of firm orders from market/milk unions, lack of marketing network to compete with the private manufacturers and high cost of production, etc. Besides, the Company was also facing shortage of technical and marketing staff necessary for smooth and profitable functioning of the plant.

Though the Company had analysed the reasons for low capacity utilisation of the plant, no steps had been taken to increase the same. The Company had no marketing network in the absence of which it was difficult to sustain in the competitive market. Further, the plant of the Company was outdated and had already served its useful life. In the absence of modernisation of plant, the Company would not be able to increase the production despite existing demand in the market.

Fertiliser and Chemical plant, Shahbad

2.1.19 The plant manufactures pesticides and insecticides on receipt of firm orders from Government agencies. The net losses of the plant during 2004-05 to 2008-09 ranged between ₹ 42.75 lakh and ₹ 60.93 lakh. The capacity utilisation of the plant during the same period was very low which ranged between 3.65 and 8.11 *per cent* and 0.01 and 2.69 *per cent* with regard to 'liquid formation' and 'powder manufacturing' respectively. The capacity utilisation of the plant was low due to poor marketing network. With a view to improve the sales, the Company appointed (January 2006) liaisoning agent for obtaining orders from the Government and other agencies. This showed positive results as the turnover of the plant for the year 2006-07 increased about three times in comparison to previous years. Services of the liaisoning agent could not be continued for 2007-08 due to his unwillingness to work on same terms and conditions. A new liaisoning agent was appointed for 2007-08 who did not perform well and the turnover reduced. No liaisoning agent was appointed thereafter and there was further decrease in sales in 2008-09. The Company also failed to strengthen its own marketing network in the absence of a liaisoning agent. Resultantly, the plant had been incurring losses continuously during all the five years from 2004-05 to 2008-09. The Management stated (July 2010) that liasioning agent had now been appointed in March 2010 to improve the turnover.

Agro Engineering Workshop (AEW) Nilokheri

2.1.20 The Workshop was set up in 1968-69 to undertake jobs for manufacturing water tankers, tractor trollies, truck-bodies and other agricultural implements and its capacity was fixed (1968) to manufacture agricultural implements valuing ₹ 1.50 crore per annum. The workshop was presently manufacturing agricultural implements like harrows, trolley tillers, levelers, truck bodies, cattle crush etc. for the Government agencies only and no sale was being made directly to the farmers. The capacity utilisation of the workshop ranged between 26.97 and 55.11 *per cent* during the last five years up to 2008-09 with reference to monetary targets fixed.

During District Managers (DMs) meeting (July 2007) held in the presence of Chairman of the Company, it was decided that the workshop should explore possibilities to manufacture modern agriculture implements which were in demand by farmers. Scrutiny of records revealed that neither such implements were manufactured for the farmers nor efforts were made for marketing of these implements to benefit the farming community.

We noticed that main reasons for low performance of workshop were low turnover due to insufficient Government orders and negligible direct sales to farmers. Resultantly, the Company failed to achieve its objectives to provide agricultural implements at reasonable rates to farming community. The Management stated (July 2010) that the case was being processed to appoint a technical officer on contract basis to increase the activities at workshop. However, the Company should also explore opportunities to compete in open market for obtaining orders so as to minimise dependency on Government orders.

Thus, main reasons for poor performance of three manufacturing plants were:

- outdated/over aged plants leading to high cost of production and low capacity utilisation;
- lack of effective marketing network;
- absence of qualified technical manpower; and
- high dependence on orders from Government agencies.

Three manufacturing plants showed poor performance due to outdated plants, lack of technical manpower and dependence on Government orders

The COPU in its 53rd Report, had also recommended (March 2007) that the Government/Company may apprise as to how these plants could be made viable. However, no concrete steps had been taken by the Company in this direction.

Farmers Service Centres

2.1.21 As on 31 March 2010, the Company had 17 FSCs at district headquarters of the State for sale of fertilisers, tractors, pesticides, agriculture inputs etc. The Company also started the activities relating to petrol pumps and warehousing at various stations under the control of respective FSCs. We noticed that though the budgets for various activities of FSCs were prepared and approved by the Board annually, actual results thereagainst were not worked out and variations along with the reasons were not analysed and submitted to the Board for necessary corrective action.

The working results of the FSCs selected under review for the last five years up to 2008-09 are given in ***Annexure 9***.

It would be seen from the Annexure that turnover of the FSCs had decreased from ₹ 71.38 crore during 2004-05 to ₹ 70.81 crore during the 2008-09 and the loss increased from ₹ 1.94 crore to ₹ 4.21 crore during the corresponding years. The Company incurred a total loss of ₹ 11.08 crore during 2004-05 to 2008-09 in the operations of the FSCs. To improve the viability/profitability, the FSCs were impressed upon (January 2006) by the MD during a meeting with the DMs to improve turnover by exploring new areas and also strengthen the sales through launching of sales promotion schemes i.e. wide publicity of the products through buses, channels/advertisements, hoardings, display boards etc. The Chairman also stressed (July 2007) in the DMs another meeting that the FSCs should explore the possibilities of entering into new ventures in addition to the activities already being carried out. We observed that the Company did not evolve any system to get the feedback of its activities relating to providing services to the farmers in absence of which Company was not able to improve upon the areas of deficiencies. Therefore, the Company/FSCs could not take any such action/initiative to improve the viability of FSCs as well as safeguarding the interest of farmers of the State in lines with its main objectives.

Procurement of foodgrains for the central pool

2.1.22 The State Government declared (1988) the Company as one of the agencies for procurement of foodgrains, from various mandies allotted by the State Government, for the central pool under the Minimum Support Price (MSP) scheme. The foodgrains so procured were being delivered to FCI and costs incurred by the Company on procurement activities (including MSP and incidentals) were reimbursed by FCI based on the provisional economic costs fixed by GOI for each crop.

Wheat

2.1.23 The table below gives the procurement targets and achievements of wheat during the last five years up to 2009-10.

(Quantity in lakh MT)

Crop year	Total quantity procured by state agencies (lakh MT)	Procurement by the Company	Percentage of Company's procurement to total procurement	Sale	Closing balance[∇] (Cumulative)
2005-06	45.29	4.29	9.47	4.69	0.42
2006-07	22.30	2.38	10.67	2.76	#
2007-08	33.50	3.33	9.94	3.35	#
2008-09	52.37	4.64	8.86	3.03	1.63
2009-10[•]	69.24	6.96	10.05	4.00	2.96

The Company achieved the procurement targets during all the years from 2005-06 to 2009-10 as its procurement ranged between 8.86 and 10.67 *per cent* against the allotted procurement targets of 9 *per cent* of the total procurement of the State. However, due to low off take by FCI, huge stocks remained with the Company during 2008-10.

Some cases of irregularities noticed during audit are discussed below:

Loss due to non-adherence to delivery schedule

2.1.24 For delivery of wheat, the Company had to adhere to the linkage plan as well as specific instructions issued by GOI/FCI from time to time failing which carry over charges were not reimbursed by FCI. The GOI authorised (February 2004) the Company to liquidate the entire stock of wheat of Rabi Marketing Season (RMS) 2003-04 latest by 31 March 2004 failing which the carry over charges would not be paid beyond this cut off date.

Non adherence to delivery schedule resulted in non-reimbursement of carry over charges of ₹ 70.35 lakh

We observed that District Manager, Sirsa did not adhere to the prescribed schedule and delivered wheat stock of 5,349.45 MT to FCI after this cut off date indicating lack of timely action by the Company. Consequently, FCI disallowed (March 2010) carryover charges of ₹ 70.35 lakh. Thus, non adherence to delivery schedule of FCI resulted in loss of ₹ 70.35 lakh to the Company.

The Management stated (July 2010) that the Company had taken up the matter with FCI for reimbursement of the carry over charges of ₹ 70.35 lakh.

Improper pursuance and defective documentation for claims

2.1.25 The GOI had allowed from time to time the Government of Haryana to dispose of the residual (old and damaged) stocks of wheat pertaining to the crop years 1998-99 to 2004-05 through tenders. The FCI was to reimburse the difference between the procurement price plus incidentals and sale value realised through

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∇ Closing stock balances were not workable from opening stock, procurement and sale figures due to effects of moisture gain and shortages, which has not been assessed separately by the Company.

\# Closing stock at the end of 2006-07 and 2007-08 was only 70 MT and 138 MT respectively.

• Position as on 15 July 2010.

disposal by tenders for the relevant crop year. In order to avail the reimbursement of differential costs, the Company was required to ensure that categorisation of damaged stock was done in association with the FCI before its disposal.

FSC Palwal submitted (March 2005) the sale bills of differential claims amounting to ₹ 84 lakh in FCI pay office, Faridabad for the years 1998-2001. The FCI returned (July 2005) the same on the plea that there were no clear instructions for making payment pertaining to these years. We noticed that after return of these bills, the Company did not pursue the case with FCI for payment.

Improper pursuance and incomplete documentation for differential claims of damaged wheat resulted in blockage of ₹ 8.76 crore and loss of interest of ₹ 2.17 crore

The Company submitted (April 2009) bills amounting to ₹ 8.76 crore (including bills of ₹ 84 lakh returned earlier) for the crop years 1998-99 to 2004-05 for the sales made up to March 2007 without fulfilling the stipulated procedure and completion of documents. The FCI returned (May 2009) these bills pointing out various deficiencies in documentation viz. non categorisation of stock, inclusion of Value Added Tax (VAT) in the sale bills, excess claim of carry over charges etc. The Company resubmitted the bills in August 2009, against which no payment had been released by FCI so far (July 2010).

Thus, Company's failure to ensure complete documentation and improper pursuance for the claims had resulted in blockage of claim amount of ₹ 8.76 crore (March 2010) with corresponding loss of interest of ₹ 2.17 crore on avoidable cash credits for the period from July 2007 to March 2010.

The Management stated (July 2010) that it had now reconciled the figures of damaged wheat with FCI and the matter was being persued.

Improper storage

2.1.26 The Company suffered loss of ₹ 25.55 crore due to failure in keeping the stocks in safe and healthy conditions at the first instance and then delayed action against the erring officials for recovery of loss. The delayed actions of the Company for recovery of loss from employees and filing of civil suits after a lapse of over four years made the huge amount of recovery impossible.

GOI issues guidelines for procurement of wheat each year in which emphasis was given on safe storage of stocks. The Company had also issued instructions (November 2003) for recovery of loss occurred in the storage and delivery of wheat from the concerned DM and the respective Mandi Inspector (MI) in the ratio of 30 and 70 *per cent* respectively.

The FCI intimated (August 2004) that 1.25 lakh MT wheat, pertaining to crop years 2002-03 to 2004-05 at Sirsa and Palwal had been damaged due to heavy rains and negligence in preservation of wheat. Instead of fixing the loss and initiating recovery proceedings immediately against the defaulting employees, the Company referred the matter (September 2005) to the State Vigilance Department for investigation. The Vigilance Department in its report (February 2006) held the DMs/MIs and inspecting officers/officials responsible for improper maintenance/checking of the stock and

Due to improper storage, the Company suffered loss of ₹ 25.55 crore

resultant damage of wheat. The Company, after a lapse of more than one year constituted (March 2007) In House Enquiry Committee so as to analyse the losses suffered and pinpoint the responsible officers/officials. The Committee reported (June 2007) that the Company had suffered a loss of ₹ 25.18 crore on this account. The matter was considered by the Board (October 2007) and decided that the case be examined by a Committee of two members of Board. The Committee of the Board in its report (February 2008) recommended for filing of FIRs/recovery suits and imposing major penalties against the defaulting officials. After the approval (April 2008) of the Board, FIRs were lodged (June/September 2008), and recovery suits for ₹ 25.55 crore with interest were filed (March/April 2009) against 14 officers/officials in the District Civil Courts. An expenditure of ₹ 1.30 crore was incurred by the Company towards court fee for filing of civil suits.

We noticed that of the four employees against whom ₹ 5.62 crore was recoverable, two had since been retired while other two had been dismissed. Had the Company initiated recovery action immediately on receipt of report from FCI in August 2004, it could have recovered the amount to some extent.

The Management stated (July 2010) that the exact loss for initiating recovery proceedings could be worked out after the sale of entire damaged stock, which was sold in 2006-07 and 2007-08 as feed category and after that the matter was considered and approved by the Board in April 2008. The reply was not based on facts as the loss could have been estimated after categorisation of damaged stock. The major portion of stock was categorised as cattle feed stock by FCI in March 2006 itself and all the stock was disposed of by June 2007 when the In-House Committee of Company assessed the loss.

Paddy

2.1.27 The Company enters into agreements with the Millers for timely milling of paddy and for delivery of rice to FCI. After procurement from the allotted mandis, the Company stores the paddy in the premises of the Millers selected for milling under the joint custody of the Company and the Millers. The Millers deliver the rice to FCI within the stipulated period after milling of paddy.

For smooth operation of Custom Milling of Rice (CMR), the State Government issued guidelines every year which *inter alia*, provided that:

- joint physical verification of the paddy would be conducted by the Company and Miller on a fortnight basis;

- selection of rice mills for CMR would be made by the Milling Committee headed by Deputy Commissioner (DC) at district level for all the procurement agencies. The rice mills which had satisfactorily delivered entire CMR during previous year by the stipulated date should be considered as eligible for allotment of paddy keeping in view their milling capacity;

- guarantee shall be obtained in the shape of cheques drawn in favour of the Company at the rate of ₹ 15 lakh (₹ 25 lakh for Khariff Marketing Season (KMS) 2008) for each tonne milling capacity and two sureties of *Arhtias* of same mandi.

- the rice miller would be required to deliver the entire rice by ensuing 31 March to FCI.

The State Government had allocated nine *per cent* share of the total paddy procurement made by State agencies to the Company. Though the Company had achieved the procurement targets in all the five years up to 2009-10, rice quantity of 1,379 MTs, 510 MTs and 1487[•] MTs was short delivered to FCI during crop years 2007-08, 2008-09 and 2009-10 respectively.

Deficiencies noticed in this activity are discussed below:

Misappropriation of paddy

2.1.28 M/s Jai Bajrang Rice Mills, Jind (Miller) was considered for allotment of paddy by District Milling Committee, Jind during KMS 2007 and 5,414.70 MT paddy was stocked in premises of the miller. As per agreement, the Miller was required to obtain 3,627.85 MT rice against milling of 5,414.70 MT of paddy at the rate of 67 *per cent* and deliver the same to FCI by 31 March 2008. However, the Miller short delivered 1,379.05 MT of rice to FCI. On the failure of rice Miller to deliver the rice, the Company conducted physical verification of the stock lying in the premises of Miller and recovered (October 2008) 864 MT of rice lying in the premises. However, there was still shortage of 515.05 MT of rice, which was pending for recovery till date (July 2010).

We observed the following deficiencies on the part of the Company:

- the Miller was defaulter during KMS 2006 due to non-delivery of rice by the due date i.e. by 31 March 2007, and despite poor track record, miller was considered for allotment of CMR in KMS 2007 in contravention to the State Government guidelines;

- as per State Government instructions, the Miller having capacity up to 3 MT per hour was to be allocated maximum of 4,000 MT paddy. The Company however, allotted 5,414.70 MT paddy to this Miller having capacity of 3 MT resulting in excess allotment of 1,414.70 MT paddy;

- entire paddy was released to the Miller in one lot which facilitated miller to misappropriate the rice;

- failure of the miller to deliver the rice to FCI and existence of stock of rice in the premises of the Miller indicated that periodical physical verification was not conducted;

[•] As on 14 July 2010.

- the Company obtained security in the form of three post dated cheques of ₹ 15 lakh (dated 31 March 2008) each. The Company, however, neither presented these cheques for payment within validity period nor got the same revalidated before their expiry. The Company obtained another two cheques (15 December 2008 and 15 January 2009) of ₹ 25 lakh each from the miller towards CMR not delivered to FCI. The Company presented these cheques for encashment repeatedly during January to May 2009, but the same could not be encashed due to 'insufficient funds'. The Company preferred complaint under Section 138 of the Negotiable Instruments Act, 1881 only in July 2009, though the same could have been lodged in January 2009 itself. The Legal Advisor of the Company had advised (November 2008) to lodge FIR against the miller as well as the DM concerned, but the same had not been lodged till date (June 2010).

Thus, the Company failed to comply with the guidelines of the Government and extended undue favour to the Miller which facilitated misappropriation of rice (1,379.05 MT) valuing ₹ 1.92 crore. After adjusting the amount against the dues payable to Miller (₹ 85.91 lakh) and sale of rice (864 MT value ₹ 63.29 lakh) seized from Miller's premises, the Company suffered loss of ₹ 69.81 lakh (including loss of interest of ₹ 27 lakh).

The Management stated (July 2010) that on being pointed out by us, the concerned DM had been charge sheeted for causing loss to the Company and efforts were being made for recovery of dues.

2.1.29 Similarly, M/s Devi Dayal Sachin Kumar, Shahbad was allocated 3,010.40 MT paddy for milling in KMS 2008-09. As per agreement (October 2008), the Miller was required to manufacture 2,016.97 MT rice at the rate of 67 *per cent* and deliver the same to FCI by 31 March 2009. The Miller submitted two cheques of ₹ 25 lakh each dated 31 March 2009 drawn on State Bank of India (SBI), Shahbad towards security deposit. The Miller, delivered 1,511.36 MT of rice up to July 2009 and failed to deliver remaining quantity of rice (505.61 MT) to FCI. The Company's loss on this account worked out to ₹ 96.85 lakh (including interest of ₹ 14 lakh) after adjustment of dues (₹ 15 lakh) payable to the Miller and recoveries (₹ 25 lakh) already affected. The Company neither encashed two cheques valuing ₹ 50 lakh with in validity period nor got the same revalidated before their expiry.

In this case also, the Company failed to comply with of the State Government guidelines regarding procurement and milling of paddy resulting in undue favour to the miller, which caused misappropriation of paddy.

Non-enforcement of milling guidelines by the Company resulted in non-recovery of ₹ 1.67 crore

The Management stated (July 2010) that the Company was making efforts to recover the dues and a criminal case had been filed (June 2010) against the miller.

Thus, despite misappropriation of paddy by the millers, the Company at the first instance failed to encash the cheques within validity period and secondly, take appropriate action to recover the dues which resulted in non recovery of ₹ 1.67 crore.

Bajra procurement

2.1.30 The Company had been procuring bajra on behalf of FCI since 2003-04 and its share was assigned at nine *per cent* in the total procurement in the State. The bajra procured was to be disposed of by the Company as per directions of FCI.

The table below indicates the area under cultivation, total production, Company's procurement, MSP and prevailing rates in respect of bajra for the last five years up to 2009-10.

Crop year	Area under cultivation (lakh hectare)	Total production (lakh MT)	State Procurement (in MT)	Company's share in State procurement (at the rate of 9 *per cent*) (in MT)	Actual procurement of the Company (percentage)	MSP	Market rate
						(₹ per quintal)	
2005-06	5.92	6.79	4895	441	153 (3.13)	525	490-586
2006-07	6.21	10.24	----	----	----	540	545-720
2007-08	6.30	11.61	122718	11045	1952 (1.59)	600	540-610
2008-09	6.10	10.79	310478	27943	89646 (28.87)	840	730-847
2009-10	5.20	9.62	77376	6964	----	840	840-930

An analysis of the above table reveals that the Company failed to achieve the procurement targets set by the State Government during 2005-06 to 2009-10 except in 2008-09. Its share in total procurement ranged between nil to 3.13 *per cent* (except during 2008-09) against the target of 9 *per cent*. Though, during 2008-09, there was no increase in the area under cultivation and there was decrease in total production of bajra in the State, the procurement by the Company jumped to 89,646 MT from 1952 MT in 2007-08. The increase in procurement was mainly on account of procurement from outside States due to comparatively higher MSP than the prevailing market rate of bajra.

Non-reimbursement of interest charges

Non claiming of interest charges for sale of bajra beyond 31 March 2009, resulted in loss of ₹ 3.92 crore

2.1.31 FCI did not provide interest charges to the Company on holding of bajra beyond 31 March each year though sale of bajra was to be made on the directions of FCI and it was often sold by FCI through auction after 31 March. Resultantly, the Company suffers loss of interest in sale of bajra by FCI after 31 March whereas it had to pay interest to the banks on corresponding cash credits availed. The Company procured 89,646 MT bajra during KMS 2008-09 and 89,341 MT bajra remained unsold as on 31 March 2009. The interest charges incurred by the Company due to delayed sale of bajra worked out to ₹ 3.92 crore on the stock of bajra (KMS 2008-09) remaining unsold beyond 31 March 2009. During exit conference, the Management agreed to take up the matter with FCI.

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worked out at the rate of ₹ 82.94 per MT per month allowed by FCI for KMS 2008-09, for the period from 1 April 2009 to 31 March 2010.

Petrol Pumps

2.1.32 The Company set up one petrol pump (PP) at Gurgaon during 1974-75. The Indian Oil Corporation (IOC) allotted (October 2003) 10 PPs to the Company to be established at different locations in the State. The Company could establish only five PPs (Murthal, Pipli, Hissar, Yamunanagar and Karnal) and could not set up remaining five PPs against allotments by IOC.

The Management attributed (July 2010) reasons for not setting up all the PPs to non-receipt of no objection certificate from competent authority, non transfer of title deed in favour of the Company, unviable locations and non approval of sites by IOC. The reply was not acceptable as the reasons put forth by the Company for not setting up the PPs were avoidable and could have been sorted out by the Company by selecting alternative sites and fulfilling the procedural requirements prescribed by IOC. Thus, the farmers of these areas were deprived of the quality supply of petroleum products.

Working results of PPs

2.1.33 The sales and gross profit of the PPs of the Company for the last four years up to 2008-09 are tabulated below:

(₹ in lakh)

Sl. No.	Location of PPs	2005-06		2006-07		2007-08		2008-09	
		Sales	Gross profit⊗	Sales	Gross profit	Sales	Gross profit	Sales	Gross profit
1.	Gurgaon	557.47	11.53	707.88	11.93	876.26	17.72	942.76	16.05
2.	Hissar	307.81	5.58	716.61	18.55	812.29	16.68	729.47	10.47
3.	Karnal	34.51	0.62	268.95	4.75	322.83	6.41	347.69	5.24
4.	Pipli	94.75	2.17	168.37	2.15	242.95	7.71	336.85	5.58
5.	Yamunanagar	183.12	4.23	572.11	8.67	669.90	13.69	724.23	12.84
6.	Murthal	151.23	2.49	444.61	3.26	549.09	16.49	568.22	11.11
	Total	**1328.89**	**26.62**	**2878.53**	**49.31**	**3473.32**	**78.70**	**3649.22**	**61.29**

From the table, it can be seen that all the six PPs were earning gross profits during all the four years upto 2008-09. The turnover figures of two PPs i.e. Karnal and Pipli were, however, comparatively low. The Management had not analysed the reasons for poor performance of these two PPs.

We, however, noticed that the PP at Karnal was set up in a remote village ignoring the recommendations of the IOC to set up the PP at GT Road, Nilokheri. The unsuitable location of the PP was the main cause for its poor performance. As regards the poor performance of PP at Pipli, we noticed that the PP had lack of basic infrastructure (i.e. metalled entrance road, shed, etc.) and inadequate staff, which was essential for better operation of PP.

⊗ The gross profit excludes lease money received from IOC as the same had been merged with the miscellaneous income of the FSCs.

Warehousing Activities

2.1.34 The Company started warehousing activities at Shahabad, Pipli, Murthal and Jind during 2002-03, with the storage capacity of 54,590 MT. These godowns were leased out to FCI under the seven years guarantee scheme. As per the scheme, the lease payments against these godowns were to be made by FCI at the rates fixed by Central Warehousing Corporation (CWC). Accordingly, the full payment against the installed capacity of the godown was received by the Company at the rates notified by CWC from time-to-time. The warehouses were functioning under the control of the respective FSC located in the area where warehouse was situated. However, the working results of the warehouses were being merged with the FSCs accounts and no separate accounts were maintained depicting complete details of income and expenditure for these warehouses so as to assess their operational results.

During test check of records of the selected three warehouses at Shahabad, Pipli, and Jind having capacity of 49,590 MT (91 *per cent*), following deficiencies were noticed:

- At Pipli warehouse, the Company charged old rate of ₹ 35.80 per MT from the FCI up to October 2009 whereas rates had been revised to ₹ 38.00 per MT[α] by CWC retrospectively from April 2004 which were also approved (August 2009) by FCI. The Company, however, failed to claim the differential amount so far (March 2010) which was indicative of ineffectiveness of the monitoring system of the Company. This had resulted in under recovery of ₹ 21.51 lakh from April 2004 to October 2009. The Management stated (July 2010) that differential bills have now been raised.

Non pursuance for payment of warehousing charges as per revised rates resulted in non-recovery of ₹ 1.48 crore

- The CWC rates were revised (November 2008) to ₹ 54 per MT w.e.f. November 2008. The FCI, however, did not accept the bills raised by the four warehouses at revised rates as the revised rates of CWC were pending for adoption by FCI. The Company took up the matter with the FCI in March 2009, but did not pursue the case thereafter and Company continued raising bills at old rates. This has resulted in non-recovery of ₹ 1.48 crore up to March 2010 on total 54,590 MT capacity from November 2008 to March 2010. The Management stated (July 2010) that though the CWC had revised the rates, same were pending for approval by FCI/GOI for implementation in respect of State procurement agencies. The reply is not acceptable as the Company, being directly affected with the revision and considering the huge recoveries involved, needs to pursue the issue vigorously with FCI for necessary notification of revised rates.

α Shahbad, Jind and Murthal warehouses have recovered the storage charges at revised rates.

Loss due to indecisiveness

Non-disposal of Murthal Plant

2.1.35 The State Government had decided in September 1997 for disposal of the plant. The COPU in its 53rd Report of March 2007 had also recommended that the disposal of plant be appraised. But no steps were taken by the Company in this direction. The Company, however, invited (September 2007) tenders to lease out the plant against which one party responded (September 2007) offering annual lease of ₹ 12 lakh. The Board did not approve (December 2007) the proposal and desired to explore possibilities for setting up of cold storage/warehouse. The matter was again placed before the Board (April 2008) and Board desired to engage a consultant to suggest viable projects to make proper utilisation of surplus land and machinery. A Committee was constituted to select consultant and examine the proposals submitted by consultant. After examining the proposals of consultant, Committee suggested (September 2008) the following two options:

a) to construct additional godown of the capacity of 5,000 MT of food grains which would generate estimated profit of ₹ 15 lakh per year; or

b) to lease out the plant at minimum lease rent of ₹ 15 lakh per year.

No decision was, however, taken against the suggestion made by the Committee. In June 2009, the Board decided to construct godown by HWC for the storage of 10,000 MT of food grains on the surplus land and dispose of plant and machinery. After the valuer assessed the value of Plant and Machinery at ₹ 12.52 lakh, the Company invited tenders for disposal of plant and machinery which were opened on 25 November 2009. The highest price of ₹ 5 lakh received was considered much below the reserve price and it was decided to re-invite the tenders. In the re-invited (January 2010) tenders, four parties participated and highest bid of ₹ 8.25 lakh received was accepted (June 2010) and the plant was disposed of. The Company, further, decided to construct additional capacity of 18,000 MT of godowns. The work of construction of additional capacity of godowns was, however, not commenced so far (June 2010).

The series of events narrated above were indicative of indecisive approach of the Company which abnormally delayed the disposal of the plant despite the recommendations of COPU.

Non realisation of investments

2.1.36 A reference was made in the Report of the Comptroller and Auditor General of India for the year 1997-98 (Para 2A.8) regarding investments of ₹ 6.44 crore by the Company in 18 unviable units under the Assisted Sector Scheme. Out of these 18 units, however, one unit had already fulfilled the obligation by buy back of shares in September 2000. While discussing the para, COPU had recommended (December 2001) that screening committee which identified these units without analysing their financial viability should be held responsible. The action taken note submitted by the

Company on the issue was under consideration of the COPU (March 2010). The Board constituted (March 2004) a sub-committee of three directors to hold negotiations with the promoters of defaulting units. The negotiations were held with the promoters in September 2004. The promoters were interested in making payments at the face value of shares and none of the promoters agreed to make payments as per collaboration agreement. The Committee, however, recommended for recovering full amount. We noticed that the Haryana State Industrial and Infrastructure Development Corporation Limited, which had jointly participated in most of these cases of equity investment, had already decided (2003) to settle the cases with the promoters at face value of the share. The Company also put up (March 2006) the case before the Board with the proposal to recover the amount at face value of shares with 16 *per cent* interest from the date of decision of settlement to the actual date of payment. The Board, however, did not agree and advised to pursue all cases in the courts for recovery as per provisions of law.

The Board again constituted (March 2009) a sub-committee of three directors to give their recommendation for settlement of the cases. The sub-committee keeping in view non-availability of any tangible security with the Company and the fact that some units registered with Board for Industrial and Financial Reconstruction (BIFR), recommended (November 2009) for settlement at face value of shares plus 10 *per cent* simple interest or double the amount of equity participated whichever was lower. The Board approved (February 2010) the above recommendations of the committee which were also got approved from the State Government. The Management stated (July 2010) that the Company had received consent of 10 promoters for making payment and ₹ 2.97 crore had been recovered so far. However, a sum of ₹ 9.01 crore as worked out by the Company, was still recoverable. The Company needs to recover the dues from other promoters also by pressing them to adopt settlement scheme so as to improve its liquidity and decrease interest liability.

Receivables

Debtors

2.1.37 The Company had not framed any credit policy for marketing of its products and trading items. As on 31 March 2009, the Company was having debtors of ₹ 66.03 crore.

Out of this, ₹ 63 crore was recoverable from FCI. The Company recovered an amount of ₹ 48 crore from FCI up to July 2010 and ₹ 15 crore remained outstanding for more than five years. This includes ₹ 8.76 crore recoverable from FCI on account of differential claims for old and damaged stock of wheat for the crop years 1998-99 to 2004-05 pending for want of non-fulfillment of stipulated procedure and non-completion of documents by the Company (Para 2.1.25 *supra*).
Further scrutiny of debtors in audit revealed the following points:

- Due to non pursuance at higher level with FCI, an amount of ₹ 1.15 crore was outstanding in respect of FSCs Sirsa, Ambala, Fatehabad, Karnal, Jind and Kurukshetra on account of depreciation on gunnies for crop years 2007-09.

Non pursuance with FCI and non fulfillment of stipulated procedure resulted in non-realisation of ₹ 9.30 crore for the last five years

- In FSC Palwal, ₹ 10.44 lakh were shown outstanding against FCI for more than three years against transportation charges on account of shifting of Paddy beyond eight KMs. Similarly, the Company had reimbursed ₹ 54.28 lakh (₹ 25.08 lakh and ₹ 29.20 lakh for 2004-05 and 2005-06 respectively) to the Millers for transportation of paddy beyond 8 KMs at ten other FSCs. The same was not reimbursed by the FCI due to non pursuance at higher level.

- In FSC Palwal, the Company has shown ₹ 15.76 lakh outstanding against FCI for more than three years as transportation charges on account of shifting of bajra which was not recoverable in terms of policy of FCI and needs to be written off.

Thus, due to non pursuance at higher level with FCI and not maintaining proper records, huge amount had been blocked for a long period affecting adversely the day to day working capital needs and long term financial health of the Company. The Company needs to vigorously pursue the issue with FCI so as to the resolve the ongoing dispute and recover the old pending dues. Further, a decision should be taken for writing off the dues shown as recoverable from FCI but not admitted by FCI for reimbursement or the dues having very low chances of reimbursement by FCI.

Advances

Amount of ₹ 2.55 crore were shown recoverable from three employees on account of shortages/damages who had since expired

2.1.38 As on 31 March 2009, the Company had depicted an amount of ₹ 10.03 crore as advances recoverable from its employees under the head other advances. However, the same were in the nature of recoveries to be made from employees on account of less gain, moisture cut, shortages in foodgrains etc. Out of this, ₹ 5.17 crore was outstanding for more than three years and included a sum of ₹ 2.55 crore outstanding against three employees, who had since expired (January 1997, December 2003 and July 2005). The outstanding against expired employees pertain to shortages/damages of foodgrains recoverable from them for the years 1988-89 to 2003-04. We observed that the Company booked the huge amounts of shortages against the junior staff, recovery of which was unrealistic in most of the cases. This fictitious booking of recoveries tantamount to covering up the losses artificially on account of shortages through manipulation tactics.

The Management stated (July 2010) that all retirement benefits of employees against whom the advances were outstanding have been withheld and the Company had been filing recovery suits against such employees. However, the chances of recovery were very remote and the Company had already made a provision of ₹ 6.23 crore against these doubtful advances.

Manpower

2.1.39 In view of closure of certain activities, excess administrative cost, government policy regarding non filling up the vacant posts and negligible profit margin, the Company proposed restructuring plan of manpower which was approved (January 2004) by Haryana Bureau of Public Enterprises (HBPE) of the State Government.

The detailed staff position at the time of restructuring, restructured set up and actual deployment of staff (March 2010) thereagainst were as follows:

Category	Staff position at the time of approval of restructuring plan	No. of post approved by Bureau	Staff in position as on March 2010
Category-A	8	7	4
Category-B	25	29	10
Category-C	205	124	108
Category-D	152	37	113[◊]
Total	390	197	235

Against the actual strength of 390, the Government approved 197 posts only and balance posts were kept in the diminishing cadre to be abolished over the time on the retirement of the incumbents. However, the Company did not fill the vacancies occurred after retirements in A, B, and C categories, which resulted in depletion of strength in these categories.

Following further observations are made:

The vacant posts in category "A" included one post each of the Chief Accounts Officer (CAO) and the Deputy General Manager (DGM) which were lying vacant since 2005. The 19 posts vacant in category "B" include 14 posts of DMs (Out of 15 sanctioned) which became vacant on the retirement of occupants over a period of time (six before 2005, two from 2005-06, two from 2006-07, one from 2007-08 and three from 2008-09) and the same had not been filled so far (July 2010).

We observed that in the absence of CAO, DGM and DMs, the work of headquarters office and district offices in the field relating to procurement and storage of foodgrains was being looked after by junior officials. The assignment of work of higher responsibility involving high monetary risks to the junior staff without proper supervision, possibilities of committing errors and misappropriation could not be ruled out. Further, the deployment of staff was found to be inadequate in comparison to other State procuring agencies which had adverse impact on functioning of Company. The Management stated (July 2010) that to pull on the ongoing activities, there was no remedy with the Company than to post junior staff. During Exit Conference the Management stated that problem would be overcome on the proposed merger with Haryana Land Reclamation and Development Corporation.

[◊] Excess posts kept in diminishing cadre.

HAIC Agro Research and Development Centre

Results of the centre in which the Company had contributed ₹ 8.35 crore as capital fund, were not apprised to the BOD of the Company

2.1.40 The Company set up (1993) the HAIC Agro Research and Development Centre as a registered society for carrying out research and development activities in the State. The Company had contributed ₹ 8.35 crore towards capital fund of society till 2001-02. The Directors in the governing body of the Centre were the officers and Directors of the Company. We observed that the Company did not evolve any system to ensure that funds contributed to the Centre had been utilised properly for the intended purpose. It could not be ensured from the records of the Company that the Centre was making efforts for accomplishment of its objectives and spending the funds provided by the Company judiciously in accordance with the canons of financial propriety. The working results of the Centre were neither being reviewed by the Company nor brought to the notice of the Board/State Government. However, during exit conference, the Management agreed to place the working results of the Centre before the Board of Directors on regular basis.

Internal Audit and Internal Control

Internal Audit

2.1.41 The Company had not prepared internal audit manual prescribing the scope and extent of internal audit checks. The internal audit of field units of the Company was got conducted from the firms of Chartered Accountants (CAs). We noticed that the internal audit reports of CAs contained points of routine nature and did not point out any system lapses/deficiencies. The Company had not prescribed any system to prepare action plan for internal audit based on the risk factors resulting in audit being conducted without deciding the priorities. Unit wise number of inspection reports, paras outstanding were not compiled to monitor outstanding observations and to ensure the compliance of outstanding objections. The Management stated (July 2010) that the inventory of outstanding paras was compiled to ensure compliance thereof. However, no such inventory was made available to us for examination.

Internal Control

2.1.42 Internal control is a management tool used to provide reasonable assurance that the management objectives are being adhered to in an efficient and effective manner. A good system of internal control should comprise, *inter alia*, proper allocation of functional responsibilities with in the organisation, proper operating and accounting procedures to ensure accuracy and reliability of accounting data, efficiency in operation and safe guarding of the assets. A review of the internal control procedure adopted by the Company revealed the following deficiencies:

- In the field offices, despite large number of financial transactions, the system of cash management was not effective. This was also pointed out by the CAs in their reports.

- Books of accounts were not properly maintained. All the monetary transactions like raising bills, recovery of dues, writing of cash book and deposit in the banks were assigned to assistant accountants or even to the lower level staff, without adequate supervision.

- Huge closing stock of wheat was lying in open plinth which was prone to damage. There was no system of having insurance cover against loss due to fire/theft.

- The instructions of the State Government regarding joint custody and inspection of paddy issued for CMR had not been followed strictly which resulted in incidents of misappropriation of rice.

The field staff of the Company was neither trained nor properly equipped to carry out procurement duty

- Joint inspection by the officers of State Government and FCI pointed out (February 2008) that the field staff was neither trained nor properly equipped to carry out procurement duty as most of the centre incharges were not even aware of the specifications and not having analysis kits and moisture meters.

- Large dues were outstanding against FCI and employees of the Company for which there was no systematic approach for recovery.

- The Company had shortage of manpower in category A, B and C, which affects the smooth working and effectiveness of internal control systems, as due to shortage, the work was allotted to junior officials.

The Management stated (July 2010) that lower level staff was maintaining books of accounts due to shortage of staff and stock lying in open was not being insured due to higher premium not reimbursable by FCI. Recovery of outstanding dues from employees would be affected from the retirement benefits and by filing recovery suits. The reply was not acceptable as the higher management cannot absolve itself from the huge losses as it was also responsible for effective supervision and monitoring. Further, huge recoveries booked against the lower staff were not practically possible.

Some other points on failure of internal control system were as under:

Non payment of statutory dues

Service Tax

Non fulfillment of service tax provisions resulted in interest and penalty liability of ₹ 45.28 lakh in respect of FSCs

2.1.43 The Company makes payment of transportation charges on transportation of wheat by road from mandis either to its own godowns or to FCI's godowns. As per provisions of the Finance Act 1994, the Company was responsible for depositing the Service Tax on behalf of the transporters with effect from 1 January 2005. We observed that six of the seven FSCs test checked, had neither recovered the component of Service Tax from the transporters relating to transportation of wheat nor deposited the same with the tax authorities. The remaining one FSC (Jind), however, had started depositing Service Tax since June 2008. As per Section 75 and 76 of Finance Act, 1994, interest and penalty was also payable by the defaulter on delayed payment of Service Tax at the rates prescribed from time to time for the period of delay.

The Service Tax liability of seven FSCs test checked worked out to ₹ 23.61 lakh for the period from 2005-09 besides interest and penalty of ₹ 21.67 lakh*. As the dues of Service Tax component pertain to old periods, chances of their recoveries from transporters were remote. During exit conference, the Management agreed to streamline the system.

Value Added Tax (VAT)

2.1.44 The paddy procured by the Company was got milled through the millers selected annually as per prescribed procedure. The market rate of milling ranged from ₹ 150 to ₹ 200 per quintal during the year 2008-09. The GOI had fixed the provisional milling charges at ₹ 15 per quintal (including transportation charges up to 8 KMs) for the corresponding period keeping in view the fact that the by-products viz. broken rice (6 to 7 *per cent*), rice bran (7 to 8 *per cent*), paddy husk (17 to 18 *per cent*) and Nakku (1 to 2 *per cent*) were also retained by the millers. In view of this, Excise and Taxation Commissioner (ETC), Haryana in its guidelines endorsed to the Company on 21 April 2009 had observed that allowing retention of by-products to the millers by paddy procurement agencies was in nature of barter arrangement with the millers. Accordingly, ETC had assessed value of by product (based on rates prevalent during 2008-09) retained by the millers at ₹ 151.75 per quintal which would add to the turnover of the procuring agency and invite levy of VAT as per provisions of Haryana VAT Act applicable with effect from 1 April 2003. ETC also advised the Company to pay VAT accordingly. The non-payment of VAT also attracted penalty equivalent to a sum thrice the amount of tax which had been avoided.

Company's liability due to non-fulfillment of VAT provisions worked out to ₹ 28 crore including penalty

We observed that the Company was required to pay VAT of ₹ 7 crore on total turnover of ₹ 174.89 crore (at the rate of ₹ 151.75 per quintal of paddy milled as assessed by ETC for 2008-09) of by products produced during custom milling of paddy during 2005-06 to 2009-10 as per above guidelines. However, Company had not made VAT payment of ₹ 28 crore including penalty of ₹ 21 crore.

The Management stated (July 2010) that as the by-product remained with the miller, the liability of the VAT was that of the miller. The reply is not acceptable since the benefit of by-products is availed by the Company in the shape of lesser milling charges. However, during exit conference, the Management agreed to take up the matter with ETC.

The Company needs to streamline the system of recovering the VAT relating to the value of the by-products from the millers in future and timely remitting the same to the VAT authorities. Further, the issue of VAT liabilities and the leviable penalties

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* Simple interest (₹ 7.61 lakh) for period of delay at the rate of 13 *per cent* per annum and penalty (₹ 1.06 lakh) at the rate of 2 *per cent* per month on unpaid tax for the period of default.

thereon for prior periods also need to be resolved with the ETC, FCI and the concerned millers.

Acknowledgement

In addition to examination of records and documents, a number of issues were deliberated for conducting this performance audit by the audit team. We acknowledge the co-operation and assistance extended by different levels of Management at various stages of conducting performance audit.

The matter was referred (June 2010) to the Government; the reply had not been received (September 2010).

Conclusion

- **The activities of the Company were procurement concentric and it failed to pay due attention towards promoting agro based industries, providing agricultural inputs and assisting farmers in farm mechanisation, etc., which were the main objectives of forming the Company.**

- **The Company failed to evolve any system to get feedback of the impact of its activities in bringing improvement in the conditions of the farmers.**

- **The Company failed to provide agricultural implements to the farmers at competitive rates. The manufacturing plants with obsolete infrastructure had no effective marketing network and were highly dependent for supply orders on Government organisations. The Company, despite analysing the reasons for low capacity utilisation of the plant, did not take any remedial measure.**

- **Though the procurement activity of the Company for the central pool contribute significantly towards its total turnover and profits, deficiencies were noticed in adherence of delivery schedule, and proper storage of foodgrains. The Company also failed to enforce terms of agreements executed with the Millers for milling of paddy thus putting the interests of the Company at stake.**

- **The Company did not raise differential claims as per prescribed procedure and in time resulting in blockage of funds.**

- **The activities of FSCs showed adverse operational results during all five years under review raising questions on their viability.**

- **The manpower in A, B and C categories was inadequate resulting in junior staff undertaking higher responsibilities involving huge funds without any supervision thereby exposed to risks of committing errors and misappropriation.**

- **The Company did not prepare budgets on realistic basis and was not prompt in claiming from FCI, the reimbursement of guarantee fee paid to State Government. There are remote chances of recovery of dues shown recoverable from employees.**

- **There were deficiencies in the internal audit and internal control system of the Company which needs improvement.**

Recommendations

- **The Company needs to channelise its resources for achieving its main objectives of development of agro based industries and farm mechanisation.**

- **The Company should upgrade old machinery of its manufacturing plants and appoint appropriate technical, marketing and accounting staff, in order to make the plants viable.**

- **The Company should strictly impose milling agreements with Millers for custom milling of paddy so as to safeguard against losses.**

- **The Company should raise the differential claims timely and accurately.**

- **The Company should strengthen its marketing and explore possibilities of new ventures so as to enhance turnover of FSCs and make them viable.**

- **The Company should prepare budgets on realistic basis by linking production and demand of its products.**

Chapter III

3. Transaction audit observations relating to Government companies and Statutory corporation

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

Dakshin Haryana Bijli Vitran Nigam Limited

3.1 Failure to curb distribution losses

Anti theft system meant to curb the distribution losses could not be installed due to deficient planning despite incurring expenditure of ₹ 3.16 crore.

With a view to curb the theft of energy, *kundi* connections and leakage of revenue in villages Bhakalana, Petwar and Madanheri, the Company decided (March 2007) to implement High Voltage Distribution System (HVDS). The system included providing of additional 25 KVA Transformer with HT line, replacement of existing ACSR conductor with armored cable, replacement and shifting of single phase meters outside consumer premises and dismantling of existing ACSR conductor. The work orders were issued (August 2007) to three contractors on turnkey basis and the total work was to be completed within 90 days from the date of award.

The contractor provided 25 KVA transformers with HT line and replaced the existing ACSR conductor with armored cable. However the work relating to replacement and shifting of single phase electronic meters outside the premises could not be undertaken due to strong resistance/agitation by the villagers. The contractors reported (December 2008 and January 2009) the matter to police for protection but the complaint was returned with the remarks that the matter should be pursued by the Company officials instead of the private contractors. The Company, however, failed to take any concrete action to provide police protection to the contractors for smooth execution of the work. Resultantly, the HVDS remained incomplete and the objective of curbing theft of energy could not be achieved. As the contractors were not at fault in completing the work, their dues of ₹ 3.16 crore for the work done were cleared (February 2008 to April 2009) by the Company treating the work as complete. The unused material valuing ₹ 82.59 lakh was taken back (May 2009) from the contractors. The net expenditure incurred by the Company on the work was ₹ 2.33 crore, excluding the cost of unused material recovered.

We observed that the areas planned for commissioning the HVDS with a view to curb energy theft were under high influence of Bhartiya Kisan Union (BKU). Foreseeing the likely agitation/resistance by locals, the Company should have planned effective preventive action to tackle the problem well before awarding the work. The Company also needed to approach the local residents by involving the elected representatives to convince them the utility of the scheme for providing quality power to them. By disbanding the work mid-way the energy losses continued to be on higher side and the burden of theft of energy by some anti social elements continued to be borne by the genuine consumers.

Thus, due to deficient planning, the system meant to prevent energy theft could not be commissioned and despite making an attempt and incurring expenditure of ₹ 3.16 crore, the issue of curbing the distribution losses remained unaddressed.

The Management stated (March 2010) that due to hindrance/resistance by some mischievous/dishonest villagers who were stealing the energy, meters could not be relocated outside the consumer premises. Reply is not acceptable as the Company failed to take adequate preventive action at the planning stage to tackle the situation despite knowledge of possibilities of strong resistance by locals in commissioning the scheme.

The Company needs to ensure successful implementation of such anti theft schemes duly addressing all possible constraints at planning stage particularly in the theft prone areas.

The matter was referred (May 2010) to the Government and the Company; their replies had not been received (September 2010).

3.2 Unfruitful expenditure

Due to non rectification of fault occurred in the Energy Audit System, expenditure of ₹ 12.38 crore incurred on installation of System remained unfruitful.

With a view to pinpoint energy losses in the distribution system and improve the consumer services, the Company decided (April 2007) to build IT driven Energy Audit system. For the purpose, Distribution Transformer (DT) meters capable to download and communicate consumption data i.e. communication port and Automated Meter Reading (AMR) system were to be installed on all the DTs in Faridabad and Gurgaon operation circles. Accordingly 6,455 DT meters costing ₹ 11.90 crore were purchased and installed (June 2007 to January 2008) in Faridabad Circle. The Company decided (December 2007) to engage GSM service providers for installation of AMR activated sim cards on these DT meters for providing communication media between meters and control station in circle office. Accordingly, work orders for installation of AMR activated sim cards were placed (January 2008) on M/s Bharti Airtel Limited. In Faridabad circle 6,455 sim cards were installed and activated on the DT meters at monthly rent of ₹ 35 for each sim card. For assessing the energy losses/gaps by reconciling energy recorded on 11 KV outgoing feeder with energy received at DT and HT consumer, a detailed work order was placed (July 2008) on M/S Haryana Ex-Serviceman League (HESL).

Scrutiny of the energy audit reports of M/s HESL for the period from June 2008 to December 2009 revealed that 45 *per cent* to 69 *per cent* of DT meters were not working due to faulty AMR system and thus their data could not be generated for submission to circle office. Though M/s HESL submitted monthly energy audit reports to the circle office, there was no analysis of these reports. Resultantly, the Company could not take up the matter with the supplier of AMR system and no steps could be taken by the Company to get the faulty system rectified. Thus, the entire expenditure of ₹ 11.90 crore on purchase of 6,455 DT meters remained unfruitful. Besides, the Company paid monthly rental charges of ₹ 0.48 crore during the period from March 2008 to December 2009 to M/s Bharti Airtel Limited towards the monthly rental of sim cards installed on the DT meters. Out of which ₹ 0.23 crore were paid for sim cards installed on the meters with defective AMR for the period from June 2008 to December 2009. Services of these sim cards were finally blocked by the Company in January 2010. The Company could have avoided this payment by taking timely action to disconnect/remove the sim cards installed on meters with defective AMR.

The Company, instead of rectifying the fault, temporarily discontinued the AMR system in January 2010, without deciding on future course of action for making the entire Energy Audit System operational. Resultantly the whole expenditure on the scheme remained unfruitful.

Thus, due to failure of Company to take remedial measures on the audit reports of M/s HESL, the expenditure of ₹ 12.38 crore incurred on the energy audit system remained unfruitful. Besides, payment made to HESL for their services also proved wasteful which could not be quantified in the absence of item wise details of the assignments in the work order.

The Company should fix responsibility for not analysing the energy audit reports of HESL and also needs to take decision on further course of action for rectification of fault and making the 'Energy Audit System' operational so as to ensure optimal utilisation of its resources and investments.

The matter was referred (June 2010) to the Government and the Company; their replies had not been received (September 2010).

3.3 Avoidable loss

The Company failed to recover the fraudulently claimed amount of ₹ 15.72 lakh from the contractor against the payments released subsequently.

The Company placed (May 2007) a work order on Mahindra Electrical works, Hodalan (Contractor) for execution of the augmentation of ACSR conductor at a total cost of ₹ 9.38 lakh on turnkey basis. As per terms of payment 70 *per cent* payment of cost of material was to be made to the contractor on receipt of material at work site store and 10 *per cent* after the erection of material. Both the receipt and erection of material were to be certified by the Company before releasing the payments. The balance 20 *per cent* was to be released after inspection and clearance by the Chief Electrical Inspector, Government of Haryana.

The Company released total payments of ₹ 11.20 lakh (in June 2007 ₹ 7.36 lakh and in December 2007 ₹ 3.84 lakh) against receipt and erection of material at site. Subsequently, the Company noticed (July 2008) that the contractor had not done work as per the work order and had claimed the payment by forging the signatures of the officials of the Company authorised to certify the work. An enquiry was conducted by the Company and it was found (29 September 2008) that the contractor in connivance with officials of the Company had fraudulently received payment of ₹ 14.09 lakh. The Company filed (11 April 2009) FIR against the contractor and issued chargesheets against the defaulting officials simultaneously placing them under suspension. The actual loss on this account worked out to ₹ 15.72* lakh.

We noticed that the Company had meanwhile, issued (April/May 2008) two separate work orders to the same contractor. As per the work regulations prescribed by the Company any such money due and payable to the contractor under the contract might be appropriated and set off against any claim of the Company arising out of or under this contract or any other contract entered into by the contractor with the Company. Contrary to these provisions, the Company failed to set off the amount (₹ 15.72 lakh) fraudulently claimed by the contractor and released (November 2008 and March 2009) payments of ₹ 15.90 lakh to the contractor.

Thus, due to ineffective internal control mechanism the Company lost an opportunity to recover the fraudulently claimed amount from the contractor, resulting into loss of ₹ 15.72 lakh.

The Company should fix responsibility for the negligence and strengthen its internal control mechanism to avoid such incidents in future.

The matter was referred (May 2010) to the Government and the Company; their replies had not been received (September 2010).

3.4 Non-recovery of penalty

The Company failed to recover penalty of ₹ 66.85 lakh due to non adherence to laid down procedure for theft cases.

The Ministry of Power notified (June 2007) Electricity (Amendment) Act 2007 for dealing with cases of theft of electricity. For its implementation, the Company issued (July 2007) sales instructions which provided that in case of suspected theft of electricity through tampering of meters or metering equipments or seals, meters/metering equipments shall be taken out from the premises in a sealed box duly witnessed by the consumer for requisite testing in the Metering and Protection laboratories. In case the consumer failed to witness the testing on the scheduled date, the testing was to be done in the presence of two officers of the Company not connected with the inspection. The designated office was required to communicate the consumer at least one week in advance about the scheduled date of meter testing and requesting for his presence.

The Company imposed (during May 2008 to December 2009) penalty of ₹ 66.85 lakh on 108 consumers in Fatehabad division of Operation Circle Hisar for tampering with the meters/metering equipments and resultant theft of energy. The consumers moved (May 2008 to February 2010) to the District Consumers Disputes Redressal Forum (DCDRF), Fatehabad against the penalty. The forum disallowed (August 2008 to May 2010) the penalty on the ground that provisions

* (Payment made ₹ 11.20 lakh +Cost of material supplied by the Company ₹ 6.91 lakh (-) Actual work done ₹ 2.02 lakh (-) Security forfeited ₹ 0.37 lakh).

of sale instructions were not adhered to by the Company in completing the testing process of meters. In 22 cases appeals made by the Company against the orders of the DCDRF were rejected by the State Consumer Disputes Redressal Commission (SCDRC). After examining the issue, the Legal Remembrance (LR) of the Company opined (July 2009) for not filing appeals in the National Consumer Dispute Redressal Commission and in the SCDRC relating to remaining cases.

We observed (February 2009) that while carrying out the testing process of meters, the sales instructions were overlooked by the operational staff of the Division which resulted in non recovery of penalty from the defaulting consumers. Though show cause notices were issued (October and November 2008) to respective sub-divisional officers, who were found responsible for not strictly following the procedure prescribed to deal with theft cases, no disciplinary action was initiated against them so far (July 2010).

Thus, failure of the Company to establish effective internal control mechanism to ensure compliance to specified sales instructions had resulted in loss of revenue of ₹ 66.85 lakh.

The Management stated (February 2010) that the instructions regarding theft of energy and subsequent procedures to tackle the cases had been adhered to. The reply is not factually correct in view of rejection of appeals by the SCDRC and opinion of the LR for not filing appeals in remaining cases.

The Company needs to initiate disciplinary action against the erring officers and also strengthen its internal control mechanism to ensure compliance to prescribed sales instructions so as to avoid recurrence of such losses.

The matter was referred (February 2010) to the Government; the reply had not been received (September 2010).

3.5 Injudicious acceptance of material

The Company accepted supply of transformers valuing ₹ 75.54 lakh despite its decision to ban installation of such transformers.

The Company placed (August 2007) two Purchase Orders (PO) on M/s Vijai Electrical Limited Hyderabad (VIJ) and M/s Kotson (P) Limited (KOT) for procurement of 20 copper wound Distribution transformers (10 each) of 990 KVA on free on road (FOR) destination at variable rate of ₹ 7.75 lakh per transformer. As per delivery schedule, the complete material was to be supplied within five and half months from the date of receipt of Purchase Order (PO) or approval of drawings which ever was later. In case the supplier fails to deliver the material within delivery period, the Company was entitled to terminate the contract in whole or in part.

VIJ supplied 10 transformers during April and May 2008 while the second supplier i.e. KOT, who was to supply 10 transformers up to February 2008 (five and half months after issue of PO), failed to submit even drawings and type test certificates up to due date (February 2008).

Meanwhile, a meeting was held (July 2008) to review the running losses and to discuss the possible measures to minimise the revenue loss to the Company. In view of the fact that high capacity 1000/990 KVA transformers had huge LT systems having higher technical losses, a decision was taken (July 2008) to ban installation of transformers of this specification and remove all such transformers existing in the system for utilising elsewhere such as Irrigation and Public Health Department

We noticed that in view of the above decision, the high capacity transformers were required to be removed from the system to reduce LT line losses. As KOT failed to supply even drawings and type test (prerequisite to start the production of the transformers) up to July 2008, as per terms of supply order, the Company had the right to terminate the PO. Though, the supplier had not submitted even the drawings up to July 2008, the Company, instead of terminating the Purchase order approved the drawings in September 2008 and accepted (October 2008) supply of 10 transformers valuing ₹ 75.54 lakh.

The Chief Engineer, of the Company stated (August 2010) that out of the ten transformers, six had been used up to July 2010 and the balance was required to meet out any unexpected demand. The reply is not convincing as installation of these transformers with huge LT systems would increase the line losses of the Company which were already on higher side. Further, the drawings were approved in September 2008 and transformers were inspected and accepted in October 2008, after the decision of the Company to ban the use of such transformers. Instead of approving the drawings, the Company should have terminated the contract.

The matter was referred (May 2010) to the Government and the Company; their replies had not been received (September 2010).

Uttar Haryana Bijli Vitran Nigam Limited

3.6 Non levy of penalty

Extension in delivery period in contravention of the terms of purchase order resulted in non levy of penalty of ₹ 95.40 lakh.

The Company placed (9 February 2006 and 18 March 2006) two Purchase Orders (POs) on Akal Electricals (P) Limited (firm) for the supply of 750 No. 100 KVA and 1,000 No. 63 KVA distribution transformers at the firm rates of ₹ 86,200 and ₹ 68,500 per transformer respectively. As per delivery clause of the POs, the complete material was to be supplied by the firm in five and half months from the receipt of the POs/approval of the drawings i.e. up to 17 September 2006 and 22 October 2006, respectively. The POs further provided that in case of delay in supplies of material, penalty at half *per cent* of delayed portion of material per week for the period of delay or part thereof, subject to maximum of 10 *per cent* of the cost of the material was to be imposed on the firm. Besides, the Company reserved the right to go for purchases at the risk and cost of the Contractor in case of delayed supply.

The supplier failed to submit even the drawings till the scheduled period of completing supply against both the POs. The Company issued (November 2006) notice of risk purchase (after expiry of scheduled delivery period) to the supplier.

After receipt of risk purchase notice, the supplier submitted (November/December 2006) the drawings and requested for extension in delivery period without levy of penalty on the plea that delay in supplies occurred due to non availability of Prime CRGO. The Company accepted (July 2007) the request of the firm on the justification that the prevalent market prices of transformers with similar specification were higher and extended the delivery period up to 31 December 2007 for both the POs without levy of any penalty. The material against both the POs could, however, be received up to 19 June 2008, i.e., beyond the rescheduled delivery period. The Company recovered ₹ 37.75 lakh as liquidated damages for the material received beyond the rescheduled delivery period.

We observed that the POs were placed for replacement of damaged transformers under time bound improvement schemes as such the time was the essence of the contract. Acceptance of firm's plea regarding non availability of some material causing delay in supplies was not justified in view of the fact that the firm did not submit even the drawings for about seven months and the same were submitted only after notice of risk purchase was issued. Management's plea for extending the delivery schedule considering the higher market rates of material was also not valid in view of the option available to the Company to go for purchases at the risk and cost of the supplier in case of delayed supplies. Thus, extension in delivery period by the Company was in contravention of the provisions of the contract and tantamounts to favouring the firm as it resulted in non-levy of penalty of ₹ 95.40 lakh. The objective of improving quality of service and reduction of energy losses also could not be achieved due to delay in implementation of the improvement schemes

The matter was referred (May 2010) to the Government and the Company; their replies had not been received (September 2010).

Haryana Vidyut Prasaran Nigam Limited

3.7 Short Recovery

Short recovery of worker welfare cess ₹ 5.24 crore.

With a view to augment the resources for the Building and Other Construction Workers welfare, the Government of India notified 'The Building and Other Construction Workers Welfare Cess Act, 1996. As per the Act, cess was to be levied and collected at such rates not exceeding two *per cent* but not less than one *per cent* of cost of construction. Accordingly, the Government of Haryana directed (August 2007) all Government Departments and Public Sector Undertakings carrying out construction activities to deduct one *per cent* of the cost of construction works from the bills paid for such works and remit the same to cess authorities. The construction works include the construction, alteration, repairs, maintenance or demolition in relation, *inter alia*, to generation, transmission and distribution of power.

As per provisions of the "Building and Other Construction Workers Welfare Cess Rules 1998" (Cess Rules 1998) framed by Central Government, the cost of construction should include all expenditure incurred by an employer in connection with the building or other construction work but should not include cost of land and any compensation paid/payable under Workmen Compensation Act 1923 (Rule 3).

In view of the above, the Company was required to deduct labour welfare cess at the rate of one *per cent* of cost of construction from the bills of turnkey contracts entered into for construction of substations and transmission lines and remit the amount of cess so deducted to the cess authorities..

Our scrutiny revealed (May 2009) that against an expenditure of ₹ 589.17 crore (up to February 2010) incurred on turnkey construction contracts placed during the years 2008-09 and 2009-10, the Company recovered Workers' Welfare Cess of ₹ 65.71 lakh only instead of ₹ 5.89 crore i.e. at the prescribed rate of one *per cent* of the total expenditure. Thus there was short recovery of ₹ 5.24 crore from the contractor. The Company had not taken any action against the officials responsible for short recovery.

The reply from local Management stated (August 2009) that the Company had been placing separate work orders for supply and erection of material/equipment in case of turnkey execution of the projects and has been deducting cess on erection portion.

The reply confirms violation of the provisions of Cess Rules 1998, which stipulates that the cess is recoverable on the total cost of construction, excluding only the cost of land and any compensation paid/payable under Workmen Compensation Act 1923. Thus, the worker welfare cess amounting to ₹ 5.24 crore had been short recovered which could attract penal interest for delay in remitting the cess payments to cess authorities at the rate of two *per cent* per month or part thereof as per Section 8 of the *ibid* Act.

The matter was referred (June 2010) to the Government and the Company; their replies had not been received (September 2010).

Haryana Power Generation Corporation Limited

3.8 Avoidable expenditure

The Company did not short close the loan from PFC due to deficient assessment of fund requirement which resulted in payment of commitment charges of ₹ 30.40 lakh.

The Company was sanctioned (October 2005) loan of ₹ 1,920 crore from Power Finance Corporation Limited (PFC) for financing the construction of 2X300 MW Deen Bandhu Chhoturam Thermal Power Plant (DCRTPP) at Yamunanagar. As per the terms and conditions of sanction, the Company was to furnish quarter-wise schedule of drawal of loan at the time of signing of Memorandum of Agreement (MOA). The MOA with PFC was signed (February 2006) and as per the quarter wise schedule submitted by the Company, the entire committed funds were to be drawn up to September 2008. As per terms of MOA, in case the funds were not drawn as per the agreed schedule, the Company was liable to pay commitment charges at the rate of 0.25 *per cent* per annum on the undrawn amount of previous quarter from the first day of following quarter till the date of actual date of drawal. The Company, being a State Sector borrower, was allowed prospective revision twice in drawal schedule during the currency of loan. In view of this provision, the Company, based on fund requirement, revised the quarterly schedule in March and June 2008. As per the second revised schedule, the drawal of entire loan was to be completed by the quarter ending June 2009. The Company, could draw only ₹ 1,809.74 crore up to June 2009 and sought (October 2009) extension in loan closure up to June 2010, which was agreed to by PFC. There was, however, no further drawal of loan and entire balance of loan of ₹ 110.26 crore remained undrawn till date (June 2010).

We observed that schedule of drawal of loan was disturbed due to delay in completion of work of DCRTPP by the turnkey contractor for which, the Company levied (July 2008) LD of ₹ 204.46 crore on the contractor. The Company started recovering the LD through adjustment against the running bills of the contractor with effect from January 2008.

We further observed that the Company sought extension in closure of loan in October 2009 on the ground of meeting financial requirement of possible refund of LD to the contractor, which was not a valid ground as major portion of LD (₹ 119.47 crore) out of ₹ 204.46 crore had already been recovered up to June 2009 before tendering request (October 2009) to PFC for extending loan closure up to June 2010 The balance LD of ₹ 84.99 crore was also recovered by the Company up to March 2010. Further, requirement of fund should have been assessed duly considering the fact that two Units of the Project had started (April/June 2008) commercial operation and had generated additional net cash inflow of ₹ 96.28 crore during the year 2008-09. In view of this, the Company should have short closed the undrawn PFC loan of ₹ 110.26 crore before June 2009 instead of seeking extension for loan closure date up to June 2010. Since there was no drawal of loan by the Company even after extended date of loan closure, the PFC levied ₹ 30.40 lakh as commitment charges on undrawan loan up to June 2010 which were paid by the Company during January-July 2010.

Thus, failure of the Company to assess realistically the fund requirements had resulted in avoidable payment of commitment charges of ₹ 30.40 lakh (up to June 2010). The Company needs to take in to account all available financial resources while assessing the requirement of loan so as to avoid payment of interest/commitment charges in future.

The matter was referred (June 2010) to the Government and the Company; their replies had not been received (September 2010).

Haryana State Roads and Bridges Development Corporation Limited

3.9 Avoidable loss

The Company suffered loss of ₹ 3.19 crore due to abnormal delay in initiating action for revision of toll rates.

The Council of Ministers, Haryana Government approved (September 2002) the proposal for levying toll tax on 32 identified toll points at the rate of ₹ 100 per trip per vehicle having up to 10 tyres and ₹ 150 per trip per vehicle having more than 10 tyres. These rates were to be revised to ₹ 150 per trip from the year 2007-08 and ₹ 200 per trip from the year 2012-13 in respect of vehicles having up to 10 tyres. For vehicles having more than 10 tyres, the toll tax rates were to be revised proportionately. Haryana Government notified (September 2003) the rates and also authorised the Company to demand, collect and retain toll from the 32 identified toll points till 31 March 2017.

The Company accordingly levied toll fee after completion of concerned roads. In September 2008 the Company proposed to the Council of Ministers for revision in rates. After getting their approval (October 2008), the revised rates were notified in January 2009 effective from 1 March 2009.

We observed that though, as per the proposal/scheme approved (September 2002) by the Council of Ministers, the toll rates were due for revision with effect from 1 April 2007, the Company submitted memorandum to the Council of Ministers for revision in rates only in September 2008. After approval, the revision was made effective from 1 March 2009. This inordinate delay in submission of proposal by the Company and corresponding delay in revision of rates resulted in loss of ₹ 3.19 crore calculated at the rate of 4.08* *per cent* for 23 months during April 2007 to February 2009. The Company had accumulated loss of ₹ 98.53 crore as on 31 March 2008 which was indicative of its poor financial health. By delaying the implementation of revision in the toll rates due to avoidable reasons, the Company lost the opportunity to avail additional cash inflow of ₹ 3.19 crore and reduce the accumulated losses to that extent. The Management, however, did not fix the responsibility for delay in submission of proposal for revision of rates.

The local Management stated (January 2010) that the matter was referred to the State Government for approving the revised toll rates and after due consideration Government issued notification in January 2009 making the revised rates applicable from 1 March 2009. The revised rates were made applicable immediately and there was no delay. The reply did not address the abnormal delay of more than 17 months in moving the proposal for toll rate revision.

The Company needs to fix responsibility for the delay in initiating action for revision of rates and evolve an effective internal control system to avoid such losses in future.

The matter was referred (March 2010) to the Government and the Company; their replies had not been received (September 2010).

Haryana Police Housing Corporation Limited

3.10 Undue favour to contractor

The Company suffered loss of ₹ 14.76 lakh due to unjustified waiver of compensation levied for delayed execution of work.

The work for construction of 144 houses in New Jail Complex, Karnal was allotted (March 2002) to a contractor at a cost of ₹ 2.34 crore, subsequently enhanced (August 2002) to ₹ 2.40 crore with a time limit of 12 months. The terms of agreement provided, *inter alia*, that the time being the essence of the

* Incremental increase during 2008-09 over 2007-08 without any revision in rates = 9.32 *per cent*
Increase during 2009-10 over 2008-09 after revision of rates = 13.40 *per cent*
Net Increase due to revision in rates = 4.08 *per cent*

contract, the contractor shall pay as compensation an amount equal to one *per cent* of the estimated cost which the Executive Engineer-in-Charge Project (EEP) in charge may levy for every day for which the work remained uncommenced or unfinished. The compensation amount should not exceed 10 *per cent* of the estimated cost of the work. In case of any representation from the contractor the Engineer-in-charge (Co-ordination) (EC), was authorised to reduce the amount of compensation and his decision shall be final.

The contractor could not execute the work within the time limit on one pretext or other despite being served repeated notices to accelerate the progress of work and repeated extensions. The EEP imposed (August 2004) penalty of ₹ 24.01 lakh being 10 *per cent* of the tendered value of the contract. The contractor could execute (July 2005) work of ₹ 1.48 crore and as per terms of the agreement unexecuted portion of the work valuing ₹ 92.58 lakh was withdrawn and got executed from another contractor at his risk and cost. The work was completed in March 2009 and case for recovery of the extra amount was pending with the arbitrator (July 2010). The contractor made representation (August 2006) to the Company for reduction of penalty levied by the EEP. As there was no post of EC in the Company the case was reviewed (April 2007) by Chief Engineer (CE) who upheld the penalty. The contractor represented (July 2007) against the decision and the issue was again reviewed by the same CE in the capacity of Chief Engineer cum Engineer in Charge (Co-ordination). On this occasion the CE reduced (November 2007) the compensation amount from ₹ 24.01 lakh to ₹ 9.25 lakh without recording any additional facts/reasons for reduction in compensation.

We observed that as there was no post of EC and the CE was the only officer in the Company for the project, the decision taken by him confirming penalty of ₹ 24.01 lakh was final and binding on both the parties as per terms of the contract.

Thus, reduction of compensation amount was unjustified which resulted in loss of revenue of ₹ 14.76 lakh to the Company and tantamount to undue favour to the contractor.

The Management stated (July 2010) that the case was reviewed on second time as the contractor represented that the CE had no authority for passing any order. The reply of the Company is not acceptable as on both occasions, the representation was reviewed by the same CE who was designated to act as EC. Reversing his own decision by CE without recording any additional facts/grounds is not acceptable.

The matter was referred (March 2010) to the Government; the reply had not been received (September 2010).

Haryana Land Reclamation and Development Corporation Limited

3.11 Blockage of funds

The Company blocked ₹ 64.62 lakh due to injudicious increase in the scope of work.

The Board of Directors (BOD) of the Company approved (February 2006) a proposal to construct 30 to 35 shops at Naraingarh on its own land and with a view to generate income of about ₹ 0.70 lakh to ₹ 0.75 lakh per month.

The Company allotted (February 2007) the construction work at tendered cost of ₹ 76.77 lakh, which was completed (June 2008) at a total cost of ₹ 1.40 crore with increase in the scope of work to 65 shops/booths.

We noticed that the BOD had approved (March 2007) the proposal to shift Company's managerial office, Ambala to this complex for which about five shops were required. This additional requirement of space could have been met from the 30-35 shops/booths already being planned for construction. However, the Company, without conducting any survey and obtaining specific approval of the BOD, enhanced the scope of work from 30-35 shops/booths to 65 shops/booths. This contention was further substantiated with the fact that 27 out of 65 newly constructed shops /booths were lying unoccupied (May 2010) even after shifting of Ambala office to the complex and letting out 29 shops/booths.

Thus, the decision to enhance the scope of work to 65 shops/booths from 30-35 shops/booths without examining the commercial viability and without obtaining specific approval of the BOD rendered the expenditure of ₹ 64.62 lakh as unfruitful being the proportionate cost of 30 shops incurred by the Company.

The Management stated (May 2010) that it was saving rent of Ambala office which had been shifted to the new complex and also utilising two shops for gas agency. The reply is not convincing as even after completion of the shopping complex in June 2008 the Company could utilise only 38 shops (including seven for office and two for gas agency) and 27 shops were still vacant. This indicates that the action of the Company to enhance the scope of work from 30-35 shops to 65 shops was not justified.

The matter was referred (March 2010) to the Government; the reply had not been received (September 2010).

Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited

3.12 Arrears in finalisation of Accounts

The Company failed to take sincere efforts in liquidating the arrears and making the accounts up to date despite constant pursuance by us.

Section 210 of the Companies Act, 1956, read with Sections 166 and 216, casts the duty on the Board of Directors of a Company to place the accounts of the Company along with Auditor's Report (including supplementary comments of CAG) in the Annual General Meeting of the shareholders within six months of the close of its financial year. As per Section 210 (5), if any person, being a Director of a Company, fails to take all reasonable steps to comply with the provisions of Section 210, he shall be punishable with imprisonment for a term which may extend up to six months or with fine which may extend up to ten thousand rupees or with both. Similar provisions exist under Section 210(6) in respect of a person who is not a Director but is charged with the duty of ensuring compliance with Section 210.

In spite of above provisions in the Companies Act, Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited (Company) had not been finalising its accounts in time. As of 31 March 2010, the Company had finalised the accounts up to 2003-04 maintaining an arrear of five years in finalisation of accounts. We had been bringing out the position of arrears in finalisation of accounts to the notice of the Finance Secretary/Chief Secretary of the State Government regularly every quarter. However, the Company failed to initiate concrete and effective steps to liquidate the arrears in a time bound manner. Our contention had been substantiated with the fact that the Company could finalise only two accounts during the preceding three years up to March 2010 while three accounts were finalised during three years up to March 2007. In view of huge arrears in accounts the exact financial health of the Company could not be ascertained. During certification of accounts for the year 2003-04, the statutory auditors had pointed out short provision of ₹ 2.97 crore against doubtful debts. The issue remained unaddressed due to pending finalisation of account after 2003-04. Further as the accounts for the year from 2004-05 onwards were pending for finalisation, the books of accounts for these years remained open and were exposed to the risks of fraud, leakage of public money, by way of possible tampering with these accounts. The Company stated (August 2009) that the delay in finalisation of accounts was due to shortage of accounts personnel. It further assured that accounts for the year 2004-05 had been prepared and would be placed before BOD in September 2009. As regards finalisation of accounts for the year 2005-06 to 2007-08, the Company stated that a firm of Chartered Accountants had been appointed for the purpose. We noticed that the Company failed to fulfill its assurance as accounts for the year 2004-05 were approved by the Board on 31 March 2010 and handed over to the Statutory Auditors in April 2010 which were pending for certification by Auditors (July 2010). We further noticed that the firm of Chartered Accountants assigned with the work of finalising the accounts for 2005-06 to 2007-08 within two months period could not complete the work (July 2010) due to improper maintenance of district levels records as only one person was posted in each district level office.

Thus, the Company failed to take sincere efforts in liquidating the arrears and making the accounts up to date despite constant pursuance by us.

It is recommended that the Government/Company may arrange adequate personnel and make a time-bound programme to clear the arrears and monitor it on regular basis.

The matter was referred (May 2010) to the Government and the Company; their replies had not been received (September 2010).

Statutory corporation

Haryana Warehousing Corporation

3.13 Loss of revenue

The Corporation suffered loss of revenue of ₹ 55.54 lakh due to inordinate delay in awarding of contract.

The Corporation set up (1999) an Inland Container Depot (ICD) cum Container Freight Station (CFS) in collaboration with Container Corporation of India

(CONCOR) at Rewari to facilitate/promote export/import in the State. The full fledged ICD-cum-CFS came into existence in March 2003 with the laying down of rail track. As per agreement entered into (May 2002) with CONCOR, the rail operations were to be handled by CONCOR while the Corporation was to handle CFS operations. As the CFS operations were running in heavy losses since its inception (except for one year in 2005-06), Corporation decided (August 2007) to invite Expression of Interest (EOI) for Strategic Alliance Management and Operations of CFS. Accordingly, the Corporation invited (September 2007) EOI through press and received (October 2007) offers from nine firms. Out of these nine bids, the Corporation invited (June 2008) financial bids from five shortlisted firms. The Corporation received highest offer of fixed fee at ₹ 81 lakh with 7 *per cent* escalation per annum; plus variable fee per twenty equivalent unit (TEU) handled at ₹ 525 per TEU with 7 *per cent* escalation per annum. However, the offer of CONCOR was the lowest. Being its collaborator, the Corporation made counter offer of the highest rate to CONCOR which accepted (July 2008) this rate. Accordingly, the Corporation entered (October 2008) into agreement with CONCOR for operation from 1 November 2008.

We noticed that the Corporation received offers from nine firms in October 2007. However, it took 12 months in awarding the contract despite the fact that it was incurring recurring losses in the operation of CFS. Had the Corporation awarded the contract within a reasonable period of six months (i.e. by April 2008) after receipt of EOI it would have not only earned revenue of ₹ 55.54 lakh[•] for the period 1 May 2008 to 31 October 2008, but also saved the loss of ₹ 13.72 lakh incurred in the operation of CFS during this period.

Thus, due to abnormal delay in awarding the contract, the Corporation suffered loss of revenue of ₹ 55.54 lakh.

The Management stated (April 2010) that the delay in finalising the contract was caused as the file remained pending with the higher officers for about four months for taking administrative decisions for inviting financial bids and in completing other formalities. The reasons for delay given by the Management were avoidable and indicative of ineffective internal control mechanism of the Corporation.

The Corporation should fix responsibility for abnormal delay in awarding the contract and devise a time schedule for finalisation of contracts at each stage to avoid unnecessary delay.

The matter was referred (March 2010) to the Government; the reply had not been received (September 2010).

3.14 Loss due to improper maintenance of stock

Failure to maintain health of the stock resulted in loss of ₹ 13.82 lakh.

The Corporation procures wheat for the Central Pool from various *mandis* allotted by the State Government and delivers it to Food Corporation of India (FCI). FCI accepts the wheat of specified quality and reimburses the cost of

• Includes fixed fee for six months and variable fee for TEU handled during said period.

wheat along with carryover charges for the period the wheat remains in the custody of the Corporation. It was the sole responsibility of the Corporation to maintain proper health of wheat till it is delivered to FCI. In order to maintain proper health of wheat the Corporation was required to make proper storage arrangements ensuring periodical inspection, fumigation and segregation of damaged stock.

The Corporation purchased 1,861 MT of wheat at Tauru Mandi (district Mewat) during Rabi Season 2008-09 and stored it in open plinths. FCI, during monthly inspection of the stock found (June 2008) that all the upper layers of the stock stored in open had been affected by rain water and recommended for their segregation. However, the segregation work was done by the Corporation in January 2009. After salvaging these stocks, 289.358 MT wheat was found totally damaged. FCI refused to take delivery of this wheat. The stock was auctioned (January 2010) as cattle feed at the rate of ₹ 960 per quintal by the Corporation.

We observed (January 2010) from records that the stock was covered with untied old poly covers without ropes. Resultantly, the rain water damaged the wheat stock. Even after recommendation (June 2008) of FCI, the work of segregation of stock was undertaken in November 2008 after a lapse of over four months.

Thus, failure to maintain health of the stock due to improper storage and delayed segregation resulted in loss of ₹ 13.82[*] lakh. Losses due to such lapses were pointed out in the performance audit on the working of the Corporation included in the Report of the Comptroller and Auditor General of India for the year 2005-06, Government of Haryana. Recommendations for ensuring proper storage were also made to avoid recurrence of similar losses in the said Report.

The Management replied (May 2010) that the loss was due to natural vagaries and the disciplinary action had been initiated against the negligent staff. The reply is not convincing as with proper safeguards and loss preventing measures, the loss on account of natural vagaries could have been avoided.

The Corporation should strengthen its internal monitoring mechanism to ensure that the inspection, disinfestations and reconditioning/segregation of stocks is done at reasonable time intervals in order to maintain its good health and should also evolve suitable procedure for taking punitive action against the negligent staff.

The matter was referred (March 2010) to the Government; the reply had not been received (September 2010).

*

Realisable value from FCI	: ₹ 1389.17 per quintal
Quantity	: 2,893.58 quintals
Amount	: ₹ 40.20 lakh
Less amount actually received	: ₹ 27.86 lakh
Loss on disposal	: ₹ 12.34 lakh
Add: Expenditure on Salvaging	: ₹ 1.48 lakh
	₹ 13.82 lakh

General

3.15 Follow up action on Audit Reports

Replies outstanding

3.15.1 The Report of the Comptroller and Auditor General of India represents the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. Finance Department, Government of Haryana issued (July 1996) instructions to all Administrative Departments to submit replies to paragraphs/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 questionnaires.

Though the Audit Reports for the years 2007-08 and 2008-09 were presented to the State Legislature in February 2009 and March 2010 respectively, all six departments, which were commented upon, did not submit replies to 24 out of 50 paragraphs/reviews as on 30 September 2010 as indicated below:

Year of the Audit Report (Commercial)	Number of reviews/paragraphs appeared in the Audit Report		Number of reviews/paragraphs for which replies were not received	
	Reviews	Paragraphs	Reviews	Paragraphs
2007-08	4	22	2	2
2008-09	3	21	3	17
Total	**7**	**43**	**5**	**19**

Department-wise analysis is given in ***Annexure 14.*** The Power department was the major defaulter with regard to submission of replies. The Government did not respond to even reviews highlighting important issues like system failures, mismanagement and deficiencies in execution of various schemes.

Outstanding action taken notes on Reports of Committee on Public Undertakings (COPU)

3.15.2 Replies to 14 paragraphs pertaining to 6 Reports of the COPU presented to the State Legislature between February 2004 and March 2010 had not been received (September 2010) as indicated below:

Year of the COPU Report	Total number of Reports involved	No. of paragraphs where replies not received
2003-04	2	2
2005-06	1	1
2006-07	1	3
2008-09	1	3
2009-10	1	5
Total	**6**	**14**

These reports of COPU contained recommendations in respect of paragraphs pertaining to four[@] departments, which appeared in the Reports of the Comptroller and Auditor General of India for the years 1998-99 to 2005-06.

@ Power (nine), Industries (three), PWD (B&R) (one), Agriculture (one).

Response to Inspection Reports, Draft Audit Paragraphs and Reviews

3.15.3 Our observations noticed during audit and not settled on the spot are communicated to the respective heads of the PSUs and concerned departments of the State Government through Inspection Reports (IRs). The heads of PSUs are required to furnish replies to the IRs through respective heads of departments within a period of six weeks. Review of IRs issued up to March 2010 revealed that 703 paragraphs relating to 244 IRs pertaining to 21 PSUs remained outstanding as on 30 September 2010. Department-wise break up of IRs and audit observations outstanding as on 30 September 2010 is given in ***Annexure 15.***

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Secretary of the Administrative Department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. However, 16 draft paragraphs and two reviews forwarded to various departments during February to July 2010 as detailed in ***Annexure 16*** had not been replied to so far (30 September 2010).

It is recommended that the Government may ensure that: (a) procedure exists for action against the 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/overpayments is taken within the prescribed period; and (c) the system of responding to audit observations is revamped.

(Sushama V. Dabak)
Chandigarh **Principal Accountant General (Audit)**
Dated **Haryana**

Countersigned

New Delhi **(Vinod Rai)**
Dated **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 2010 in respect of Government companies and Statutory corporations

(*Referred to in paragraph* 1.6)

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital $				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Haryana Agro Industries Corporation Limited (HAICL)	Agriculture	30 March 1967	2.54	1.60	-	4.14	-	-	-	-	-	224
2.	Haryana Land Reclamation and Development Corporation Limited (HLRDCL)	-do-	27 March 1974	1.37	-	0.19	1.56	-	-	-	-	-	187
3.	Haryana Seeds Development Corporation Limited (HSDCL)	-do-	12 September 1974	2.76	1.11	1.11 (0.11)	4.98 (0.11)	-	-	-	-	-	393
4.	Haryana Forest Development Corporation Limited (HFDCL)	Forest	7 December 1989	0.20	-	-	0.20	-	-	-	-	-	113
Sector wise Total				**6.87**	**2.71**	**1.30 (0.11)**	**10.88 (0.11)**	**-**	**-**	**-**	**-**	**-**	**917**
FINANCE													
5.	Haryana Scheduled Castes Finance and Development Corporation Limited (HSCFDCL)	Scheduled Castes and Backward Classes Welfare	2 January 1971	23.49	19.13	-	42.62	-	-	14.30	14.30	0.34:1 (0.27:1)	184
6.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited (HBCEWSKNL)	-do-	10 December 1980	17.58 (7.62)	-	-	17.58 (7.62)	9.12	-	63.28	72.40	4.12:1 (3.14:1)	58
7.	Haryana Women Development Corporation Limited (HWDCL)	Women and Child Development	31 March 1982	15.51 (7.11)	1.10	-	16.61 (7.11)	-	-	-	-	-	64
Sector wise Total				**56.58 (14.73)**	**20.23**	**-**	**76.81 (14.73)**	**9.12**	**-**	**77.58**	**86.70**	**1.13:1 (0.85:1)**	**306**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital $				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
INFRASTRUCTURE													
8.	Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL)	Industry	8 March 1967	70.70 (21.90)	-	-	70.70 (21.90)	25.00	-	84.28	109.28	1.55:1 (2.21:1)	604
9.	Haryana Police Housing Corporation Limited (HPHCL)	Home	29 December 1989	25.00	-	-	25.00	-	-	-	-	-	184
10.	Haryana State Roads and Bridges Development Corporation Limited (HSRBDCL)	P W D (B&R)	13 May 1999	122.04	-	-	122.04	-	-	99.83	99.83	0.82:1 (1.26:1)	3
Sector Wise Total				**217.74 (21.90)**	**-**	**-**	**217.74 (21.90)**	**25.00**	**-**	**184.11**	**209.11**	**0.96:1 (1.43:1)**	**791**
POWER													
11.	Haryana Power Generation Corporation Limited (HPGCL)	Power	17 March 1997	2391.27 (683.10)	-	145.00	2536.27 (683.10)	-	20.41	4763.76	4784.17	1.89:1 (1.92:1)	3451
12.	Haryana Vidyut Prasaran Nigam Limited (HVPNL)	-do-	19 August 1997	1261.85 (385.34)	-	-	1261.85 (385.34)	132.28	-	3391.94	3524.22	2.79:1 (2.67:1)	4583
13.	Uttar Haryana Bijli Vitran Nigam Limited@ (UHBVNL)	-do-	15 March 1999	781.34	-	546.99	1328.33	48.33	-	7335.65	7383.98	5.56:1 (4.10:1)	11243
14.	Dakshin Haryana Bijli Vitran Nigam Limited @ (DHBVNL)	-do-	15 March 1999	743.59 (234.45)	-	437.27	1180.86 (234.45)	51.68	-	939.97	991.65	0.84:1 (2.31:1)	10022
15.	Yamuna Coal Company Private Ltd (YCCPL)Ÿ	-do-	15 January 2009.			1.24	1.24	-					
Sector wise Total				**5178.05 (1302.89)**	**-**	**1130.50**	**6308.55 (1302.89)**	**232.29**	**20.41**	**16431.32**	**16684.02**	**2.64:1 (2.55:1)**	**29299**
SERVICES													
16	Haryana Tourism Corporation Limited (HTCL)	Tourism and Public Relations	1 May 1974	20.19	-	-	20.19	-	-	-	-	-	1835
17	Haryana Roadways Engineering Corporation Limited (HRECL)	Transport	27 November 1987	6.40 (0.20)	-	-	6.40 (0.20)	-	-	11.75	11.75	1.84:1 (4.58:1)	141
18	Haryana State Electronics Development Corporation Limited (HSEDCL)	Electronics	15 May 1982	9.84	-	-	9.84	-	-	-	-	-	253

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital $				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
19	Hartron Informatics Limited (HIL) @	-do-	8 March 1995	-	-	0.50	0.50	-	-	-	-	-	-
Sector wise Total				**36.43 (0.20)**	**-**	**0.50**	**36.93 (0.20)**	**-**	**-**	**11.75**	**11.75**	**0.32:1 (0.77:1)**	**2229**
Total A (All sector wise working Government companies)				**5495.67 (1339.72)**	**22.94**	**1132.30 (0.11)**	**6650.91 (1339.83)**	**266.41**	**20.41**	**16704.76**	**16991.58**	**2.55:1 (2.47:1)**	**33542**
B .Working Statutory Corporations													
AGRICULTURE & ALLIED													
1.	Haryana Warehousing Corporation (HWC)	Agriculture	1 November 1967	2.92	2.92		5.84	-	-	4.98	4.98	0.85:1 (1:1)	900
Sector wise Total				**2.92**	**2.92**		**5.84**	**-**	**-**	**4.98**	**4.98**	**0.85:1 (1:1)**	**900**
FINANCE													
2.	Haryana Financial Corporation (HFC)	Industry	1 April 1967	181.35 (0.54)	-	5.65	187.00 (0.54)	-	-	236.69	236.69	1.27:1 (1.34:1)	227
Sector wise Total				**181.35 (0.54)**	**-**	**5.65**	**187.00 (0.54)**	**-**	**-**	**236.69**	**236.69**	**1.27:1 (1.34:1)**	**227**
Total B(All Sector Wise Working Statutory Corporation)				**184.27 (0.54)**	**2.92**	**5.65**	**192.84 (0.54)**	**-**	**-**	**241.67**	**241.67**	**1.27:1 (1.33:1)**	**1127**
Grand Total(A+B)				**5679.94 (1340.26)**	**25.86**	**1137.95 (0.11)**	**6843.75 (1340.37)**	**266.41**	**20.41**	**16946.43**	**17233.25**	**2.51:1 (2.43:1)**	**34669**
C. Non Working Government Companies													
AGRICULTURE & ALLIED													
1.	Haryana State Minor Irrigation and Tube wells Corporation Limited (HSMITCL)	Agriculture	9 January 1970	10.89	-	-	10.89	184.68	-	-	184.68	16.96:1	-
Sector wise Total				**10.89**	**-**	**-**	**10.89**	**184.68**	**-**	**-**	**184.68**	**16.96:1**	**-**
FINANCE													
2.	Haryana State Housing Finance Corporation Limited (HSHFCL)	Industry	19 June 2000	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital $				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
INFRASTRUCTURE													
3.	Haryana Concast Limited @	-do-	29 November 1973	2.90	-	3.95	6.85	1.39	-	2.30	3.69	0.54:1 (0.54:1)	-
Sector wise Total				**2.90**	**-**	**3.95**	**6.85**	**1.39**	**-**	**2.30**	**3.69**	**0.54:1 (0.54:1)**	**-**
MANUFACTURING													
4.	Haryana Tanneries Limited (HTL)	Industry	12 September 1972	1.17	-	0.18	1.35	2.53	-	6.15	8.68	6.43:1 (2.65:1)	-
Sector wise Total				**1.17**	**-**	**0.18**	**1.35**	**2.53**	**-**	**6.15**	**8.68**	**6.43:1** (2.65:1	**-**
SERVICES													
5.	Haryana State Handloom and Handicrafts Corporation Limited (HSHHCL)	Industry	20 February 1976	2.65	0.30	-	2.95	-	-	-	-	-	-
6.	Haryana State Small Industries and Export Corporation Limited (HSSIECL)	-do-	19 July 1967	1.81	-	0.10	1.91	9.21	-	-	9.21	4.82:1 (4.66:1)	7
Sector wise Total				**4.46**	**0.30**	**0.10**	**4.86**	**9.21**	**-**	**-**	**9.21**	**1.90:1 (1.90:1)**	**7**
MISCELLANEOUS													
7.	Haryana Minerals Limited (HML) @	Mining and Geology	2 December 1972	-	-	0.24	0.24	-	-	-	-	-	-
Sector wise Total						**0.24**	**0.24**	**-**	**-**	**-**	**-**	**-**	**-**
Total C (All Sector Wise Non Working Government Companies				**19.42**	**0.30**	**4.47**	**24.19**	**197.81**	**-**	**8.45**	**206.26**	**8.53:1 (0.68:1))**	**7**
Grands Total (A+B+C)				**5699.36 (1340.26)**	**26.16**	**1142.42 (0.11)**	**6867.94 (1340.37)**	**464.22**	**20.41**	**16954.88**	**17439.51**	**2.53:1 (2.42:1)**	**34676**

Note: Except in respect of companies/corporations which finalised their accounts for 2009-10 figures are provisional and are as given by the companies/corporations. Figures in brackets in column 5(a) to 5(d) indicate share application money.

$ Paid up capital includes share application money.

@ Subsidiary company

** Loans outstanding at the close of 2009-10 represent long-term loans only.

Ỳ The Company at serial no A-15 is a 619B Company.

Annexure-2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraph 1.14)

(Figures in columns 5(a) to 10 are ₹ in crore)

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit 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	Deprecia-tion	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.	Haryana Agro Industries Corporation Limited (HAICL)	2008-09	2009-10	(+) 50.21	49.77	0.33	(+) 0.11	642.42	(-)0.23	4.14	(+)33.11	(+) 406.57	(+) 49.88	12.27
2.	Haryana Land Reclamation and Development Corporation Limited (HLRDCL)	2008-09	2009-10	(+) 0.91	0.16	0.32	(+) 0.43	76.14	(-) 2.16	1.56	(+) 8.23	(+) 13.65	(+) 0.59	4.32
3.	Haryana Seeds Development Corporation Limited (HSDCL)	2009-10	2010-11	(+)2.84	1.23	0.95	(+)0.66	103.71	(-)0.43	4.98	(+)6.49	(+)23.29	(+)1.89	8.12
4.	Haryana Forest Development Corporation Limited (HFDCL)	2005-06	2009-10	(+) 1.93	-	0.04	(+) 1.89	13.50	-	0.20	(+) 11.31	(+) 13.06	(+) 1.89	14.47
		2006-07	2009-10	(+) 1.51	-	0.05	(+) 1.46	19.10	Nil	0.20	(+) 14.12	(+) 13.99	(+) 1.46	10.42
		2007-08	2010-11	(+)2.64	-	0.08	(+)2.56	17.20		0.20	(+)16.63	(+)16.52	(+)2.56	15.50
Sector Wise Total				**(+) 56.60**	**51.16**	**1.68**	**(+) 3.76**	**839.47**	**(-) 2.82**	**10.88**	**(+) 64.46**	**(+)460.03**	**(+) 54.92**	**11.94**
FINANCE														
5.	Haryana Scheduled Castes Finance and Development Corporation Limited (HSCFDCL)	2005-06	2009-10	(+) 0.58	0.19	0.04	(+) 0.35	3.52	(-) 0.26	31.26	(-) 2.68	(+) 6.74	(+) 0.55	8.11
6.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited (HBCEWSKNL)	2003-04	2008-09	(-) 0.04	0.85	0.01	(-) 0.90	0.69	(-) 2.79	9.46	(-) 5.99	(+) 26.91	(-) 0.05	-
7.	Haryana Women Development Corporation Limited (HWDCL)	2007-08	2010-11	(-) 0.01	-	0.02	(-)0.03	0.22	(-)2.60	15.91	(+) 0.16	(+) 16.93	(-)0.03	-
Sector Wise Total				**(+) 0.53**	**1.04**	**0.07**	**(-) 0.58**	**4.43**	**(-) 5.65**	**56.63**	**(-) 8.51**	**(+) 50.58**	**(+) 0.47**	**0.93**
INFRASTRUCTURE														
8.	Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL)	2008-09	2009-10	(+) 68.24	6.33	1.21	(+) 60.70	78.47	(-) 5.16	70.69	(+) 121.05	(+) 1000.31	(+) 67.03	6.70

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit 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)
9.	Haryana Police Housing Corporation Limited (HPHCL)	2008-09	2009-10	(+) 0.28	-	0.20	(+) 0.08	109.21	(-) 1.50	25.00	(+) 0.23	(+) 38.12	(+) 0.08	0.22
10.	Haryana State Roads and Bridges Development Corporation Limited (HSRBDCL)	2007-08	2010-11	(+) 56.14	23.14	42.79	(-) 9.79	58.07	(-)1.16	122.04	(-) 98.53	(+) 224.38	(+) 13.35	5.95
Sector Wise Total				**(+) 124.66**	**29.47**	**44.20**	**(+) 50.99**	**245.75**	**(-)7.82**	**217.73**	**(+) 22.75**	**(+) 1262.81**	**(+) 80.46**	**6.37**
POWER														
11.	Haryana Power Generation Corporation Limited (HPGCL)	2008-09	2010-11	(+) 842.30	355.90	420.18	(+) 66.22	3792.82	(-)93.56	2403.97	(-) 140.03	(+)6999.98	(+) 422.12	6.03
12.	Haryana Vidyut Prasaran Nigam Limited (HVPNL)	2009-10	2010-11	(+) 481.03	231.31	122.42	(+)127.30	954.69	Under Audit	1261.85	(+) 83.57	(+)3638.67	(+)358.61	9.86
13.	Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL)	2008-09	2009-10	(-) 687.50	342.38	77.66	(-) 1107.54	4779.09	(+)18.80	1046.33	(-)2778.32	(+)2785.55	(-) 765.16	-
14.	Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)	2009-10	2010-11	(-)485.69	251.57	41.75	(-) 779.01	5028.62	Under finalisation	1180.86	(-)1894.15	(+)3415.69	(-)527.44	-
15.	Yamuna Coal Company Private Ltd (YCCPL)Ÿ	2009-10	2010-11	(-)0.01	-	-	(-)0.01	0.02	Non Review	1.24	(-)0.01	1.14	(-)0.01	-
Sector wise total				**(+) 150.13**	**1181.16**	**662.01**	**(-)1693.04**	**14555.24**	**(-) 74.76**	**5894.25**	**(-) 4728.94**	**16841.03**	**(-)511.88**	**-**
SERVICES														
16	Haryana Tourism Corporation Limited (HTCL)	2006-07	2009-10	(+) 5.16	-	1.98	(+) 3.18	143.65	Nil	19.86	(+) 11.57	(+) 64.41	(+) 3.18	4.93
		2007-08	2010-11	(+)6.42	-	2.16	(+)4.26	155.57		20.19	(+)15.84	(+)75.17	(+)4.26	5.67
17	Haryana Roadways Engineering Corporation Limited (HRECL)	2007-08	2009-10	(+) 6.30	5.62	0.46	(+) 0.22	19.20	-	5.00	(+) 2.13	(+) 60.41	(+) 5.84	9.67
18	Haryana State Electronics Development Corporation Limited (HSEDCL)	2008-09	2009--10	(+)9.63	-	0.47	(+)9.16	42.97	Nil	9.83	(+)27.98	(+)39.34	(+)9.16	23.28
19.	Hartron Informatics Limited (HIL)	2008-09	2009-10	(+)0.85	-	-	(+)0.85	9.59	Non review certificate	0.50	(+)2.32	(+)2.79	(+)0.85	30.47
Sector Wise Total				**(+) 23.20**	**5.62**	**3.09**	**(+) 14.49**	**227.33**	**-**	**35.52**	**(+) 48.27**	**(+) 177.71**	**(+) 20.11**	**11.32**
Total A (All sector wise working Government companies)				**(+) 355.12**	**1268.45**	**711.05**	**(-) 1624.38**	**15872.22**	**(-) 91.05**	**6215.02**	**(-) 4601.97**	**(+)18792.16**	**(-) 355.92**	**-**

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit 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)
B. Working Statutory Corporations														
AGRICULTURE & ALLIED														
1	Haryana Warehousing Corporation (HWC)	2008-09	2009-10	(+) 23.43	0.34	2.47	(+) 20.62	46.22	(-) 4.62	5.84	-	(+) 550.92	(+) 20.96	3.80
Sector Wise Total				**(+) 23.43**	**0.34**	**2.47**	**(+) 20.62**	**46.22**	**(-) 4.62**	**5.84**	**-**	**(+) 550.92**	**(+) 20.96**	**3.80**
FINANCE														
2	Haryana Financial Corporation (HFC)	2009-10	2010-11	(+)13.91	21.76	0.76	(-)8.61	16.04	Under Audit	187.00	(-)139.42	(+)445.81	(+)13.15	2.95
Sector Wise Total				**(+) 13.91**	**21.76**	**0.76**	**(-) 8.61**	**16.04**	**nil**	**187.00**	**(-) 139.42**	**(+) 445.81**	**(+) 13.15**	**2.95**
Total B (All sector wise working Statutory corporations)				**(+)37.34**	**22.10**	**3.23**	**(+) 12.01**	**62.26**	**(-)4.62**	**192.84**	**(-) 139.42**	**(+) 996.73**	**(+) 34.11**	**3.42**
Grand Total (A+B)				**(+)392.46**	**1290.55**	**714.28**	**(-) 1612.37**	**15934.48**	**(-)95.67**	**6407.85**	**(-) 4741.39**	**(+) 19788.89**	**(-) 321.81**	**-**
C. Non Working Government Companies														
AGRICULTURE & ALLIED														
1	Haryana State Minor Irrigation and Tube wells Corporation Limited (HSMITCL)	2007-08	2010-11	(-) 7.47	10.16	-	(-) 17.63	-	-	10.89	(-) 269.00	(-) 93.75	(-) 7.47	-
Sector Wise Total				**(-) 7.47**	**10.16**	**-**	**(-) 17.63**	**-**	**-**	**10.89**	**(-) 269.00**	**(-) 93.75**	**(-) 7.47**	**-**
FINANCE														
2	Haryana State Housing Finance Corporation Limited (HSHFCL)	Ended 31 Aug 2001	2003-04	-	-	-	-	-	Not reviewed	-	-	-	-	-
Sector Wise Total														
INFRASTRUCTURE														
3	Haryana Concast Limited	1997-98	1998-99	(-) 2.85	4.40	0.72	(-) 7.97	-	-	6.85	(-) 27.18	(+) 9.40	(-) 3.57	-
Sector Wise Total				**(-) 2.85**	**4.40**	**0.72**	**(-) 7.97**			**6.85**	**(-) 27.18**	**(+) 9.40**	**(-) 3.57**	
MANUFACTURING														
4.	Haryana Tanneries Limited (HTL)	2008-09	2009-10	-	-	-	-	-	Not reviewed	1.35	(-) 10.57	(-) 0.40	-	-
Sector Wise Total				**-**	**-**	**-**	**-**	**-**		**1.35**	**(-) 10.57**	**(-) 0.40**	**-**	**-**

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit 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)
SERVICES														
5	Haryana State Handloom and Handicrafts Corporation Limited (HSHHCL)	2007-08	2009-10	(-) 0.08	-	-	(-) 0.08	-	(-)2.28	2.95	(-) 5.35	(+) 0.68	**(-) 0.07**	-
		2008-09	2010-11	(-)0.01	-	-	(-)0.01	-		2.95	(-)5.37	(+)0.65	(-)0.01	-
6	Haryana State Small Industries and Export Corporation Limited (HSSIECL)	2008-09	2010-11	(+) 0.40	1.06	-	(-) 0.66	0.01	Nil	1.91	(-) 23.41	(-) 10.67	(+) 0.40	-
Sector Wise Total				**(+)0 .39**	**1.06**	**-**	**(-) 0.67**	**0.01**	**(-)2.28**	**4.86**	**(-) 28.78**	**(-) 10.02**	**(+) 0.39**	
MISCELLENEOUS														
7	Haryana Minerals Limited (HML)	2006-07	2007-08	(-) 0.10	0.10	-	(-) 0.20	-	Non review certificate	0.24	(-) 10.01	(-) 2.18	(-) 0.10	-
Sector Wise Total				**(-) 0.10**	**0.10**	**-**	**(-) 0.20**	**-**		**0.24**	**(-) 10.01**	**(-) 2.18**	**(-) 0.10**	**-**
Total C (All sector wise non working Government companies)				**(-)10.03**	**15.72**	**0.71**	**(-)26.47**	**0.01**	**(-)2.28**	**24.19**	**(-)345.54**	**(-)96.95**	**(-)10.75**	
Grand Total (A+B+C)				**(+)382.43**	**1306.27**	**715.00**	**(-)1638.84**	**15934.49**	**(-)97.95**	**6432.04**	**(-)5086.93**	**(+)19691.94**	**(-)332.56**	

@ 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.

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 guarantees outstanding at the end of March 2010

(*Referred to in paragraph* 1.9)

(Figures in column 3(a) to 6 (d) are ₹ in crore)

Sl. No.	Sector and name of the Company	Equity/ loan 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 year@		Waiver of dues during the year			
		Equity	Loan	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted in to 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.	Haryana Agro Industries Corporation Limited (HAICL)	-	-	-	-	-	-	-	15.00	-	-	-	-
2.	Haryana Land Reclamation and Development Corporation Limited (HLRDCL)	-	-	15.62	1.37	-	16.99	-	-	-	-	-	-
3.	Haryana Seeds Development Corporation Limited (HSDCL)	-	-	26.08 (3.65)	0.63	-	26.71 (3.65)	-	-	-	-	-	-
Sector wise Total		**-**	**-**	**41.70 (3.65)**	**2.00**	**-**	**43.70 (3.65)**	**-**	**15.00**	**-**	**-**	**-**	**-**
FINANCE													
4.	Haryana Scheduled Castes Finance and Development Corporation Limited (HSCFDCL)	1.80	-	11.79	3.70	-	15.49	6.59	14.30	-	-	-	-
5.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited (HBCEWSKNL)	1.50	-	-	4.71	-	4.71	-	60.00	-	-	-	-
6.	Haryana Women Development Corporation Limited (HWDCL)	-	-	-	1.40	-	1.40	-	-	-	-	-	-
Sector wise Total		**3.30**	**-**	**11.79**	**9.81**	**-**	**21.60**	**6.59**	**74.30**	**-**	**-**	**-**	**-**

Sl. No.	Sector and name of the Company	Equity/ loan 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 year@		Waiver of dues during the year			
		Equity	Loan	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted in to 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													
7.	Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL)	0.01	-	50.00	1.99	1.39	53.38	-	50.00	-	-	-	-
8.	Haryana Police Housing Corporation Limited (HPHCL)	-	-	-	(7.10)	-	(7.10)	-	-	-	-	-	-
9.	Haryana State Roads and Bridges Development Corporation Limited (HSRBDCL)	-	-	-		-	-	-	560.78	-	-	-	-
Sector wise Total		**0.01**	**-**	**50.00**	**1.99** **(7.10)**	**1.39**	**53.38** **(7.10)**	**-**	**610.78**	**-**	**-**	**-**	**-**
POWER													
10.	Haryana Power Generation Corporation Limited (HPGCL)	132.30	-	-	-	-	-		442.72	-	-	-	-
11.	Haryana Vidyut Prasaran Nigam Limited (HVPNL)	250.07	123.54	-	-	-	-		1136.91	-	-	-	-
12.	Uttar Haryana Bijli Vitran Nigam Limited@ (UHBVNL)	282.00	-	-	1617.52	-	1617.52		28.97	-	-	-	-
13.	Dakshin Haryana Bijli Vitran Nigam Limited @ (DHBVNL)	234.55	-	-	1153.57	-	1153.57		24.07	-	-	-	-
Sector wise Total		**898.82**	**123.54**	**-**	**2771.09**	**-**	**2771.09**		**1632.67**	**-**	**-**	**-**	**-**

Sl. No.	Sector and name of the Company	Equity/ loan 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 year@		Waiver of dues during the year			
		Equity	Loan	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted in to 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))
SERVICES													
14.	Haryana Tourism Corporation Limited (HTCL)	-	-	(16.53)	(17.52)	(4.44)	(38.49)	-	-	-	-	-	-
15.	Haryana Roadways Engineering Corporation Limited (HRECL)	0.20	-	-	-	-		-	12.47	-	-	-	-
16.	Haryana State Electronics Development Corporation Limited (HSEDCL)	0.01	-	-	(1.54)	-	(1.54)	-	-	-	-	-	-
Sector wise Total		**0.21**		**(16.53)**	**(19.06)**	**(4.44)**	**(40.03)**	**-**	**12.47**				
Total A (All sector wise working Government Companies)		**902.34**	**123.54**	**103.49 (20.18)**	**2784.89 (26.16)**	**1.39 (4.44)**	**2889.77 (50.78)**	**6.59**	**2345.22**	**-**	**-**	**-**	
STATUTORY CORPORATIONS													
AGRICULTURE & ALLIED													
1.	Haryana Warehousing Corporation (HWC)	-	-	-	2.00	-	2.00	875.00	257.48	-	-	-	-
Sector wise Total		**-**	**-**	**-**	**2.00**	**-**	**2.00**	**875.00**	**257.48**	**-**	**-**	**-**	
FINANCE													
2.	Haryana Financial Corporation (HFC)	1.45	-	0.15	-	-	0.15	-	111.70	-	-	-	-
Sector wise Total		**1.45**	**-**	**0.15**	**-**	**-**	**0.15**	**-**	**111.70**	**-**	**-**		
Total B		**1.45**	**-**	**0.15**	**2.00**	**-**	**2.15**	**875.00**	**369.18**	**-**	**-**	**-**	**-**
Grand Total (A+B)		**903.79**	**123.54**	**103.34 (20.18)**	**2786.89 (26.16)**	**1.39 (4.44)**	**2891.92 (50.78)**	**881.59**	**2714.40**	**-**	**-**	**-**	**-**

Note: Except in respect of companies/corporations, which finalized their accounts for 2009-10 figures are provisional and as given by the companies/corporations.

@ Figures indicate total guarantees outstanding at the end of the year.

¥ Subsidiary company

∗Figures in brackets represents grants..

Annexure - 4
Statement showing investments made by State Government in PSUs whose accounts are in arrear
(Referred to in paragraph 1.24)

(₹ in crore)

Name of the PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
			Year	**Equity**	**Loan**	**Grants**	**Others to be specified (subsidy)**
Working Companies							
Haryana Agro Industries Corporation limted	2008-09	4.14	2009-10	-	-	-	-
Haryana Land Reclamation and Development Corporation Limited	2008-09	1.56	2009-10	-	-	-	1.37
Haryana Forest Development Corporation Limited	2007-08	0.20	2008-09	-	-	-	-
			2009-10	-	-	-	-
Haryana Scheduled Castes Finance and Development Corporation Limited	2005-06	31.26	2006-07	1.50	-	-	3.39
			2007-08	1.65	-	-	3.38
			2008-09	1.40	-	-	3.85
			2009-10	1.80	-	-	3.70
Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	2003-04	9.46	2004-05	0.50	-	-	0.36
			2005-06	1.20	-	-	1.00
			2006-07	1.50	-	-	1.16
			2007-08	1.00		2.86	1.00
			2008-09	2.42	-	0.03	1.10
			2009-10	1.50			4.71
Haryana Women Development Corporation Limited	2007-08	15.91	2008-09	0.70	-	-	1.00
			2009-10	-			1.40
Haryana State Industrial and Infrastructure Development Corporation Limited	2008-09	70.69	2009-10	0.01	-	-	1.99
Haryana Police Housing Corporation Limited	2008-09	25.00	2009-10	-	-	7.10	-
Haryana State Roads and Bridges Development Corporation Limited	2007-08	122.04	2008-09	8.34	-	-	-
			2009-10	-	-	-	-
Haryana Power Generation Corporation Limited	2008-09	2403.97	2009-10	132.30	-	-	-
Uttar Haryana Bijli Vitran Nigam Limited	2008-09	1046.33	2009-10	282.00	-	-	1617.52
Haryana Tourism Corporation Limited	2007-08	20.19	2008-09	-	-	8.31	-
			2009-10	-	-	17.52	-
Haryana State Electronics Development Corporation Limited	2008-09	9.83	2009-10	0.01	-	1.54	-
Hartron Informatics Limited	2008-09	0.50	2009-10	-	-	-	-
Haryana Roadways Engineering Corporation	2007-08	5.00	2008-09	1.20	-	-	-
			2009-10	0.20	-	-	-
Working Statutory Corporation							
Haryana Warehousing Corporation	2008-09	5.84	2009-10	-	-	-	2.00

Name of the PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
			Year	Equity	Loan	Grants	Others to be specified (subsidy)
Non Working Companies							
Haryana State Minor Irrigation and Tubewells Corporation Limited	2007-08	10.89	2008-09	-	-	-	-
			2009-10	-	-	-	-
Haryana Concast Limited	1997-98	6.85	1998-99 onwards	Under liquidation	-	-	-
Haryana State Handloom and Handicrafts Corporation Limited	2008-09	2.95	2009-10	-	-	-	-
Haryana Minerals Limited	2006-07	0.24	2007-08	-	-	-	-
			2008-09	-	-	-	-
			2009-10	-	-	-	-
Haryana Tanneries Limited	2008-09	1.35	2009-10	-	-	-	-
Haryana State Small Industries and Export Corporation Limited	2008-09	1.91	2009-10	-	-	-	-
Total		**3796.11**		**439.23**	**-**	**51.19**	**1648.93**

Annexure – 5
Statement showing financial position of Statutory corporations
(Referred to in paragraph 1.14)

1. Haryana Financial Corporation

	Particulars	2007-08	2008-09	2009-10
		(₹ in crore)		
A.	**Liabilities**			
	Paid-up capital	104.68	185.55	186.46
	Share application money	-		0.54
	Reserve fund and other reserves and surplus	16.53	16.53	16.53
	Borrowings:			
(i)	Bonds and debentures	51.45	49.67	47.55
(ii)	Fixed deposits	-		-
(iii)	Industrial Development Bank of India and Small Industries Development Bank of India	186.77	199.66	189.15
(iv)	Reserve Bank of India	-	-	-
(v)	Loan in lieu of share capital:	-	-	-
(a)	State Government	-	-	-
(b)	Industrial Development Bank of India	-	-	-
(vi)	Others (including State Government)	37.48	-	-
	Other liabilities and provisions	111.68	107.18	97.04
	Total A	**508.59**	**558.59**	**537.27**
B.	**Assets**			
	Cash and Bank balances	20.96	15.73	4.05
	Investments	70.77	150.51	150.46
	Loans and Advances	225.80	206.84	185.49
	Net Fixed assets	15.21	14.53	15.09
	Other assets	10.16	9.37	11.96
	Miscellaneous expenditure and deficit	132.19	130.81	139.42
	Deffered Tax Asset	33.50	30.80	30.80
	Total B	**508.59**	**558.59**	**537.27**
C.	**Capital employed***	**346.52**	**424.16**	**445.81**

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

2. Haryana Warehousing Corporation

	Particulars	2006-07	2007-08	2008-09
		(₹ in crore)		
A.	**Liabilities**			
	Paid-up capital	5.84	5.84	5.84
	Reserves and surplus	317.06	321.43	312.32
	Borrowings:			
	Government	-	-	224.64
	Others	3.60	2.40	5.97
	Trade dues and current liabilities (including provisions)	53.91	70.66	110.78
	Deferred tax	2.15	2.15	2.15
	Total-A	**382.56**	**402.48**	**661.70**
B.	**Assets**			
	Gross block	112.30	119.33*	121.77**
	Less: Depreciation	28.13	30.46	32.45
	Net Fixed assets	84.17	88.87	89.32
	Capital works-in-progress	1.75	0.45	0.78
	Current assets, loans and advances	296.64	313.16	571.60
	Total B	**382.56**	**402.48**	**661.70**
C.	**Capital employed$**	**328.65**	**331.82**	**550.92**

* Including polythene covers of ₹ 0.28 crore (2007-08).

** Including polythene covers of ₹ 0.61 crore (2008-09).

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

Annexure - 6
Statement showing working results of Statutory corporations
(Referred to in paragraph 1.14)

1. Haryana Financial Corporation

	Particulars	2007-08	2008-09	2009-10
			(₹ in crore)	
1.	Income			
(a)	Interest on loans	27.75	28.55	16.04
(b)	Other income	1.24	6.06	3.53
	Total-1	**28.99**	**34.61**	**19.57**
2.	Expenses			
(a)	Interest on long-term and short-term loans	25.81	23.14	21.76
(b)	Other expenses	106.03	11.36	12.87
	Total-2	**131.84**	**34.50**	**34.63**
3.	Profit (+)/loss (-) before tax (1-2)	(-) 102.85	(+) 0.11	(-)15.06
4.	Provision for tax	118.47	-	-
5.	Other appropriations	-	-	-
6	Provision for non-performing assets	-	-	-
7.	Amount available for dividend	-	-	-
8.	Dividend paid/payable	-	-	-
9.	Total return on Capital employed	(-) 77.04	(+) 23.25	(+)13.15
10.	Percentage of return on capital employed	-	5.48	2.95

2. Haryana Warehousing Corporation

	Particulars	2006-07	2007-08	2008-09
			(₹ in crore)	
1.	Income			
(a)	Warehousing charges	36.08	40.46	46.22
(b)	Other income	23.28	22.09	21.67
	Total-1	**59.36**	**62.55**	**67.89**
2.	Expenses			
(a)	Establishment charges	10.35	11.54	11.87
(b)	Other expenses	17.56	42.78	35.40
	Total-2	**27.91**	**54.32**	**47.27**
3.	Profit (+)/Loss(-) before tax (1-2)	31.45	8.23	20.62
4.	Prior period adjustments	-	-	
5.	Other appropriations	31.45	8.23	10.37
6.	Amount available for dividend	-	-	10.25
7.	Dividend for the year	-		10.25
8.	Total return on capital employed	31.45	8.55	20.96*
9.	Percentage of return on capital employed	9.57	2.58	3.80

* This includes interest paid amounting to ₹ 0.34 crore.

Annexure 7

Statement showing financial position and working results of Haryana Agro Industries Corporation Limited for the last five years up to 2008-09

(Referred to in paragraphs 2.1.7 and 2.1.15)

Financial position

(₹ in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Liabilities					
Paid Up Capital	4.14	4.14	4.14	4.14	4.14
Reserves & Surplus					
Free Reserves	20.83	22.81	30.78	32.75	32.86
Others	0.25	0.25	0.25	0.25	0.25
Borrowing from Financial Institutions					
Cash Credit	75.75	45.76	12.27	1.98	102.63
Other	87.15	57.48	141.46	187.37	272.40
Deferred Tax Liabilities	0	0	0.48	0.60	0.68
Current Liabilities & Provision	17.60	20.65	18.97	22.20	38.69
Total	**205.72**	**151.09**	**208.35**	**249.29**	**451.65**
Assets					
Gross Block	17.09	17.37	17.44	17.47	17.77
Less: Depreciation	3.33	3.62	3.84	4.13	4.31
Net Fixed Assets	13.76	13.75	13.60	13.34	13.46
Capital Work In Progress	0.14	0.14	0.22	0.32	0.28
Investments	6.11	6.11	6.11	6.11	6.11
Current Assets, Loan & Advances	185.71	131.09	188.42	229.52	431.80
Total	**205.72**	**151.09**	**208.35**	**249.29**	**451.65**
Capital employed	**188.12**	**130.44**	**189.38**	**227.09**	**412.96**
Net worth	**24.97**	**26.95**	**34.92**	**36.89**	**37.00**

Working Results

(₹ in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09[∇]
Income					
Sales					
Wheat	440.59	345.07	229.48	337.50	367.29
Paddy	80.12	158.75	189.60	201.22	196.70
Bajra	19.03	5.03	0.10	0.67	1.04
Petrol Pumps	5.74	13.29	28.79	34.73	36.49
Farmers Service Centre	62.96	51.85	26.69	24.62	31.77
Warehouse	2.69	2.57	2.41	2.43	2.55
Plants	5.99	4.83	6.32	5.67	6.58
Total Sales	617.12	581.39	483.39	606.84	642.42
Other income	7.24	6.14	3.75	6.81	32.92
Total	**624.36**	**587.53**	**487.14**	**613.65**	**675.34**
Expenditure					
Purchase	451.29	545.27	441.37	586.50	888.28
Interest	22.49	14.02	8.67	15.35	49.77
Administrative & Selling Expenses	8.20	6.78	7.09	7.56	9.84
Depreciation	0.33	0.32	0.31	0.31	0.33
Other Expenses	1.11	0.45	4.84	2.81	0.56
Accretion (-) / Decretion (+) of stock	143.88	18.10	15.67	-1.84	-273.65
Total	**627.30**	**584.94**	**477.95**	**610.69**	**675.13**
Profit (+)/ Loss (-) for the year	-2.94	2.59	9.19	2.96	0.21
Less: Prior Period Adjustments (Dr. (+) / Cr. (-)	0.20	-0.03	-1.58	-0.05	0
vision for taxation	0.56	0.64	2.56	1.04	0.10
Profit (+)/ Loss (-) after Tax	**-3.70**	**1.98**	**8.21**	**1.97**	**0.11**

∇ Figures for 2009-10 were not available as the accounts were under finalisation by the Company.

Annexure-8

Statement showing installed capacity, actual production, percentage of capacity utilisation and working results of manufacturing plants of Haryana Agro Industries Corporation Limited for the last five years up to 2008-09

(Referred to in paragraph 2.1.17)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09[•]
1. Cattle Feed Plant Jind					
Installed capacity (MT)	30000	30000	30000	30000	30000
Actual production (MT)	8311	7515	6874	6087	7311
Percentage of capacity utilisation	27.70	25.05	22.91	20.29	24.37
Turnover (₹ in lakh)	456.97	404.70	423.09	423.64	564.46
Net profit-excluding warehousing income (₹ in lakh)	-14.20	-14.12	-14.08	-30.06	-50.43
2. Fertiliser and Chemical Plant, Shahbad					
Installed capacity					
Liquide formation(Ltrs)	600000	600000	600000	600000	600000
Powder (MT)	5960	5960	5960	5960	5960
Actual production					
Liquid formation(Ltrs)	48640	21919	39921	30848	37034
Powder (MT)	64.43	66.19	160.21	31.66	0.36
Percentage of capacity utilisation					
Liquid formation	8.11	3.65	6.65	5.14	6.17
Powder	1.08	1.11	2.69	0.53	0.01
Turnover (₹ in lakh)	97.11	45.74	133.29	47.23	43.53
Net profit-excluding warehousing income (₹ in lakh	-50.49	-42.75	-46.22	-46.46	-60.93
3. Agro Engineering Workshop, Nilokheri					
Installed capacity Jobs in ₹ in lakh	150	150	150	150	150
Actual production	54.93	55.17	69.33	82.66	40.40
Percentage of capacity utilisation	36.62	36.78	46.22	55.11	26.93
Turnover (₹ in lakh)	45.39	32.13	75.91	96.53	49.93
Net profit (₹ in lakh)	-16.02	-2.56	-5.46	-1.48	-18.38

[•] Figures for 2009-10 were not available as the accounts were under finalisation by the Company.

Annexure - 9

Statement showing working results of FSCs including petrol pumps for last five years up to 2008-09

(Referred to in paragraph 2.1.21)

(₹ in lakh)

Name of Farmer Service Centre	2004-05		2005-06		2006-07		2007-08		2008-09		Total	
	Sales	Net profit/loss	Sales	Net profit/loss	Sales	Net profit/loss	Sales	Net profit/loss	Sales	Net profit/loss	Sales	Net profit/loss
1. Ambala	111.76	-10.96	107.44	-8.04	52.25	-3.65	63.47	-4.72	42.51	-13.08	377.43	-40.44
2. Bhiwani	368.65	-8.82	272.97	-3.66	53.06	-6.05	86.00	-6.47	69.57	-8.73	850.25	-33.72
3. Gurgaon	761.52	-6.56	717.38	0.18	757.30	3.87	930.17	3.72	1009.55	-14.54	4175.91	-13.32
4. Hissar	467.56	-7.92	770.01	2.13	1016.96	10.92	978.58	2.43	953.33	-5.01	4186.44	2.55
5. Jind	408.56	-9.48	256.19	-6.30	190.76	-2.20	113.11	-10.42	88.47	-27.81	1057.10	-56.21
6. Kaithal	324.92	-12.84	357.66	-17.48	211.05	-15.98	85.94	-13.54	171.02	-26.88	1150.58	-86.72
7. Karnal	645.15	-20.41	583.74	-4.08	641.65	-8.10	964.98	-13.44	1205.63	-22.42	4041.15	-68.44
8. Kurukshetra	602.72	-32.18	652.23	-19.74	451.69	-26.03	432.61	-22.95	866.55	-35.38	3005.78	-136.28
9. Narnaul	127.60	-8.16	127.06	-6.32	17.43	-7.64	25.41	-6.02	17.25	-8.71	314.74	-36.84
10. Palwal	340.03	-18.24	383.52	-9.53	216.85	-16.32	142.40	-66.35	378.56	-129.19	1461.36	-239.63
11. Panipat	110.00	-15.92	80.49	-9.70	19.03	-8.53	24.51	-8.63	37.01	-11.80	271.05	-54.58
12. Fatehabad	489.95	-5.73	352.83	-9.84	171.21	-13.06	118.09	-9.12	259.30	-16.06	1391.37	-53.81
13. Rohtak	298.62	-10.58	281.85	-10.08	68.18	-9.54	34.55	-9.98	45.05	-11.84	728.26	-52.02
14. Sirsa	970.73	4.47	661.71	-3.98	316.92	-4.58	490.83	-8.69	238.84	-28.76	2679.01	-41.54
15. Sonepat	353.45	-23.89	401.70	-27.81	644.94	-29.68	700.69	-29.68	725.62	-42.95	2826.39	-154.00
16. Yamunanagar	536.83	-5.25	623.81	-3.02	824.22	-2.42	890.29	-3.60	886.83	-9.10	3761.98	-23.39
17. Rewari	220.15	-1.64	139.28	-5.44	135.40	-1.77	95.99	-1.78	85.95	-8.87	676.77	-19.49
Total	7138.20	-194.09	6769.85	-142.70	5788.89	-140.74	6177.60	-209.22	7081.02	-421.12	32955.56	-1107.88

Note:

1. These working results are subject to non allocation of establishment and administrative expenses on warehousing and procurement activities which are also operated from these centres
2. Sale includes turnover figures in respect of petrol pumps and warehouses.
3. Figures for 2009-10 were not available as the accounts were under finalisation by the Company.

Annexure – 10
Statement showing operational performance of HPGCL for the five years 2005-10
(Referred to in paragraph 2.2.11)

Sl.No	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Installed capacity	(MW)				
(a)	Thermal	1525	1525	1525	2077.8	2022.8
(b)	Hydel	62.7	62.7	62.7	62.7	62.7
(c)	Gas	-	-	-	-	-
(d)	Other	-	-	-	-	-
	TOTAL	**1587.7**	**1587.7**	**1587.7**	**2140.5**	**2085.5**
2	Peak demand§	4333	4837	4956	5511	6133
	Percentage increase/decrease (-) over previous year	7.33	11.63	2.46	11.2	11.29
3	Power generated	(MKWH)				
(a)	Thermal	8923	10524.49	10689.12	13236.58	14866.51
(b)	Hydel	258.52	255.84	270.51	282.58	235.70
(c)	Gas	-	-	-	-	
(d)	Other	-	-	-	-	
	TOTAL	**9181.52**	**10780.33**	**10959.63**	**13519.16**	**15102.21**
4	Percentage increase/decrease (-) over previous year	32.77	17.41	1.66	23.35	11.71
	LESS: Auxiliary consumption					
(a)	Thermal	909.58	1038.2	1076.14	1292.00	1452.46
	(Percentage)	10.19	9.86	10.07	9.76	9.77
(b)	Hydel	2.26	1.96	2.22	2.13	1.91
	(Percentage)	0.87	0.77	0.82	0.75	0.81
(c)	Gas	-	-	-	-	0
	(Percentage)	-	-	-	-	0
	TOTAL	**911.84**	**1040.16**	**1078.36**	**1294.14**	**1454.37**
	(Percentage)	9.93	9.65	9.84	9.57	9.63
5	Net power generated (MUs)	8304.23**	9740.17	9881.27	12564.29***	13647.84
6	Total demand (in MUs)	23791	26249	29353	28791	33520
7	Deficit (-)/Surplus (+) power (In MU) (Sl.No. 6 – Sl.No. 5)	-15486.77	-16508.83	-19471.73	-16226.71	-19872.16
8	Power purchased					
(a)	Shared projects	3500.81	3049.16	3308.44	3388.78	2798.71
(b)	CPSUs /Other /IPP	8832.63	9414.89	9992.68	9799.43	10978.23
(c)	Short term / U.I.	2606.1	2921.13	3900.19	2896.10	6026.51
	Total power purchased	**14939.54**	**15385.18**	**17201.31**	**16084.31**	**19803.45**
9	Net deficit	-547.23	-1123.65	-2270.42	-142.40	-68.71

§ As per report published (April 2010) by CEA, Integrated Resource Planning Division.

** Including 35.438 MUs sold relating to trial run period of Unit-8 PTPS, Panipat from 01.04.2005 to 07.04.2005.

*** Including 339.264 MU's sold relating to trial run period of DCRTPP, Yamunanagar.

Annexure - 11

Statement showing installed capacity of the State of Haryana

(Referred to in paragraph -2.2.13)

Sl. No.	Particulars of the Power Station	Installed capacity as on 1 April 2005 (MW)	Addition during 2005-10 (MW)	Decrease during 2005-10 (MW)	Installed capacity as on 31 March 2010 (MW)
1.	**Own Power Station**				
	PTPS, Panipat	1360	7.8		1367.80
	FTPS, Faridabad	165		110	55.00
	WYC, Hydel, Budhkalan	62.40			62.40
	WYC, Kakroi	0.30			0.30
	DCRTPP, Yamunanagar		600		600.00
	Total Capacity	1587.70	607.8	110	2085.50
2.	Shared Project	937.50		62.50	875.00
3.	Non conventional source		34		34.00
4.	IPP	108.30		83.30	25.00
5.	Share from CPSUs	1400.10	328.91	111.76	1617.25
	Total Installed Capacity (1+ 2+3+4+5)	**4033.60**	**970.71**	**367.56**	**4636.75**

Annexure - 12
Statement showing loss of revenue and excess consumption of coal due to use of low grade coal with reference to design parameters
(Referred to in paragraph 2.2.24)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Grand Total
1	**Gross generation (MU)**						
	I to IV	2226.76	2566.62	2296.32	2231.44	2681.40	
	V	1466.63	1684.06	1775.04	1734.28	1454.40	
	VI	1688.28	1681.44	1718.83	1685.82	1793.36	
	VII	921.45	1977.92	2171.96	1869.22	2154.89	
	VIII	1832.58	1998.08	1899.11	2067.66	2122.79	
	Total Generation(MUs)	8135.70	9908.12	9861.26	9588.42	10206.84	47700.34
2	**Coal consumption (MT)**						
	I to IV	1877389.00	2160175.00	2011131.00	1945404.00	2252462.84	
	V	1019851.00	1139308.00	1216740.00	1194847.00	1018122.58	
	VI	1170394.00	1135292.00	1177798.00	1161768.00	1267533.41	
	VII	583316.00	1241289.00	1356135.00	1179813.00	1397329.55	
	VIII	1158863.00	1250626.00	1182403.00	1302086.00	1376333.83	
	Total consumption (MT)	5809813.00	6926690.00	6944207.00	6783918.00	7311782.21	33776410.21
3	**Consumption (KG/Kwh**						
	I to IV	0.843	0.842	0.876	0.872	0.840	
	V	0.695	0.677	0.685	0.689	0.700	
	VI	0.693	0.675	0.685	0.689	0.707	
	VII	0.633	0.628	0.624	0.631	0.648	
	VIII	0.632	0.626	0.623	0.630	0.648	
	Average	0.714	0.699	0.704	0.708	0.716	
4	**Designed Coal consumption (Kg/Kwh)**						
	I to IV	0.527	0.527	0.527	0.527	0.541	
	V	0.474	0.474	0.474	0.474	0.474	
	VI	0.567	0.567	0.567	0.567	0.567	
	VII	0.568	0.568	0.568	0.568	0.568	
	VIII	0.568	0.568	0.568	0.568	0.568	
5	**Designed Coal consumption (MT) (Sr.no.1 x Sr. no. 4 x 1000)**						
	I to IV	1173224.175	1352287.913	1209873.600	1175689.950	1450637.400	
	V	695732.606	798875.963	842034.600	822699.075	689931.000	
	VI	957254.760	953376.480	974576.610	955859.940	1016835.120	
	VII	523574.801	1123868.978	1234123.962	1062104.823	1224424.660	
	VIII	1041285.700	1135324.042	1079088.545	1174859.919	1206185.199	
		4391072.042	5363733.375	5339697.317	5191213.708	5588013.379	25873729.821
6	**Excess consumption (Kg/Kwh) (Sr. no. 3 - Sr. no. 4)**						
	I to IV	0.316	0.315	0.349	0.345	0.299	

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Grand Total
	V	0.221	0.202	0.211	0.215	0.226	
	VI	0.126	0.108	0.118	0.122	0.140	
	VII	0.065	0.059	0.056	0.063	0.080	
	VIII	0.064	0.058	0.054	0.062	0.080	
7	Excess consumption (MT) (Sr. no. 2 - Sr. no. 5)						
	I to IV	704164.825	807887.088	801257.400	769714.050	801825.440	
	V	324118.394	340432.038	374705.400	372147.925	328191.580	
	VI	213139.240	181915.520	203221.390	205908.060	250698.290	
	VII	59741.199	117420.022	122011.038	117708.177	172904.890	
	VIII	117577.300	115301.958	103314.455	127226.081	170148.631	
	Total Excess consumption (MT)	1418740.958	1562956.625	1604509.683	1592704.292	1723768.831	7902680.389
8	Rate of Coal / MT	2359.72	2396.96	2342.79	2588.84	3008.96	
9	Value of excess coal consumed (₹ in crore) (Sr. no. 7 x Sr. no. 8)	334.78	374.63	375.90	412.33	518.68	2016.32

Annexure-13

Statement showing targeted generation as per HERC norm vis-à-vis actual generation in respect of PTPS, Panipat during 2005-10

(Referred to in paragraph 2.2.26)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1	**Hours available for generation**						
	I to IV	35040	35040	35136	35040	35040	
	V	8760	8760	8784	8760	8760	
	VI	8760	8760	8784	8760	8760	
	VII	8760	8760	8784	8760	8760	
	VIII	8592	8760	8784	8760	8760	
	V to VIII	34872	35040	351360	35040	35040	
2	**Capacity of Plant (MW)**						
	I to IV	440	440	440	440	447.8	
	V	210	210	210	210	210	
	VI	210	210	210	210	210	
	VII	250	250	250	250	250	
	VIII	250	250	250	250	250	
3	**Targeted generation (MUs) (Sl.No. 1 x Capacity of Unit x PLF approved by HERC)**						
	I to IV	2505.36	2119.92	2705.47	2967.89	3138.18	13436.82
	V	1471.68	1471.68	1475.71	1471.68	1471.68	7362.43
	VI	1471.68	1471.68	1475.71	1471.68	1471.68	7362.43
	VII	1752.00	1752.00	1756.80	1752.00	1752.00	8764.80
	VIII	1718.40	1752.00	1756.80	1752.00	1752.00	8731.20
	V to VIII	6413.76	6447.36	6465.02	6447.36	6447.36	32220.86
	Total	8919.12	8567.28	9170.50	9415.25	9585.54	45657.69
4	**Actual generation (MUs)**						
	I to IV	2226.76	2566.62	2296.32	2231.44	2681.40	12002.54
	V	1466.63	1684.06	1775.05	1734.28	1454.40	8114.42
	VI	1688.28	1681.44	1718.83	1685.82	1793.36	8567.73
	VII	921.45	1977.92	2171.96	1869.22	2154.89	9095.44
	VIII	1832.58	1998.08	1899.11	2067.66	2122.79	9920.22
	V to VIII	5908.94	7341.50	7564.95	7356.98	7525.44	35697.81
	Total	8135.70	9908.12	9861.27	9588.42	10206.84	47700.35
5	**Shortfall (-) / Excess (+) of actual generation compared to targeted generation (Sl.No. 3 - Sl.No.4)**						
	I to IV	-278.60		-409.15	-736.45	-456.78	-1880.98
	V	-5.05				-17.28	-22.33
	VI						0.00
	VII	-830.55					-830.55
	VIII						0.00
	Total	-1114.20	0.00	-409.15	-736.45	-474.06	-2733.86
6	**Actual Plant load factor**						
	I to IV	57.77	66.59	59.41	57.89	68.38	
	V	79.73	91.55	96.23	94.27	79.06	
	VI	91.77	91.40	93.18	91.64	97.49	

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
	VII	42.08	90.32	98.91	85.35	98.40	
	VIII	85.32	91.24	86.48	94.41	96.93	
	V to VIII	73.70	91.09	93.61	91.29	93.38	
7	**Plant load factor fixed by HERC**						
	I to IV	65	55	70	77	80	
	V to VIII	80	80	80	80	80	

Annexure - 14
Statement showing reviews/paragraphs for which replies were not received

(Referred to in Paragraph 3.15.1)

Sl. No.	Name of the Department	2007-08		2008-09		Total	
		Reviews	Paragraphs	Reviews	Paragraphs	Reviews	Paragraphs
1.	Power	2	2	2	11	4	13
2.	Tourism	-	-	1	-	1	-
3.	Industries	-	-	-	4	-	4
4.	B&R	-	-	-	1	-	1
5.	Agriculture	-	-	-	1	-	1
	Total	**2**	**2**	**3**	**17**	**5**	**19**

Annexure-15

Statement showing the department-wise break up of Inspection Reports outstanding as on 30 September 2010

(Referred to in Paragraph 3.15.3)

Sl. No	Name of the Department	No. of PSUs	No. of outstanding IRs	No. of outstanding Paragraphs	Year from which observations outstanding
1.	Agriculture	4	16	64	2005-06
2.	Industry	2	9	35	2005-06
3.	Transport	1	4	16	2007-08
4.	Electronics	2	8	18	2002-03
5.	Forest	1	4	10	2005-06
6.	Home	1	4	17	2005-06
7.	Scheduled Castes and Backward Classes Welfare	2	8	20	2005-06
8.	Women and Child Development	1	4	8	2007-08
9.	Tourism and Public Relations	1	3	11	2004-05
10.	Public Works Department (B&R)	1	3	7	2007-08
11.	Power	5*	181	497	2003-04
	Total	**21**	**244**	**703**	

* Including Haryana Electricity Regulatory Commission.

Annexure-16
Statement showing the department-wise number of draft paragraphs/reviews, replies to which were awaited
(Referred to in paragraph 3.15.3)

Sl. No.	Name of Department	No. of draft paragraphs	No. of reviews	Period of issue of draft paragraphs/ reviews
1.	Power	9	1	February- June 2010
2.	Industry	1	-	February 2010
3.	Agriculture	3	1	March 2010
4.	PWD (B&R)	1	-	March 2010
5.	Home	1	-	March 2010
6.	Welfare	1	-	May 2010
	Total	**16**	**2**	