Report of the
Comptroller and Auditor General of India

on

Public Sector Undertakings

for the year ended 31 March 2012

GOVERNMENT OF GUJARAT

(Report No. 1 of the year 2013)

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Preface

This Report deals with the results of audit of Government Companies and Statutory Corporations and has been prepared for submission to the Government of Gujarat under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

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

3. In respect of Gujarat State Road Transport Corporation, which is a Statutory Corporation, the CAG is the sole auditor. As per the State Financial Corporations (Amendment) Act, 2000, CAG has the right to conduct the audit of accounts of Gujarat State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Gujarat State 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. The audit of accounts of Gujarat Industrial Development Corporation was entrusted to the CAG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for a period of five years from 1977-78 and has been extended from time to time up to the accounts for the year 2016-17. In respect of Gujarat 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.

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

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2011-12 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 2011-12 have also been included, wherever necessary.

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 the Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by the CAG. Audit of Statutory Corporations is governed by their respective legislations. As on 31 March 2012, the State of Gujarat had 66 working PSUs (62 companies and four Statutory Corporations) and 12 non-working PSUs (all companies). The working PSUs, which employed 1.12 lakh employees, registered a turnover of ₹79,641.86 crore for 2011-12, as per their latest finalised accounts as of 30 September 2012. This turnover was equal to 13.47 per cent of State GDP indicating an important role played by State PSUs in the State economy. During 2011-12, the working PSUs earned an overall aggregate profit of ₹3,928.69 crore as per their latest finalised accounts as of 30 September 2012. The aggregate accumulated profits of all PSUs were ₹1,693.73 crore as per their latest finalised accounts.

Investments in PSUs

As on 31 March 2012, the investment (capital and long-term loans) in 78 PSUs was ₹74,452.30 crore. It grew by 51.89 per cent from ₹49,018.22 crore in 2006-07. Besides the miscellaneous sector, the thrust of PSU investment was mainly in power sector, in which percentage share of investment increased from 31.97 in 2006-07 to 32.40 in 2011-12. The Government contributed ₹9,617.58 crore towards equity, loans and grants/subsidies to State PSUs during 2011-12.

Performance of PSUs

During the year 2011-12, out of 66 working PSUs, 41 PSUs earned profit of ₹4,326.53 crore and ten PSUs incurred loss of ₹397.84 crore. Major contributors to the profit were Gujarat State Petroleum Corporation Limited (₹ 941.71 crore), Gujarat State Petronet Limited (₹769.02 crore) and Gujarat Mineral Development Corporation Limited (₹717.72 crore). Heavy losses were incurred by Gujarat State Financial Corporation (₹208.68 crore) and Gujarat State Road Transport Corporation (₹159.74 crore).

Though the PSUs were earning profits, there were instances of various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of the CAG shows that in the State PSUs' losses of ₹4,052.37 crore and infructuous investment of ₹166.77 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and enhance profits/minimise losses. The PSUs can discharge their role efficiently only if they are financially self reliant. There is a need for greater professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Twenty-seven out of 58 accounts of working companies finalised during October 2011 to September 2012 received qualified certificates. There were 31 instances of non-compliance with Accounting Standards in 13 accounts. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts

Thirty-five working PSUs had arrears of 47 accounts as of September 2012. The arrears need to be cleared by setting targets for PSUs. At the instance of the CAG, Ministry of Corporate Affairs (MCA) devised a scheme allowing such PSUs to finalise the last two years accounts and clear the backlog within five years.

(Chapter 1)

2. Performance audits relating to Government Companies

Performance audits relating to 'Power Transmission Utilities' and 'Soil and Water Conservation Activities by the Gujarat State Land Development Corporation Limited' were conducted.

Executive summary of performance audit on '**Power Transmission Utilities in Gujarat viz., Gujarat Energy Transmission Corporation Limited'** is given below:

With a view to supply reliable and quality power to all by 2012, the Government of India (GoI) prepared the National Electricity Policy (NEP) in February 2005 which stated that the Transmission System required adequate and timely investment alongwith efficient and coordinated action to develop a robust and integrated power system for the country. It also, inter-alia recognised the need for development of National and State Grid with the coordination of Central/ State Transmission Utilities. Gujarat Energy Transmission Corporation Limited (GETCO) is mandated to provide an efficient, adequate and properly coordinated grid management and transmission of energy in Gujarat.

Planning and Development

GETCO's transmission network at the beginning of 2007-08 consisted of 880 Extra High Tension (EHT) Sub-stations (SSs) with a transmission capacity of 43,742 MVA and 35,169 CKM of EHT transmission lines. The transmission network as on 31 March 2012 consisted of 1,270 EHT SSs with a transformation capacity of 56,594 MVA and 44,946 CKM of EHT transmission lines.

Against the targeted construction of 400 EHT SSs and laying of 12,261 CKM of EHT lines, GETCO constructed 390 EHT SSs and 9,777 CKM EHT lines during the five year period (achievement of 97.5 per cent and 79.74 per cent respectively). The transmission capacity added was 12,852 MVA for the five-year period ending 2011-12.

Project management of transmission system

Out of the 390 SSs and 550 lines constructed during 2007-12, 289 SSs and 550 lines were commercially commissioned upto 31 March 2012, of which 71 SSs and 69 lines were test checked in audit. There were delays in commissioning ranging from 6-50 months and 6-12 months in 25 SSs and 15 lines respectively. Besides, in two SSs and 10 lines, which were in progress as on 31 March 2012, there were delays ranging between two to three years and 12 to 68 months respectively.

Eight SSs were commissioned from September 2009 to 31 March 2012 and six SSs were commissioned during April 2012 to September 2012 after delays of 4 to 19 months from the date of back charging. These assets were created at a cost of ₹43.44 crore from borrowed funds. Out of the 101 SSs not commercially commissioned upto 31 March 2012, five SSs were back charged in 2010-11 leading to blocking of funds of ₹10.44 crore for a period of 18-22 months.

Funds of ₹ 243 crore in respect of 17 completed lines and funds of ₹99.97 crore in respect of 12 lines in progress were blocked up for periods ranging from 5-17 months and 7-25 months respectively due to delayed decision on Right of Way (RoW) compensation.

Performance of transmission system

During the period under review GETCO augmented transformation capacity by 7,865 MVA besides adding capacity of 4,987 MVA through construction of SSs. The installed overall transmission capacity at 220 KV always remained in excess of peak demand even after allowing 30 per cent towards redundancy. The capacity at the end of 2011-12 was excess by 825 MVA created at the cost of ₹24.26 crore that was passed on to the consumers.

Inappropriate conductors were used in an important line providing electricity to

Indo Pak Border resulting in infructuous expenditure of ₹2.49 crore.

The transmission losses increased from 3.85 per cent in 2007-08 to 4.30 per cent in 2008-09 and 2009-10, decreased to 3.85 per cent in 2010-11 and again increased to 3.97 per cent in 2011-12. However, the transmission loss was within the norms fixed by GERC in all the years except 2009-10. The transmission loss was within the norms in terms of CEA norms of four per cent also in all years except in 2008-09 and 2009-10.

Grid management

The Gujarat state Load Despatch Centre operated by GETCO ensures integrated operation of power system in the State. Remote Terminal Units/Sub-station Management systems (RTUs/SMSs) were not provided in all the 220 and 132 KV SSs.

Energy accounting and audit

Energy accounting and audit is necessary to assess and reduce the transmission losses. As on 31 March 2012 there were 1,123 interface boundary metering points between Generation to Transmission (GT) and 2,216 metering points between Transmission to Distribution (TD). All the GT and TD points were provided with meters.

Financial management

The Profit before tax of GETCO increased by 702 per cent from ₹38.97 crore in 2007-08 to ₹312.64 crore in 2011-12. The debt-equity ratio of GETCO increased from 1.42:1 to 7.02:1 during the period from 2007-08 to 2011-12 due to fresh borrowings.

Monthly transmission invoices were raised by GETCO during 2009-10 to 2011-12 after a delay ranging from 7-22 days leading to blocking of monthly receivables to the extent of ₹ 84 crore to ₹135 crore for the delayed period and consequential interest loss of ₹17.42 crore. The delay could have been avoided by adopting the previous month's pooled losses for invoice purpose and not waiting for the intimation of current month's loss by WRPC.

Non revision of pro rata charges since March 2007 led to net under recovery of ₹2.81 crore for the additional load released to consumers during 2008-09 to 2011-12.

Material management

The closing stock in terms of months' consumption reduced from 7.5 in 2008-09 to 3.6 in 2009-10 and increased to 4.9 in 2011-12. However, no norms were fixed for maintaining the stock in terms of months' consumption.

Conclusion

Substations could not be commercially commissioned as planned due to delay in land acquisition, delay in completion of associated lines and non synchronisation of construction activities. Failure to address RoW compensation led to delay in completion of lines. Delayed raising of monthly invoices led to blocking of funds. Evaluation of schemes was not done.

Recommendations

GETCO may ensure completion of substations and lines as per schedule. Raising of transmission invoices in time should be ensured. Studies for evaluating benefits of transmissions schemes after their completion may be conducted.

(Chapter 2.1)

Executive summary of performance audit on '**Soil and Water Conservation Activities by the Gujarat State Land Development Corporation Limited'** is given below:

The Agriculture and Cooperation (A&C) department of Government of Gujarat (GoG) deals with agriculture and related issues and the planning and implementation of related Government of India (GoI) and the GoG schemes. The Gujarat State Land Development Corporation limited (Company) is the project implementing agency for the GoG in undertaking soil and water conservation activities in the State under the GoG and the GoI schemes.

During the eleventh five year plan period 2007-08 to 2011-12, the Company received ₹1,451.06 crore for soil and water

conservation activities from the GoG and had implemented 24 schemes (consisting 39 sub schemes). Besides, the Company also implemented 33 schemes with funding from local bodies/ other agencies.

The review covered the soil and water conservation activities undertaken by the Company during the period from 2007-08 to 2011-12.

Implementation of schemes

Watershed based (WS) State plan schemes

The Soil Conservation scheme (Normal Area) (SCNA) is meant for non-tribal areas. However, an amount of ₹6.84 crore was diverted from the scheme to tribal areas in Dahod and Chhota Udepur SCSD.

None of the 101 watersheds approved under SCNA during 2007-08 to 2011-12 for Anand and Palanpur SCSD, covering an area of 38,138 ha and involving an expenditure of ₹114.97 crore were saturated/ completed.

Anand SCSD incurred expenditure of ₹2.15 crore from the Soil Conservation scheme (Tribal Area) (SCTA) in the non-tribal areas of Dabhoi and Savli talukas.

None of the 40 WSs approved under SCTA during 2007-08 to 2011-12 for Anand and Palanpur SCSD covering an area of 12,640 ha of land and involving an estimated expenditure of ₹34.44 crore were saturated/ completed.

Infructuous expenditure of ₹7.93 crore was incurred in eight villages of Dharampur SCSD while implementing Integrated Watershed Development Programme for prevention of salinity ingress with inadequate/ incomplete construction of reclamation bund for preventing sea water influx.

Scattered area based State plan schemes

Four divisions of Ahmedabad, Rajkot, Vadodara and Amreli incurred an additional expenditure of ₹10.08 crore from 2007-08 to 2010-11 due to adoption of higher machinery hiring rates in the scheme for construction of farm pond and sim talavs.

The scheme for desilting of village ponds stipulated tendering for hiring of excavator in all 10 districts from 1 April 2006. The Company did not go in for open tendering till March 2010 to minimise the payment of higher rates for hiring of excavators.

GoI schemes - Macro Management Agriculture (MMA)

Surendranagar SCSD incurred an infructuous expenditure of ₹63.45 lakh on entry point activities in nine villages under National Watershed Development Project for Rain Fed Area without following it up with scheme activities.

Dahod SCSD treated 25,908 ha land River Valley Project and Flood Prone Rivers scheme by incurring excess expenditure of ₹8.43 crore.

Nine villages of Anand SCSD incurred an excess expenditure of ₹2.01 crore due to wrong categorisation under scheme for Reclamation and Development of Alkali and Acidic soil and thereby entitling the beneficiaries to higher subsidy.

GoI schemes - Rashtriya Krishi Vikas Yojana (RKVY)

The physical performance under the sub-schemes was not in proportion to the financial performance and excess/ non-execution of works against the targets fixed was also observed. In four out of five and three out of six schemes implemented by Chhota Udepur and Anand SCSDs respectively, the expenditure incurred was less than 50 per cent indicating fixation of targets without any proper assessment.

Recovery of Scheme Funds

In the four the GoG schemes where loan recovery was involved, total outstanding balance as on 31 March 2012 was ₹97.04 crore of which ₹36.26 crore was more than five years old.

Conclusion

Targets for WS based schemes were not fixed on WS basis. Concerted efforts were not made to utilise economical means for executing soil and water conservation works. Recovery mechanism was not

effectively implemented. The system of evaluation of schemes was absent.

Recommendations

Targets for WS based schemes should be fixed on WS basis and not on hectare basis. Least cost option should be employed for executing soil and water conservation works. Recovery mechanism should be implemented effectively and schemes should be evaluated through an effective system.

(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 ₹ 162.43 crore in five cases due to non-compliance with rules, directives, procedures and terms and conditions of contracts.

(Paragraphs 3.4, 3.5, 3.6, 3.7, and 3.10)

Loss of ₹ 100.04 crore in five cases due to non-safeguarding the financial interests of organisation.

(Paragraphs 3.1, 3.2, 3.3, 3.8 and 3.9)

Gist of the major observations is given below:

Sardar Sarovar Narmada Nigam Limited did not consider an eligible bidder under the original tender leading to award of work at an extra cost of ₹ 45.09 crore and also delayed irrigation of cultivable command area of 1.06 lakh hectares of land.

(Paragraph 3.2)

Gujarat State Petronet Limited passed undue benefit of ₹ 52.27 crore to a firm by deviating from the agreed terms of recovery of transportation charges for transportation of gas from the specified entry point of the Company's pipeline network.

(Paragraph 3.3)

Gujarat Urja Vikas Nigam Limited did not adhere to the terms of Power Purchase Agreement leading to short recovery of penalty of ₹ 160.26 crore and passing of undue benefit to a private firm.

(Paragraph 3.7)

Chapter I

Overview of State Public Sector Undertakings

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Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of Government of Gujarat (GoG) Companies and Statutory Corporations. The State PSUs are established to carry out the activities of commercial nature while keeping in view the welfare of people. The State PSUs occupy an important place in the economy of Gujarat. The working State PSUs registered a turnover of ₹ 79,641.86 crore for 2011-12 as per their latest finalised accounts as of September 2012. This turnover was equal to 13.47 *per cent* of State Gross Domestic Product (GDP) for 2011-12. Major activities of Gujarat State PSUs are concentrated in power sector. The working State PSUs earned an overall aggregate profit of ₹ 3,928.69 crore for 2011-12 as per their latest finalised accounts as of September 2012. They had employed 1.12 lakh[1] employees as on 31 March 2012.

1.2 As on 31 March 2012, there were 78 PSUs as per the details given below. Of these, three PSUs[2] were listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs[3]	Total
Government Companies[4]	62	12	74
Statutory Corporations	4	-	4
Total	**66**	**12**	**78**

1.3 During the year 2011-12, six PSUs viz., Gujarat State Aviation Infrastructure Company Limited, Dholera International Airport Company Limited, Guj-Tour Development Company Limited, GSPL India Gasnet Limited, GSPL India Transco Limited and GSPC Distribution Networks Limited were established. The name of one PSU viz., Gujarat National Highways Limited was struck off from the register of Registrar of Companies under Easy Exit Scheme 2011 during this year.

Audit Mandate

1.4 Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of a Government Company. Further, a Company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government

1 As per the details provided by 64 working PSUs (except PSUs at Sl. No. A-29 and A-59 of Annexure 1).

2 Sl. No. A-27, A-50 and B-2 of Annexure 1.

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

4 Includes 619-B companies.

Companies and Corporations controlled by Government(s) is treated as if it were a Government Company (deemed Government Company) as per Section 619-B of the Companies Act.

1.5 The accounts of the GoG Companies (as defined in Section 617 and 619-B of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per the provisions of Section 619 (4) of the Companies Act, 1956.

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

Investment in State PSUs

1.7 As on 31 March 2012, the investment (capital and long-term loans) in 78 PSUs (including 619-B Companies) was ₹ 74,452.30 crore as per details given below:

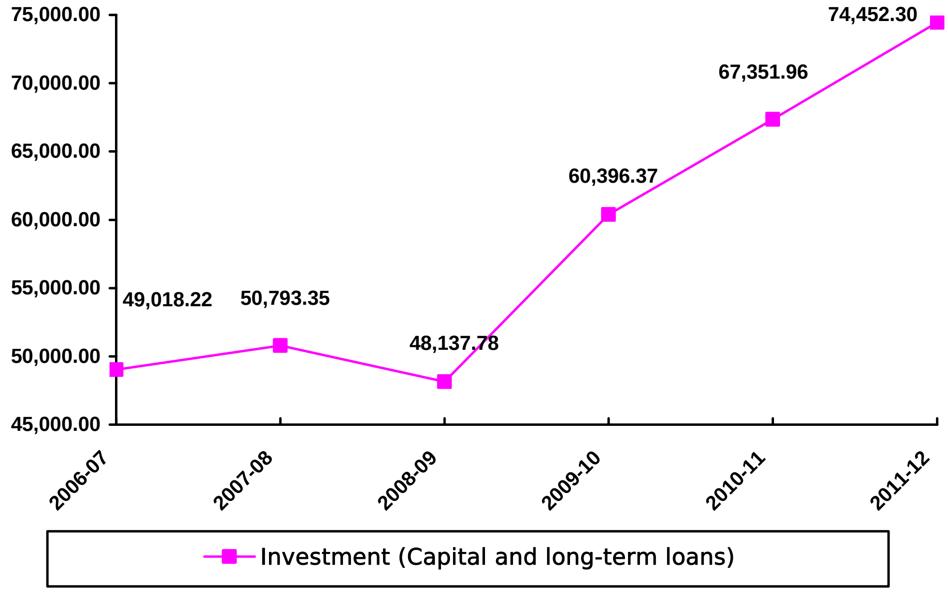
(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	43,288.68	27,084.57	70,373.25	827.45	2,457.39	3,284.84	73,658.09
Non-working PSUs	82.57	711.64	794.21	-	-	-	794.21
Total	43,371.25	27,796.21	71,167.46	827.45	2,457.39	3,284.84	74,452.30

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

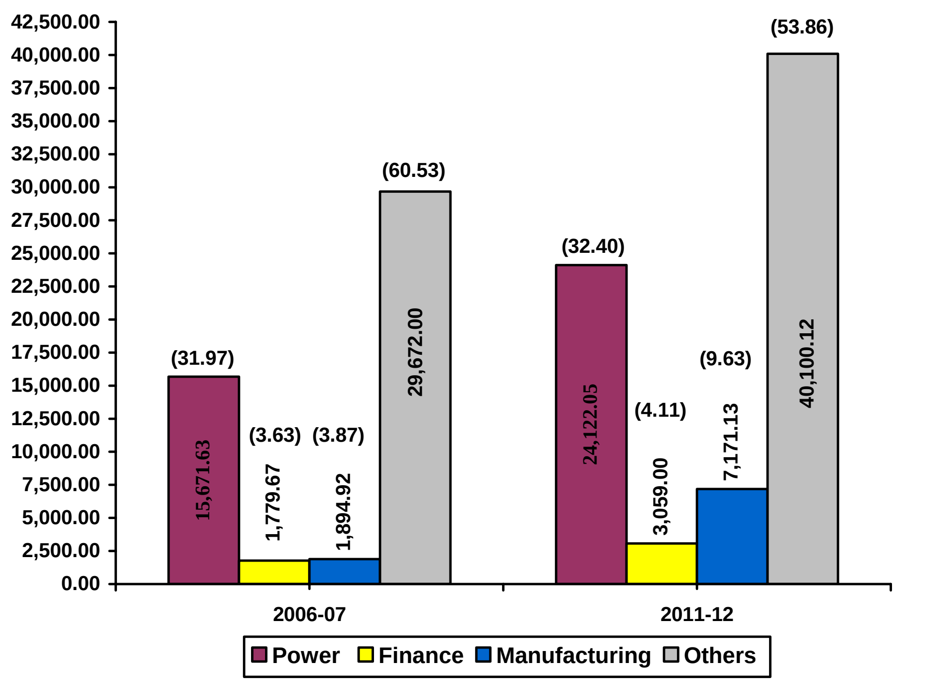
1.8 As on 31 March 2012, of the total investment in State PSUs, 98.93 *per cent* was in working PSUs and the remaining 1.07 *per cent* in non-working PSUs. This total investment consisted of 59.37 *per cent* towards capital and 40.63 *per cent* in long-term loans. The investment has grown by 51.89 *per cent*; from ₹ 49,018.22 crore in 2006-07 to ₹ 74,452.30 crore in 2011-12 as shown in the graph below:

(₹ in crore)



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2012 are indicated below in the bar chart.

(₹ in crore)



(Figures in brackets show the percentage of total investment)

It can be observed from the above chart that the thrust of PSUs investment during the six years was mainly in Power sector and 'Others' sector. The investment in Power sector had grown mainly due to increase of ₹ 8,450.42 crore in the equity/loans investments in state PSUs engaged in power generation and transmission activities. While in case of 'Others' sector, the investment increased by ₹ 10,428.12 crore of which ₹ 8,172.65 crore was attributable to Sardar Sarovar Narmada Nigam Limited during the said period of six years in the form of equity/loans. There has been an increase in the investment in the form of equity/loans in manufacturing sector by ₹ 5,276.21 crore which was mainly due to increased investment of ₹ 6,057.82 crore in Gujarat State Petroleum Corporation Limited and decrease in investment by ₹ 928.03 crore in Gujarat Mineral Development Corporation Limited due to repayment of loans.

Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Annexure* 3**. The summarised details are given below for three years ended 2011-12.

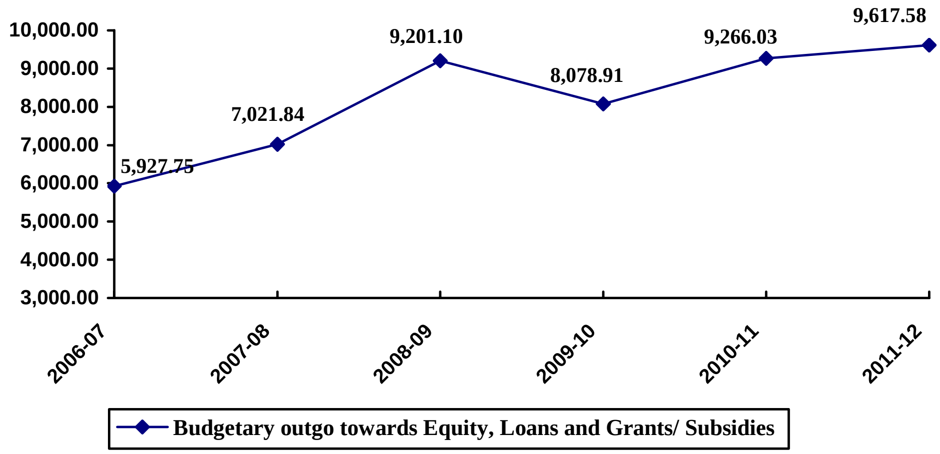
(Amount: ₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	12	2,352.61	11	2,909.95	15	3,970.14
2.	Loans given from budget	7	288.78	8	1,006.52	7	1,129.68
3.	Grants/Subsidy received	27	5,437.52	29	5,349.56	29	4,517.76
4.	**Total Outgo (1+2+3)**	--	**8,078.91**	**--**	**9,266.03**	**--**	**9,617.58**
5.	Loans converted into equity	--	--	--	--	--	--
6.	Loans written off	--	--	1	7.00	--	--
7.	Interest/Penal interest written off	--	--	1	2.31	--	--
8.	**Total Waiver (6+7)**	--	--	--	**9.31**	**--**	**--**
9.	Guarantees issued	1	0.30	--	--	1	5.00
10.	Guarantee Commitment	17	5,427.81	12	4,960.25	7	3,376.31

Out of ₹ 3,970.14 crore of equity capital outgo during the year 2011-12, the major portion i.e. ₹ 3,164.18 crore was given to Sardar Sarovar Narmada Nigam Limited and ₹ 608.20 crore to Gujarat Urja Vikas Nigam Limited. Out of loans given from budget of ₹ 1,129.68 crore, ₹ 425 crore was given to Gujarat State Road Transport Corporation and ₹ 635 crore to Gujarat State Investments Limited. Likewise, out of ₹ 4,517.76 crore of grants and subsidy given during the year 2011-12, ₹ 2,230.55 crore was given to eight power sector PSUs, ₹ 703.70 crore to Gujarat State Road Transport Corporation, ₹ 485.22 crore to Gujarat State Land Development Corporation and ₹ 222.95 crore to Gujarat State Police Housing Corporation Limited.

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

(₹ in crore)



It can be observed that after recording an all-time low of ₹ 5,927.75 crore (2006-07) during the preceding six years period, the budgetary outgo to the State PSUs gradually increased and registered the highest outgo of ₹ 9,617.58 crore in 2011-12.

1.12 In order to enable PSUs to obtain financial assistance from Banks and Financial Institutions, the GoG gives guarantee under the Gujarat State Guarantee Act, 1963 for which the guarantee fee is being charged. These fees vary from 0.25 *per cent* to one *per cent* as decided by the GoG depending upon the loanees. The guarantee commitment decreased to ₹ 3,376.31 crore during 2011-12 from ₹ 5,427.81 crore during 2009-10. The GoG issued guarantee to one[5] PSU amounting to ₹ five crore during 2011-12. Further, nine[6] PSUs paid guarantee fees[7] to the tune of ₹ 46.23 crore. Guarantee fees of ₹ 35.59 crore was yet to be paid by one[8] PSU for the year 2011-12 to the GoG.

Reconciliation with Finance Accounts

1.13 The amount of equity, loans and guarantees outstanding as per records of State PSUs should agree with the amount 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 2012 is stated below.

[5] Sl. No. A-11 of Annexure 3.

[6] Sl. No. A-5, A-35, A-37, A-38, A-39, A-40, A-41, A-42 and A-61 of Annexure 1.

[7] The Guarantee outstanding in respect of six (Sl. No. A-35, A-37, A-38, A-39, A-40 and A-41) subsidiary PSUs of Power sector is shown under holding Company at Sl. No. A-42 of Annexure 1 as the same has not been allocated to its subsidiaries. The details of Guarantee fees as allocated by the holding Company (Sl. No. A-42 of Annexure 1) has been considered.

[8] Sl. No. B-2 of Annexure 1.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	37,821.67	38,441.62	619.95[9]
Loans	3,157.67	5,382.88	2,225.21
Guarantees	6,402.29	3,376.31	3,025.98

1.14 We observed that the differences occurred in respect of 52 PSUs. The Accountant General (AG) addressed (November 2012) the matter to the Finance Department, concerned Administrative Departments and the respective PSUs about the differences in figures indicated in the Audit Report (PSUs) and the Finance Accounts for the year 2011-12. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.15 The financial results of PSUs, financial position and working results of the working Statutory Corporations are detailed in ***Annexure* 2, 5** and **6** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU's turnover and State GDP for the period from 2006-07 to 2011-12.

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover[10]	37,238.90	40,632.57	50,289.48	58,451.76	63,008.20	79,641.86
State GDP	2,54,533	2,80,086	3,61,846	3,81,028	5,14,750	5,91,175[11]
Percentage of Turnover to State GDP	14.63	14.51	13.90	15.34	12.24	13.47

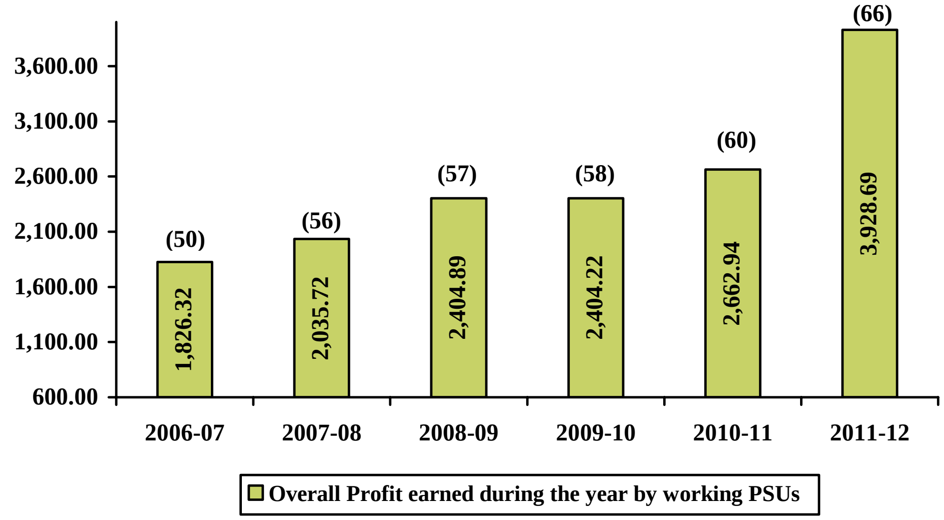
It can be seen from the above that though the turnover gradually increased from ₹ 37,238.90 crore in 2006-07 to ₹ 79,641.86 crore in 2011-12, the ratio remained between 12.24 to 15.34 *per cent*. This happened as the State GDP also increased at almost the same level of turnover.

9 Out of ₹ 619.95 crore, a difference of ₹ 549.94 crore was reconciled in respect of five PSUs.

10 Turnover of working PSUs as per the latest finalised accounts as of 30 September 2012.

11 As per Statements prepared under the Gujarat Fiscal Responsibility Act, 2005, Budget Publication No. 30.

1.16 Details of profit[12] earned by State working PSUs during 2006-07 to 2011-12 are as given below in a bar chart.



(Figures in brackets show the number of working PSUs in respective years)

It can be observed from the above chart that the working of PSUs improved over the period. During the year 2011-12, out of 66 working PSUs, 41 PSUs earned profit of ₹ 4,326.53 crore and ten PSUs incurred loss of ₹ 397.84 crore. One[13] working PSU had capitalised excess of expenditure over income, five[14] PSU had not prepared its first accounts, eight[15] are under construction and one[16] had transferred excess of expenditure to non-plan grant. The major contributors to the profit were Gujarat State Petroleum Corporation Limited (₹ 941.71 crore), Gujarat State Petronet Limited (₹ 769.02 crore) and Gujarat Mineral Development Corporation Limited (₹ 717.72 crore). Heavy losses were incurred by Gujarat State Financial Corporation (₹ 208.68 crore) and Gujarat State Road Transport Corporation (₹ 159.74 crore).

1.17 Though the PSUs were earning profits, there were instances of deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of latest three Audit Reports of the CAG shows that the State PSUs incurred losses to the tune of ₹ 4,052.37 crore and infructuous investment of ₹ 166.77 crore, which were controllable with better management. Year wise details from the Audit Reports are stated below.

12 Represents net profit before tax.
13 Sl.No. A-19 of Annexure 2.
14 Sl.No. A-25, A-26, A-32, A-56 and A-59 of Annexure 2.
15 Sl.No. A-30, A-31, A-33, A-44, A-54, A-57, A-58 and A-61 of Annexure 2.
16 Sl.No. A-8 of Annexure 2.

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	Total
Net Profit	2,404.22	2,662.94	3,928.69	8,995.85
Controllable losses as per the CAG's Audit Report	813.11	2,344.56	894.70	4,052.37
Infructuous Investment	152.86	2.86	11.05	166.77

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

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

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed (*Per cent*)	6.34	5.43	3.95	5.24	5.24	6.97
Debt	22,376.93	20,564.74	13,048.33	23,734.37	26,862.15	30,253.60
Turnover[17]	37,238.90	40,632.57	50,289.48	58,451.76	63,008.20	79,641.86
Debt/Turnover Ratio	0.60:1	0.51:1	0.26:1	0.41:1	0.43:1	0.38:1
Interest Payments	1,552.64	1,702.33	2,021.74	2,255.99	2,423.60	2,935.83
Accumulated Profits/(Losses)	(1,164.22)	(524.66)	(814.56)	(595.03)	169.34	1,693.73

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

1.20 The turnover of PSUs had increased gradually from ₹ 37,238.90 crore in the year 2006-07 to ₹ 79,641.86 crore in the year 2011-12. The debt-turnover ratio improved during the year 2008-09 as compared to various other years. The debt-turnover ratio for the year 2011-12 was 0.38:1 because of significant increase in the turnover of ₹ 10,364.88 crore in power sector during the year 2011-12. Accumulated losses decreased from ₹ 1,164.22 crore in the year 2006-07 to ₹ 595.03 crore in the year 2009-10. In the year 2011-12, accumulated profits were ₹ 1,693.73 crore.

1.21 The GoG had not formulated any dividend policy regarding payment of minimum return by the PSUs on paid-up share capital contributed by the GoG. As per their latest finalised accounts as on 30 September 2012, 41 PSUs earned an aggregate profit of ₹ 4,326.53 crore and seven PSUs[18] declared dividend of ₹ 207.39 crore of which the GoG's share was ₹ 114.36 crore.

Arrears in finalisation of accounts of PSUs

1.22 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

17 Turnover of working PSUs as per the latest finalised accounts as of 30 September 2012.

18 A-2, A-9, A-10, A-27, A-28, A-50 and A-52 of Annexure 2.

under the Companies Act, 1956. Similarly, in case of the statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2012.

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Number of Working PSUs	56	57	58	60	66
2.	Number of accounts finalised during the year	45	58	73	58	58[19]
3.	Number of accounts in arrears	52	51	36	38	47[20]
4.	Average arrears *per* PSU (3/1)	0.93	0.89	0.62	0.63	0.71
5.	Number of Working PSUs with arrears in accounts	38	34	25	27	35
6.	Extent of arrears (numbers in years)	1 to 5	1 to 6	1 to 4	1 to 4	1 to 4

1.23 It can be observed that the number of accounts in arrears has decreased from 52 (2007-08) to 36 (2009-10) with corresponding decrease in average arrears per PSU from 0.93 (2007-08) to 0.62 (2009-10), which is indicative of the efforts made in clearing the backlog of accounts. The number of accounts in arrears has increased again to 47 (2011-12) mainly due to increase in number of PSUs from 58 (2009-10) to 66 (2011-12).

1.24 In addition to above, there were arrears in finalisation of accounts by non-working PSUs. Out of 12 non-working PSUs, seven had gone into liquidation process. Of the remaining five non-working PSUs, one PSU had not finalised accounts for the last 13 years.

1.25 The GoG had invested ₹ 7,879.53 crore in 25 PSUs (Equity: ₹ 3,281.89 crore (11 PSUs), loans: ₹ 1,596.68 crore (five PSUs) and grants: ₹ 3,000.96 crore (19 PSUs)) during the years for which accounts have not been finalised as detailed in ***Annexure* 4**.

1.26 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 had informed the concerned administrative departments and officials of the Government about the arrears in finalisation of accounts on quarterly basis, adequate remedial measures were not taken. As a result of this, the net worth of these PSUs could not be assessed by us.

1.27 As the position of arrears in finalisation of accounts of the State PSUs was alarming, the CAG took up the matter (September 2011) with the Ministry of Corporate Affairs (MCA) and suggested to devise special arrangements alongwith actionable issues to ensure enforcement of accountability. The MCA in turn devised (November 2011) a scheme, which

[19] This does not include the original account of the Company at Sl. No. A-24 of Annexure 2 that was revised based on the Comments of the CAG.

[20] The information in respect of Gujarat State Aviation Infrastructure Company Limited incorporated on 7 July 2010 was received during the year for which two accounts viz., 2010-11 and 2011-12 are in arrears as on 30 September 2012.

allowed the PSUs with arrears in accounts to finalise the latest two years accounts and clear the backlog within five years. The Accountant General (AG) also addressed the Chief Secretary / Finance Secretary in July 2012 to expedite the backlog of arrears in accounts in a time bound manner. Delay in finalisation of accounts may result in fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

Non-working PSUs

1.28 There were 12 non-working Companies as on 31 March 2012. Of these, seven PSUs have commenced liquidation process.

During 2011-12, three non-working PSUs incurred an expenditure of ₹ 0.19 crore towards establishment expenditure. The expenditure was financed in case of one PSU by its Holding Company (₹ 0.07 crore) and in case of the other two PSUs through interest received on their investments (₹ 0.12 crore).

1.29 The stages of closure in respect of non-working PSUs are as given below.

Sl. No.	Particulars	No. of Companies
1.	Total number of non-working PSUs	12
2.	Of (1) above, the number under:	
(a)	liquidation by Court (liquidator appointed)	6[21]
(b)	Voluntary winding up (liquidator appointed)	1[22]
(c)	Closure, *i.e.* closing orders/ instructions not issued.	5[23]

Comments on Accounts and Internal Audit

1.30 Forty-seven working Companies forwarded 54 accounts to the AG during the year 2011-12 which were selected for supplementary audit. The audit reports of Statutory auditors appointed by the CAG and the supplementary audit of the CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments[24] of the Statutory Auditors and the CAG are as given below:

21 Sl.No. C-4, C-6, C-8, C-10, C-11 and C-12 of Annexure 2.

22 Sl.No. C-3 Annexure 2.

23 Sl.No. C-1, C-2, C-5, C-7 and C-9 of Annexure 2.

24 For the purpose of the CAG comments only those comments actually issued during October 2011 to September 2012 have been considered including accounts of previous period for which comments were issued in the current period.

(Amount: ₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	11	107.32	9	20.41	10	14.79
2.	Increase in loss	1	0.02	1	0.35	1	0.35
3.	Non-disclosure of material facts	4	7.98	6	71.99	5	159.32
4.	Errors of classification	17	5,179.16	7	4,913.43	3	22,917.62

1.31 It can be observed from the above that the money value objections for decrease in profit came down from ₹ 107.32 crore in 2009-10 to ₹ 14.79 crore in 2011-12. However, cases of non-disclosure of material facts increased from ₹ 7.98 crore in 2009-10 to ₹ 159.32 crore in 2011-12. The cases of errors of classification decreased from ₹ 5,179.16 crore in 2009-10 to ₹ 4,913.43 crore in 2010-11, but increased substantially to ₹ 22,917.62 crore in 2011-12.

1.32 During the year, the Statutory Auditors had given unqualified certificates for 29 accounts and qualified certificates for 25 accounts. The compliance of Companies with the Accounting Standards (AS) remained poor as there were 31 instances of non-compliance in 13 accounts during the year.

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

1.33 Gujarat Safai Kamdar Vikas Nigam (2010-11)

The Company had availed loan from National Safai Karamcharis Finance and Development Corporation who demanded ₹ 2.29 crore towards late payment and non-utilisation charges on loan. The Company did not account for the liability instead it had shown the same only as contingent liability violating the Accounting Standard 29. This had resulted in understatement of Current Liabilities and overstatement of net surplus of Income over Expenditure by ₹ 2.29 crore.

1.34 Gujarat State Civil Supplies Corporation Limited (2010-11)

The Company had leased out a building to Gujarat State Police Housing Corporation Limited (GSPHCL) for which the Company raised and accounted a claim of ₹ 1.22 crore towards differential rent applying revised rates retrospectively. Further, there was no formal agreement for fixation/ revision of rent. Thus, the differential rent recovery was uncertain and not recognisable as per paragraph 9.2 and 9.4 of Accounting Standard 9. This had resulted in overstatement of other income and Current Assets, Loans and Advances by ₹ 1.22 crore and profit before tax of ₹ 0.13 crore became loss of ₹ 1.09 crore.

1.35 Tourism Corporation of Gujarat Limited (2010-11)

The Company while computing the income tax payable considered the disallowable cumulative provision for doubtful debts of ₹ 4.45 crore instead of admissible amount of ₹ 0.75 crore being bad debts already written off. The excess disallowable deduction of ₹ 3.70 crore considered for computing provision of income tax resulted in understatement of income tax and overstatement of profit by ₹ 1.23 crore.

1.36 Gujarat Water Resources Development Corporation Limited (2010-11)

The Company implemented Agriculture Refinance Development (ARD) and Salinity Ingress Investigation Scheme (SIIS) for which the GoG had fully reimbursed all administrative and contingency expenditure. The Company, however, charged ₹ 1.48 crore as overhead charges without approval of the GoG being 17.85 *per cent* of grant received for ARD and SIIS schemes. This had resulted in overstatement of income and 'overspent grant' for GoG schemes by ₹ 1.48 crore. Had these overhead charges not been accounted by the Company then profit of ₹ 1.17 crore would have turned into loss of ₹ 0.31 crore.

1.37 Sardar Sarovar Narmada Nigam Limited (2010-11)

- The Company had commissioned five units of Canal Head Power House and six units of Riverbed Powerhouse during August 2004 to June 2006. Instead of capitalising the expenditure of ₹ 4,829.16 crore incurred on power houses, they continued to show the same under works-in-progress. This had resulted in understatement of completed assets and overstatement of capital works-in-progress by ₹ 4,829.16 crore.
- Similarly, expenditure incurred for Dam and appurtenant works (₹ 6,982.40 crore), Main canal (₹ 7,653.04 crore and Branches with distributaries (₹ 3,417.30 crore), which were already constructed and put to use were not capitalized. This resulted in understatement of fixed assets by ₹ 18,052.74 crore and overstatement of capital work-in-progress to that extent.

1.38 Dahej SEZ Limited (2009-10)

Gujarat Industrial Development Corporation (GIDC) raised bills of ₹ 4.41 crore for infrastructure upgradation charges for 2009-10 which were waived by GIDC before approval of the accounts of 2009-10 by Dahej SEZ Limited. However, the Company did not adjust the above waiver by writing back the expenditure in its account. This has resulted in overstatement of 'Current liabilities' and understatement of profit for the year by ₹ 4.41 crore.

1.39 Similarly, three working Statutory Corporations forwarded their four accounts for the year 2010-11 and 2011-12 to the AG during the year 2011-12. Of these, two accounts of Statutory Corporations (Sl.No.B-3 of ***Annexure* 2**) pertained to sole audit by the CAG wherein Separate Audit Report was issued for one account (2010-11) during the year and audit was under process for the second account (2011-12). Of the remaining two accounts pertaining to other two Statutory Corporations (Sl.No.B-1 and B-2 of ***Annexure* 2**), audit was under progress. In respect of Gujarat State Road Transport Corporation, the Separate Audit Report for 2008-09 was issued during the year. The details of aggregate money value of comments of the Statutory Auditors and the CAG are given below:

(Amount: ₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	14.13	2	16.44	1	4.81
2.	Increase in loss	2	257.56	1	55.98	1	243.51
3.	Non-disclosure of material facts	2	232.17	1	123.72	2	247.73
4.	Errors of classification	3	153.80	1	70.98	1	46.96

It can be observed from the above that the money value objection for Decrease in profit reduced from ₹ 14.13 crore in 2009-10 to ₹ 4.81 crore in 2011-12; Increase in loss came down from ₹ 257.56 crore in 2009-10 to ₹ 243.51 crore in 2011-12 and Non-disclosure of material facts increased from ₹ 232.17 crore in 2009-10 to ₹ 247.73 crore in 2011-12. On the other hand the Error of classification decreased from ₹ 153.80 crore in 2009-10 to ₹ 46.96 crore in 2011-12.

During the year, two accounts received qualified certificates and the sole audit of the CAG in respect of one account was under progress as on 30 September 2012.

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

1.40 Gujarat Industrial Development Corporation (2010-11)

- The current liability towards payment of non-agricultural assessment charges had been understated by ₹ 3.82 crore with corresponding understatement of expenditure for the year to that extent. This resulted in overstatement of excess of income over expenditure for the year.
- The provision of ₹ 88.98 crore payable towards advance compensation to land owners was assessed based on the consent agreements entered into and was known with certainty. Even when the liability was known with certainty the same was not provided for in the books. This resulted in understatement of liability for capital expenditure towards cost of land and development of industrial estate to the same extent.
- Non accounting of the withdrawal of concession which were earlier accorded to four allottees resulted in understatement of sundry debtors by ₹ 54.33 crore with corresponding understatement of capital receipts.

1.41 Gujarat State Road Transport Corporation (2008-09)

- The Corporation receives reimbursement from the GoG towards loss due to student concession and was accounted for on cash basis. The reimbursement of ₹ 487.57 crore had accrued to Corporation but reimbursement claim of ₹ 361.62 crore received from the GoG was only accounted. The accounting of reimbursement claim on cash basis instead of accrual basis goes against the matching concept. This resulted in understatement of reimbursement receivable and overstatement of loss by ₹ 125.95 crore.
- The Corporation receives concession fees for giving lease rights to construct commercial properties on its bus terminals. The Corporation

had given lease rights to develop six bus terminals at six different places in the State. The Corporation received concession fees of ₹ 6.24 crore that has been credited to revenue account instead of keeping it separately in a fund account. This has resulted in understatement of loss by ₹ 6.24 crore.

- The Regional Provident Fund Commissioner, Ahmedabad demanded ₹ 33.96 crore in November 2008 towards pension damage under the employment pension yojana, which was accepted before approval of the accounts. The Corporation did not provide for this liability. This resulted in understatement of other charges and loss by ₹ 33.96 crore.

Audit by Statutory Auditors under the directions of the CAG

1.42 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[25] Company for the year 2008-09, one Company[26] for the year 2009-10, 18 Companies[27] for the year 2010-11 and 11 Companies[28] for the year 2011-12 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	08	A-6, A-13, A-29, A-45, A-46, A-47, A-52, A-60
2.	Internal Audit required to be strengthened	13	A-6, A-8, A-11, A-13, A-14, A-15, A-16, A-24, A-29, A-46, A-60, C-7, C-8
3.	Non maintenance of cost records	05	A-6,- A-33, A-52, A-58, A-60
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	08	A-6, A-8, A-11, A-29, A-46, A-57, C-7, C-8.
5.	Absence of credit policy for providing doubtful debts, write-off of liquidated damages	10	A-6, A-11, A-13, A-19, A-28, A-29, A-45, A-46, A-51, A-52
6.	Non evolution of security policy for software/ hardware and backup of past records	11	A-6, A-7, A-9, A-10, A-11, A-13, A-15, A-24, A-29, A-46, A-60
7	Ineffective system of monitoring advances/ outstanding dues	10	A-6, A-8, A-11, A-13, A-14, A-15, A-45, A-46, A-52, A-60
8	Non-existence of separate vigilance department and effectiveness of delineated fraud policy	26	A-6, A-7, A-8, A-9, A-10, A-11, A-13, A-14, A-15, A-18, A-19, A-22, A-24, A-28, A-29, A-33, A-34, A-44, A-45, A-46, A-51, A-52, A-57, A-58, A-60, B-1

25 Sl. No. A-8 of Annexure 2.

26 Sl.No. A-6 of Annexure 2.

27 Sl. No. A-7, A-11, A-13, A-14, A-15, A-16, A-17, A-19, A-22, A-24, A-29, A-34, A-45, A-46, A-47, A-51, A-60 and B-1 of Annexure 2.

28 A-9, A-10, A-18, A-28, A-33, A-44, A-52, A-57, A-58, C-7 and C-8 of Annexure 2.

Recoveries at the instance of Audit

1.43 During the course of propriety audit in 2011-12, recoveries of ₹ 42.15 crore were pointed out to the Management of various PSUs, of which recoveries of ₹ 0.15 crore were admitted and recovered by the PSUs during the year 2011-12.

Status of placement of Separate Audit Reports

1.44 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.	Gujarat State Warehousing Corporation	2009-10	2010-11	3 October 2012	--
2.	Gujarat State Financial Corporation	2010-11	2011-12	Audit under progress	--
3.	Gujarat Industrial Development Corporation	2009-10	2010-11	13 September 2012	--
			2011-12	Audit under progress	--
4	Gujarat State Road Transport Corporation	2007-08	2008-09	27 July 2012	Printing of Annual Report under progress

We recommend that the Government ensure prompt placement of SARs in the legislature.

Disinvestment, Privatisation and Restructuring of PSUs

1.45 During the year 2011-12, the GoG had neither disinvested nor privatised any of its PSUs.

Reforms in Power Sector

1.46 The Gujarat Electricity Regulatory Commission (GERC) formed in November 1998 under the Section 17 of the Electricity Regulatory Commission Act 1998 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2011-12, GERC issued 252 orders (nine on tariff orders, one on renewal energy, 242 orders on petitions).

1.47 Memorandum of Understanding (MoU) was signed in (January 2001) between the Union Ministry of Power and the GoG 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	Achievement as at March 2012
1.	Reduction in T&D losses (No target fixed)	The T&D losses reduced from 20.13 *per cent* in 2001-02 to 18.63 *per cent* during 2011-12.
2.	100 *per cent* electrification of all villages.	Achieved (March 2002).
3.	100 *per cent* metering of all distribution feeders.	Achieved (March 2002).
4.	100 *per cent* metering of agriculture consumers	Only 54 *per cent* metering of agriculture consumers was completed (March 2012).
5.	Securitised outstanding dues of Central Public Sector Undertakings (CPSUs).	The dues of CPSUs were reconciled and bonds of ₹ 1,628.71 crore were issued by the GoG against the dues.

Chapter II

Performance Audits relating to Government Companies

Chapter II

Performance audits relating to Government Companies

Gujarat Energy Transmission Corporation Limited

2.1 Performance Audit of Power Transmission Utilities

Executive Summary

With a view to supply reliable and quality power to all by 2012, the Government of India (GoI) prepared the National Electricity Policy (NEP) in February 2005 which stated that the Transmission System required adequate and timely investment alongwith efficient and coordinated action to develop a robust and integrated power system for the country. It also, inter-alia recognised the need for development of National and State Grid with the coordination of Central/ State Transmission Utilities. Gujarat Energy Transmission Corporation Limited (GETCO) is mandated to provide an efficient, adequate and properly coordinated grid management and transmission of energy in Gujarat.

Planning and Development

GETCO's transmission network at the beginning of 2007-08 consisted of 880 Extra High Tension (EHT) Sub-stations (SSs) with a transmission capacity of 43,742 MVA and 35,169 CKM of EHT transmission lines. The transmission network as on 31 March 2012 consisted of 1,270 EHT SSs with a transformation capacity of 56,594 MVA and 44,946 CKM of EHT transmission lines.

Against the targeted construction of 400 EHT SSs and laying of 12,261 CKM of EHT lines, GETCO constructed 390 EHT SSs and 9,777 CKM EHT lines during the five year period (achievement of 97.5 per cent and 79.74 per cent respectively). The transmission capacity added was 12,852 MVA for the five-year period ending 2011-12.

Project management of transmission system

Out of the 390 SSs and 550 lines constructed during 2007-12, 289 SSs and 550 lines were commercially commissioned upto 31 March 2012, of which 71 SSs and 69 lines were test checked in audit. There were delays in commissioning ranging from 6-50 months and 6-12 months in 25 SSs and 15 lines respectively. Besides, in two SSs and 10 lines, which were in progress as on 31 March 2012, there were delays ranging between two to three years and 12 to 68 months respectively.

Eight SSs were commissioned from September 2009 to 31 March 2012 and six SSs were commissioned during April 2012 to September 2012 after delays of 4 to 19 months from the date of back charging. These assets were created at a cost of ₹ 43.44 crore from borrowed funds. Out of the 101 SSs not commercially commissioned upto 31 March 2012, five SSs were back charged in 2010-11 leading to blocking of funds of ₹10.44 crore for a period of 18-22 months.

Funds of ₹ 243 crore in respect of 17 completed lines and funds of ₹99.97 crore in respect of 12 lines in progress were blocked up for periods ranging from 5-17 months and 7-25 months respectively due to delayed decision on Right of Way (RoW) compensation.

Performance of transmission system

During the period under review GETCO augmented transformation capacity by 7,865 MVA besides adding capacity of 4,987 MVA through construction of SSs. The installed overall transmission

capacity at 220 KV always remained in excess of peak demand even after allowing 30 per cent towards redundancy. The capacity at the end of 2011-12 was excess by 825 MVA created at the cost of ₹24.26 crore that was passed on to the consumers.

Inappropriate conductors were used in an important line providing electricity to Indo Pak Border resulting in infructuous expenditure of ₹2.49 crore.

The transmission losses increased from 3.85 per cent in 2007-08 to 4.30 per cent in 2008-09 and 2009-10, decreased to 3.85 per cent in 2010-11 and again increased to 3.97 per cent in 2011-12. However, the transmission loss was within the norms fixed by GERC in all the years except 2009-10. The transmission loss was within the norms in terms of CEA norms of four per cent also in all years except in 2008-09 and 2009-10.

Grid management

The Gujarat state Load Despatch Centre operated by GETCO ensures integrated operation of power system in the State. Remote Terminal Units/Sub-station Management systems (RTUs/SMSs) were not provided in all the 220 and 132 KV SSs.

Energy accounting and audit

Energy accounting and audit is necessary to assess and reduce the transmission losses. As on 31 March 2012 there were 1,123 interface boundary metering points between Generation to Transmission (GT) and 2,216 metering points between Transmission to Distribution (TD). All the GT and TD points were provided with meters.

Financial management

The Profit before tax of GETCO increased by 702 per cent from ₹38.97 crore in 2007-08 to ₹312.64 crore in 2011-12. The debt-equity ratio of GETCO increased from 1.42:1 to 7.02:1 during the period from 2007-08 to 2011-12 due to fresh borrowings.

Monthly transmission invoices were raised by GETCO during 2009-10 to 2011-12 after a delay ranging from 7-22 days leading to blocking of monthly receivables to the extent of ₹84 crore to ₹135 crore for the delayed period and consequential interest loss of ₹17.42 crore. The delay could have been avoided by adopting the previous month's pooled losses for invoice purpose and not waiting for the intimation of current month's loss by WRPC.

Non revision of pro rata charges since March 2007 led to net under recovery of ₹2.81 crore for the additional load released to consumers during 2008-09 to 2011-12.

Material management

The closing stock in terms of months' consumption reduced from 7.5 in 2008-09 to 3.6 in 2009-10 and increased to 4.9 in 2011-12. However, no norms were fixed for maintaining the stock in terms of months' consumption.

Conclusion

Substations could not be commercially commissioned as planned due to delay in land acquisition, delay in completion of associated lines and non synchronisation of construction activities. Failure to address RoW compensation led to delay in completion of lines. Delayed raising of monthly invoices led to blocking of funds. Evaluation of schemes was not done.

Recommendations

GETCO may ensure completion of substations and lines as per schedule. Raising of transmission invoices in time should be ensured. Studies for evaluating benefits of transmissions schemes after their completion may be conducted.

Introduction

2.1.1 With a view to supply reliable and quality power to all by 2012, the Government of India (GoI) prepared the National Electricity Policy (NEP) in February 2005 which stated that the Transmission System required adequate and timely investment besides efficient and coordinated action to develop a robust and integrated power system for the country. It also, inter-alia recognised the need for development of National and State Grid with the coordination of Central/ State Transmission Utilities. Transmission of electricity and grid operations in the State of Gujarat are managed and controlled by Gujarat Energy Transmission Corporation Limited (GETCO) which is mandated to provide efficient, adequate and properly coordinated grid management and transmission of energy. GETCO was incorporated on 19 May 1999 under the Companies Act 1956, and reports to the Energy and Petrochemicals Department. GETCO was vested with the assets and liabilities of erstwhile Gujarat Electricity Board relating to transmission network with effect from 1 April 2005 pursuant to the enactment of Gujarat Electricity Industry (Reorganisation & Regulation) Act, 2003.

2.1.2 The Management of GETCO is vested in a Board of Directors (BoD) comprising Chairman, Managing Director and five other Directors appointed by the Government of Gujarat (GoG). The day to day affairs are carried out by the Managing Director who is the chief executive of GETCO with the assistance of Chief Engineers heading Project, Engineering, Transmission, Load Dispatch Units and General Managers heading Finance and Human Resource departments. In the field, GETCO consists of 13 Circle offices[1] located in three zones headed by Superintending Engineers and Additional Chief Engineers respectively.

During 2007-08, GETCO transmitted 55,818 MUs of energy which increased to 67,848 MUs during 2011-12, i.e., an increase of 21.55 *per cent* in five years. As on 31 March 2012, GETCO had transmission network of 44,946 CKM (Circuit Kilometers) and 1,270 Sub-stations (SSs) with installed capacity of 56,594 MVA, capable of annually transmitting 1,49,559 MUs[2]. The turnover of GETCO was ₹ 1,548.23 crore in 2011-12, which was equal to 0.26 *per cent* of State Gross Domestic Product of ₹ 5,91,175 crore. It employed 12,179 employees as on 31 March 2012.

A Performance Audit on construction of power transmission lines and associated SSs was included in the Report of the Comptroller and Auditor General of India (Commercial), Government of Gujarat for the year ended 31 March 2005. The Report was discussed by the Committee on Public Undertakings (COPU) in August 2008.

Scope and Methodology of Audit

2.1.3 The present performance audit conducted during December 2011 to June 2012 covers performance of GETCO during the period from 2007-08 to 2011-12. Audit examination involved scrutiny of the records of different wings at the Corporate Office, State Load Dispatch Centre (SLDC), four

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1 Anjar, Amreli, Bharuch, Gondal, Himmatnagar, Jambuva, Jamnagar, Junagadh, Mehsana, Nadiad, Navsari, Palanpur and Surendranagar.

2 Transmission capacity is worked out considering 220 KV as basic network i.e., 18,970 MVA × 0.9 power factor = 17,073 MW × 1,000 × 24 hours × 365 days = 1,49,559 MUs.

circles[3] and ten divisions[4] there under (representing 38 *per cent* of total CKM) located in all the three zones[5].

GETCO constructed 390 SSs (capacity: 4,987 MVA) and 550 lines (capacity: 9,777 CKM) as well as augmented existing transformation capacity by 7,865 MVA during the review period. In the four circles, selected based on the highest transmission capacity in CKM, the construction of 71 SSs (capacity: 1,790 MVA), 69 lines (capacity: 1,266 CKM) and augmentation of existing transformation capacity of 2,715 MVA were examined. This sample represented 35 *per cent* of capacity addition and 13 *per cent* of CKM addition achieved during the review period.

The methodology adopted for attaining audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of Board Minutes, annual reports, budgets, tariff fixation correspondence with regulatory authorities and progress reports at Head Office, project implementation records at selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries and interaction with the management during Entry and Exit conferences.

Audit Objectives

2.1.4 The objectives of the audit were to examine the performance of GETCO in order to assess whether:

- the transmission system of the State was developed as per plan and the same was in accordance with the National Electricity Plan;
- construction and commissioning of the transmission system were carried out without time and cost over-run;
- the performance of transmission system was efficient to ensure supply of quality power with minimum interruptions;
- infrastructures for management of grid including system for disaster management were adequate to ensure efficient operations;
- efficient and effective systems for energy accounting and financial management were in place to ensure optimum and timely realisation of revenue;
- efficient and effective system of inventory control mechanism existed;
- there was a monitoring system in place to review the achievement of benefits from the schemes implemented and take corrective measures to overcome deficiencies.

[3] Anjar, Jambuva, Nadiad and Surendranagar.
[4] Bhuj, Bodeli, Godhra, Gotri, Karamsad, Limbdi, Nakhatrana, Ranasan, Samakhyali and Viramgam.
[5] Bharuch, Mehsana and Rajkot.

Audit Criteria

2.1.5 The audit criteria adopted for assessing the achievement of the audit objectives were derived from:

- provisions of National Electricity Plan and National Tariff Policy ;
- perspective plan and project reports of GETCO;
- standard procedures framed for award of contracts with reference to principles of economy, efficiency, effectiveness, equity and ethics;
- circulars and manuals for filing Annual Revenue Return (ARR) with SERC;
- Manual on Transmission Planning Criteria (MTPC);
- Code of Technical Interface (CTI)/ Grid Code consisting of planning, operation, connection codes;
- directions from the GoG/ Ministry of Power (MoP);
- norms/guidelines issued by SERC/ Central Electricity Authority (CEA);
- provisions of "Best Practices in Transmission";
- report of the Task Force constituted by the Ministry of Power to analyse critical elements in transmission project implementation; and
- significant observations in reports of Regional Power Committee (RPC)/ Regional Load Dispatch Centre (RLDC).

Brief description of transmission process

2.1.6 Transmission of electricity is defined as bulk transfer of power over long distances at high voltages, generally at 132 KV and above. Electric power generated at relatively low voltages in power plants is stepped up to high voltage power before it is transmitted to reduce the loss in transmission and to increase efficiency in the Grid. Sub-stations are facilities within the high voltage electric system used for stepping-up/stepping down voltages from one level to another, connecting electric systems and switching equipment in and out of the system. The step up transmission SSs at the generating stations use transformers to increase the voltages for transmission over long distances.

Transmission lines carry high voltage electric power. The step down transmission SSs, thereafter, decreases voltages to sub transmission voltage levels for distribution to consumers. The distribution system includes lines, poles, transformers and other equipment needed to deliver electricity at specific voltages.

Electrical energy cannot be stored; hence generation must be matched to the need. Therefore, every transmission system requires a sophisticated system of control called Grid management to ensure balancing of power generation closely with demand.

Audit Findings

2.1.7 We explained the audit objectives for this performance audit to GETCO during an 'Entry Conference' held on 3 February 2012. Subsequently, audit findings were reported to GETCO and the GoG in August 2012. The Exit Conference was held on 12 September 2012, which was attended by the Managing Director and other officials of GETCO. The Management replied (September 2012) to the audit findings subsequent to the Exit Conference and the views expressed by them have been duly considered and incorporated while finalising the performance audit. The audit findings are discussed in subsequent paragraphs.

Planning and Development

National Electricity Plan

2.1.8 The Central Transmission Utility (CTU) and State Transmission Utilities (STUs) have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all concerned agencies. The STU is responsible for planning and development of the intra-state transmission system in accordance with demand assessment by DISCOMs. GETCO's transmission network at the beginning of 2007-08 consisted of 880 Extra High Tension (EHT) SSs[6] with a transmission capacity of 43,742 MVA and 35,169 CKM of EHT transmission lines. The transmission network as on 31 March 2012 consisted of 1,270 EHT SSs with a transformation capacity of 56,594 MVA and 44,946 CKM of EHT transmission lines.

As discussed in succeeding paragraph **2.1.23**, the installed overall transmission capacity at 220 KV always remained in excess of peak demand during entire review period from 2007-08 to 2011-12 even after considering 30 *per cent* redundancy. The capacity at the end of 2011-12 was in excess by 825 MVA, which was created at a cost of ₹ 24.26 crore[7]. This cost was passed on to the consumers. From 2008-09 GETCO is preparing and submitting yearly State Transmission Utility Report to GERC.

Transmission network and its growth

2.1.9 The transmission capacity of GETCO at EHT level during 2007-08 to 2011-12 is given below:

[6] Including 750 SSs of 66 KV.
[7] 825 MVA @ ₹ 0.0294 crore per MVA (cost of 100 MVA transformer @ ₹ 2.94 crore).

Sl. No	Description	2007-08	2008-09	2009-10	2010-11	2011-12	Total
A. Number of Sub-stations (Numbers)							
1	At the beginning of the year	880	930	990	1,050	1,190	
2	Additions planned for the year	50	60	60	140	90	400
3	Added during the year	50	60	60	140	80	390
4	Total sub stations at the end of the year **(1+3)**	930	990	1,050	1,190	1,270	
5	Shortfall in additions **(3-2)**	0	0	0	0	(-)10	(-)10
B. Transformers capacity (MVA)							
1	Capacity at the beginning of the year	43,742	45,403	47,818	49,860	51,646	
2	Additions/augmentation planned for the year	1,218	2,420	2,360	4,750	3,876	14,624
3	Capacity added during the year	1,661	2,415	2,042	1,786	4,948	12,852
4	Capacity at the end of the year **(1+3)**	45,403	47,818	49,860	51,646	56,594	
5	Shortfall in additions/ augmentation **(3-2)**	443	(-)5	(-)318	(-)2,964	1,072	(-)1,772
C Transmission lines (CKM)							
1	At the beginning of the year	35,169[8]	36,388	37,415	39,519	41,695	
2	Additions planned for the year	616	1,084	3,110	4,659	2,792	12,261
3	Added during the year	1,219	1,027	2,104	2,176	3,251	9,777
4	Total lines at the end of the year **(1+3)**	36,388	37,415	39,519	41,695	44,946	
5	Excess/Shortfall in additions **(3-2)**	603	(-)57	(-)1,006	(-) 2,483	459	(-)2,484

It would be seen from the above that against the targeted construction of 400 EHT SSs and laying of 12,261 CKM of EHT lines, GETCO constructed 390 EHT SSs and 9,777 CKM of EHT lines during the five year period (achieving 97.5 *per cent* and 79.74 *per cent* target respectively). The transmission capacity added was 12,852 MVA (87.88 *per cent*) for the five-year period ending 2011-12 as against the planned capacity addition of 14,624 MVA. Thus, there was a net shortfall in capacity addition by 1,772 MVA at the end of the year 2011-12.

The Management stated (December 2012) that the shortfall in capacity addition in 2010-11 was on account of a capacity of 747 MVA not being accounted due to failure upon commissioning. The shortfall in 2010-11 was made upto the extent of 1,000 MVA in 2011-12. The main reason for slippages in erecting transmission lines was Right of Way (RoW) problems, delay in obtaining clearance from Forest/Railway authorities and non completion of work by the contractors. However, there were no operational constraints due to shortfall in achievement of target in respect of CKM of line as there was sufficient capacity.

The particulars of voltage-wise capacity additions planned, actual additions, shortfall in capacity, etc., during review period are given in the ***Annexure 7.***

Project management of transmission system

2.1.10 A transmission project involves various activities from conceptualisation to commissioning. Major activities in a transmission project are (i) Project formulation, appraisal and approval phase and (ii) Project execution Phase. For reduction in project implementation period, the Ministry

[8] Includes 69 CKM of 33 KV lines.

of Power, Government of India constituted (February 2005), a Task Force on transmission projects which recommended (July 2005) various remedial actions to accelerate the completion of transmission systems.

2.1.11 Notwithstanding the elaborate guidelines given by the Task Force for timely completion of the projects, GETCO failed to execute several SSs and Lines even after six months from scheduled date of completion during 2007-08 to 2011-12, as given in the table below:

Capacity in KV	Total No. Constructed		No. test checked by Audit		Delay in commissioning (Numbers)		Time overrun till commercial commissioning (range in months)	
	SSs	Lines	SSs	Lines	SSs	Lines	SSs	Lines
400	2	6	1	2	0	2	0	9-11
220	14	48	5	4	5	4	21-50	6-12
132	1	5	0	2	0	1	0	8
66	373	491	65	61	20	8	6-36	6-11
Total	**390**	**550**	**71**	**69**	**25**	**15**	**6-50**	**6-12**

Source: Data as provided by GETCO

Out of the 390 SSs and 550 lines constructed during 2007-08 to 2011-12, 101 SSs were not commercially commissioned as on 31 March 2012, though all the lines were commissioned. Out of the balance 289 SSs and 550 lines commercially commissioned, 71 SSs and 69 lines were test checked in audit wherein, it was found that there were delays in commissioning in respect of 25 SSs and 15 lines ranging from 6-50 months and 6-12 months respectively. In addition to the above mentioned constructed SSs and lines, in respect of works in progress, two[9] SSs were delayed by two to three years after land acquisitions and 10[10] lines were delayed by the period ranging from 12 to 68 months after scheduled date of completion. Four SSs and two lines[11] planned but not executed in the selected circles were also test checked in audit.

The delay in construction and commissioning of SSs and lines were attributed to delays in obtaining timely permission from agencies like Railways, National Highway Authority, Forest Department and Road & Building Department, RoW problems, poor performance of contractors, shrinking labour strength of contractors and absence of response from good contractors.

Some specific instances of delays and their consequences are discussed below:

Delayed commissioning of SSs

2.1.12 Eight SSs were commissioned from September 2009 to 31 March 2012 and six SSs were commissioned during April 2012 to September 2012 after delays of 4 to 19 months from the date of back charging. These assets were created at a cost of ₹ 43.44 crore from borrowed funds as detailed below:

9 400 KV Halvad and 220 KV Sarla SSs.

10 66 KV LILO from 220 KV Nanikakhar-Sivlakha line, 220 KV D/C Akrimota Panandro line, 66 KV Santroad-Motaambaliya line, 66 KV Bhalej LILO line, 66 KV Shella LILO, 66 KV Limkhera-Pipero, 66 KV Khanpur-Ditwas line, 66 KV Pavijetpur-Bodeli line, 66 KV Limdi Vastadi Tuva line, and 400 KV Mundra Zerda Line no.2.

11 4 SSs (Sisva, Bhaka, Chandkheda and Asodar) and 2 lines (LILO- Kukma and 132 KV Manjusar-Ode line).

Sl. No.	Name of the Circle	Name of the SS	Cost (₹ in crore)	Date of back charge	Date of Commercial use	Delay (In Months)
1	Surendernagar	66 KV Narali	1.23	17.03.2008	08.09.2009	18
2	Surendernagar	66 KV Chandragarh	1.47	18.03.2008	01.10.2009	19
3	Surendernagar	66 KV Chokdi	2.40	29.12.2010	04.05.2012	16
4	Surendernagar	66 KV Sunderi Bhavani	2.39	17.02.2011	07.08.2012	18
5	Surendernagar	66 KV Rajpara	2.24	08.03.2011	11.05.2012	14
6	Nadiad	66 KV Karamsad	2.14	31.12.2010	14.06.2011	6
7	Nadiad	66 KV Rakhial	2.38	19.02.2011	13.06.2011	4
8	Nadiad	66 KV Kathwada	5.21	31.12.2010	11.10.2011	9
9	Nadiad	66 KV Bidaj	2.95	30.12.2010	18.07.2011	7
10	Nadiad	66 KV Jinjar	1.74	23.03.2011	10.08.2011	5
11	Nadiad	66 KV Bilasiya	3.82	31.03.2011	12.01.2012	9
12	Nadiad	66 KV Mehlav	2.86	07.03.2011	01.05.2012	14
13	Nadiad	66 KV Shella	10.24	28.02.2011	06.06.2012	15
14	Jambuva	66 KV Mota Ambaliya	2.37	30.11.2010	29.04.2012	17
Total			**43.44**			

Source: Data as provided by GETCO

Our analysis revealed that in six SSs (Sl.No.6 to 11), the delay was owing to non availability of lighting mast, non completion of minor works and for the remaining SSs the same were on account of permissions not being received in time from various authorities, RoW problems, poor performance of contractors and shrinking labour strength. These delays could have been avoided by GETCO by proper monitoring and SSs could have been put to commercial use in time for earning anticipated revenue. Thus, these substations constructed at a cost of ₹ 43.44 crore remained idle for considerable periods.

2.1.13 Similarly, another five SSs constructed at a cost of ₹ 10.44 crore, back charged in the year 2010-11 were not commercially commissioned till 30 September 2012, as given below:

Sl. No.	Name of Circle	Name of the SS	Cost (₹ in crore)	Date of back charge	Delay (in months) up to 30 September 2012
1	Jambuva	66 KV Pipero	1.23	26 .03. 2011	18
2	Jambuva	66 KV Vadoth	1.96	30.11. 2010	22
3	Surendernagar	66 KV Tuva	1.90	23.02.2011	19
4	Jambuva	66 KV Ditwas	3.07	28.02.2011	19
5	Nadiad	66 KV Bhalej	2.28	31.01.2011	20
	Total		**10.44**		

Source: Data as provided by GETCO

Non commercialisation of substations resulted in loss of revenue of ₹ 17.21 crore

We observed that out of five SSs in respect of each of three SSs (Sl.No.1, 2, and 4) GETCO projected annual revenue of ₹ 3.50 crore as a result of the construction of SSs. There was a delay ranging between 18 and 22 months in commercial commissioning of all the SSs due to non completion of associated lines on account of permissions not being received in time from various authorities (forest clearance in particular), RoW problems, poor performance of contractors and shrinking labour strength leading to idling of funds of ₹ 10.44 crore. This resulted in foregoing of revenue of ₹ 17.21 crore in three SSs.

The Management stated (September 2012) that the award of contracts for laying of associated lines for these SSs were delayed due to poor response received to the tenders invited for the works. Further, even after award of contracts, the works could not be completed due to RoW problems and also for want of forest clearance.

We do not accept the reply as even in the areas free from the problems of RoW and forest clearance, the execution of line works were not progressing as per plan which could have been avoided by proper monitoring. In three cases (Sl No.1, 2 and 4), GETCO could not obtain the clearance even after lapse of more than two years since the submission of proposals to forest department in July 2010. Even though GETCO attributed the delay to RoW problems, it was caused by the delay in deciding the rate of compensation by GETCO as discussed in para **2.1.17** *infra*.

Non synchronisation of construction activities in SSs

2.1.14 The Board approved (November 2008) construction of 400 KV SS at Halvad under Limbdi circle to provide an absolutely essential parallel path of 400 KV line to Saurashtra with scheduled completion in March 2012. As the initial proposal for acquisition of land at Ghanshyampur was made (November 2008) by the construction division without ascertaining the availability of land, alternate land at Halvad had to be acquired (October 2009) after 11 months. The civil works awarded in three different parts (June 2010/January 2011/April 2011) were to be completed by January 2012. However, as of September 2012, incomplete portion in various items of civil and electrical works was 11 to 83 *per cent* and 26 to 80 *per cent* respectively.

On the other hand supply order for transformers and other materials was issued by Corporate Office as early as in November 2010 and materials worth ₹ 34.99 crore received during December 2010 to March 2012 were lying idle till date (October 2012). Further, transformer valuing ₹ 9.36 crore received for this SS was transferred to Varsana SS (January 2012) and there also it was not installed up to August 2012.

Thus, avoidable delay in selection of site, piecemeal award of civil work and non completion of civil works even after scheduled completion date resulted in materials worth ₹ 34.99 crore remaining idle. Had these supplies been synchronised with the construction stage of SS, payment of interest of ₹ 2.07 crore[12] on borrowed funds of ₹ 34.99 crore could have been avoided.

The Management attributed (September 2012) the delay in overall completion to detection of fraud in civil work because of which electrical erection work could not be carried out and resulted in idling of materials. We do not accept the reply as fraud was detected only in November 2011 and even prior to it the progress of work was slow. Further, the reply does not explain delays in land acquisition or award of civil works.

[12] Interest calculated at the rate of 9.1 to 11 *per cent* p.a. based on the annual average borrowing rate.

2.1.15 In another instance, GETCO planned (February 2011) construction of 220 KV Sarla SS under Surendranagar Circle for which land had already been acquired and paid for in September 2010. The Corporate Office awarded three civil work contracts for compound wall (July 2011), control room (January 2012) and foundations (March 2012) with scheduled date of completion between November 2011 and July 2012. The contract for electrical work was under finalisation in the Corporate Office (March 2012). However, electrical equipments and materials worth ₹ 13.08 crore had been received (October 2010 to February 2012) and kept in stores. This indicated lack of synchronisation among the various construction activities of SS leading to interest loss of ₹ 0.54 crore[13] on borrowed funds of ₹ 13.08 crore.

The Management stated (September 2012) that the work of the SS would be completed by March 2013 and that the materials were procured in advance as a part of strategic planning. We do not accept the reply as receipt of materials was not in tune with the progress of the work.

Unsuitability of approved land

2.1.16 The Corporate Office intimates the respective Circle offices of the various categories of SSs planned for construction during a year. Based on this, the divisions and Circle offices start the process of land identification. The suitability of the land for the SS is first determined at the division level and then approval of Corporate Office is obtained to go ahead with the acquisition of land.

We observed that no specific guidelines existed for determining suitability of land. As a result, three 66 KV SSs (Sisva, Chandkheda and Bhaka) under Nadiad and Jambuva circles planned for construction in 2010-11, were not constructed till date (October 2012) as the land originally identified as suitable were later declared unsuitable as discussed below:

- Circle office Nadiad recommended (Jan 2010) a site for Sisva SS to Corporate Office stating in the proposal itself that the land had possibility of submergence in monsoon. Nevertheless, Corporate Office approved (June 2010) the proposal. As a result, an advance of ₹ 44.10 lakh was paid (June 2010) to the collector for the said land. This amount was still pending adjustment against alternate land, which was yet to be acquired. The Corporate Office, subsequently, rejected (March 2011) the land citing the same reason of submergence, which was earlier not considered by them. Consequently, advance of ₹ 44.10 lakh paid (June 2010) remained blocked for over 24 months and the envisaged saving of ₹ 28 lakh likely to be achieved, due to reduction in losses, as a result of the construction of SS was also not realised (October 2012).
- Due to non availability of suitable land at Khoraj/ Zundal, District Ahmedabad for a 66 KV SS planned for 2010-11, the construction division, Nadiad proposed (March 2010) to the Corporate Office and Collector Office to acquire Government waste land at Chandkheda,

[13] Interest calculated at the rate of 9.1 to 11 *per cent* p.a. based on the annual average borrowing rate.

which was filled up with loose earth/ material. The Circle office, in order to overcome filled up soil strata recommended (May 2010) to adopt pile foundation for civil work, which was not approved (August 2010) by the Corporate Office. Therefore, the division office informed (August 2010) the Collector office about non suitability of land and requested not to proceed in the matter.

Having regard to the non availability of suitable alternate land, the division office again requested (October 2011) Collector office to transfer the same piece of Government waste land for the purpose of the SS. However, the Collector office declined (November 2011) the proposal of division citing the request made earlier (August 2010) for not proceeding in the matter.

We observed that the division office, without ensuring the availability of alternate suitable land, approached (August 2010) collector office not to proceed for the transfer of land at Chandkheda and after 15 months again requested for the same land, which was not accepted by the Collector office. This led to the SS not being constructed (October 2012).

- Land was identified for construction of 66 KV SS at Bhaka and approved by Corporate Office (June 2010). Subsequently in October 2011, the Corporate Office rejected the land acquisition at Bhaka without assigning any reasons. Since, identification of alternate site was in progress, the SS could not be constructed (October 2012). Resultantly, the annual savings of ₹ 0.72 crore anticipated through reduction in line losses and peak power losses were not realised.

The Management stated (September 2012) that in order to ensure right selection of land for substation by Circle office, a check-list system had now been put in place which contained various parameters for land suitability.

Delay in decision on RoW compensation

2.1.17 During the review period, 59 major lines of 400 KV, 220 KV and 132 KV were constructed of which 17 (awarded between January 2008 to May 2010) were delayed for periods ranging from 5 to 17 months. Further 12 major lines (awarded from November 2008 to June 2010), which were in progress at the end of the review period were delayed for periods ranging from 7 to 25 months. The main reason attributed for the delay was the farmers demanding compensation in excess of the norm fixed at ₹ 20,000/ Km for Right of Way (RoW). The compensation norm of ₹ 20,000/ Km was in existence even prior to the restructuring of GEB. It was not revised, based on the changing scenario, until June 2011.

We observed that BoD of GETCO directed as late as in February 2010, to constitute a committee for examining and recommending a reasonable compensation under ROW. However, the committee was not constituted till date (October 2012). In the meantime, GETCO had revised the amount of compensation to ₹ 1,00,000/ Km in June 2011. Further, it increased the amount to ₹ 5,00,000/ Km (February 2012) for 400 KV and 220 KV lines.

However, in both cases the revisions were approved by the BoD without any assessment study by a committee as stated above.

The delay of 5-17 months in the 17 completed works (₹ 243 crore) and 7-25 months in the 12 works in progress (₹ 99.97 crore) led to blocking of funds of ₹ 342.97 crore for the period of delay

Since, RoW compensation had been a part of the contractors estimate, they were unable to pay higher amount of compensation. Consequently, the lines got delayed. Even the lines which were completed with delays, the works were carried out with the help of police protection or at the additional cost borne by the contractors. The delay of 5-17 months in the 17 completed works (₹ 243 crore[14]) and 7-25 months in the 12 works in progress (₹ 99.97[15] crore) led to blocking of funds of ₹ 342.97 crore for the period of delay. Notwithstanding the above delays since 2008-09, GETCO delayed action in enhancing compensation. Even the delayed enhancement was not made by constituting a committee, as recommended. As a result, further delays cannot be ruled out.

The Management replied (September 2012) that revisions were carried out (June 2011/ February 2012) based on landowners' demand for higher compensation and actual compensation being paid by various agencies including PGCIL[16]. We do not find justifiable reasons for the delay in fixing reasonable compensation. Further, no reasons were given for non-constitution of committee as decided by BoD earlier.

Delay in compensatory afforestation by GETCO

2.1.18 The 66 KV Saputara SS at Navsari was completed in August 2005 but could not be commercially commissioned as the associated 66 KV Saputara line was not ready pending clearance from forest department. The forest authorities demanded (November 2006) 24 ha of land from GETCO for compensatory afforestation in lieu of land to be given for line work. The Dy. Conservator of Forest approved (October 2007) the government land identified in Barupada village for afforestation purpose. GETCO paid (January/August 2009) ₹ 0.59 crore towards land cost and ₹ 3.47 crore as expense for afforestation. Delay in taking over the land by GETCO led to encroachment. Therefore, forest authorities refused to accept the land for afforestation. Hence, alternate land identified in Beda village was acquired (June 2010) at a cost of ₹ 5.65 crore. The construction of the line was completed and SS was put to commercial use in February 2012. Thus, delay in taking possession of land indentified for compensatory afforestation resulted in additional cost of ₹ 5.06 crore for alternative land.

The Management stated (September 2012) that stringent norms in forest clearance and land compensation for compensatory afforestation caused the delay. We do not accept the reply as delay in taking possession of land was avoidable.

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[14] Estimated by GETCO on the basis of 50 *per cent* of material cost.
[15] Estimated by GETCO on the basis of 50 *per cent* of material cost.
[16] Power Grid Corporation of India Limited.

Fore-closing of Loop in Loop out (LILO) line to Kukma SS

2.1.19 The LILO line from 220 KV Nanikhakhar Shivlakha line to Kukma SS (Anjar circle) was approved in January 2007. The work of erection of line was awarded (April 2008) to Quality Electric Company at a cost of ₹ 0.39 crore with a completion period of six months. The tower materials and conductors were to be supplied by GETCO. The work was stopped in November 2008 due to RoW problems. The work on LILO was resumed (May 2009) and GETCO had supplied material for the LILO line worth of ₹ 3.25 crore up to May 2010. The contractor had completed work (including material cost) at a cost of ₹ 3.49 crore upto February 2011.

The RoW problem could not be resolved since compensation amount was considered inadequate by farmers and attempts to carry out the work with police protection failed. Therefore, the work was foreclosed in February 2011. This resulted in blocking up of funds of ₹ 3.25 crore (material cost) and consequential interest loss of ₹ 0.69 crore for the period (May 2010 to March 2012).

The Management stated (September 2012) that idling of materials was genuinely beyond their control. The fact remained that there was idling of materials due to stoppage of work since February 2011 and RoW problems could have been resolved through timely decision on compensation.

Mismatch between Generation capacity and Transmission facilities

2.1.20 National Electricity Policy envisaged augmenting transmission capacity taking into account the planning of new generation capacities, to avoid mismatch between generation capacity and transmission facilities. During the review period, in order to evacuate power from nine[17] generating stations, GETCO planned to erect five 220 KV D/C line, four 400 KV D/C line and one LILO to an existing 220 KV S/C line. Of the 10 lines so planned, eight lines were completed during the review period and no mismatch was noticed between the creation of generation capacity and transmission capacity. The remaining two[18] lines that were still in progress were examined in audit. The audit finding in this regard is discussed below:

Delay in evacuation of power from Adani Power Limited- Bid No.II

2.1.21 GETCO approved (May 2007) construction of two lines viz., 400 KV APL-Zerda line No.I and II for evacuating power from 1320 MW Mundra project of Adani scheduled to be commissioned in February 2012. Work order for APL-Zerda line No.I was issued (during April – July 2011) in three packages at a cost of ₹ 116.50 crore with the scheduled date of completion during March to June 2012. The work order for APL – Zerda line No II was issued in October 2009 at a cost of ₹ 213.56 crore scheduled to be completed by April 2011. But both the lines were still in progress (October 2012).

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[17] Utran Stage-II (374 MW), Adani (four units each of 330 MW, two units each of 660 MW), SLPP stage-II (250 MW), Essar (600 MW).

[18] 400 KV D/C APL – Zerda line No.I and II.

We observed that as against the prescribed time limit of 90 days for profile approval of towers in respect of Line No.II, the contractor took an additional period of 454 days, which resulted in subsequent delays.

In the meantime, commissioning of generating units was advanced to July 2011 and the power was evacuated through other existing lines. Had line No.II been completed in time, power from Mundra project could have been evacuated from this line.

The Management stated (September 2012) that delay in construction was not due to tower profile alone, but RoW issues, Wildlife and Forest clearances etc. It was also stated that the delay attributable to agencies with regard to profiles would be considered at the time of levy of liquidated damages.

Performance of transmission system

2.1.22 The performance of GETCO mainly depends on efficient maintenance of its EHT transmission network for supply of quality power with minimum interruptions. In the course of operation of SSs and lines, the supply-demand profile within the constituent sub-systems is identified and system improvement schemes are undertaken to reduce line losses and ensure reliability of power by improving voltage profile. These schemes are for augmentation of existing transformer capacity, installation of additional transformers, laying of additional lines and installation of capacitor banks. The performance of GETCO with regard to Operation and Maintenance (O&M) of the system is discussed in the succeeding paragraphs.

Transmission capacity

2.1.23 GETCO in order to evacuate the power from the Generating Stations and to meet the load growth in different areas of the State constructs lines and SSs at different EHT voltages. The evacuation is normally done at 220 KV SSs. The transmission capacity created vis-à-vis the transmitted capacity (peak demand met) at the end of each year by GETCO during the five years ending March 2012 are as follows:

Transmission capacity (in MVA)				
Year (1)	**Installed** (2)	**After leaving 30 *per cent* towards margin** (3)	**Peak demand (In MVA)** (4)	**Excess/ shortage** (5) = (3-4)
2007-08	15,125	10,588	10,372	216
2008-09	16,300	11,410	10,486	924
2009-10	16,900	11,830	10,981	849
2010-11	17,400	12,180	11,623	557
2011-12	18,970	13,279	12,454	825

Source: Data as provided by GETCO

From the above table it could be observed that the installed overall transmission capacity at 220 KV always remained in excess of peak demand during entire review period from 2007-08 to 2011-12 even after considering 30 *per cent* redundancy. The capacity at the end of 2011-12 was in excess by

825 MVA, which was created at a cost of ₹ 24.26 crore[19]. This cost was passed on to the consumers.

The Management justified (September 2012) the excess capacity stating that at 50 locations, transformers having transformation capacity of 10,900 MVA were loaded more than 70 *per cent* of the installed capacity, at 36 locations transformers having transformation capacity of 8,000 MVA were loaded from 50 to 70 *per cent* and at two locations less than 50 *per cent*. It was further stated that the load diversity to be catered of 5,371 MW to 11,209 MW during 2011-12 also justified the capacity.

We do not accept the reply since 30 *per cent* capacity allowed as a margin on the existing transmission network takes care of all variations/diversity of load.

Sub-stations

Adequacy of Sub-stations

2.1.24 Manual on Transmission Planning Criteria (MTPC) stipulates the permissible maximum capacity for different SSs i.e., 320 MVA for 220 KV and 150 MVA for 132 KV SSs. Scrutiny of the maximum capacity levels of 48 SSs in the selected four circles[20] revealed that three numbers of 220 KV SSs at Ranasan, Godhra and Karamsad and three numbers of 132 KV SSs at Narol, Gotri and Nandesari II exceeded the permitted levels.

The Transmission Planning and Security Standards (TPSS) issued by GERC indicated that the size and number of transformers in the SS shall be planned in such a way that in the event of outage of any single transformer, the remaining transformer(s) could still supply 80 *per cent* of the load. On analysis of the transformer loading in 48 SSs (three Nos. of 400 KV, 26 Nos. of 220 KV and 19 Nos. of 132 KV) in selected circles, it was noticed that in 20 SSs (one 400 KV, nine 220 KV and ten 132 KV), the total capacity of remaining transformer(s) was not sufficient to bear 80 *per cent* of the load and deficit was to the extent of 2.77 to 33.78 *per cent*.

The Management stated (September 2012) that a proposal for revision in permissible limit of maximum capacity of 220 KV SSs was put up to GERC and that there were no operational constraints due to availability of alternative source through transfer of loads to other SSs in the interconnected grid.

Voltage management

2.1.25 The licensees using intra-state transmission system should make all possible efforts to ensure that grid voltage always remains within limits. The table below summarises the voltage requirements as per the Indian Electricity Grid Code and variations observed during 2007-12 in the bus voltages of 48 SSs[21] test checked in audit.

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[19] 825 MVA @ ₹ 0.0294 crore *per* MVA (cost of 100 MVA transformer @ ₹ 2.94 crore).
[20] Anjar, Jambuva, Nadiad and Surendranagar.
[21] Three 400 KV SS, 26 numbers of 220 KV SS and 19 numbers of 132 KV SS.

Class of SSs	Norm	No. of SSs below norm	Actual Range	No. of SSs above norm	Actual Range
400 KV	380-420 KV	1	375-378	2	422-435
220 KV	198-245 KV	2	180-197	9	246-254
132 KV	119-145 KV	5	108 -119	6	145-149

Source: Data as provided by GETCO

We observed that the same SS could remain below norm as well as above norm at different points of time. In the instances pointed out above, one 400 KV SS (Chorania) and three 132 KV SS (Undel, Vatva and Sitagarh) remained above and below the norm at different points of time.

The Management replied (September 2012) that measures have been initiated to control variance in bus voltage by installation of reactors to control voltage fluctuations and capacitor banks to improve voltage profile.

Augmentation of Transmission System

2.1.26 During the period under review GETCO augmented existing transformation capacity by 7,865 MVA, out of which augmentation of 2,715 MVA in the selected four circles were reviewed in audit. The findings are discussed below:

Use of unsuitable conductor

2.1.27 GETCO energised (August 2007) two lines (66 KV Khavda Vighakot line and 66 KV Khavda Bediyabet line) for power supply under Border Flood Light Project in Indo-Pak Border in Kutch region at a cost of ₹ 17.33 crore (including ₹ 2.49 crore towards AAAC conductor).

Use of unsuitable conductor rendered expenditure of ₹ 2.49 crore wasteful.

We observed that the tender for the turnkey contract was originally invited (February 2005) for ACSR conductor which was later changed to AAAC conductor based on field survey as the area was polluted and saline. Accordingly, AAAC conductors were used in laying the above two lines. However, snapping of conductor occurred frequently since November 2007 in the two lines. During November 2007 to April 2012, the conductors in the two lines snapped on 32 occasions. Hence, the Engineering department of the Corporate Office advised (March 2009) replacement of AAAC conductors by ACSR conductors to overcome the problem. However a period of two years was lost in deciding whether the conductors were to be replaced in selected areas or in totality. In May 2012, a tender was invited for replacing all the AAAC conductors by ACSR conductors at an estimated cost of ₹ 3.22 crore. This indicates that the tenders were properly invited at the initial stage (February 2005) and the subsequent change made in the type of conductor was unwarranted. Thus, as a result of using unsuitable conductor, the expenditure of ₹ 2.49 crore on original conductors became wasteful.

The Management stated (September 2012) that decision on replacement of AAAC conductor with ACSR was taken after detailed study. We do not accept the reply as delay of more than two years was not justifiable. Further, the incorrect decision regarding selection of the type of conductor at the tender stage resulted in need for replacement.

Construction of second circuit line without ensuring availability of Feeder bay at Power generator

2.1.28 The work of supply of towers and erection of 220 KV single circuit (S/c) Akrimota Panandhro line (Anjar circle) for evacuating power from the Akrimota power plant of Gujarat Mineral Development Corporation Limited (GMDC) was awarded (March 2005) by GETCO at a cost of ₹ 3.86 crore. The conductors, insulators and other material required for the line work were to be supplied by GETCO. The line planned was of single circuit on double circuit tower. The Corporate Office decided (May 2005) to convert this line to a double circuit line to improve reliability of power. Accordingly, the scope of work was increased to include the stringing of the second line also and amended order for ₹ 3.92 crore was issued (October 2005).

Construction of circuit line without ensuring availability of feeder bay led to blocking up of funds of ₹ 5.53 crore and loss of interest of ₹ 2.86 crore

We observed that, the second circuit line required the construction of another 220 KV feeder bay at GMDC from where the line would emanate. However, GETCO, without ensuring firm commitment from GMDC for the construction of feeder bay, went ahead with the construction of the second circuit line. Both the circuit lines were completed in August 2006 at a cost of ₹ 14.98 crore, however, only the first circuit line was charged on that date. As GMDC had not constructed the 220 KV feeder bay till date, the second circuit line had not yet been commissioned (October 2012).

This led to blocking of funds of ₹ 5.53 crore being the proportionate cost of the second line and consequential interest loss of ₹ 2.86 crore[22] for the period August 2006 to March 2012.

The Management replied (September 2012) that non utilisation of the second circuit was due to inordinate delay in completion of second feeder bay by GMDC. However, we noticed that other than intimating the requirement of the feeder bay, no firm commitment was obtained from GMDC before taking up the project.

Delay in Augmentation of 220 KV Shivlakha SS

2.1.29 The Samakhyali Division proposed (September and November 2009) augmentation of 220 KV SS at Shivlakha by adding one 100 MVA transformer so as to increase the load capacity to 300 MVA to meet the enhanced load requirement. Accordingly, Corporate Office placed order in October 2010 for purchase of transformer valuing ₹ 3.82 crore and the same was received in Shivlakha 220 KV SS in May 2011.

We observed that the technical sanction for the civil work of bay was conveyed by the circle only on 19 May 2011 i.e., after the receipt of the transformer at site. The transformer which was received in May 2011 was installed only in May 2012. Thus, the transformer was lying idle at site for one year leading to blocking up of funds of ₹ 3.82 crore with consequential loss of interest of ₹ 0.42 crore.

[22] Calculated at the rate of 9.10 to 11 *per cent per annum* based on the annual borrowing rates.

The Management replied (May 2012) that the delay in placing the civil work order occurred due to time taken to prepare drawings for design layout based on soil data. It was also stated that GETCO had now exclusively identified R&M engineer and civil engineer for such augmentation work, so that gap in designing would be bridged and inventory would not be blocked up in future. However, the fact remains that the plan for design should have been made before placement of purchase order for transformer.

Maintenance

Performance of Power Transformers (PT)

2.1.30 Power Transformers are important components of electrical energy supply network and it is of special interest to prolong their life while reducing their maintenance expenditure. The table below indicates status of failure of power transformers during the years 2007-08 to 2011-12:

Performance of Power Transformers

Year	No. of transformers at the beginning of the year	No. of transformers failed	No. of transformers failed within guarantee period	No. of transformers failed within normal working life	Expenditure on repair and maintenance (₹ in crore)
2007-08	1,980	42	9	33	2.32
2008-09	2,021	30	3	27	2.16
2009-10	2,135	40	8	32	2.30
2010-11	2,262	24	3	21	6.48
2011-12	2,379	31	5	26	3.77
Total	**10,777**	**167**	**28**	**139**	**17.03**

Source: Data as provided by GETCO

It may be seen from the table above that the failure of transformers was less than two *per cent* during the performance audit period.

Delay in overhauling/ repairing of power transformers

2.1.31 The Circle office sends proposals to Corporate Office for approval of overhauling of transformers after considering the Insulation Resistance (IR) and tan delta values. We observed that during 2007-08 to 2011-12 there was a delay of six to 45 months in overhauling of 20 transformers (3 circles[23]) from date of approval. There was a delay of 12 to 20 months in two cases and delay of more than 24 months in eight cases on account of non allotment of transformer oil to be procured by Corporate Office. Further, there was delay of more than 18 months in five cases due to non obtaining of outage permission from DISCOMS. Delay of 4 to 17 months was caused in four cases where field offices did not initiate award of work and on the remaining one case, delay of 34 months was caused due to delay in taking the decision on shifting the transformer. This could have been avoided by better monitoring/management.

The Management accepted (September 2012) the audit observations.

[23] Anjar, Nadiad and Surendranagar.

Transmission losses

2.1.32 While energy is carried from the generating station to the consumers through the Transmission & Distribution (T&D) network, some energy is lost which is termed as T&D loss. Transmission loss is the difference between energy received from the Generating Station/Grid and energy sent to DISCOMs. The details of transmission losses from 2007-08 to 2011-12 are given below:

Particulars	Unit	Year				
		2007-08	2008-09	2009-10	2010-11	2011-12
Power received for transmission	MUs	58,051	57,728	68,109	65,692	64,208
Net power transmitted	MUs	55,818	55,247	65,182	63,165	61,657
Actual Transmission loss	MUs	2,233	2,481	2,927	2,527	2,551
	Percentage	3.85	4.30	4.30	3.85	3.97
Target Transmission loss as per the CEA norm	*Percentage*	4.00	4.00	4.00	4.00	4.00
Target Transmission loss as per GERC norms	*Percentage*	4.35	4.30	4.25	4.20	4.18

Source: Data as provided by GETCO

It could be seen from the above table that the transmission losses increased from 3.85 *per cent* in 2007-08 to 4.30 *per cent* in 2008-09 and 2009-10, decreased to 3.85 *per cent* in 2010-11 and again increased to 3.97 *per cent* in 2011-12. However, the transmission loss was within the norms fixed by GERC in all the years except in the year 2009-10 wherein against 4.25 *per cent*, the loss was marginally higher at 4.30 *per cent* and the loss worked out to ₹ 0.57 crore. The reason for higher transmission loss was on account of lower drawl of power by south Gujarat region, and consequent transmission of unused power north wards. Even comparing with CEA norms of four *per cent*, the transmission loss was within the norms except in 2008-09 and 2009-10. The loss worked out to ₹ 6.38 crore (₹ 2.79 crore[24] and ₹ 3.59 crore[25]) for 2008-09 and 2009-10 respectively.

Grid management

Maintenance of Grid and performance of SLDC

2.1.33 The Gujarat State Load Despatch Centre (SLDC), a constituent of Western Regional Load Despatch Centre (WRLDC), Mumbai ensures integrated operation of power system in the State. The GoG notified (May 2004) that the SLDC shall be operated by GETCO. The SLDC is assisted by three Area Load Despatch Centres (ALDCs) for data acquisition and transfer to SLDC. The SLDC levies and collects such fees and charges from the generating companies and licensees engaged in intra-state transmission of electricity as specified by the GERC.

[24] Excess loss 172 MU@ ₹ 0.162 per unit.
[25] Excess loss 203 MU ₹ 0.177 per unit.

Infrastructure for load monitoring

2.1.34 Remote Terminal Units/ Sub-station Management Systems (RTUs/ SMSs) are essential for monitoring the efficiency of the transmission system and the loads during emergency in load dispatch centres as per the Grid norms for all SSs. We observed that for all eleven 400 KV SSs, the RTUs were provided (100 *per cent*) for recording real time data for efficient Energy Management System as on 31 March 2012. However, the provisions of RTUs were lesser in respect of other SSs. It was available only in 63 out of 79 Nos. of 220 KV SSs (79.75 *per cent*) and in 6 out of 49 Nos. of 132 KV SSs (12.24 *per cent)*.

The Management accepted (September 2012) the audit findings and stated that the requirement of RTUs would be reviewed.

Backing Down Instructions

2.1.35 When the frequency exceeds the ideal limits i.e. situation where generation is more and drawl is less (at a frequency above 50 Hz) SLDC issues Backing Down Instructions (BDI) to the Generators to reduce the generation for ensuring the integrated Grid operations and for achieving maximum economy and efficiency in the operation of the power system in the State. No backing down instructions were issued by GETCO for 2007-08 to 2009-10 due to deficit in power supply. GETCO issued BDI for 16935.92 MUs for the period 2010-12 which was complied with by the generators.

Disaster Management

2.1.36 Disaster Management (DM) aims at mitigating the impact of a major break down on the system and restoring it in the shortest possible time. As per the best practices, DM should be set up by all power utilities for immediate restoration of transmission system in the event of a major failure. It is carried out by deploying Emergency Restoration System, DG sets, vehicles, fire fighting equipments and skilled and specialised manpower.

Inadequate facilities for DM

2.1.37 Diesel generating (DG) sets and synchroscopes[26] form part of DM facilities at EHT SSs connecting major generating stations. The particulars of installation of DG sets and synchroscopes at SSs are given below:

Sl. No.	Class of SSs	No. of SSs	Installation of DG sets (No. of SSs)	Installation of synchroscopes (No. of SSs)
1	400 KV	11	11	11
2	220 KV	79	66	22
3	132 KV	49	34	2

Source: Data as provided by GETCO

[26] In an AC electrical power system it is a device that indicates the degree to which two systems generators or power networks) are synchronised with each other.

It would be seen from the above table that DG sets and synchroscopes were not installed in all 220 and 132 KV SSs. While SSs can be taken care by alternate source of power in the absence of DG sets, installation of required synchroscopes are to be ensured for proper synchronisation of power from generators to transmission system. Further, GETCO had not procured any emergency restoration system.

Energy Accounting and Audit

2.1.38 Energy accounting and audit is necessary to assess and reduce the transmission losses. The transmission losses are calculated from the Meter Reading Instrument (MRI) readings obtained from Generation to Transmission (GT) and Transmission to Distribution (TD) boundary metering points. As on 31 March 2012, GETCO had 1,123 interface boundary metering points between Generation to Transmission (GT) and 2,216 metering points between Transmission to Distribution (TD). All the GT points and TD points were provided meters.

We observed that the management had not fixed norms of losses for different voltage class of feeders. However, in respect of 10 divisions having 125 feeders[27], management identified existence of high percentage of losses ranging from 1.97 to 3.52 *per cent* in two 400 KV feeders, 2.04 to 82.90 *per cent* in fourteen 220 KV feeders and 3.04 to 5.70 *per cent* in four 132 KV feeders for the period from January 2012 to March 2012. According to the management, transmission losses depend on variable factors like voltage class, line length, type of conductor, quantum and nature of loading, and ambient temperature, on account of which it was considered logical to work out loss in totality for the grid. However, in feeders where higher losses were noticed, technical solutions like installation of capacitor banks had been initiated.

Financial management

Financial position

2.1.39 One of the major objectives of the National Electricity Policy 2005 was ensuring financial turnaround and commercial viability of Power Sector.

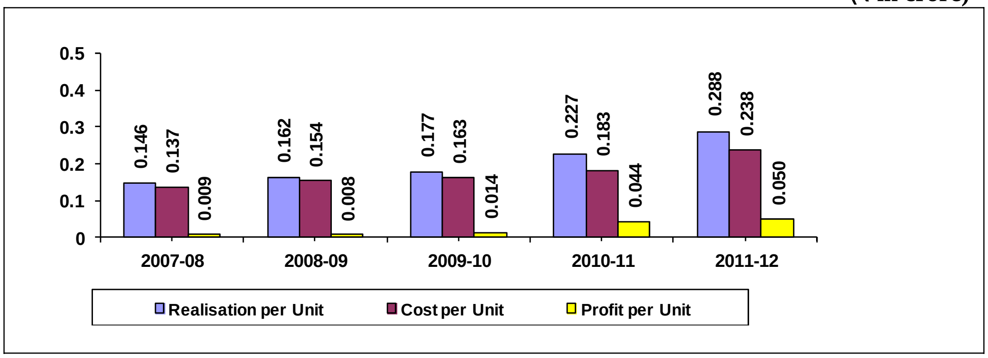
We observed that GETCO had been earning profit during review period. The profit before tax of GETCO increased by 702 *per cent* from ₹ 38.97 crore in 2007-08 to ₹ 312.64 crore in 2011-12. Further, the debt-equity ratio increased from 1.42:1 to 7.02:1 during the period upto 31 March 2012 due to fresh borrowings.

[27] 400 KV feeders – 5; 200 KV feeders – 77 and 132 KV feeders – 43.

Recovery of cost of operations

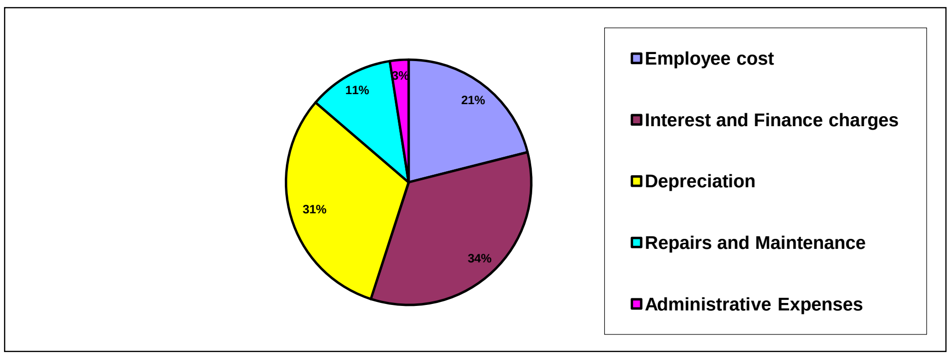
2.1.40 During the last five years ending 2011-12, the profit per unit increased from ₹ 0.009 (2007-08) to ₹ 0.050 (2011-12) as given in the graph below:

(₹ in crore)



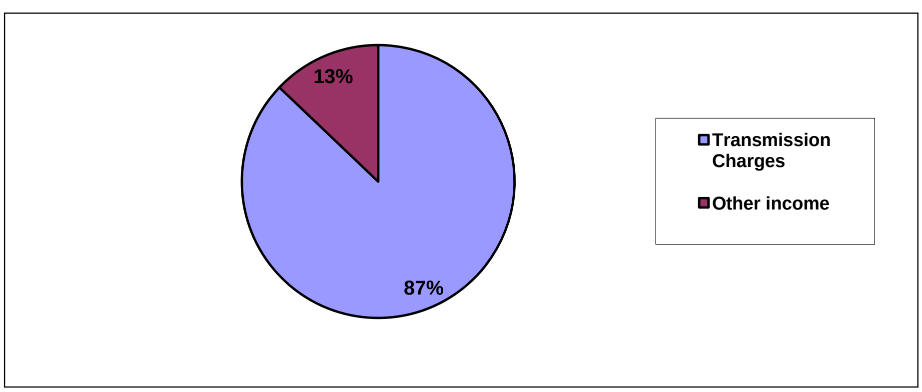
Elements of Cost

2.1.41 The percentage break-up of major elements of costs for 2011-12 is given below:



Elements of revenue

2.1.42 Transmission charges constitute the major element of revenue. The percentage break-up of revenue for 2011-12 is given below in the pie chart**.**



Audit observations on financial management of GETCO

Belated raising of monthly transmission invoices

2.1.43 The Transmission Service Agreement entered into (April 2005) between GETCO and GUVNL/DISCOMs provides that monthly bill shall be raised by GETCO on or after 7th day from the end of each month at the tariff fixed by the Gujarat Electricity Regulatory Commission (GERC). It was also provided that any amount other than stated in a monthly bill could be raised through a supplementary bill.

We noticed that monthly transmission invoices were issued after a delay of 11 to 22 days, 11 to 21 days and 7 to 22 days during 2009-10, 2010-11 and 2011-12 respectively and the delay was due to non receipt of pooled losses for western region which were to be intimated by WRPC[28]. As pooled losses were related to DISCOMs who were the major users of transmission network and these losses ranged from 5.01 to 6.76 *per cent,* 3.61 to 6.45 *per cent* and 3.26 to 5.54 *per cent* during 2009-10, 2010-11 and 2011-12 respectively, it was possible that transmission invoices could be raised on the basis of pooled losses of previous month and the bills reconciled at an appropriate time.

Belated raising of Transmission invoices resulted in interest loss of ₹ 17.42 crore

We made an effort to work out the differential amount of invoicing considering pooled losses of previous month and actual intimated for current month. The annual differential invoicing was in the range of receivable of ₹ 15.55 lakh to refundable of ₹ 19.04 lakh only. Thus, delay in raising the invoices led to an avoidable interest loss of ₹ 17.42 crore on blocking up of monthly receivables ranging from ₹ 84 crore to ₹ 135 crore during the period from 2009-10 to 2011-12.

The Management stated (September 2012) that GUVNL was not agreeable to the system of provisional billing. We do not accept the reply as supplementary bills were envisaged in TSA and the process would result in financial gain to GETCO.

Under recovery of cost due to non revision of Pro Rata Charges

Non revision of pro rata charges for the period 2008-12 led to under recovery of ₹ 2.81 crore

2.1.44 Pro rata charges were meant to compensate GETCO (licensee) for the expenditure incurred in the system for increasing the transmission capacity. Gujarat Electricity Regulatory Commission (GERC) vide notification no.9 of 2005, allowed GETCO to recover pro rata charges from existing consumers demanding additional load and also from new consumers. Based on the above notification, GETCO issued a detailed circular (March 2007) laying down the formula for calculation of pro rata charges. As the formula was based on the purchase cost of various transmission equipments, these charges were to be periodically revised.

GETCO worked out the pro rata charges as ₹ 835/ KVA in March 2007, which was not revised in the later years. During 2008-09 to 2011-12, though GETCO

[28] Western Region Power Committee.

released 5,26,240 KVA load on 66 KV voltage to various consumers but levied pro rata charges of ₹ 835/ KVA for all the years.

For working out the pro rata charges, the average cost of the transmission equipments for a year should be worked out and applied to connections released during subsequent year. Based on cost data provided to us, the pro rata charges per KVA for 2008-09 to 2011-12 were reworked as ₹ 762, ₹ 1,100, ₹ 822 and ₹ 775 for each of the years respectively leading to a net under recovery of ₹ 2.81 crore as tabulated below:

Year	Actual Applied Rate/KVA	Revised Rate (₹/KVA)	Increase/ (Decrease)	Power Released at 66 KV voltage level during the year (In KVA)	Under/ (Over Recovery) (₹ in lakh)
2008-09	835	762	(73)	1,17,670	(85.90)
2009-10	835	1,100	265	1,70,550	451.96
2010-11	835	822	(13)	1,22,900	(15.98)
2011-12	835	775	(60)	1,15,120	(69.07)
TOTAL				**5,26,240**	**281.01**

Source: Data as provided by GETCO

The Management replied (September 2012) that during the review period there was no under recovery as per their working and it was now decided that pro rata charges would be revised once in five years. We do not accept the reply since over/under recovery from different consumers can not be mutually adjusted. Further, the Management's contention that there was no under recovery as per its working was because it applied the pro rata charges calculated on the basis of procurement for a year to the same year's connections released, instead of next year's connections. This is not possible as a particular year's cost will be known only at the end of the year whereas connections are released throughout the year.

Unwarranted reimbursement of Service Tax

2.1.45 GETCO undertakes establishment of new SS, erection of transmission lines, laying of underground cables for transmission purpose either departmentally or through labour contract (wherein procurement is done by GETCO) or by way of EPC (i.e. Erection, Procurement and Commissioning) Contract. For the above work, GETCO reimbursed service tax to Contractors to the extent paid by them. GETCO also undertakes certain works on deposit basis on behalf of other agencies wherein service tax if reimbursed to the contractors is recovered from the depositors. The Government of India clarified (May 2010) that the activities such as shifting of overhead cables/ wires for any reasons due to widening/ renovation of roads, laying of electrical cables under or alongside roads/ railway tracks and between grids/ SSs/ transformers, etc are outside the purview of Service Tax as the same does not result in the emergence of an erected, installed and commissioned plant, machinery, equipment or structure or does not result in installation of an electrical or electronic device (i.e., machine or equipment that uses electricity to perform some other function).

We observed that due to absence of specific guidelines/ clarification by Corporate Office to the field offices till March 2011 regarding non applicability of service tax in the above works, there was an unwarranted reimbursement of service tax to the extent of ₹ 46.84 lakh in the construction divisions[29] in selected circles for the period May 2010 to March 2011.

The Management replied (September 2012) that in some areas, Service Tax authorities had taken the stand that service tax was applicable on the above works. Further from Finance Act, 2012 these works were not included in the negative list hence it has to be assumed that the service tax is applicable on these items. We do not accept the reply as the fact remained that in the instances pointed out there was reimbursement of Service Tax during the exemption period due to delay in communication from Corporate Office regarding the issue.

Belated recovery of cost of deposit works

2.1.46 A scrutiny of the status of bills for deposit works as on (1 March 2012) carried out by the Anjar Construction Division for HT Consumers showed that there was inordinate delay in passing of final bills of the works. This resulted in delayed recovery of balance amount from consumers in whose favour the works were carried out. We noticed that there was a delay of two to 52 months in passing of final bills after completion of work in 13 out of 105 works completed during audit period. In the above 13 cases, the belated recovery worked out ₹ 77.57 lakh.

Similarly in construction division, Limbdi, on a review of the status of job work deposits and related expenses as of March 2012, we observed that in 12 out of 13 cases, final bills were not yet finalised for the works completed. The delay ranged between one to 14 years. It was further observed that there was delay ranging from one to 12 years in nine cases in submission of final bills by the field office to the Corporate Office, which was the major contributor to the delay. This indicates that there is a lack of follow up action in settling the final bills for jobs completed, which can be avoided by putting a proper system in place.

The Management while accepting (September 2012) the fact attributed belated recovery to procedure involved in finalisation of bills.

Excess rebate allowed

2.1.47 GETCO raises monthly transmission bills on GUVNL for DISCOMs and other beneficiaries on the allocated capacities at the rates specified in the Tariff Orders. The bills were to be paid within 60 days from the date of issue as per Transmission Services Agreement (TSA) of April 2005. As per Terms and Conditions of TSA, two *per cent* rebate shall be allowed for payment of bills within seven days and one *per cent* for payments made within a period of thirty days.

We observed that for the period 2007-08 to 2011-12 GETCO had billed GUVNL/ DISCOMS/ Others for ₹ 5,884.07 crore against which the net realisation was only ₹ 5,276.02 crore. As per details provided by GETCO,

[29] Construction Divisions at Anjar, Jambuva, Limbdi and Nadiad.

normal rebate of ₹ 56.57 crore was allowed under TSA. Further, an additional rebate of ₹ 551.48 crore over and above entitlement had also been allowed by GETCO to GUVNL/ DISCOMS.

The Management stated (September 2012) that GETCO was one of the six utilities under GUVNL and hence it had to rationalise its profit, so that DISCOMs were not burdened. So, based on the mutual understanding with GUVNL and DISCOMs, the extra rebate was allowed. If required, it would review the TSA so as to cover extra rebate allowed to GUVNL and DISCOMs.

We do not accept the reply as the above procedure of using rebate to rationalise the profit is not a transparent procedure and needs to be reviewed.

Tariff Fixation

2.1.48 The tariff structure for GETCO is approved by GERC based on Annual Revenue Requirements (ARRs) filed by them. The table below gives the due date of filing of ARR *vis-à-vis* actual date of filing and date of approval of tariff petition besides the effective date of the revised tariff.

Year	Due date of filing	Actual date of filing	Delay in days	Date of approval	Effective date
2007-08	30.11.06	28.12.06	28	31.03.07	01.04.07
2008-09	31.01.08	31.07.08	182	17.01.09	01.02.09
2009-10	30.11.08	25.08.09	268	14.12.09	14.12.09
2010-11	30.11.09	23.12.09	23	31.03.10	01.04.10
2011-12	30.11.10	31.12.10	31	31.03.11	01.04.11

Source: Data as provided by GETCO

Inconsistent methodology adopted in truing up of ARR for 2008-09 and 2010-11 may result in reduction of ₹ 167.06 crore from ARR 2012-13 instead of a reduction of ₹ 26.81 crore.

We observed that the tariff petition for 2008-09 being the first Multi Year Tariff (MYT) petition was delayed due to delay in preparing projections for the three years (2008-09 to 2010-11) and the order for 2008-09 was obtained in January 2009. This led to subsequent delay in filing petition for 2009-10 also. Delay in filing the tariff petition for 2008-09 and 2009-10 resulted in GETCO raising supplementary invoice for differential amount as per revised tariff for two and three months respectively. This delay was adjusted by GERC in truing up done for each year based on actual data.

We observed that at the time of truing up the ARR for the year 2009-10 the actual billed revenue of ₹ 1,043.49 crore was adjusted. This enabled GETCO to recover the difference between approved tariff and actual billed amount. However, in 2008-09 and 2010-11 the actual billed revenue of ₹ 936.43 crore and ₹ 1,370.29 crore were not adjusted during truing up the ARRs. This led to non recovery of ₹ 140.25 crore[30] in the tariff order for 2012-13. On being pointed out in audit GETCO approached (August 2012) GERC to adjust the billed amount in respect of truing up of 2008-09, which is pending for final decision by GERC. However, GETCO had not approached so far for adjustments in respect of truing up of 2010-11. This would have resulted in recovery of ₹ 40.65 crore in tariff order for the year 2012-13.

[30] Difference between approved tariff and billed revenue of ₹ 99.60 crore (₹ 1036.03 crore *less* ₹ 936.43 crore) for 2008-09 and ₹ 40.65 crore (₹ 1,410.94 crore *less* ₹ 1,370.29 crore) for 2010-11.

Material management

2.1.49 The key functions in material management are laying down inventory control policy, procurement of materials and disposal of obsolete inventory. GETCO had formulated procurement policy for economical procurement and efficient control over inventory.

2.1.50 The materials required for the day to day operation and maintenance of the system were stored in the R&M stores at Gondal, Haldarwa and Soja. The consumption per month and closing stock in terms of months' consumption are given below:

Year	Consumption (per annum) (₹ in crore)	Consumption (per month) (₹ in crore)	Net Closing stock (₹ in crore)	Closing stock in terms of months of consumption
2008-09	33.58	2.80	20.95	7.5
2009-10	140.78	11.73	41.84	3.6
2010-11	118.60	9.88	41.51	4.2
2011-12	210.56	17.55	85.71	4.9

Source: Data as provided by GETCO

We observed that though, the closing stock in terms of months' consumption reduced from 7.5 in 2008-09 to from 3.6 in 2009-10 and increased to 4.9 in 2011-12, no norms were fixed for maintaining the stock in terms of months' consumption.

2.1.51 Besides, the R&M stores stated above, each construction division had its own stores where the material purchased for the works of construction division were kept. A review of the records of the construction stores in the four selected circles and purchases done at Corporate Office revealed the following

Idling of 400 KV tower material for ten years

2.1.52 A scrutiny of store records for the period 2007-08 to 2011-12 revealed that, 400 KV tower material valuing ₹ 75.57 lakh had been lying at Asoj Construction stores (Jambuva Circle) since 2002. We observed that, Corporate Office, after a lapse of seven years from the receipt of material, directed (December 2009) Haldarwa transmission division to verify and collect the tower material valuing ₹ 27.62 lakh, but the same was yet to be collected by them. Moreover, in respect of material valuing ₹ 9.31 lakh proposed (October 2011) to be declared as scrap by the division, no action was taken by Corporate Office. Material worth ₹ 38.64 lakh was still being sorted out for deciding the future course of action (March 2012). GETCO needs to have effective control over material lying idle over a long period.

Idling of equipments

2.1.53 We noticed that in Jambuva Circle of GETCO, equipment valuing ₹ 1.43 crore were lying idle in SS without installation and commissioning for a period ranging from 5 to 23 months due to pending civil works, non receipt of associated materials, problems with equipment supplied etc. In Nadiad

Circle 11 KV outdoor breakers worth ₹ 0.26 crore received (July/ August 2010) under R&M plan remained unutilised in SS due to non supply of associated equipments. This resulted in not only blocking up of fund with consequential loss of interest but also the R&M planned for strengthening the system was not achieved.

The Management attributed (September 2012) the delay in commissioning to reasons, such as, delay in approval of drawings, finalisation of civil design, completion of civil works, and sorting out issues with OEM for replacement of material. We do not accept the reply as issues were controllable through proper planning and monitoring.

Non utilisation of 50 MVA transformers after augmentation

2.1.54 Due to increase in the load in 220 KV SSs, GETCO augments the existing 50 MVA transformer with 100 MVA transformer or adding another 50 MVA transformer. We observed that four 50 MVA transformers in the SSs of the selected circles were kept idle till date (September 2012) for a period ranging from eight to 30 months. Action was not taken to utilise these serviceable transformers in the needy SSs (October 2012).

The Management stated (September 2012) that they had analysed the reasons for the delay in augmentation work as being due to non co-ordination of civil and electrical work. Efforts had since been made to identify exclusive engineers for this at Corporate Office**.**

Monitoring and Control

Review of the envisaged benefits of T&D schemes

2.1.55 While approving the T&D schemes, GETCO envisaged benefits in terms of reduction in line losses, improvement in voltage levels and the load growth to be achieved by the new schemes. We, however, observed that no mechanism/system had been evolved to assess the benefits actually derived on implementation of the schemes by obtaining feedback from the concerned field offices/DISCOMs.

The Management stated (September 2012) that the recommendation of audit would be looked into.

Internal Controls and Internal Audit

2.1.56 GETCO has outsourced the function of Internal Audit to a firm of Chartered Accountants who are regularly conducting the internal audit and report submitted by them is also being discussed in the Audit Committee Meeting. The internal control on the transactions relating to deposit works like collection of deposits, finalisation of bills in time needs to be strengthened as there was huge delay of one year to 14 years in finalisation of bills of deposit works after completion of the work as brought out in paragraph **2.1.46**.

The Management accepted (September 2012) the observations and agreed to ensure early finalisation of deposit work bills in future.

Audit Committee

2.1.57 GETCO constituted an Audit Committee (AC) as required under Section 292A of the Companies Act, 1956. As per the Terms of Reference, AC should meet four times in a year. As per Section 292A (5), the Internal Auditors should also attend all the meetings.

In this connection, we observed the following:

- During 2008-09 and 2009-10 only three such meetings were held, in 2010-11 only two meeting were held.
- The internal auditors did not attend three such meetings.

The Management stated (September 2012) that in the three Audit Committee meetings where the internal auditors had not attended the meeting, there was no internal audit agenda and stated that the requirement was noted for future.

Acknowledgement

We acknowledge the cooperation and assistance extended by different levels of the Management at various stages of conducting the performance audit.

Conclusion

- **Even though year wise plan was prepared for addition of sub-stations and lines, there were delays in commercial commissioning of sub-stations and lines due to delay in completion of associated lines, delays in land acquisition, RoW problems and non synchronisation of activities.**
- **The delays in the construction of sub-stations led to blocking of funds and delayed realisation of anticipated revenue.**
- **GETCO had not addressed the issue of RoW compensation problem conclusively and in time leading to substantial delay in completion of lines.**
- **Losses in excess of norms were noticed in certain years.**
- **Avoidable delay was noticed in raising of transmission invoices leading to belated collection of revenue.**
- **Non revision of pro rata charges led to under recovery of cost towards augmentation.**
- **No mechanism/system had been evolved to assess the benefits which were actually derived due to implementation of the schemes after obtaining feedback from the concerned field offices/DISCOMs.**

Recommendations

GETCO may

- **ensure completion and commercial commissioning of SSs as per schedule by proper planning of the activities relating to land**

acquisition, construction of associated transmission lines of SSs and related civil and electrical works;

- **further reduction of transmission losses through control of individual feeders;**
- **ensure raising of transmission invoices in time as per transmission services agreement;**
- **periodic revision of pro rata charges;**
- **conduct studies for evaluating the benefits of transmission schemes after they are completed and put in place.**

We reported the matter to the Government (August 2012); we are awaiting their replies (December 2012).

Gujarat State Land Development Corporation Limited

2.2 Soil and Water Conservation Activities

Executive Summary

The Agriculture and Cooperation (A&C) department of Government of Gujarat (GoG) deals with agriculture and related issues and the planning and implementation of related Government of India (GoI) and the GoG schemes. The Gujarat State Land Development Corporation limited (Company) is the project implementing agency for the GoG in undertaking soil and water conservation activities in the State under the GoG and the GoI schemes.

During the eleventh five year plan period 2007-08 to 2011-12, the Company received ₹1,451.06 crore for soil and water conservation activities from the GoG and had implemented 24 schemes (consisting 39 sub schemes). Besides, the Company also implemented 33 schemes with funding from local bodies/ other agencies.

The review covered the soil and water conservation activities undertaken by the Company during the period from 2007-08 to 2011-12.

Implementation of schemes

Watershed based (WS) State plan schemes

The Soil Conservation scheme (Normal Area) (SCNA) is meant for non-tribal areas. However, an amount of ₹6.84 crore was diverted from the scheme to tribal areas in Dahod and Chhota Udepur SCSD.

None of the 101 watersheds approved under SCNA during 2007-08 to 2011-12 for Anand and Palanpur SCSD, covering an area of 38,138 ha and involving an expenditure of ₹114.97 crore were saturated/ completed.

Anand SCSD incurred expenditure of ₹2.15 crore from the Soil Conservation scheme (Tribal Area) (SCTA) in the non-tribal areas of Dabhoi and Savli talukas.

None of the 40 WSs approved under SCTA during 2007-08 to 2011-12 for Anand and Palanpur SCSD covering an area of 12,640 ha of land and involving an estimated expenditure of ₹34.44 crore were saturated/ completed.

Infructuous expenditure of ₹7.93 crore was incurred in eight villages of Dharampur SCSD while implementing Integrated Watershed Development Programme for prevention of salinity ingress with inadequate/ incomplete construction of reclamation bund for preventing sea water influx.

Scattered area based State plan schemes

Four divisions of Ahmedabad, Rajkot, Vadodara and Amreli incurred an additional expenditure of ₹10.08 crore from 2007-08 to 2010-11 due to adoption of higher machinery hiring rates in the scheme for construction of farm pond and sim talavs.

The scheme for desilting of village ponds stipulated tendering for hiring of excavator in all 10 districts from 1 April 2006. The Company did not go in for open tendering till March 2010 to minimise the payment of higher rates for hiring of excavators.

GoI schemes - Macro Management Agriculture (MMA)

Surendranagar SCSD incurred an infructuous expenditure of ₹63.45 lakh on entry point activities in nine villages under National Watershed Development Project for Rain Fed Area without following it up with scheme activities.

Dahod SCSD treated 25,908 ha land River Valley Project and Flood Prone Rivers scheme by incurring excess expenditure of ₹8.43 crore.

Nine villages of Anand SCSD incurred an excess expenditure of ₹2.01 crore due to wrong categorisation under scheme for Reclamation and Development of Alkali and Acidic soil and thereby entitling the beneficiaries to higher subsidy.

GoI schemes - Rashtriya Krishi Vikas Yojana (RKVY)

The physical performance under the sub-schemes was not in proportion to the financial performance and excess/ non-execution of works against the targets fixed was also observed. In four out of five and three out of six schemes implemented by Chhota Udepur and Anand SCSDs respectively, the expenditure incurred was less than 50 per cent indicating fixation of targets without any proper assessment.

Recovery of Scheme Funds

In the four the GoG schemes where loan recovery was involved, total outstanding balance as on 31 March 2012 was ₹97.04 crore of which ₹36.26 crore was more than five years old.

Conclusion

Targets for WS based schemes were not fixed on WS basis. Concerted efforts were not made to utilise economical means for executing soil and water conservation works. Recovery mechanism was not effectively implemented. The system of evaluation of schemes was absent.

Recommendations

Targets for WS based schemes should be fixed on WS basis and not on hectare basis. Least cost option should be employed for executing soil and water conservation works. Recovery mechanism should be implemented effectively and schemes should be evaluated through an effective system.

Introduction

2.2.1 Agricultural production depends on the productivity of land. Soil and Water are the vital ingredients for achieving higher productivity. Efficient, effective and economical soil and water management improves soil productivity by preventing soil erosion and conservation of runoff rainwater in the watershed[1] (WS) to improve the ecology of various regions. The soil and water conservation strategy involves coordinated development of rural areas by promoting ancillary development along with development of pasture and afforestation of land that is not under agriculture.

2.2.2 The reported geographical area of land in Gujarat was 188.25 lakh hectare (ha) (as on 1 April 2007) which included area under agriculture (158.58 lakh ha), forest land (18.78 lakh ha), and area under industrial use (10.89 lakh ha).

Out of total agricultural land, 108.08 lakh ha was dry land where agriculture was mostly rain fed, an area of 38.34 lakh ha was covered by various command area development schemes and 12.16 lakh ha was affected by salinity/ alkalinity requiring special treatment. Out of 108.08 lakh ha, an area of 34.55 lakh ha had already been treated till 1 April 2007, and further an area of 29.48 lakh ha was treated during 2007-08 to 2011-12, thereby leaving an untreated area of 44.05 lakh ha.

Organisational set up

2.2.3 The Agriculture and Cooperation (A&C) department of the Government of Gujarat (GoG) deals with agriculture and related areas. The

[1] Watershed is a catchment of rain basin, which falls between a ridgeline and a drainage point through which all the rain water falling in that area drains out. It is categorised as Mega (above 15,000 ha), Mini (3,000-5,000 ha) and Micro (500-600 ha).

department is headed by the Principal Secretary and is concerned with planning, implementation and monitoring of related Government of India (GoI) and the GoG schemes. Gujarat State Land Development Corporation Limited (the Company) is the project implementing agency for undertaking the soil and water conservation activities in the State under the GoI and the GoG schemes.

The Director of Agriculture (DoA) is the Drawing and Disbursing Officer (DDO) for both the GoI and the GoG schemes of soil conservation implemented by the Company. In respect of the GoI schemes, the DoA is also the nodal agency for reporting progress of schemes to the GoI, whereas in the GoG schemes the monitoring is done by the department itself.

2.2.4 The Company was incorporated on 28 March 1978 to undertake the soil conservation, water harvesting, land reclamation activities and other land development measures in the State. The management of the Company is vested in a Board of Directors (BoD). The Managing Director is the Chief Executive of the Company and is assisted in day-to-day functioning by Executive Director (Administration), Joint Director (Project preparation), Joint Director (Project monitoring), Company Secretary and Deputy Manager (Finance). The Company has seven[2] divisions (six soil conservation (SC) and one mechanical division) at regional level each headed by a Deputy Director. The divisions are supported by 24 Sub-Division (SD) offices at district level, and are headed by Assistant Directors. The SD offices are responsible for implementation of various schemes at field level. Further, the Company has 110 Charge Offices (CO) (103 soil conservation, six mechanical and one Thasara nursery) at taluka level headed by supervisors under the 24 SDs supported by field assistants at village level.

Soil and water conservation activities under eleventh five-year plan

2.2.5 As brought out earlier in paragraph 2.2.2, an area of 73.53 lakh ha of land remained to be treated at the beginning of eleventh five-year plan (2007-08 to 2011-12). The GoG allocated ₹ 1,310.34 crore for the various soil and water conservation activities for the eleventh five year plan as projected outlay at 2006-07 prices. The year-wise budget allocation and grant released by the GoG and the GoI for centrally sponsored scheme (CSS) to the Company are detailed below:

[2] Ahmedabad, Amreli, Godhara, Rajkot (Soil conservation), Rajkot (Mechanical), Surat and Vadodara.

Budget allocation, grant received and expenditure incurred

(₹ in crore)

Year	GoG			GoI		Others[3]	Total	
	State schemes including share in MMA scheme of the GoI			MMA and RKVY[4]				
	Budgeted Grant	Grant received	Exp. incurred	Grant received	Exp. incurred		Grant received	Exp. incurred
2007-08	283.49	192.01	201.60	48.50	58.07	35.33	275.84	295.00
2008-09	323.92	319.43	320.00	176.34	177.79	39.32	535.09	537.11
2009-10	298.08	274.87	275.13	248.05	250.14	27.26	550.18	552.53
2010-11	310.74	329.15	327.28	156.65	152.95	19.30	505.10	499.53
2011-12	309.59	335.60	329.57	140.65	139.67	19.19	495.44	488.43
Total	**1525.82**	**1451.06**	**1453.58**	**770.19**	**778.62**	**140.40**	**2361.65**	**2372.60**

(**Source**: Data as provided by the Company)

Against the eleventh plan allocation of ₹ 1,310.34 crore, GoG allocated ₹ 1,525.82 crore in its budget and disbursed ₹ 1,451.06 crore

We observed from the table that during the plan period (2007-08 to 2011-12) the GoG allocated ₹ 1,525.82 crore in its annual budget against which actual grant received was ₹ 1,451.06 crore and expenditure incurred was ₹ 1,453.58 crore. In respect of the GoI schemes grant of ₹ 770.19 crore was received against which expenditure of ₹ 778.62 crore was incurred.

During the review period a total of 24 schemes (consisting of 39 sub-schemes) were implemented with the GoG / GoI funding and 33 schemes with funding from local bodies and other agencies. The GoG had fixed a target to undertake soil and water conservation activities[5] in 8.31 lakh ha (excluding RKVY for which target was not fixed) of land through the 39[6] sub-schemes (13 sub-schemes of RKVY and 26 sub-schemes of other GoG and GoI plan schemes) implemented through the GoG / GoI funding.

Against the target of 8.31 lakh ha, the Company undertook (2007-08 to 2011-12) soil and water conservation works in 7.05 lakh ha land incurring a total expenditure of ₹ 1,619.52 crore (excluding expenditure on RKVY and others).

Scope of Audit

2.2.6 The performance 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 Gujarat. The Report was examined by the Committee on Public Undertakings (COPU) during June 2008.

The present review covers the planning implementation and monitoring of soil and water conservation schemes by the Company during 2007-08 to 2011-12. For assessing the effectiveness of implementation of the schemes, the records of the Company at its Head Office (HO), Mechanical division (Regional level

3 This balance represents actual expenditure incurred from grants received that was included in total actual grant received and total actual expenditure incurred.

4 Rashtriya Krishi Vikas Yojana and Macro Management Agriculture.

5 Contour bunding, nalla plugging, terracing, land leveling, Kyari making, construction of water harvesting structures, desilting and deepening of ponds, soil reclamation, etc.

6 36 related to soil conservation and 3 related to administration.

office) and seven[7] Soil Conservation Sub-Division (SCSD) offices were selected. Out of 39, twenty-six sub schemes of the GoG / GoI were selected for review based on the quantum of expenditure incurred under various schemes during the review period. On the same basis SCSDs were also selected.

Audit objectives

2.2.7 The objectives of performance audit were to assess whether:

- the Company implemented all activities involved in a scheme and further carried out watershed based schemes in a holistic and contiguous manner;
- the Company had implemented the schemes economically, efficiently and effectively;
- adequate follow up actions were taken by the Company for the recovery of contributions/ loan component from beneficiaries as per conditions of the schemes;
- structures/ assets created were properly maintained and safeguarded;
- proper mechanism existed for monitoring and controlling the execution of scheme activities; and
- schemes implemented were evaluated with reference to the envisaged objectives.

Audit criteria

2.2.8 The audit criteria were adopted from the following sources for assessing the performance of the Company:

- Five-year plan of the GoG, annual plans of the Company, budget documents, schemes guidelines of the GoI /GoG, detailed plan for each scheme and Gujarat Financial Rules.
- Government resolutions/ instructions in formulation of plan, programme for implementation of schemes.
- Schedule of rates and estimates prepared for the works undertaken for development activities.
- Manual relating to soil and water conservation/ land development activities, safeguarding and maintaining the structures/ assets, environmental laws and coastal regulations.
- Staff regulations, Government instructions/ circulars, agenda and minutes of BoDs and Management Information System (MIS) maintained by the Company.

[7] Anand, Chhota Udepur, Dahod, Dharampur, Palanpur, Surndranagar and Vyara.

Audit methodology

2.2.9 The audit methodology involved review, scrutiny and analysis of:

- the GoG five-year plans, Company's plan documents, BoD minutes, annual reports, annual administrative reports, detailed plan of schemes, estimates for the works and the targets fixed for field offices etc.;
- correspondences made with the field offices, schemes records at the Company's HO and field offices, records related to environmental and forestry issues, contract documents, measurement books, running bills, payment vouchers, bank accounts etc.;
- records related to appropriation of grants, utilisation certificates, recovery of administrative expenses, bulldozer receipts and cost of works recovered (including contribution and loan components) from the beneficiaries/ other agencies.
- MIS and progress reports received from the field offices of the Company, evaluation reports, etc.

Audit findings

2.2.10 We held an 'Entry Conference' on 27 April 2012 with Managing Director and other officials of the Company. The audit findings were communicated to the GoG and the Company on 9 September 2012. We also held the 'Exit conference' on 4 October 2012, which was attended by Principal Secretary, A&C Department and Managing Director of the Company. The Management sent detailed replies to our findings on 10 October 2012 and we have considered the views expressed by them while finalising the performance audit report. Our findings are discussed in the succeeding paragraphs.

Implementation of schemes

2.2.11 With a view to boost agricultural productivity in the State through development of soil by adopting appropriate techniques of soil conservation, the schemes formulated by the GoG/ GoI were entrusted to the Company for implementation. The Company makes allocation of funds to its division offices for implementation of the schemes. The division offices in turn allocate the funds to SCSD, which are ultimately allocated to its charge offices. Field assistants at charge offices execute soil conservation works by engaging local labourers.

The schemes of the GoG for soil and water conservation under State Plan can broadly be divided into two categories, Watershed Area based schemes and Scattered Area based schemes. The first category deals with schemes for soil and water conservation works in an identified and approved WS area, whereas, the second category deals with schemes for soil and water conservation activities undertaken for individual beneficiaries. The Company has implemented seven[8] schemes under the first category of which four (**Sl. No. 1** to **4** of ***Table*** **below**) were selected for performance audit. Under the second category, the Company implemented 12[9] schemes of which five schemes were selected for review (**Sl. No. 5** to **9** of ***Table*** **below**). The above-mentioned nine schemes were selected based on highest expenditure incurred from amongst all the schemes implemented during the review period.

There are two major schemes of the GoI for soil and water conservation viz. Macro Management Agriculture (MMA) and Rashtriya Krishi Vikas Yojana (RKVY) (**Sl. No. 10** and **11** of ***Table*** **below**). Both schemes were reviewed. The MMA scheme was launched in 2000-01 by integrating 27 centrally sponsored schemes. MMA consists of 17 sub schemes of which four[10] were implemented by the Company, all of which were reviewed in audit.

RKVY was introduced in May 2007 by National Development Council to provide additional central assistance to state plans in agriculture and allied sectors over and above the existing centrally sponsored schemes. The components/ activities, which would be eligible for project-based assistance under RKVY, were laid down in the guidelines to the Scheme. The State was free to frame its own scheme for the specified objectives. The Company during the period (2007-08 to 2011-12) had obtained central assistance under RKVY for 13[11] sub-schemes, all of which were selected for review.

2.2.12 The schemes/ sub-schemes selected for review, grants expended for the selected schemes during 2007-08 to 2011-12 for the Company as a whole and in the selected SCSDs are given in table below:

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[8] 1) **Soil conservation scheme (normal area)**; 2) Soil Conservation work in Schedule Caste cultivators field (Special component plan) (SCSC); 3) **Soil conservation scheme (tribal area)**; 4) **Integrated Watershed Development Programme (IWDP) in tribal area in Gujarat**; 5) Scheme for ravine reclamation; 6) **IWDP for prevention of salinity ingress in coastal areas of Saurashtra**; and 7) Reclamation of saline alkaline soil for bhal area.

[9] 1) **Kyari making for paddy cultivation in tribal areas of Surat, Valsad, Bharuch, Panchmahals, etc**; 2) Kyari making for paddy cultivation in Dangs district, 3) **Construction of farm pond and sim talav**,4) **Construction for water harvesting structures**, 5) **Desilting of Village pond**, 6) Border Area Development Programme, 7) Tribal Area Sub Plan, 8) **Reconstruction of damaged assets due to flood and heavy rain**, 9) Technology development and extension training, 10) Uprooting of Juliflora from Government land, 11) Water conservation project for Porbandar District, and 12) Conversion scheme for integrated agriculture development.

[10] 1) National Watershed Development Project for Rain Fed Area (NWDPRA), 2) Soil conservation in catchments of River Valley Projects and Flood Prone Rivers scheme (RVP & FPR), 3) Reclamation and Development of Alkali and Acidic soil, and 4) Reclamation of Ravine (Innovative).

[11] 1) Checking of salinity ingress in the coastal area, 2) Rain fed Area Development Programme (RADP), 3) Reclamation of problematic saline alkaline soil, 4) Reclamation of degraded Bhal area, 5) Restoration of fertility of water logged area, 6) Reclamation of problematic ravine area, 7) Restoration of fertility of Kharapat, 8) Enhancing water resources in dark zone area, 9) Purchasing heavy earth moving machinery for soil and water conservation; 10) Sustainable agriculture by rain water harvesting (Dahod), 11) Creating farm pond, 12) Construction of check dam (Amreli), 13) RKVY Stream-II.

(₹in crore)

Sl. No.	Name of the scheme	Sub-schemes	Expenditure in			
			Work	Establi-shment	Total	Selected SCSD
I	**Government of Gujarat schemes**					
	(A) Watershed based State Plan schemes					
1	Soil conservation scheme (normal area)	1	70.91	47.82[12]	118.73	49.64
2	Soil conservation scheme (tribal area)	1	90.10	34.36[12]	124.46	60.93
3	Integrated Watershed Development Programme (IWDP) in tribal area in Gujarat	1	80.55	8.51	89.06	62.41
4	IWDP for prevention of salinity ingress in coastal areas of Saurashtra	1	248.22	26.92	275.14	119.12
	(B) Scattered area based State Plan schemes					
5	Kyari making for paddy cultivation in tribal areas of Surat, Valsad, Bharuch, Panchmahals, etc	1	68.91	--	68.91	46.27
6	Construction of farm pond and sim talav	1	334.50	31.23	365.73	144.34
7	Construction of water harvesting structure	1	103.28	2.30[13]	105.58	50.19
8	Desilting of village pond	1	139.36	13.42	152.78	30.34
9	Reconstruction of damaged assets due to flood and heavy rain	1	20.52	--	20.52	14.15
II	**Government of India schemes**					
10	Macro Management Agriculture (MMA) (Watershed based)	4	165.74	18.74	184.48	84.01
11	Rashtriya Krishi Vikas Yojana (RKVY) (Project based)	13	606.81	5.87	612.68	289.16
	Total	**26**	**1,928.90**	**189.17**	**2,118.07**	**950.56**

The physical targets and achievements in respect of the selected schemes for 2007-08 to 2011-12 are given in ***Annexure* 8.**

Watershed based State Plan schemes

2.2.13 As already stated, under the State plan, four out of seven schemes implemented by the Company on WS basis were selected for review. The selected schemes were Soil conservation scheme (normal area), Soil conservation scheme (tribal area), Integrated Watershed Development Programme (IWDP) in tribal area in Gujarat and IWDP for prevention of salinity ingress in coastal areas of Saurashtra.

WSs have already been demarcated for the State of Gujarat by BISAG[14]. The Company on receipt of application from farmers/ panchayat conducts a field survey and prepares detail contour map. Administrative approval for undertaking Soil and Water Conservation activity in the WS is obtained from HO. Thereafter, SCSD prepares a detail survey number wise fair plan estimate of the WS and gets the same approved from Division. The SCSD directs the concerned charge office to undertake work execution in the WS. The work of fair plan estimate is divided into smaller works with a value ranging from ₹ 1,000 to ₹ one lakh. The soil and water conservation works does not require purchase of material and involves primarily earthwork. For execution of

[12] The Company receives separate grant based on the sanctioned strength of employees under the respective scheme.
[13] No administrative charges are admissible under the scheme; however, GoG has separately allotted this amount for 2011-12.
[14] Bhaskaracharya Institute for Space Application and Geo-Informatics.

earthwork, the charge office hires labourers/machinery locally at the prevailing Schedule of Rates (SoR) of the Company without inviting tenders for works upto value of ₹ one lakh. The charge office after measuring the individual works in the measurement book (MB) prepares and submits voucher to SCSD for release of funds and thereafter on receipt of funds from SCSD makes payment to labourers/ machinery owners.

Our observations related to implementation of the four WS based schemes are discussed in the succeeding paragraphs.

Soil conservation scheme (normal area)

2.2.14 The Soil Conservation Scheme (Normal Area) (SCNA) was transferred from the GoG to the Company in July 1982. Under the scheme, activities of soil and water conservation such as, land levelling, terracing of land, land shaping, contour bunding, nala plugging along with survey and maintenance thereof in non-tribal areas are undertaken on WS basis. Based on the application/ demand received from farmers, the Company officials conduct a field study and after obtaining consent from at least 50 *per cent* farmers of the concerned WS put up a proposal for approval of the concerned WS. The funds for the SCNA are given initially by the GoG as a grant to the full extent but only 50 *per cent* of the amount is the subsidy share of the GoG and remaining 50 *per cent* is recovered from the beneficiaries (20 *per cent* as advance contribution and 30 *per cent* as loan in six bi-monthly instalments). The beneficiaries are responsible for maintenance of the structures constructed under the scheme. During 2007-08 to 2011-12, the Company received grants of ₹ 72.02 crore for SCNA for treatment of 47,066 ha of land. In addition, a separate grant of ₹ 46.82 crore for administrative charges was also received. The Company executed soil and water conservation activities in 38,388 ha at the cost of ₹ 70.91 crore during the review period, out of which an expenditure of ₹ 49.64 crore was incurred in the selected SCSDs. We observed following deficiencies in implementation of scheme in the selected SCSDs.

Diversion of non-tribal scheme grants to tribal areas

Grant of ₹ 1.60 crore and ₹ 5.24 crore for non -tribal areas was respectively diverted by Dahod and Chhota Udepur SCSD to tribal areas

2.2.15 Dahod is a fully tribal district, nevertheless the Company's HO allocated ₹ 1.60 crore under SCNA scheme during 2007-08 to 2011-12 to Dahod SCSD, which was fully utilised in its tribal district. Similarly, the Chhota Udepur SCSD was allocated ₹ 22.96 crore under SCNA scheme during 2007-08 to 2011-12. Out of this allocation, the SCSD utilised ₹ 5.24 crore in its tribal talukas of Chhota Udepur, Kavant and Jetpur Pavi. This resulted in a diversion of ₹ 6.84 crore from non-tribal scheme to tribal areas.

The Management replied (October 2012) that the Company had utilised the fund of SCNA scheme for non-tribal farmers residing in tribal area, therefore, there was no diversion of the scheme fund. We do not accept the reply as the SCNA scheme is applicable to non-tribal areas and not meant for specific category of beneficiaries. Hence, works under the Scheme were to be executed for beneficiaries residing in non-tribal areas.

Implementation of SCNA on scattered area basis

Surendranagar SCSD incurred ₹ 1.61 crore under SCNA without approval of watershed

2.2.16 As per procedure, SCSD gets the WS approval from Head Office (HO) and then submits a fair plan estimate for the entire village covering the approved WS to the division office before placement of work orders. We observed in audit that in Surendranagar SCSD the above procedure was not followed. Estimates were prepared on a 'scattered area' basis for different survey number, instead of entire village for the approved WSs. The Surendranagar SCSD incurred (2007-08 to 2011-12) a total expenditure of ₹ 1.61 crore under SCNA, on a scattered area basis, defeating the purpose of the scheme as it was not undertaken on a WS basis.

The Management replied (October 2012) that the works were carried out in demarcated WSs only. We do not accept the reply as works were not carried out on WS basis.

Non-saturation[15] of watersheds

2.2.17 A review of the SCNA in Palanpur and Anand SCSD revealed that, during 2007-08 to 2011-12, a total of 101 WSs (67 in Palanpur and 34 in Anand) had been approved covering a total of 38,138 ha land (16,760 ha in Palanpur and 21,378 ha in Anand). An expenditure of ₹ 114.97 crore (₹ 44.62 crore in Palanpur and ₹ 70.35 crore in Anand) had been approved for the 101 WSs. We observed that none of the 101 WSs was saturated during the review period. Work done was only in 11,543 ha land (4,268 ha in Palanpur and 7,275 ha in Anand) and expenditure incurred was ₹ 23.17 crore (₹ 8.30 crore in Palanpur and ₹ 14.87 crore in Anand). Thus, work done in area of land was only 30.27 *per cent.*

We observed that one of the reasons for non-saturation/ non-completion of WSs in the GoG Scheme was that unlike in the GoI Scheme, targets were not fixed on WS basis laying down the time limit for completion. Instead, targets were fixed on hectare basis without any specific time frame for completion of a WS or the components to be covered therein.

The Management accepted (October 2012) the facts and agreed to fix the targets of the GoG schemes on WS basis as was being done in the GoI WS schemes.

Soil conservation scheme (tribal area)

2.2.18 Under the Soil Conservation Scheme (Tribal Area) (SCTA) scheme, similar activities as in SCNA are carried out in the tribal areas on WS basis. The scheme was funded initially through grants from the GoG out of which 75 *per cent* was treated as Government subsidy and 25 *per cent* was recovered as loan from beneficiaries in eight annual instalments with four *per cent* interest after moratorium period of two years. The Company received grants of ₹ 90.10 crore for SCTA for treatment of 48,268 ha of land during 2007-08 to

[15] Saturation of watershed denotes completion of all envisaged activities of WSs.

2011-12. In addition, a separate grant of ₹ 34.36 crore for administrative charges was also received. The Company executed soil and water conservation activities under SCTA in 51,582 ha at the cost of ₹ 90.10 crore out of which ₹ 60.93 crore was incurred in selected SCSDs. We observed the following deficiencies in the implementation of the scheme.

Diversion of SCTA grant to non tribal area

Anand SCSD diverted the tribal grant of ₹ 2.15 crore to non tribal areas

2.2.19 We observed in Anand SCSD that an amount of ₹ 2.15 crore was incurred in the talukas of Dabhoi and Savli, which were not declared tribal talukas, leading to diversion of SCTA grant to non-tribal areas.

The Management replied (October 2012) that the Company had utilised the fund of SCTA Scheme for tribal farmers residing in non-tribal area, therefore, there was no diversion of the scheme fund. We do not accept the reply as the SCTA scheme is applicable to tribal areas and not meant for specific category of beneficiaries.

Non saturation of watersheds

Even after incurring an expenditure of ₹ 5.97 crore in 40 watersheds for treatment of 3,261 ha out of 12,640 ha none of the watersheds were saturated

2.2.20 The Palanpur and Anand SCSD planned to execute 40 WSs (31 WSs in Palanpur and 9 WSs in Anand) covering 12,640 ha of land (4,235 ha in Palanpur and 8,405 ha in Anand) at an estimated expenditure of ₹ 34.44 crore (₹ 10.68 crore in Palanpur and ₹ 23.76 crore in Anand) during review period. We observed that the land treated was only 3,261 ha (2,040 ha in Palanpur and 1,221 ha in Anand) with an expenditure of ₹ 5.97 crore (₹ 3.82 crore in Palanpur and ₹ 2.15 crore in Anand). The achievement in terms of hectare was only 25.80 *per cent* of the planned coverage. Ten WSs remained incomplete for more than 10 years. In 29 WSs expenditure of ₹ 3.23 crore was incurred only during one year and the works were subsequently abandoned. Here also targets were fixed on hectare basis rather than on WS basis as discussed in para **2.2.17** *supra***.**

The Management accepted (October 2012) the facts and agreed to fix the targets on WS basis in accordance with the GoI WS schemes.

Common deficiencies in SCNA and SCTA

2.2.21 The GoG envisaged various soil conservation activities under SCNA and SCTA schemes implemented on WS basis. The soil and water conservation activities such as vegetative measures like plantation of trees and pasture development, staggered trenching, contour and graded bunding, land terracing etc., are necessary to restore the health of the catchment area by reducing the volume and velocity of surface runoff. We observed that no such activities, except land terracing, were undertaken in the WSs developed in SCNA and SCTA schemes in the selected SCSDs.

The Management replied (October 2012) that activities technically suitable at site and beneficial to farmers were carried out. We do not accept the reply as the WS approach is based on comprehensive and holistic development of selected WS, which will be effective if all soil and water conservation activities envisaged under the scheme are undertaken.

2.2.22 SCNA and SCTA schemes involve a loan component to be recovered from beneficiaries as discussed in paragraph **2.2.14** and **2.2.18** *supra*. We observed that written consent for the loan component was not taken from all the beneficiaries prior to approval of WS. Consequently, when beneficiaries were approached for loan consent at the time of implementation of the schemes, they refused many times for the loan component, resulting in WS remaining unsaturated.

The Management replied (October 2012) that farmers do not agree to implement the Scheme due to loan component therein. We do not find the reply specific to our observation regarding obtaining written consent of the beneficiaries before approval of WS.

2.2.23 In SCNA and SCTA, the Company pays an amount of nine paise *per* rupee as pick-axes sharpening charges if these schemes are carried out on labour work basis. During 2007-08 to 2010-11, Dahod and Chhota Udepur SCSD paid an amount of ₹ 1.38 crore under the two schemes towards pick-axes sharpening charges but did not consider the same while calculating subsidy and loan component. Similarly, an amount of ₹ 0.24 crore was not considered as recoverable in the scheme of Kyari making for cultivation in tribal areas of Surat, Valsad, Bharuch, Panchmahal, etc, as discussed in para **2.2.30** *infra*. Consequently, the Company had to absorb the expenditure of ₹ 1.62 crore.

The Management replied (October 2012) that the above charges are considered as non-recoverable since inception of the soil and water conservation scheme in the State as there were no clear directions from the GoG in this regard. We find the reply incorrect as the Company is considering these charges as recoverable charges in other GoG aided soil and water conservation schemes.

2.2.24 The SCNA had the GoG subsidy component of 50 *per cent* and SCTA had the GoG subsidy component of 75 *per cent*. While deciding the subsidy component no differentiation in rate of subsidy was made in the scheme for large, medium and small farmers.

The Management replied (October 2012) that there was no clarification about subsidy component for large, medium, and small farmers and that a proposal in this regard would be submitted to the GoG.

Integrated watershed development programme in tribal area in Gujarat

2.2.25 The Integrated Watershed Development Programme (IWDP) in tribal area of Gujarat was introduced (April 2005) in the identified[16] areas of the State. The above scheme was implemented to increase agricultural production

[16] Garbada and Dhanpur taluka's of Dahod district; Naswadi and Kwant taluka's of Vadodara district; Sagabara and Dediyapada taluka's of Narmada district; and Kaparada taluka of Valsad district.

in these areas and thereby provide local employment to the tribal population in the identified areas. The scheme included activities of soil and moisture conservation, water harvesting, adoption of suitable cropping pattern, and value addition products. The major component of expenditure was earthwork for which payment was made to labourers on piece rate basis i.e. per cmt. No equipment can be deployed under the scheme. The soil and water conservation activities were to be undertaken on the basis of 85 *per cent* Government subsidy in private land, 95 *per cent* Government subsidy in panchayat land and 100 *per cent* Government subsidy in Government land. During 2007-08 to 2011-12, the Company received grants of ₹ 88.80 crore for IWDP for treatment of 34,307 ha of land. Under the scheme 10 *per cent* of the expenditure of ₹ 8.51 crore was allowed as administrative expenditure. The Company treated 36,024 ha of land at the cost of ₹ 80.55 crore. Out of this, expenditure of ₹ 62.41 crore was incurred in selected SCSDs. No records were maintained by the SCSD to identify the increase in agricultural production as a result of scheme implementation. We observed following deficiency in implementation of scheme in the selected SCSDs during 2007-08 to 2011-12.

Non achievement of envisaged targets

GoG guidelines were violated by not incurring ₹ 19.59 crore from MNREGA funds

2.2.26 The GoG directed (January 2011) to double the targets in the IWDP tribal area scheme by execution of equal amount of work under the MNREGA[17] scheme. Reiterating the above directions, the Company issued a circular (April 2011) to the SCSDs that amount should be expended from the scheme only if equal amount of work was executed under MNREGA scheme. However, during 2011-12, the Company spent an amount of ₹ 19.97 crore from the GoG funds under the scheme but only ₹ 0.38 crore (as per the MIS of the Company) under MNREGA scheme. This resulted in violation of the GoG /Company direction and non-achievement of consequential benefit of double hectare coverage.

The Management replied (October 2012) that lesser utilisation under MNREGA scheme was due to non-availability of MNREGA job card holders. We do not accept the reply because no records were available indicating the reporting to the GoG / HO of the Company of the fact that MNREGA job card holders were not available. Further, prior to incurring the expenditure, the SCSDs concerned should have informed this fact to HO and the Company should have intimated the same to the GoG.

IWDP for prevention of salinity ingress

2.2.27 The State has longest coastal line in the country. As per study of Khar Land Development Board, 65,615 ha land suffers from coastal salinity. The scattered and inadequate rainfall leads to drawl of ground water for irrigation, domestic and drinking purpose resulting in fall in water table. The tidal flow repeatedly submerges the soil and infuses them with soluble salt thereby rendering the soils and sub soils water saline. The various treatments to be provided under the IWDP for prevention of salinity ingress scheme were to be

[17] Mahatma Gandhi National Rural Employment Guarantee Act, 2005.

carried out at an estimated cost of ₹ 20,000 *per* ha inclusive of administrative expenditure entitlement to the Company at 10 *per cent* of the amount spent. The expenditure on treatment incurred under the scheme was 100 *per cent* subsidised and was to be borne by the GoG. The Company received grants of ₹ 275.48 crore under the scheme during 2007-08 to 2011-12 for treatment of 1,36,239 ha of land, which included ₹ 26.92 crore for administration expenses. The Company treated 1,06,288 ha at the cost of ₹ 248.22 crore. An amount of ₹ 119.12 crore was incurred in four selected SCSDs.

The salinity ingress prevention activity involves:

- construction of reclamation bund for prevention of salinity ingress;
- construction of recharge structure like pond, percolation tank, etc; and
- field bunding, deep ploughing, etc., for soil management.

Infructuous expenditure on incomplete works

2.2.28 In eight villages of Dharampur SCSD, for prevention of salinity ingress during 2007-08 to 2011-12, the SCSD proposed to construct 56,150 running meter (rmt) of reclamation bund at a cost of ₹ 4.75 crore, 863 recharge structures at a cost of ₹ 9.97 crore and undertake soil conservation works of 7,340 ha at a cost of ₹ 6.31 crore. In order to ensure synchronisation of activities involved in the scheme, it is necessary that conservation works and recharge structures be carried out after construction of reclamation bund so that further salinity ingress will be prevented.

Improper synchronisation of activities for salinity ingress rendered the expenditure of ₹ 7.93 crore as infructuous

We observed that reclamation bund of 12,102 rmt only was completed in four[18] villages by incurring an expenditure of ₹ 1.20 crore and in remaining four[19] villages reclamation bund was not constructed. However, the SCSD had already incurred ₹ 3.95 crore on 374 recharge structures and ₹ 2.78 crore for soil conservation works in 3,009 ha (2007-08 to 2010-11). No expenditure had been incurred on the above scheme in six villages after 2010-11 and the work was incomplete in all the eight villages thus rendering the expenditure of ₹ 7.93 crore as infructuous. This indicated ineffective planning and implementation.

The Management replied (October 2012) that under the scheme, treatment was given as per farmers' demand, project approval, and availability of funds. Further, the activities like construction of reclamation bund were not undertaken as the same was not required as per site condition. We do not accept the reply as the requirement for construction of reclamation bund was assessed and included in the estimates prepared by the SCSDs after careful local site survey.

[18] Bhagdavada, Maroli, Magob Bhata and Mendhar.
[19] Binvada, Dehri, Kalamtha and Morli bhatha.

Scattered area based State Plan schemes

2.2.29 The Company implemented twelve schemes on scattered area[20] basis, of which five schemes as given in para **2.2.12** *supra* were selected for review. The scheme selected under soil conservation activities was Kyari making for paddy cultivation in Tribal Areas of Surat, Valsad, Bharuch, Panchmahal etc (KYTA). The scheme selected under water conservation were construction of farm pond and sim talav, construction of water harvesting structures, desilting of village pond, and reconstruction of damaged assets due to flood and heavy rains. The deficiencies in implementation of these schemes are discussed below:

Kyari making for paddy cultivation in tribal Areas

2.2.30 With the objective of enabling the farmers to cultivate remunerative crops and increase their earnings, the GoG introduced the KYTA scheme. Under this scheme, Kyaris[21] were to be prepared for paddy cultivation outside the demarcated WS in the fields of farmers belonging to the scheduled tribes in tribal districts of Surat, Valsad, Bharuch, Panchmahal *etc*. The monetary limit for assistance was ₹ 12,000 *per* ha *per* tribal cultivator. The rate of subsidy under this scheme was ₹ 9,000 or 75 *per cent* of the actual cost of work, whichever was less. Of the remaining 25 *per cent* amount 10 *per cent* amount was to be beneficiary contribution either in the form of cash or labour and balance 15 *per cent* was to be recovered with four *per cent* interest in eight equal annual instalments from the cultivators after two years moratorium period. Earthwork being the sole component in kyari can be executed by labour/ machinery. Upon receipt of application from farmers, the charge office under SCSD surveys their land, prepares a fair plan estimate, gets approval from SCSD, obtains work order, collects labour/ cash contribution in advance and without inviting tenders, hires labourers/ machinery for execution at prevailing SoR. On work completion charge office measures work done in MB, prepares and submits vouchers to SCSD for release of funds and consequent payment to labourers/ owners of the machinery. The Company received grants of ₹ 68.92 crore for soil conservation scheme for treatment of 44,212 ha of land. Under the scheme no administrative expenditure was allowed. The Company treated 56,694 ha at the cost of ₹ 68.91 crore. An expenditure of ₹ 46.27 crore was incurred under the scheme in the selected SCSDs. The deficiencies noticed in execution of the scheme are illustrated below.

Overlapping with WS scheme

2.2.31 The SCSDs did not have any system to ensure that the areas identified for executing Kyari making works under scattered area schemes were not

[20] Under the scattered area based scheme the soil and water conservation work in the land of farmer/ beneficiary is undertaken on receipt of application/ identification of the area where an activity is required to be executed. Unlike watershed based schemes the activity can be undertaken either in a watershed or outside a demarcated and approved watershed.

[21] Kyari is a piece of land in hilly terrain with slope less than three *per cent* levelled for paddy cultivation.

already covered under any of the demarcated areas of WS based schemes. We observed that the areas of Vankal and Manadan villages under Vyara SCSD were identified and undertaken for Kyari making works under KYTA (scattered basis) even though the areas were already demarcated and approved for SCTA scheme (WS basis).

The Management replied (October 2012) that some farmers were deprived of the scheme benefit due to gentle slope of their farms, therefore, on their demand the work of Kyari making was carried out in demarcated and approved WS area of these villages thus, there was no overlapping. We find the reply not specific about absence of system to avoid overlapping with WS Scheme. Further the work executed in both the villages was in violation of the GoG directives for the scheme.

Violation of norms fixed for the scheme

Company incurred excess expenditure of ₹ 24.03 lakh by treating additional 268.92 ha for 355 beneficiaries

2.2.32 The scheme laid down a coverage norm of ₹ 12,000 *per* ha *per* tribal cultivator. We observed in Dharampur SCSD that it had treated more than one hectare land in case of 355 tribal cultivators in violation of scheme guidelines. This resulted in excess expenditure of ₹ 24.03 lakh by treating additional 268.92 ha land during 2009-10 and 2010-11.

The Management replied (October 2012) that on an average expenditure incurred per hectare was within the cost norms of ₹ 12,000 *per* hectare. We do not accept the reply as it does not elaborate treatment of area over and above one hectare *per* tribal cultivator.

Construction of farm pond and sim talav

2.2.33 The GoG introduced (March 2007) the construction of farm ponds and sim talavs scheme with the dual objective of recharging the underground water table and providing supplementary irrigation. Under this scheme for construction of big size farm ponds and sim talavs 90 *per cent* subsidy was given by the GoG and 10 *per cent* contribution either in cash or by way of labour contribution was to be recovered from beneficiaries. The scheme envisages construction of big size farm ponds in privately owned land while village ponds and sim talavs were to be constructed in Government/ Panchayat land. The scheme also provides for appropriation of 10 *per cent* expenditure towards administrative charges. Earthwork being the major component in construction of pond, can be executed by labour/ machinery. Upon receipt of application from farmers, the charge office under SCSD surveys their land, prepares a fair plan estimate, gets approval from SCSD, obtains work order, collects labour/ cash contribution in advance and without inviting tenders, hires labourers/ machinery for execution at prevailing SoR. On work completion charge office measures work done in MB, prepares and submits vouchers to SCSD for release of funds and consequent payment to labourers/ owners of the machinery. During 2007-08 to 2011-12, the Company received a total grant of ₹ 365.63 crore for construction of 23,748 farm ponds, 1,175 Village ponds and 6,528 sim talavs. The Company constructed 26,564 farm ponds, 1,302 Village ponds and 4,875 sim talavs at the total cost of ₹ 334.50 crore. Out of this an expenditure of ₹ 144.34 crore was incurred in selected SCSDs. The scheme related irregularities are given below:

Violation of guidelines

2.2.34 The scheme guidelines required:

- formation of committee to decide priority of pond construction;
- payment to labourers in presence of beneficiary; and
- evaluation of impact of farm pond construction by collecting productivity data before and after pond construction.

However, selected SCSDs did not follow these guidelines as observed by us. The Management in their reply (October 2012) agreed to take necessary action in future.

Payment of varying machinery hiring rates in different schemes

Four divisions incurred ₹ 10.08 crore by adopting higher machinery rate as per GR against the approved SoR

2.2.35 The GoG while introducing (March 2007) the scheme stipulated the rate of ₹ 24.25 *per* cubic meter (cmt) for hiring of machinery for construction of ponds. The Schedule of Rates (SoR) of the Company approved (March 2008) by the GoG for hiring machinery for construction of pond was ₹ 22 *per* cmt till April 2011. We observed that the Company paid ₹ 24.25 *per* cmt under this scheme and the rate of ₹ 22 *per* cmt under RKVY for construction of pond till March 2011. The above discrepancy was removed by stipulating the uniform rate of ₹ 30 *per* cmt during approval (April 2011) of latest SoR by the GoG. The Company, being aware of its own lower rate, should have adopted the SoR rate of ₹ 22 *per* cmt in concurrence with the GoG for this scheme also. Based on the details provided by the Company in respect of Ahmedabad, Amreli, Rajkot and Vadodara Divisions for the period 2007-08 to 2010-11, the extra expenditure worked out to ₹ 10.08 crore[22] as a result of adopting higher GR rate.

The Management replied (October 2012) that the works under the scheme were executed as per the directions issued (February 2007) by the GoG. We do not accept the reply as the Company should have brought the disparity in rates to the notice of the GoG and paid hire charges in accordance with the principles of financial propriety to ensure uniformity in different schemes implemented by the Company.

Construction of water harvesting structure

2.2.36 The GoG had issued (5 August 1997) guidelines for the implementation of the scheme for construction of Water Harvesting Structures (WHS). The Company constructs two types of WHS viz. Earthen and Masonry WHS. Earthwork and masonry work are the major component in earthern and masonary WHS respectively, which can be executed by,

[22] Expenditure of ₹ 108.57 crore ÷ Machine rate as per GR i.e. ₹ 24.25 = 4.48 crore cmt × difference of GR and SoR rate (₹ 22 *per* cmt) i.e. ₹ 2.25 *per* cmt = ₹ 10.08 crore.

labourers/ masons. The charge office under SCSD surveys the site for technical feasibility, prepares a fair plan estimate, gets approval from SCSD, obtains work order, collects labour/ cash contribution in advance and without inviting tenders, hires labourers/ masons for execution at prevailing SoR. On work completion charge office measures work done in MB, prepares and submits vouchers to SCSD for release of funds and consequent payment to labourers/ mason. Besides, the Company also issued instructions (November 2001) for selection of site for WHSs. During 2007-08 to 2011-12, the Company received ₹ 105.66 crore for the scheme (which included ₹ 2.30 crore for administration expenses) for construction of 11,181 WHS. The Company constructed 12,950 WHS at a cost of ₹ 103.28 crore, which included ₹ 50.19 crore incurred in selected SCSDs. The scheme guidelines related irregularities as noticed in audit are given below:

Violation of guidelines

2.2.37 The scheme guidelines stipulated that:

- the scheme was to be implemented in low rain fall areas only;
- socio economic and agriculture survey of the WHS catchment was to be conducted and the reports were to be submitted along with maps and design of WHS before starting the work;
- agricultural production records, water table details of wells surrounding the WHS (Survey number wise) both before and after the construction of WHS were to be maintained year wise;
- an Association of the beneficiaries of WHS was to be formed and a corpus fund for maintenance of the WHS by contributing 20 *per cent* of the cost of WHS was also to be created.

We observed that the above guidelines were violated as given below:

- An expenditure of ₹ 10.46 crore in Vyara SCSD and ₹ 10.23 crore in Dharampur SCSD was incurred despite these being high rainfall areas;
- No socio economic and agriculture survey was conducted by any of the selected SCSDs;
- No data as stipulated in the guidelines was maintained;
- No corpus fund was created in selected SCSDs.

The Management replied (October 2012) that WHSs were constructed in Vyara and Dharampur SCSD because the structures were required to prevent run off water. The benchmark survey was carried out and documented as success story. Director of Evaluation (DoE) conducted the impact evaluation of scheme implementation and the feasibility of WHS location was assessed based on GIS map collected from BISAG.

We do not accept the reply, as scheme guidelines are specific to construction of WHS in low rainfall area. Further, the reply did not elaborate the reasons for violation of scheme guidelines.

Desilting of village pond

2.2.38 The GoG formulated a scheme for desilting of village ponds in April 2005, which was to be implemented by the Company in ten districts[23] of the State. The main objective of the scheme was to conserve runoff water by increasing storage capacity and percolation capacity of the existing village ponds by deepening and de-silting them, which in turn would recharge the water table of surrounding wells by increasing their command area. Earthwork is the only component for desilting of village pond, which can be carried out either by excavators or bulldozers. Upon receipt of application from Panchayat, the charge office under SCSD surveys the pond, prepares a fair plan estimate, gets approval of SCSD, obtains work order for excavator or bulldozer, collects advance cash contribution and awards work. This is the only scheme wherein the Company awards contracts for hiring of excavators on district wise and year wise basis. The Company awards work either to the excavator contractor on *per* cmt basis or to Company's mechanical division for providing bulldozers at approved hourly rate. In case of excavators, upon work completion, charge office measures work done in MB, prepares and submits vouchers to SCSD for payment to contractor. On the other hand, for bulldozer work, the charge office records number of hours in MB for which bulldozers were operated and based on the bill received from mechanical division releases payment. During 2007-08 to 2011-12, the Company received grants of ₹ 159.85 crore for desilting of 2,821 village ponds. Under the scheme 10 *per cent* of the expenditure was allowed as administrative expenditure, which amounted to ₹ 13.42 crore during 2007-08 to 2011-12. The Company desilted 3,285 village ponds at the total cost of ₹ 139.36 crore. This included an expenditure of ₹ 30.34 crore in selected SCSDs.

Violation of scheme directives

2.2.39 The GoG stipulated (April 2005) in its GR that Mechanical division of the Company be closed and its 97 bulldozers be sold by 31 March 2006. The personnel of the division were to be utilised in the Company and other GoG offices. After April 2006 the desilting activity of village ponds in the ten districts identified for this purpose was to be executed through machinery (excavator) hired through a tender process only.

We observed that the Mechanical division was not closed and the staff thereof was working (October 2012). Only 34 out of 97 bulldozers were disposed-off till October 2012. Remaining 63 bulldozers were used along with hired excavators in all the ten districts. Further, no record of quantum of desilting work done by bulldozers was maintained by the SCSDs as is done in case of excavators.

The Management replied (October 2012) that closure of mechanical division was not possible due to continuous demand of bulldozers by local leaders, Members of Parliament (MPs) and Members of Legislative Assembly

[23] Ahmedabad, Amreli, Bhavnagar, Gandhinagar, Jamnagar, Junagadh, Kachchh, Porbandar, Rajkot and Surendranagar.

(MLAs). Further, it added that earthwork done by bulldozers was around 35 cmt *per* hour. We do not accept the reply as this is a violation of the GoG directions and the Company has no evidence in support of the earthwork quantity excavated by bulldozers.

A case of excess expenditure due to delay in finalisation of the tenders for hiring of excavators is discussed below:

Excess expenditure in hiring excavators

2.2.40 The GoG had stipulated tendering for excavator hiring in all the 10 districts from 1 April 2006. We observed that in March 2006 the Company had invited open tenders for annual rate contract for hiring of excavators wherein district-wise L1 rate received ranged from ₹ 19.80 to ₹ 21 *per* cmt, which was, however, not converted into work order pending the GoG approval. The GoG directed (January 2007) the Company to immediately finalise new tenders and allowed the Company to make the payment at GR rate of ₹ 24.25 *per* cmt till award of new contract.

We observed that the tendering process for hiring of excavator was done again only in March 2010 wherein district-wise L1 rates ranged between ₹ 18 and ₹ 24 *per* cmt. These tenders were converted into district wise orders (April 2010). This led to payment of higher rates during the intervening period and could have been minimised, had the tenders finalised timely.

The Management replied (October 2012) that the works were being carried out at the rate of ₹ 24.25 *per* cmt as per the scheme GR and further approval for continuance taken from the GoG. We do not accept the reply as the scheme guidelines itself envisaged invitation of tenders and the further approval taken from the GoG was only for the interim period pending the immediate finalisation of tenders. The approval was not for continuance of GR rate upto March 2010.

Reconstruction of damaged assets due to flood and heavy rain

2.2.41 The GoG introduced the above scheme (March 2007) as WHS were damaged due to flood and heavy rains during July-August 2006 resulting in runoff of rain water stored in these structures. These structures were required to be reconstructed by incurring nominal expenditure benefitting the farmers for a longer period. This scheme was mainly introduced for the reconstruction of masonry WHS constructed by the Company in Government/ Panchayat land. The charge office under SCSD surveys the site, prepares a fair plan estimate, gets approval of SCSD, obtains work order, and without inviting tenders, hires mason for execution at prevailing SoR. On work completion charge office measures work done in MB, prepares and submits vouchers to SCSD for release of funds and consequent payment to mason. During 2007-08 to 2011-12, the Company received grants of ₹ 20.54 crore for repairing of 9,130 WHS. Against these targets 6,023 WHS were repaired at the cost of ₹ 20.52 crore. This indicated that the physical progress was not commensurate with the expenditure incurred. The details of expenditure incurred for repairing of WHS in Government, Panchayat and Private land are given below:

(₹in lakh)

Year	Expenditure incurred for repairing of WHS in			Total
	Government Land	Panchayat Land	Private Land	
2007-08	46.70	26.53	135.63	208.86
2008-09	239.03	110.72	490.22	839.97
2009-10	43.68	102.36	152.26	298.30
2010-11	43.01	94.84	201.14	338.99
Total	**372.42**	**334.45**	**979.25**	**1,686.12**

(**Source:** Information for 2007-08 to 2010-11 from annual accounts)

We observed the following:

Expenditure of ₹ 9.79 crore incurred on reconstruction of private assets instead of community assets

- Against the community assets envisaged to be repaired under the scheme, the Company had incurred an expenditure of ₹ 9.79 crore out of ₹ 16.86 crore for repair (masonary works) of WHS constructed on private land during 2007-08 to 2010-11;
- Photographs required to be taken prior to taking up the reconstruction work, were not available;
- Since the introduction of the scheme from 2007-08, the Company did not maintain stipulated data bank on the masonry structure created/ repaired so as to avoid duplication of repair work and enable identification of structures for future maintenance.

The Management replied (October 2012) that there was no clarification in the GR that the scheme was not meant for maintenance of assets on private land. We do not accept the reply as the scheme was introduced for maintenance of the assets on Government/ Panchayat land.

Watershed based Government of India schemes - Macro Management Agriculture

2.2.42 The Macro Management Agriculture (MMA) scheme was launched by the GoI in 2000-01 by integrating 27 centrally sponsored schemes in partnership with the States. The pattern of financial assistance under the scheme was 90 *per cent* Centre's share and 10 *per cent* State's share. MMA scheme was revised (July 2008) with certain newly added schemes. Under MMA, four schemes[24] were implemented by the GoG through the Company. During 2007-08 to 2011-12, the Company received grants of ₹ 169.70 crore for soil conservation scheme for treatment of 3,17,337 ha of land. Against the target, the Company treated 2,12,188 ha at the cost of ₹ 165.73 crore. Hence, the physical achievements were not commensurate with the targets fixed during 2007-08 to 2011-12.

[24] National Watershed Development Project for Rain fed Area (NWDPRA); River Valley Projects and Flood Prone Rivers (RVP&FPR); Reclamation and Development of Alkali and Acidic soil (RDAA), Reclamation of Ravine (Innovative).

Fund allocation among the four schemes

Excess release of MMA funds of ₹ 13.93 crore to RVP & FPR against the budgeted fund allocation

2.2.43 The GoG intimates to the Company every year the budgeted allocation in a fixed proportion among the four schemes of MMA. When funds are received against the above allocation, the Company should release the funds to the SCSDs for the four schemes in the already fixed proportion. We observed that Company did not allocate the funds to the SCSDs in the GoG decided proportion. This resulted in excess allocation of ₹ 13.93 crore to River Valley Projects and Flood Prone Rivers scheme (RVP & FPR) and short allocation by ₹ 5.41 crore in National Watershed Development Project for Rain fed Area (NWDPRA), ₹ 0.22 crore in Reclamation and Development of Alkali and Acidic Soil and ₹ 8.30 crore in Reclamation of Ravine (Innovative). During 2007-08 to 2008-09 the GoG did not fully contribute its 10 *per cent* share to the extent of ₹ 0.98 crore. However, in remaining period of review, the GoG contributed as per proportion.

The Management replied (October 2012) that the MMA scheme guidelines provide for transfer of funds amongst the various MMA schemes and as the Company had approved projects under RVP & FPR it had released more fund to RVP & FPR for utilisation. However, the Management did not provide any document in support of their contention. As the GoG releases funds in fix proportion to the four schemes, the deviation made by the Company should have been reported to GoG.

National Watershed Development Project for Rain fed Area (NWDPRA)

2.2.44 NWDPRA was launched (1986-87) with the objective of conservation, development and sustainable management of natural resources and agricultural productivity. Further, restoration of ecological balance in rain fed eco system and creation of sustained employment opportunities for rural community was also envisaged. In absence of maintenance of cultivation records of pre and post scheme implementation period by the Company, it is not possible to assess the achievement of these objectives. The project activities are executed in four to seven years duration and are sequenced into (i) Preparatory phase; (ii) Works phase; and (iii) Consolidation and withdrawal phase.

Infructuous expenditure on preparatory phase

2.2.45 The preparatory phase *inter alia* comprises of undertaking entry point activities to establish credibility of Watershed Development Team (WDT), to create rapport with village community and preparation of detailed project report (DPR). These activities include awareness among villagers, capacity building and training. The entry point activity can be undertaken up to four *per cent* of the project cost, provided a WS committee is formed by the implementing agency and the members of the beneficiary community are willing to contribute five *per cent* of the entry point activity cost in the form of cash or labour.

An expenditure of ₹ 63.45 lakh was incurred for entry point activity without forming watershed committee

We observed that in violation to the above guidelines, the Surendranagar SCSD incurred (2008-09 to 2009-10) an expenditure (entry point and other preliminary expenses) of ₹ 63.45 lakh[25] in nine villages without formation of a WS committee. Further, community contribution towards entry point activity cost was also not taken from the beneficiaries. Thereafter, further activities as regards works phase were not carried out in these nine villages. This resulted in wasteful expenditure of ₹ 63.45 lakh on entry point.

The Management replied (October 2012) that due to delayed registration of the WS committee and insufficient allocation of funds from the GoI the project was dropped. We do not accept the reply as the Company despite having some approved projects in hand, diverted funds in favour of other schemes as discussed in paragraph **2.2.42** *supra*.

River Valley Projects and Flood Prone Rivers (RVP&FPR)

2.2.46 Soil conservation in catchments of the River Valley Projects and Flood Prone Rivers **(**RVP & FPR) was launched (1992) for prevention of land degradation by adopting multi-disciplinary integrated approach of soil conservation and WS management in catchment area, improve land capability and moisture regime in WSs, prevention of soil loss to reduce siltation and enhance the in-situ moisture conservation. The scheme was envisaged to be implemented with 100 *per cent* subsidy from the GoI except in respect of land leveling and terracing activity (which was to be restricted to 10 *per cent* of total WS cost) wherein minimum 25 *per cent* contribution in cash/labour was to be recovered in advance from beneficiary. The Company incurred a total expenditure of ₹ 62.64 crore under RVP & FPR scheme during 2007-08 to 2011-12 of which ₹ 39.08 crore was incurred in the selected SCSDs. In violation of the Scheme guidelines the Company showed ₹ 11.83 crore as loan recoverable instead of collecting advance contribution from the beneficiaries in cash or labour.

Other irregularities in implementation of the scheme are discussed below:

Non execution of envisaged activities vis-à-vis excess expenditure

2.2.47 As per the guidelines for RVP & FPR schemes in operation up to June 2008, the average unit cost of entire treatment should be ₹ 5,000 *per* hectare for land having more than eight *per cent* slope and ₹ 3,200 per hectare for land up to eight *per cent* slope. Dahod SCSD implemented 40 RVP & FPR projects during 2007-08 to 2011-12 at a cost of ₹ 40.61 crore of which 13 were completed and remaining were under execution. We reviewed records related to 13 completed projects[26]. Out of

[25] Administrative cost - ₹ 2.54 lakh, activities required by the villagers like construction of farm pond, community hall, etc - ₹ 36.09 lakh, institution and capacity building - ₹ 0.74 lakh and training - ₹ 24.08 lakh.

[26] In which works like contour bunding, countour veg hadge, land levelling, etc in agriculture land; pasture development, gap filling and silvi pasture development, etc in waste land; and making earthen loose boulders, loose boulders with vegetative support, WHS, etc in drainage line treatment under agriculture and waste lands were completed.

these 13 projects, in respect of 11 projects the total estimated cost was ₹ 15.70 crore whereas the actual expenditure incurred was ₹ 20.30 crore. Thus, there was an excess expenditure of ₹ 4.60 crore i.e., an increase of 29.30 *per cent*. Though the increase in expenditure was more than 10 *per cent* of project cost, approval of District Agriculture Committee (DAC) as prescribed in the scheme guidelines was not obtained. Despite the excess spending, 19 activities related to afforestation, vegetative fencing, horticulture, construction of percolation tanks etc., estimated to cost ₹ 0.70 crore were not carried out in these 11 projects. In respect of remaining two projects, the total estimated cost was ₹ 2.02 crore, whereas, the actual expenditure incurred was ₹ 1.09 crore, thus, there was short expenditure of ₹ 0.93 crore during 2007-08. In these projects SCSD did not carry out 21 activities costing ₹ 0.58 crore related to afforestation, vegetative fencing, horticulture, construction of percolation tanks etc.

An expenditure of ₹ 8.43 crore was incurred in excess of average norms of the scheme

In the 13 completed projects, total 25,908 ha area was treated by incurring an expenditure of ₹ 21.39 crore giving a *per* hectare cost of ₹ 8,255. Even considering the cost norm of ₹ 5,000 *per* hectare for more than eight *per cent* slope of land, the excess expenditure above the average norm was ₹ 8.43 crore (₹ 3,255 × 25,908 ha = ₹ 8.43 crore).

In Palanpur SCSD, 19 RVP & FPR projects were planned for execution at a cost of ₹ 9.29 crore during 2007-08 to 2011-12. Of these, five projects estimated to cost ₹ 32.98 lakh proposed for 2007-08 were not executed at all. No reasons were on record for non-execution of these projects. Further, in case of four projects estimated to cost ₹ 1.80 crore, the SCSD incurred total expenditure of ₹ 3.86 crore i.e., an excess expenditure of ₹ 2.06 crore (114 *per cent* increase). However, approval of District Agriculture Committee (DAC) was not obtained for the excess expenditure.

The Management replied (October 2012) that the WS expenditure in the SCSDs commented by Audit was not beyond the project cost approved by the GoI and, therefore, the DAC approval was not required. Further, the expenditure in each WS was within the limit of the GoI approval. However, the Management neither furnished relevant documents in support of their contention nor provided reply specific to our observation.

Absence of monitoring system

2.2.48 As per the guidelines, a hydrologic and sediment monitoring system at the WS should be installed for monitoring and evaluation of the impact of activities undertaken under the scheme in one out of every five WSs for a period of seven years from the time the project is launched. We observed that neither such a system was installed nor any monitoring was done for evaluation of the effectiveness of activities undertaken under the scheme in any of the 13 WSs in Dahod SCSD.

Short creation of corpus fund

2.2.49 The RVP & FPR scheme envisages creation of a corpus fund being two *per cent* of the total investment in the WS for the maintenance of community assets. Contribution to the extent of one *per cent* was to be made out of the GoI fund and remaining one *per cent* by the GoG / local self-Government. However, we observed that a corpus fund of ₹ 2.50 lakh only was created against the requirement of ₹ 21.39 lakh being one *per cent* of total investment of ₹ 21.39 crore for 13 RVP & FPR projects completed and saturated in Dahod SCSD. Further, no amount was collected which was to be contributed by the GoG / local self-Government. This resulted in violation of the scheme guidelines to ensure sustainability of the works.

The Management in their reply accepted (October 2012) our observation and stated that the fund allocated under the GoG scheme for Reconstruction of damaged assets due to flood and heavy rains were utilsed for maintenance of assets.

Reclamation and Development of Alkali and Acidic soil

2.2.50 The Reclamation and Development of Alkali and Acidic soil (RDAA) scheme was launched with the objective to reclaim land affected by alkalinity to improve land productivity with a view to increase crop/horticulture/fuel and fodder production, besides generating employment opportunity to arrest rural-urban migration. Under the scheme, based on the water and soil test reports besides arranging assured water supply, the soil amendment activity is carried out by application of gypsum and pyrite in the land affected by alkalinity. Only Anand SCSD among the selected SCSDs implemented the RDAA project in 50 villages during 2007-08 to 2011-12. Activities carried out and completed in nine villages during 2008-09 to 2010-11 were reviewed. The following table gives details about physical and financial achievement in RDAA implemented in nine villages during 2008-09 to 2010-11:

Name of Village	Physical (in ha)				Financial (₹ in lakh)			
	Appro-ved	Actual	Short Fall	*per cent* Work Done	Appro-ved	Actual	Short Fall	*per cent* exp. incurred
Antoli	524.00	430.00	94.00	82.06	69.49	21.95	47.54	31.59
Bhaniyara	573.41	470.00	103.41	81.97	74.38	16.80	57.58	22.59
Gojali	306.77	300.00	6.77	97.79	42.10	12.50	29.60	29.69
Jarod	1,090.00	1,030.00	60.00	94.50	137.85	36.27	101.58	26.31
Kamlapur/ Pipariya	634.36	550.00	84.36	86.70	82.23	25.94	56.29	31.55
Kamrol	771.00	590.00	181.00	76.52	98.39	20.41	77.98	20.74
Kotambi	1,598.00	1,300.00	298.00	81.35	196.51	40.82	155.69	20.77
Mavli	485.22	480.00	5.22	98.92	64.58	15.50	49.08	24.00
Vanadra	1,156.00	900.00	256.00	77.85	149.81	32.15	117.66	21.46
Total	**7138.76**	**6050.00**	**1088.76**		**915.34**	**222.34**	**693.00**	

We observed that though the physical achievement ranged between 77.85 and 98.92 *per cent*, the expenditure incurred ranged from 20.74 to 31.59 *per cent* only. This indicated that no proper assessment of fund requirement was done.

The Management replied (October 2012) that farmers executed the crop management component themselves, so the physical achievement was more than the expenditure incurred. We do not accept the reply because the work done by the farmers should not have been included in physical targets. Further, one component cannot lead to such a wide variation between physical and financial targets.

Incorrect categorisation of villages

2.2.51 Under this scheme, the element of subsidy to the beneficiaries was dependent on the category (alkalinity) of soil, which should have been determined through plot-to-plot soil testing.

We observed that in the nine villages test checked, the soil testing was done on random sampling basis instead of on plot-to-plot basis. Further, as per the scheme, if pH (alkalinity) level was between 8.2 and 8.99, then it was to be classified as 'A' category soil, 9 to 9.5 as 'B' category soil and above 9.5 as 'C' category soil. 'A' category soil was only entitled to 50 *per cent* subsidy for expenditure incurred for soil amendment by using gypsum/ pyrite. The beneficiaries were not entitled to any subsidy for the remaining six activities like farm development, link drain, bund, green manure, etc. However, in the nine villages test checked, the random sampling done showed pH below 8.99 *per cent*, yet the plots were classified as 'B' and 'C' category soil, entitling the beneficiaries to subsidy under more number of activities.

Incorrect classification of beneficiary based on the soil test report resulted in excess subsidy payment of ₹ 2.01 crore

This resulted in excess expenditure of ₹ 2.01 crore as out of the total expenditure of ₹ 2.19 crore only ₹ 0.18 crore pertained to soil amendment using gypsum/ pyrite which 'A' category soil owners were entitled to .

The Management replied (October 2012) that soil testing for entire land was expensive hence was not carried out on plot-to-plot basis. It was also stated that audit has derived its conclusion that the area falls under 'A' category based on two to five testing reports of an area, whereas, the area was actually under 'C' category. We do not accept the reply because the management has not furnished any data or testing report of the area test checked by Audit for classifying the same in 'C' Category. Further, the justification given by the Company for not carrying out soil testing on plot-to-plot basis is also not acceptable as per the guidelines of the Scheme.

Project based Government of India schemes - Rashtriya Krishi Vikas Yojana

2.2.52 The National Development Council resolved (May 2007) to launch a special additional central assistance scheme viz., Rashtriya Krishi Vikas Yojana (RKVY) for achieving four *per cent* annual agricultural growth by ensuring holistic development of agriculture and allied sectors. The main objectives of the scheme are to provide incentive to the States for increased investment in Agriculture; provide autonomy to States in planning and executing the agriculture and allied sector schemes; and bringing quantifiable change in the production and productivity by addressing the problems in a holistic manner. The State was to use one *per cent* of total RKVY funds for incurring administrative expenditure and the Department of Agriculture, the GoI was to retain one *per cent* of RKVY funds to organise Pan-India evaluations or for administrative contingencies. Minimum 75 *per cent* of the total funds under the scheme were to be available for Projects approved by

State Level Sanctioning Committee (SLSC)[27] under Stream-I and the balance 25 *per cent* fund under Stream-II was to be the untied assistance to the States to bridge the resource gaps of the State plan schemes. the GoG through the Company implemented 12 sub schemes that formed part of the focus area of RKVY for which projects under Stream-I were approved by SLSC. During 2007-08 to 2011-12, the Company received grants of ₹ 616.58 crore for RKVY (including ₹ 5.88 crore claimed for contingency). The Company treated 3,52,625 ha of land at the cost of ₹ 612.68 crore (including administrative expenses ₹ 5.87 crore) and out of this expenditure ₹ 289.16 crore was incurred in selected SCSDs.

We observed the following irregularities in the implementation of the scheme.

Undue benefit to individual farmers

2.2.53 Construction of farm ponds/ tanks/ reservoirs for individuals and community was envisaged under the water harvesting and management activity of the Rain fed Area Development Programme (RADP). The scheme envisaged a financial limit of ₹ 15 lakh for community pond with 100 *per cent* subsidy and ₹ 1.20 lakh *per* pond for individual with 50 *per cent* subsidy.

In violation of the scheme guidelines, the Company constructed 10 community ponds resulting in passing of undue benefit of ₹ 1.44 crore to 10 individual farmers.

We observed that Chhota Udepur SCSD constructed 10 big size community ponds costing ₹ 15 lakh each for 10 individuals. In all 10 cases consent for construction was received from individual farmers and not from a community of farmers as required for community ponds. There was no evidence of any community agreement also. As per the scheme requirements, the Company should have constructed ponds worth ₹ 1.20 lakh only in each case and shown 50 *per cent* as recoverable from beneficiaries. The Company has given an undue benefit to individual farmers of ₹ 1.44 crore (₹ 1.50 crore *less* 50 *per cent* of ₹ 12 lakh) as a result of constructing community ponds for individuals.

The Management replied (October 2012) that the ponds referred to above were community-based ponds and hence no individual benefits were given. However, the Management had not furnished any documents in support of their contention.

Inadequate fund allocation

2.2.54 RKVY is a project based GoI scheme. Under the scheme the GoG can decide the projects to be implemented under the various categories of sub-schemes laid down under RKVY. As discussed in para **2.2.11** *supra*, the Company had implemented 13 sub-schemes during 2007-08 to 2011-12. The GoG allocated funds to the Company for projects approved in each sub-scheme. However, the Company did not give directions to SCSDs for utilising the funds for specific projects. Therefore, SCSDs allocated the funds to the projects on *ad hoc* basis as discussed below.

[27] SLSC is headed by the Chief Secretary of the State that has the authority to sanction specific projects under the Stream-I. The quorum for a meeting of SLSC shall not be complete without the presence of a GoI official.

Based on the records made available to audit, we analysed data of seven sub-schemes involving 232 projects in the selected SCSDs reviewed under RKVY during 2007-08 to 2011-12. The implementation period for each project was one year. The targets were given in financial and physical terms for the projects. As far as physical performance was concerned, the targets were fixed in various measurable units i.e., for treatment of land in hectare, for construction of water body structure in number and for other constructions in running meters (RMT) depending on the nature of works[28]. The physical and financial targets fixed and the achievements made there against under the seven sub-schemes in respect of selected SCSDs for the period 2007-08 to 2011-12 is given in ***Annexure* 9**. The financial achievements of all projects implemented by six SCSDs ranged between 22 and 77 *per cent* against targets fixed. Further, we observed that:

- In the Chhota Udepur SCSD the expenditure incurred in four out of five schemes was less than 50 *per cent*. A detail analysis of the works executed under the schemes revealed that under the Scheme for checking of salinity ingress in the coastal area it had not executed any works for construction of reclamation bund (measured in RMT) against the targets given. In restoration of fertility in waterlogged area scheme, the expenditure incurred by it was more than target in respect of creation of structures and deepening of sim talavs (both measured in numbers) and the expenditure incurred was not in proportion to the physical performance.

  In reclamation of ravine area scheme, the SCSD did not execute the works for construction of peripheral bund and drainage line (measured in RMT) against the physical targets fixed**.** In rain fed area development scheme, the expenditure incurred for farm pond works (measured in numbers) was not in proportion to the physical performance achieved.

- In Anand SCSD, the expenditure incurred in three out of six schemes was less than 50 *per cent*. In respect of restoration of fertility in waterlogged area scheme the physical and financial performance was even less than one *per cent* of targets fixed for construction of drainage line (measured in RMT). In the scheme for reclamation of degraded bhal[29] area, the expenditure incurred for the works of green manuring and deep ploughing (measured in hectares) was more and not in proportion to the physical performance achieved. In the scheme for

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[28] **<u>Hectare</u>:** Field bunding, Land levelling, land shaping, soil amendment, Green manuring, organic farming/ deep ploughing, Afforestation, Silvi pasture, Horticulture, drainage line treatment, dry land horticulture, oversiding of grasses, contour trench, sim protection bund, bank stabilisation, Counter bunding with link Drainage vegetative Support, Kyari making etc.
<u>Structures</u> (numbers): Loose boulder structure, Drought pond, farm pond, Nala plugging, Earthen WHS, Masonry check dam, percolation tank, recharging of well, recharging of village tank, recharging of village tank/ Gam talav, gully control measures, earthen nala plug, small gully plug, nala plug, sim pond, loose stone structure, staggered trench, deepening of sim talav, deepening of village pond etc.
<u>RMT</u>: Reclamation Bund, Drainage Line, peripheral bund etc.

[29] Bhal is an area spread across two districts viz. Bhavnagar and Ahmedabad.

problematic saline alkaline soil, though the SCSD had achieved 61 *per cent* of its financial target, it had not constructed any structure of small gully plug, earthen nala plug and staggered trenching and instead constructed only earthen WHS (measured in numbers) in excess of its physical target.

- Even after spending 70 *per cent* of funds earmarked for restoration of fertility in waterlogged area scheme, Vyara SCSD did not achieve any physical performance in respect of contour bunding, green manuring and soil amendment works (measured in hectares).

- Palanpur SCSD though incurred 77 *per cent* expenditure against the financial target fixed for the scheme of enhancing water resources of dark zone had not constructed any drainage line (measured in RMT) against the physical target fixed.

- The expenditure incurred by Surendranagar SCSD for farm pond works (measured in numbers) were not in proportion to the physical performance achieved in rain fed area development scheme.

No justification was on record for incurring of disproportionate expenditure on works as cited above. Moreover, none of the SCSDs had achieved either the physical and financial targets during implementation of the schemes. This showed that targets were not fixed for the projects after proper assessment.

The Management replied (October 2012) that the RKVY projects had been implemented as per the availability of the grants for the specific projects and physical achievements made accordingly. Incomplete projects are included under next year planning. Certain physical works if already carried out by other departments were not carried out under RKVY. We do not accept the reply as it does not give the reasons for incurring disproportionate expenditure or for the excess/ non-execution of work. Further, the Management has not given any details of the works already executed by other departments in the projects mentioned above.

Recovery of scheme funds

2.2.55 The Company implements four schemes wherein loan component is included which is recoverable with interest in instalments. Of the four schemes, advance contribution is mandatory in SCNA and KYTA schemes and voluntary in SCSC scheme. The SCSD recovers advance contribution and loan instalments from beneficiary and deposits it to head office. The irregularities noticed in respect of recovery mechanism are discussed below.

Non surrendering of advance contribution/ loan recovery

2.2.56 The Rule 154 (5) of Gujarat Financial Rules (GFR), 1971 specifies that grant allotted other than for specific object wherein time limit for utilisation is not prescribed, shall be subject to utilisation within a reasonable time. Any portion of that grant not ultimately required shall be duly surrendered to the GoG. During the review period the Company received an amount of

₹ 17.85 crore as advance contribution/ loan recovery from the beneficiaries of the four schemes. As these were advance contribution/ loan recovery against the work, which were already executed under the GoG Schemes, these recoveries should have been remitted to the GoG. However, the Company has retained these amounts and kept the same in separate bank account at its HO.

The Management replied (October 2012) that as per guidelines of the schemes no contribution is to be recovered from the beneficiaries under the schemes discussed above. We do not accept the reply as the scheme guidelines stipulates for recovery of advance contribution/loan and due to this, the Company received the amount of ₹ 17.85 crore from the beneficiaries. This amount has to be remitted as per the provisions of GFR.

Low recovery of loans

2.2.57 As on 31 March 2012 loan recovery of ₹ 97.04 crore was pending of which ₹ 36.26 crore was outstanding for more than five years. However, no action was taken by the Company for recovery of loan as arrears of revenue. Of the above mentioned ₹ 97.04 crore, an amount of ₹ 52.04 crore was not recoverable due to operation of law of limitation. Moreover, in the absence of a formal agreement, these loans are not enforceable even in a court of law.

We observed that the Company did not follow the procedure for preparation of completion report and consequent issuance of recovery statement in a time bound manner. While, no recovery statement was issued in respect of SCSC scheme, the percentage of number of recovery statements in respect of SCNA was 1.90 *per cent*. In the remaining schemes it was 33-34 *per cent*.

The Management attributed (October 2012) the low recovery of loans to the inability of farmers to repay the loan, general tendency of farmers to wait for loan waivers and shortage of staff resulting in delayed preparation of loan recovery statements.

Common deficiencies in implementation of all schemes

2.2.58 We observed the following common deficiencies in scheme implementation indicating the existence of weak monitoring and control system:

- The SCSDs while implementing the scheme did not take photographs of the work before commencement, after completion and after the first monsoon to establish the successful execution of work.
- The SCSDs did not maintain consolidated application register[30] as required by HO to establish its requirement for implementing the scheme in its jurisdiction and consequently raise the requirement of grant.

[30] It contains the details viz., name of farmer, survey no., land holding, mane of village, application date, etc.

- Target were not fixed and communicated by HO to respective SCSDs before commencement of the financial year but only in the last quarter of the year.
- The details about the nature of work executed under the schemes giving village wise and survey number wise details to ensure that a work was not executed earlier under different schemes in different years and vice versa were not maintained.
- The proactive Right to Information disclosures related to work executed in 25 districts of the State were neither updated by the Company for more than one year in all districts nor provided with adequate information of all the works executed.
- The SCSDs issued bearer cheques to the charge supervisors for values upto ₹ one crore at a time against the indemnity bond of ₹ one lakh furnished by the charge supervisor. This exposed the Company to the risk of loss of grant funds.

The Management in its reply stated (October 2012) that necessary actions would be taken as per our observations.

Violation of labour laws

2.2.59 The charge offices directly employ the labourers available locally for execution of various soil and water conservation works based on the Company's SoR. One member from each labour family was designated as head of the family. One, out of five to six heads of the family, was designated as Gang Leader to facilitate payment to labourers. The payment to labourers was made in the presence of Gang Leader. However, no documents viz., identity card issued to agriculture labourers by rural labour commissioner, ration card, etc were available on record to establish the fact that only the family members of the head of the family were employed and paid for the work.

We observed that the following labour law[31] provisions were not adhered to by the Company.

- No registrations under the Act were obtained nor were returns submitted under the Act.
- Register of persons employed for works with their Employment Card number was maintained.
- Payment of wages was made beyond the stipulated period. An instance was noticed in Vansada charge office under Dharampur SCSD where payment of ₹ 76.50 lakh to labourers for work done in April/ May 2010 was made after a delay of one year.

The SoR approved for soil work execution in the Company is as under:

[31] The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (P&R) (Gujarat) Rules, 1972.

(Amount in ₹)

Sl. No.	Type of Soil	SoR *per* cmt before 15 April 2011		SoR *per* cmt after 15 April 2011	
		Labour rate[32] including charges	Machine	Labour rate[32] including charges	Machine
1	Loose or soft soil	18.50	22.00	30.50	30.00
2	Clay/ Hard Clay/ Yellow or red soil/ Hard soil	23.15		38.15	
3	Average soil and Murrum/ Soft Murrum	27.25		44.70	
4	Hard Murrum	36.80		61.00	

The above labour rates were exclusive of lead and lift charges. We observed that the payments were made at labour rates mentioned Sl. No. 2, 3 and 4 of the above table. These rates were higher than the prevailing machine rate for hiring tractors/ excavators.

We observed that none of the selected SCSDs had collected any proof related to labourers. Therefore, the possibilities of execution through machine at lower rate and claim from the Company at higher labour rate could not be ruled out, as no proof either of identity or residence of labourers were collected and the wages were paid in cash.

The Management replied (October 2012) that non-availability of sufficient grant resulted in delayed payment and assured to take care for timely payment in future. Further in respect of other observations it stated that legal opinion would be obtained and accordingly necessary steps would be taken.

Evaluation of schemes

2.2.60 The Company did not evolve a system for periodical evaluation of schemes for analysing the bottlenecks, if any, experienced during the execution for suggesting mid-course corrections. We observed that the Company implemented 22 tribal and non-tribal GoG schemes; however, only four[33] schemes were evaluated by Director of Evaluation, GoG in previous ten years and none of the recommendations were accepted/ implemented by the Company. The Company has not evaluated the newly introduced scheme in eleventh Five Year Plan viz., reconstruction of assets. Further, six schemes[34] were not evaluated, though they were implemented for more than five years.

In the absence of evaluation, we could not ascertain whether the achievement conformed to the targets/ objectives set forth and was commensurate with the expenditure.

The Management replied (October 2012) that evaluation reports of certain schemes were in progress and in respect of the remaining schemes, the evaluation would be done in future.

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[32] This includes amount related to sharpening of pick-axes charges.

[33] Construction of WHS (December 2007), Construction of farm ponds and sim talavs (December 2011), SCNA (May 2005) and SCTA (May 2005).

[34] Soil conservation work of Scheduled caste cultivators field, Kyari making for paddy cultivation in Dangs District, IWDP for prevention of Salinity Ingress in coastal areas of Saurashtra, Scheme for ravine reclamation, Reclamation of saline alkaline soil for bhal area, and IWDP in tribal area of Gujarat.

Acknowledgement

We acknowledge the cooperation and assistance extended by different levels of the Management at various stages of conducting the performance audit.

Conclusion

- **The SCNA and SCTA schemes guidelines envisaged various soil and water conservation activities like land terracing, farm pond, contour bunding, etc. The Company, however, carried out only land terracing activities on the ground that farmers wanted it.**
- **In the WS based schemes of the GoG, activities were not carried out in a holistic and contiguous manner because targets were fixed on hectare basis instead of WS basis and because activities of a scheme were not synchronised in the required manner.**
- **The soil and water conservation works were not executed economically as higher GR rate instead of lower SoR rate was paid under farm pond scheme; delay in finalization of tender led to payment at higher excavator rates.**
- **Scheme for reconstruction of community assets was introduced for maintenance of structures constructed on Government and panchayat land. However, major portion of funds were utilsed for reconstruction of private assets.**
- **Recovery mechanism was not implemented effectively resulting in accumulation of arrears of loan recoverable that was pending for more than five years.**
- **The system for evaluation of scheme for mid-course corrections is not in place as only two schemes were evaluated in five years.**

Recommendations

- **The Company should carry out all the activities envisaged in scheme guidelines to avail optimal benefits of the works executed under the scheme.**
- **The targets for WS based schemes should be fixed on WS basis and the activities of a scheme should be synchronised in the required manner.**
- **Execution of soil and water conservation works should be undertaken at economical rates.**
- **Reconstruction of only community assets constructed on Government/ panchayat land should be undertaken.**
- **The reasons for increase in outstanding loans should be analysed and effective recovery mechanism adopted.**
- **Effective system for timely evaluation of schemes should be devised to facilitate mid-course correction in the schemes.**

We reported the matter to the Government (September 2012); we are awaiting their replies (December 2012).

Chapter III

Transaction Audit Observations

Chapter III

Transaction Audit Observations

Important audit findings that emerged from the test check of transactions of the Government of Gujarat Companies and Statutory Corporations are included in this Chapter.

Government Companies

Gujarat Mineral Development Corporation Limited

3.1 Avoidable expenditure

Imprudent decision to sell the wind energy generated, instead of using it for captive requirement, led to avoidable expenditure of ₹ 60.16 lakh.

In order to promote renewable power generation and have additional revenue, the Company commissioned (1 October 2009) a wind farm project in Rajkot district with an installed capacity of 19.5 MW, consisting of 13 Wind Turbine Generators (WTGs) of 1.5 MW each. As per the Government of Gujarat's Wind Power Policy (First Amendment) - 2007, the energy generated from the WTGs of the wind farm owner can either be sold under power purchase agreement[1] (PPA) or can be wheeled for its captive use by entering into wheeling agreements[2] (WAs). Under the WA, the net energy generated[3] is set off against the actual energy consumption at its recipient locations and in case of any excess wind energy generated the same shall be sold to Gujarat Urja Vikas Nigam Limited (GUVNL) at the rate of 85 *per cent* of tariff applicable.

We observed (December 2011) that the Company, instead of evaluating the option available for wheeling the energy generated from its WTGs to its major energy consumption centers, had started selling the energy of all its WTGs at fixed rate of ₹ 3.56 *per* unit[4] to GUVNL under PPA entered for the period upto October 2029. During October 2009 to March 2012, the Company generated and sold 82.02 MUs of energy to GUVNL. Reckoning the past consumption pattern for one year from October 2008 to September 2009 for four major locations[5] of the Company, it should have entered into WAs for three out of its 13 WTGs for wheeling of energy to these locations from October 2009. Had this been done, the actual energy consumption of 21.88 MUs of these locations during October 2009 to March 2012 would have

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[1] PPA to be entered for 20 years with Gujarat Urja Vikas Nigam Limited.

[2] WAs to be entered with Gujarat Energy Transmission Corporation Limited (GETCO) and concerned Distribution Licensee (DISCOMs).

[3] After taking into account the wheeling losses.

[4] The original rate fixed under PPA was ₹ 3.37 *per* unit which was re-fixed by Gujarat Electricity Regularity Commission at ₹ 3.56 *per* unit which would be applicable till December 2029.

[5] Mines project at (i) Panandhro, (ii) Rajpardi (iii) Tadkeshwar and (iv) Panandhro Colony.

been catered by these three WTGs, which generated 18.93 MUs of energy during the period. Thus, the Company could have saved electricity cost of ₹ 60.16 lakh[6] during October 2009 to March 2012, as the set off would be available against energy consumption charged at the tariff of ₹ 5.29 to ₹ 6.68 *per* unit based on contracted demand. This option could also guard the Company against the possible hike in the electricity tariff of Distribution Licensee till December 2029.

The Management/ Government stated (June 2012) that it had a captive load of only 2,350 KVA and the activities in one of these mines were expected to be closed by next five years. Thus, reckoning all factors viz., the possibilities for decrease in the consumption of power in these mines, increase in power generation of WTG, increase in the charges for transmission/wheeling losses and also the absence of 'Switch Over Option' from selling of power to wheeling of power in the wind power policy, the preference was made to sell the power under PPA.

We do not accept the reply. The total connected captive load of the Company was 5,810 KVA and the locations mentioned in WAs for wheeling of power were interchangeable according to consumption pattern, which would take care of future decrease in consumption in identified locations. Further, in view of the absence of 'Switch Over Option' from selling of power to wheeling of power, it was necessary for the Company to carry out a cost benefit analysis based on actual consumption pattern.

Sardar Sarovar Narmada Nigam Limited

3.2 Extra cost due to non award of work to an eligible bidder

An eligible bidder under the original tender was not considered leading to award of work at an extra cost of ₹ 45.09 crore. This also delayed the irrigation of cultivable command area of 1.06 lakh hectares of land.

The Company invited (23 July 2010) tenders for the work of construction of canal network consisting of distributaries and minor channels for the cultivable command area (CCA) under Dhrangadhra Branch Canal from chainage 0 to 124.983 km at an estimated cost of ₹ 239.23 crore. The time schedule for completion of work was 18 months from the date of award of work. Tender provisions stipulate that after technical evaluation of bids was received, the successful bidders would be declared as pre-qualified and their price bids would be opened for further evaluation. If it was noticed at later stage that any bidder had hidden any material detail or given false details, he would be declared disqualified for the award of work. Eight bidders submitted bids for the work. The Company, after the technical evaluation of bids, declared (13 September 2010) six bidders as pre qualified and opened (17 September 2010) their price bids. The rates quoted by the first four lowest

[6] After reckoning the transmission charges, wheeling losses and possible revenue from sale of surplus energy after meeting requirement of the locations.

bidders[7] were L1- ₹ 216.05 crore, L2- ₹ 228.98 crore, L3- ₹ 229.01 crore and L4- ₹ 231.72 crore.

Based on the information received (October 2010 to March 2011) from various agencies[8] about the slow performance/poor quality of works executed by L1 and L2 bidders, the Company's Purchase and Tender Committee (PTC) disqualified (April 2011) L1 and L2 bids. Further, as per concurrent evaluation criteria[9], PTC also declared L3 bidder as ineligible bidder for this work since he was considered for award of another work (Limbdi Branch Canal) for which the tender was under finalisation. Hence, L4 bidder was considered as qualified and was asked to match his rates with the rates of L1 bidder. However, L4 bidder declined (April 2011) the offer of matching with L1 rate on the plea that L1 rate was uneconomical for him, but had expressed his willingness to accept the work at L3 rate. The Company did not consider the plea and scrapped (May 2011) the tender.

The Company re-invited (May 2011) tender for the work by dividing it in three works (i.e. in chainages of: 0 to 74.31 km, 74.31 to 98.267 km and 98.267 to 124.983 km.) The Company awarded[10] (October/November 2011) all the three works under the re-invited tenders at the total cost of ₹ 283.23 crore. Of the three works, two works were awarded to the firm who was L4 under the original tender of July 2010. The execution of works was in progress (March 2012).

We observed (January 2012) that the Company was aware that, under the original tender of July 2010, the L1 bidder had quoted unduly lower rates for some major items of work and that both the L1 and L2 bidders were disqualified for the award of work based on the adverse feedback about their work. Under the circumstances, the Company should not have insisted the L4 bidder to match his rate with the rate of disqualified L1 bidder, but should have considered the willingness of L4 bidder to execute work at L3 rate. Thus, non award of work to L4 bidder at L3 rate of ₹ 229.01 crore had not only led to award of work at extra cost of ₹ 54.22 crore (₹ 283.23 crore - ₹ 229.01 crore) but also delayed the irrigation of CCA of 1.06 lakh hectares of land by one year. Out of the extra cost of ₹ 54.22 crore, the cost of ₹ 9.13 crore[11] was due to minor change in the scope of work, resulting in extra expenditure of ₹ 45.09 crore.

[7] L1- Gammon India Limited, L2 - Ramky Infrastructure Private Limited quoted, L3 - Hindustan Construction Company Limited and L4 - Madhucon Projects Limited.

[8] Delhi Metro Rail Corporation, Hyderabad Urban Development Authority, National Highways Authority of India, Gujarat Water Supply and Sewerage Board, Ahmedabad Municipal Corporation, Pune Municipal Corporation and Jabalpur Municipal Corporation.

[9] If any bidder gets qualified for award of more than one work under various tenders invited by the Company, then the maximum number of works that can be awarded to him shall be decided on the aggregate qualifying criteria for all such Bids (Physical as well as Financial). Such bidder shall be eligible to get only those numbers of works which the Company considers it appropriate.

[10] Chainage 0 to 74.31 km: Madhucon Projects Limited at the cost of ₹ 141.93 crore against estimated cost of ₹ 137.47 crore, chainage 74.31 to 98.267 km: Madhucon Projects Limited at the cost of ₹ 60.06 crore against estimated cost of ₹ 57.67 crore and chainage 98.267 to 124.983 km: Kunal Structures Limited at the cost of ₹ 81.24 crore against estimated cost of ₹ 79.67 crore.

[11] Based on the revised quantity in new tender at SoR prevailing at the time of original tender, the estimated cost would have been ₹ 248.36 crore. Hence, the increase in estimated cost due to change in scope of work was ₹ 9.13 crore (₹ 248.36 crore less ₹ 239.23 crore).

The Government/ Management stated (June/July 2012) that as per the Company's policy whenever bidders other than L1 were considered for award of contract they should match their price with L1 price. As L4 bidder did not accept to match L1 quoted price, the tender was scrapped and it was decided to re-invite the tender. On re-invitation due to change in Schedule of Rates (SoR) 2008-09 to SoR 2010-11 and increase in scope of work, the estimate of work itself increased by ₹ 35.58 crore[12].

We do not accept the reply as L1 and L2 bidders were technically disqualified due to slow performance/poor quality of work and the L3 bidder was disqualified on concurrent evaluation criteria of the Company. Hence, the Company should have accepted the request of L4 bidder to match L3 bidder, who was L1 bidder based on technical disqualification of L1 and L2 bids. Further, the increase in the estimate due to increase in the scope of physical work component was only to the extent of ₹ 9.13 crore. Thus, non award of work to eligible bidder in original tender resulted in delay in completion of work and incurring of extra cost of ₹ 45.09 crore.

Gujarat State Petronet Limited

3.3 Undue benefit to a firm

Deviation from the agreed terms of recovery of transportation charges for transportation of gas from the specified entry point of the Company's pipeline network led to passing of undue benefit of ₹ 52.27 crore to a firm.

The Company entered (March 2007) into a Gas Transportation Agreement (Bhadbhut GTA) with Reliance Industries Limited (RIL) for transportation of D6 gas from Bhadbhut, in Bharuch district, to RIL Refinery (refinery), Jamnagar. As per the arrangement, RIL would transport D6 gas through its pipelines to Bhadbhut for onward transportation to the refinery through the Company's new pipeline network to be created for the purpose.

Bhadbhut GTA would be valid for 15 years from the 'start date', which should not be later than 1 July 2008. Four months period from 'start date' would be allowed as commissioning period. The Company would recover transportation charges (TC) in the form of Capacity charges at ₹ 6.75 *per* MMBTU[13] and Commodity charges at ₹ 6.75 *per* MMBTU at net calorific value (NCV) of gas transported[14]. While Commodity charges were payable on the quantity of gas actually transported, Capacity charges were payable on the maximum capacity of 3,71,000 MMBTU/day the Company ought to transport to RIL.

Due to belated completion of work by RIL in its KG-D6 field, the flow of gas started only from April 2009. By this time, the Company had created the pipeline network from Bhadbhut to Jamnagar at a total cost of ₹ 807.30 crore.

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[12] Revised Estimate cost for all the three works - ₹ 274.81 crore and Original Estimate cost - ₹ 239.23 crore. Hence, increase in the estimated cost was ₹ 35.58 crore.

[13] Million British Thermal Unit.

[14] Further, 10 *per cent* of both the charges would be considered for escalation every year based on Wholesale Price Index.

However, as Government of India (GoI) had initially made the allocation (April 2009) for supply of gas to priority sector[15] under Gas Utilisation Policy, RIL was unable to off take gas from KG-D6 field for its refinery. Hence, to cater to its refinery's demand for gas, RIL and Reliance Petroleum Limited (RPL) made (May 2009) the arrangement for purchase of gas from two firms[16] at Mora and Dahej. Accordingly, RIL/ RPL had also entered into (May 2009) two separate short term GTAs with the Company for transportation of gas aggregating to 2,52,200 MMBTU/ day[17] of gas from Mora and Dahej to its refinery at Jamnagar through the Company's pipelines for a period of three months from May 2009 to July 2009. The short term GTA did not have two parts tariff viz., Capacity charges and Commodity charges. As per terms of this short term GTA, for the gas to be transported from entry points at Mora/ Dahej to the exit point i.e. refinery, the TC would be levied at the rate of ₹ 12.45 *per* MMBTU on the gross calorific value[18] fixed under Bhadbhut GTA *plus* an additional rate of ₹ 9.18 *per* MMBTU on the quantity of gas transported as these two entry points are far away from Bhadbhut. However, if gas would be transported from the entry point of Bhadbhut, then TC would be levied as terms of Bhadbhut GTA i.e. Capacity charges of ₹ 6.75 *per* MMBTU and Commodity charges of ₹ 6.75 *per* MMBTU on the NCV of gas.

We observed (December 2011) that RIL was allowed (October 2009) by GoI to off take the gas from its KG-D6 field for its refinery and the Company started transporting the D6 and other gas from Bhadbhut to RIL Refinery from January 2010. The Company charged the single rate on the quantity transported from Bhadbhut and recovered TC of ₹ 12.45 to 12.61 *per* MMBTU for 46,71,032 to 1,00,64,670 MMBTU gas transported *per* month during May 2010 to March 2012. However, the Company should have invoked the provisions of GTA that in respect of transportation from Bhadbhut entry point, Bhadbhut GTA would apply, under which Capacity charges were to be levied. As per the Bhadbhut GTA, Capacity charges of ₹ 6.22 to 6.30 *per* MMBTU on the allocated Capacity of 3,71,000 MMBTU/ day and the Commodity charges of ₹ 6.22 to 6.30 on the above mentioned actual transported quantity of gas *per* month during May 2010 to March 2012 were to be charged. This led to passing of undue benefit of ₹ 52.27 crore[19] to RIL.

The Management/ Government stated (June 2012) that GoI allocated only 21 *per cent* of the total gas requirement of D6 gas to be transported from Bhadbhut for RIL Refinery i.e., 67,435 MMBTU/day out of the requirement of 3,71,000 MMBTU/day. Thus, RIL had not been able to get access to the contracted quantity of gas for transportation as per Bhadbhut GTA. So, if the

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15 Empowered Group of Ministers (EGoM) made the allocation for supply of gas to Fertiliser, power, city gas, LPG and steel.

16 M/s Haizra LNG Pvt. Limited and Petronet LNG Limited.

17 1,35,800 MMBTU/ day from Mora and 1,16,400 MMBTU/ day from Dahej.

18 This rate on the GCV was arrived based on the rate viz., Capacity charges ₹ 6.750/ MMBTU and Commodity charges ₹ 6.750/ MMBTU fixed under Bhadbhut GTA on NCV of gas.

19 **(A) Amount recoverable as per terms of Bhadbhut GTA:** MDQ in MMBTU undertaken × capacity charges of ₹ 6.225 to 6.30 *per* MMBTU + Actual quantity of MMBTU transported × Commodity charges of ₹ 6.225 to 6.30 per MMBTU ***minus*** **(B) Amount recovered as per terms of short term GTA:** Actual quantity of MMBTU transported x transportation charges of ₹ 12.45 to 12.61 per MMBTU.

Bhadbhut GTA was made operational, RIL would have claimed *Force Majure* under the GTA, thereby getting relieved of its obligations of ship or pay charges. Further, the income generated under the short term GTAs was more or less in line with what it could have generated had it operationalised the Bhadbhut GTA at 67,435 MMBTU/ day firm volumes.

We do not accept the reply. If the operationalisation of Bhadbhut GTA was not feasible, the same should have been reviewed in the present context. Further, even the terms of short term GTAs categorically stipulated that the TC would be recovered for the gas transported from Bhadbhut entry point as per the terms of Bhadbhut GTA. Moreover, 83 *per cent* of quantity transported to RIL refinery during May 2010 to March 2012 was transported from Bhadbhut. Thus, the Company did not safeguard its own interest leading to passing on of undue benefit of ₹ 52.27 crore to RIL.

Gujarat Urban Development Company Limited

3.4 Undue benefit to contractors

Issuance of Project Authority Certificate for availing excise duty exemption issued to the contractors who had quoted the rates inclusive of excise duty led to passing of undue benefit of ₹ 41.33 lakh to contractors.

The Company implements Drinking Water Supply schemes and its augmentation schemes in tribal areas under Tribal Sub plan of Government of Gujarat (GoG) and in small and medium towns under Urban Infrastructure Development Schemes of GoG (the schemes). These works included inter-alia supply and laying of pipes for delivery of water from its source to the treatment plant and from there to the storage point.

As per Ministry of Finance, Government of India (GoI), notification dated 06 September 2002 and 01 March 2006 (the notifications), the payment of Excise Duty (ED) was exempted on the pipes needed for delivery of water from its source to the plant and from there to the storage facility. The contractor could claim this exemption based on Project Authority Certificate (PAC) issued by the Company subject to the certification by the concerned District Collector.

During the course of implementation of the above schemes, three works[20] were awarded at a total cost of ₹ 19.21 crore to four contractors[21] during June 2009 to May 2010. The preamble to the Price Bid forming part of tender documents for the above works mentioned that the rates had to be quoted inclusive of ED except for the items on which the contractor intends to avail benefit of ED exemption as per the notifications. The clause also clarified that in respect of such items the contractor shall submit a separate list of the items

[20] Augmentation of Water Supply Scheme at Tarsadi, Augmentation of Water Supply Scheme at Sonagadh, and Water supply works at Gandhidham (Two separate contracts I and II).

[21] (i) At Tarsadi - Aquafil Polymers Co. Pvt. Ltd.; (ii) At Songarh - P. C. Snehal Construction Co.; (iii) At Gandhidham –I - Uniroyal Sthapatya; and (iv) At Gandhidham –II - B D Sorathia & Co.

for which the ED exemption was proposed to be claimed. The contractor would be considered eligible for ED exemption only for such listed items.

We observed (January 2012) in Audit that the contractors had not submitted the list of items on which they wished to avail ED exemption benefit at the time of submission of price bid. The price bids and cost sheets prepared showed the price as being inclusive of all taxes. However, the Company issued PAC, to the contractors for availing ED exemption under the notifications for the pipes used in the above works.

The payment terms of the Company for the works related to supply and laying of pipes were on stage-wise completion basis. Out of the above stated three works, the total value of works completed by March 2012 was ₹ 14.83 crore. Based on the payment schedules, the cost of the pipes in the four contracts awarded for the three works approximately worked out to ₹ 3.86 crore[22]. Thus, issuing PAC to the contractors to avail the benefit of ED exemption when the rates quoted by the contractors for the above works were inclusive of ED resulted in passing of undue benefit of ₹ 41.33 lakh[23] to the contractors. Further, the Company has not devised any mechanism to verify the ED exemption actually availed by the contractors against the PACs issued, for making appropriate deduction from Running Account Bills, so as to pass on the benefits of ED exemption for the water supply works, as intended by the Central Excise Department, GoI.

The Management stated (August 2012) that the rates quoted by the bidders for the pipeline work were exclusive of ED and the PAC was issued to contractors for the pipes used by them. As per the standard practice, the preamble to price bid prevailed over the item description in price bid and the price schedule clearly stated that rates on items where ED exemption is available shall be quoted exclusive of ED. Further, all bidders were aware of tender conditions and no undue benefit was passed to contractors.

We do not accept the reply as the item rate quoted and passed in the RA bills showed that the rates were inclusive of ED. Further, at the time of tender the Company had not obtained from the contractors, any list of items which were eligible for ED exemption even though this requirement was also specified in the preamble. Further, the Company had issued PAC to contractors for availing the exemption of ED without ensuring that the bidder had quoted rates exclusive of ED, as no documents were insisted at the time of bidding.

We reported the matter to the Government (June 2012); we are awaiting their reply (December 2012).

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22 As actual cost of pipes could not be ascertained as quoted rates were for item rate contract, Audit worked out the cost of pipes based on payment schedule of Company. As the Company has payment terms of releasing 70/ 65 *per cent* payment on supply of pipes, reducing further 20 *per cent* of this for loading charges, taxes etc, the audit has worked out the cost of pipes as 56/ 52 *per cent* of the item rate.

23 ED at the rate of 12 *per cent* based on the value of pipes used on the work executed till March 2012.

Gujarat Foundation for Mental Health and Allied Sciences

3.5 Loss of interest due to non adherence to Government instructions

Failure to evolve financial management system in line with the instructions of Government of Gujarat led to loss of interest of ₹ 52.40 lakh.

The Company received (March 2007 to February 2009) total grants of ₹ 7.45 crore from Government of India (GoI)[24]/ Government of Gujarat (GoG)[25] for implementation of various projects related to mental health care. The Company with the approval of GoG, decides projects to be implemented by various Government institutions, hospitals, NGOs, etc., and disburses the grants in installments as per the Memorandum of Understanding (MoU) entered into with them.

As per the instructions[26] of Finance Department (FD) of GoG regarding deposit of surplus funds of the State Public Sector Undertakings (PSUs), the PSUs should deposit their short term surplus funds[27] for periods below 15 days with Gujarat State Financial Services (GSFS) under its Liquid Deposit Scheme (LDS), which could be withdrawn upon on one day notice and was offering interest at the rate as specified from time to time[28]. Further, GSFS also accepts medium to long term deposits from PSUs for a period of more than 15 days separately under its Inter Corporate Deposit (ICD) schemes.

We observed (January 2012) that all the grant funds received by the Company were kept in nil/low rate of interest bearing Current/ Savings Account (CA/SA) in a nationalised bank[29] and not in the LDS or ICD of GSFS. During the period of five years i.e. April 2007 to March 2012, funds ranging from ₹ 2.67 lakh to ₹ 570.95 lakh were kept in the CA/SA. Of the above period of five years (60 months), in the first spell of 42 months (April 2007 to September 2010), funds ranging from ₹ 77.00 lakh to ₹ 5.71 crore were kept in the CA/SA. Had, the Company parked these funds in round figures of ₹ 50 lakh to ₹ 5.00 crore in ICD for a period of six months and above from time to time and parked the remaining funds in excess of it in the LDS, it could have earned interest of ₹ 59.79 lakh (at rate ranging from 3 to 12.20 *per cent per annum*). Further, during second spell of 18 months i.e., October 2010 to March 2012, the Company kept funds ranging from ₹ 2.67 lakh to ₹ 75 lakh in the CA/SA; if these funds were also deployed in

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[24] Under National Rural Health Mission.

[25] Grants under the Budget head of GoG.

[26] Instructions for deployment of surplus funds of PSUs were issued by FD of GoG on 26.07.1995 and further instructions were issued on 16.07.1998, 31.12.1999, 29.11.2000, 03.10.2001, 10.10.2002 and 26.10.2006.

[27] As per the FD's instructions, surplus funds would mean any operating surplus with PSUs in the form of cash in Current Account with Bank or otherwise and would be required by PSU in future date even after one day.

[28] Prior to July 2007, GSFS was giving interest based on the interest received from inter-bank call money market, which was fluctuating. However, from July 2007, GSFS was offering fixed rate of return under LDS.

[29] Central Bank of India, Gandhinagar – Current Account No. 3003470358 later converted into Saving Account.

LDS, it could have earned interest of ₹ 0.57 lakh (at rate ranging from 3 to 6 *per cent per annum*).

Thus, due to non adherence to the Government instructions, the Company suffered avoidable loss of interest of ₹ 52.40 lakh (after considering interest earned of ₹ 7.96 lakh during the period). Further the Company's failure to park such funds in ICD/LDS of GSFS and consequential loss of opportunity to earn higher rate of return indicated lack of prudence in the management of funds.

We recommend that the Company should devise an investment policy for the grants received so as to earn higher interest on surplus funds until the same are disbursed to NGOs /agencies.

We reported the matter to the Government/ Management (July 2012); we are awaiting their replies (December 2012).

Dahej SEZ Limited

3.6 Undue benefit to an allottee

Non recovery of interest on the outstanding dues of a plot retained by an allottee led to passing of undue benefit of ₹ 77.83 lakh to him.

The Company allotted (13 December 2007) plot no Z-88, admeasuring 1,40,648 sq. mtrs[30] at an allotment price of ₹ 900 *per* sq.mtr. to M/s Neesa Infrastructure India Pvt Ltd (allottee) in Dahej Special Economic Zone (SEZ) for manufacture of various castings and engineering products. The Company entered into an agreement with the allottee and also handed over the physical possession of the plot on 2 January 2008. As per terms of agreement, the allottee was required to pay the allotment price in three installments till December 2008. In the event of default, interest would be charged at the rate of 13 *per cent per annum*. It was also stipulated that the plot was given on lease for a term of 30 years and the allottee should commence construction of building within a period of six months and complete it within three years from the date of allotment. In case of non adherence to the stipulations including the terms of payments by the allottee, the Company could forfeit the amount already paid by the allottee and take back the possession of the plot or allow the allottee to continue to have the possession of the plot on payment of such fine as may be decided by the Company.

The allottee paid first installment (i.e. down payment) of ₹ 3.08 crore in December 2007, but did not pay the second installment due in June 2008 and requested for rescheduling the installments. The Company rescheduled (September 2008) the period of payment of balance amount of ₹ 9.58 crore in six quarterly installments starting from September 2008 to December 2009 along with interest of 13 *per cent per annum*. The allottee paid

[30] Allotment letter indicated approximate size of 1,71,064 Sq. mtrs., later it was determined as 1,40,648 Sq. mtrs. (₹ 12.66 crore) as per actual survey of the plot.

(September 2008) the first rescheduled installment due of ₹ 1.85 crore (including the interest of ₹ 5.88 lakh) as per the revised schedule but did not pay the remaining dues. Further, the allottee did not commence the construction of building within the stipulated period. The Company, however, neither took back the possession of plot no.Z-88 nor forfeited the amount paid by the allottee. In January 2010, the allottee requested the Company to drastically reduce the size of the plot allotted as they wanted to scale down their proposed manufacturing activities in the plot. Accordingly, the Company, carved out a small plot viz., Z-88/3 admeasuring 18,650 Sq. mtrs., from the original plot no. Z-88 admeasuring 1,40,648 sq. mtrs and allotted (March 2010) it at the same allotment price of ₹ 900 *per* sq.mtr. amounting to ₹ 1.68 crore. Further, the Company terminated (March 2010) the agreement entered with the allottee for the plot no. Z-88 and adjusted the total amount of ₹ 4.93 crore received for the plot against the dues[31] for the plot no. Z-88/3 and for another plot no. Z/4/1 allotted (February 2010) at some other location in the SEZ for their hospitality project.

We observed (March 2012) that even though as per the terms of agreement the Company could forfeit the plot or levy fine for non utilisation at its discretion. The Company had neither initiated any action on the allottee nor framed any policy for exercise of its discretion. The Company also did not recover the interest on the default in payment of installments as provided in the terms of agreement. Further, as per the Company's policy, entire allotment price should have been collected upfront if size of the plot allotted was more than 50,000 sq.mtr. However, on the request of the allottee, the payment was allowed in installments for the plot no.Z-88, which also lacked justification. Thus, due to absence of any deterrent system, the allottee continued to retain the plot no.Z-88 valuing ₹ 12.66 crore till March 2010. The Company should have charged the interest of ₹ 77.83 lakh[32] for the period December 2008 to March 2010 on the installments due in arrears. The Company's failure to determine and recover any fine or the interest of ₹ 77.83 lakh from the allottee and also adjusting the amount collected without fine led to passing of undue benefit to the allottee.

The Government/ Management stated (July/ April 2012) that the Company had received the full amount of plot of land of reduced area within stipulated time and thus, the time schedule for payment of installments, interest, etc., for earlier size of plot became irrelevant.

We do not find the reply specific to our observations. The fact remains that the Company passed undue benefit to the allottee by allowing the repayment of dues in installments, rescheduling the installments without levy of interest though the allottee had defaulted in making payment and by allowing the possession of a big plot (Z-88) for a long period (December 2008 to March 2010) without receiving the payment of installments or interest for the defaults in payments.

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[31] For plot Z/88/3 dues of ₹ 1.68 crore; plot Z/4/1 dues of ₹ 2.96 crore and balance towards other charges levied by SEZ for the plots.

[32] Interest at 13 *per cent per annum* on installments dues in arrears amounting to ₹ 7.78 crore.

We recommend that the Company should devise a system of levy of penalty in the case of non utilisation of plot and suitably incorporate the terms of such policy in the agreements also.

Gujarat Urja Vikas Nigam Limited

3.7 Short recovery of penalty

Non adherence to the terms of Power Purchase Agreement led to short recovery of penalty of ₹ 160.26 crore and passing of undue benefit to a private firm.

The Company entered (06 February 2007) into a power purchase agreement (PPA) with Adani Power Limited (APL) for purchase of 1,000 MW electricity at a tariff of ₹ 2.81 *per* unit (i.e. capacity charges ₹ 1.33 and energy charges ₹ 1.48) from a power project with 1,320 MW capacity (4 units 330 MW each) to be set up by APL at Mundra in Gujarat. The scheduled commercial operation date (SCOD) for the Project was 05 February 2010 (i.e. 36 months from PPA date). The Company's subsidiary i.e. Gujarat Energy Transmission Corporation Limited (GETCO) was to lay transmission lines for evacuation of the power generated from the Project.

As per the PPA terms, APL was to inform the Company in advance about the date of synchronising, commissioning and testing of each unit of the Project including the initiation to sell the power generated prior to the SCOD. The Company was entitled to get proportionate power generated to the extent of 250 MW[33] from each unit restricted to 1,000 MW. If APL failed to ensure proportionate availability of power, the Company was entitled to recover the penalty from APL in respect of non/short supply of power. The penalty proposed was equal to 1.5 times of the difference between highest energy charges applicable for industrial category of consumers in Gujarat and energy charges quoted by APL in PPA. If during such failure, any Unscheduled Interchange (UI) charge[34] at a grid frequency of 49.0 Hz was applicable and the UI charge was higher than the highest energy charges for industrial category, then the penalty would be 1.5 times of the difference between the UI charge and energy charges quoted by the APL for such unit of energy.

APL synchronised the Unit-1 on 23 May 2009 and declared the Unit commercially operational on 4 August 2009 i.e. ahead of SCOD by six months. Further, during 4 August 2009 to 15 October 2009, APL sold 243.98 MUs of power generated in Unit-1 to third parties through the use of GETCO's 220 KV Mundra-Nanikhakhar transmission line. After persistent persuasion by the Company, APL commenced power supply to the Company

[33] The capacity of each unit is 330 MW *(minus)* auxiliary consumption as per norms 30 MW and hence the power available for sale from each unit would be 300 MW. The Company's entitlement would be 250 MW from each unit i.e. 5/6th of 300 MW.

[34] UI charge is a penalty recovered by the transmission utility from the users of its grid for their failure to maintain the grid discipline by not adhering to the schedule in dispatch/drawal of power through grid. UI charges applicable for the period 1 April 2009 to 3 May 2010 was ₹ 7.35 per unit and for the period 3 May 2010 to 1 April 2012, it was ₹ 8.73 per unit.

from 16 October 2009. Remaining three units of the Project were also commissioned (March to December 2010) and the power was being supplied to the Company.

We observed (April 2012) that the Company recovered[35] total penalty of ₹ 79.82 crore from APL for its failure to supply the power as discussed above and also for the short supply of power against the Company's entitlement in the power generated by APL on the following occasions during August 2009 to January 2012. The penalty was short recovered by ₹ 160.26 crore as per the details given below:

Period of non supply/short supply	Short supply of power in MUs	Penalty to be recovered as per PPA terms	Penalty recovered	Short recovery
		₹ in crore		
4 Aug. 2009 to 15 Oct. 2009	203.32	179.06	45.18[36]	133.88
16 to 31 Oct. 2009	21.29	18.75	13.67	5.08
Nov. 2009 to April 2010	35.62	31.37	20.44	10.93
May to Dec. 2010	7.59	8.26	0	8.26
Jan. 2011 to Jan. 2012	2.42	2.64	0.53	2.11
Total	**270.24**	**240.08**	**79.82**	**160.26**

While calculating the penalty for the period 4 August 2009 to 31 October 2009, the Company did not adopt the rate of ₹ 8.81 *per* unit {i.e. 1.5 times × (applicable UI charge of ₹ 7.35 *less* energy charges of ₹ 1.48) quoted by the APL} on the non/short supplied power as stipulated in PPA. Instead, it had adopted the rate of ₹ 4.18 to 6.42 *per* unit realised by APL in selling the power to third parties. Further, in all the cases, at the instance of APL, the Company allowed deductions for various expenses viz., transmission charges, power exchange charges, scheduling/connectivity charges, take or pay compensation etc., incurred by APL from the penalty recoverable. Thus, the application of incorrect rate and allowing deduction of expenses not stipulated in the PPA led to short recovery of penalty and passing of undue benefit to APL.

The Government/ Management stated (June 2012) that APL and GUVNL had divergent views regarding obligation of APL and rights of GUVNL prior to SCOD. It was only as a goodwill gesture that APL agreed to pass on to GUVNL the additional revenue received from selling power to outside parties. Further in another PPA (Bid II) with APL where also GUVNL had a right to purchase 1,000 MW, GERC had held that APL was under no obligation to supply power to GUVNL prior to SCOD. For the period after SCOD i.e. 16 October 2009, the APL had started the supply, despite, the fact that sufficient transmission system could not be made available by the Company. Hence, at the instance of APL certain deductions were allowed from the penalty recoverable for the short supply of power made after SCOD.

We do not accept the reply. The penalty was recoverable as per term of PPA, once commercial operation of a unit was declared even prior to scheduled commercial operation date. The GERC judgment related to another PPA

[35] June 2010, May 2010, February 2011 to February 2012.

[36] Proportionate penalty for the period from 04 August 2009 to 15 October 2009 based on the total penalty of ₹ 66.75 crore deducted by GUVNL for the period 23 May 2009 to 15 October 2009.

(Bid II) where circumstances regarding transmission net work, RFP clauses etc were different. Further, the transmission network for evacuating the power generated by APL was provided by GETCO. Hence, the contention that certain deductions were allowed from the penalty as sufficient transmission system could not be made available to APL was not convincing. Thus, the fact remains that non adherence to the terms of PPA led to short recovery of penalty of ₹ 160.26 crore and passing of undue benefit to a private firm.

Statutory Corporations

Gujarat State Road Transport Corporation

3.8 Loss of revenue

Inordinate delay in award of contract for establishing the 'Public Entertainment System' in bus stations and buses led to loss of revenue of ₹ 1.36 crore.

The Board of Directors of the Corporation decided (June 2009) to install 'Public Entertainment System (PES)' for providing entertainment and displaying information to the travelling public. The contract for PES was to be awarded on 'Built, Own and Operate (BOO)' basis, wherein the contractor was to install PES consisting of audio visual system with liquid crystal display (LCD) screen in 50 major bus stations and 2,000 buses. The Corporation was entitled to recover the monthly license fee from the contractor, which was to be determined under the contract.

In December 2009, the Corporation appointed a project consultant for preparation of request for proposal (RFP) documents, scrutiny of tender, evaluation of bids and monitoring implementation of the PES project. The consultant prepared RFP in February 2010 and the Corporation invited tender for awarding the contract for the project in August 2010. The price bids were opened in December 2010 and the contract for a period of ten years was awarded on 04 June 2011 to Sambhaav Media Limited, Ahmedabad (firm) at monthly license fee of ₹ 2,000 *per* screen *per* bus station and ₹ 525 *per* screen *per* bus.

We observed (November 2011) that the Corporation had initially framed a time schedule of three months for the activities from issue of RFP to opening of commercial bids for the tender. Drawing the same analogy, Audit reckoned a reasonable period of three months each for completion of the three stages covering various activities involved in the award of contract viz., (i) appointment of consultant and the preparation of RFP (July to September 2009), (ii) floating of tender to opening of price bids (October to December 2009) and (iii) evaluation of price bids to placement of work order (January 2010 to March 2010). Accordingly, the Corporation could have awarded the contract in April 2010 (i.e., nine months from the date the decision to install the PES). However, a time of 23 months was taken against the reasonable period of nine months in awarding the contract. Further analysis revealed that there were delays of five months, seven months and two months in the first, second and third stage of activities respectively which were avoidable since it was attributable to the casual approach of the Management in adhering to the procedures related to award of contract. As the Corporation had a huge accumulated loss of ₹ 1,704 crore till end of March 2009, it should have given due importance for timely award of this income generating contract which did not entail any investment.

In case, the contract was awarded in April 2010, and drawing analogy of the terms agreed in the actual contract awarded to firm, PES could have been installed in 10 bus stations and in 100 buses under Phase I till 15 July 2010 and in the remaining 40 bus stations and 1900 buses under Phase II till 15 December 2010. Further, as per terms of the contract, the Corporation could have recovered the license fees amounting to ₹ 1.81 lakh[37] for the period from 1 October 2010 (i.e. after expiry of 'no fee period' of six month from the envisaged date of award of contract) to 15 December 2010. Thereafter, it could have recovered license fees amounting to ₹ 1.34 crore[38] for the period from 16 December 2010 till 4 December 2011 (i.e. till the expiry of 'no fee period' of six month from the date of actual award of contract). Thus, the Corporation has lost the opportunity to earn a total revenue of ₹ 1.36 crore (₹ 0.02 crore *plus* ₹ 1.34 crore) due to the delay of 14 months in award of contract.

The Government/ Management stated (August / May 2012) that as the project was complex, a consultant was appointed for preparation of RFP documents which was approved by the Corporation in July 2010. Thereafter a reasonable time of 11 months was taken in the award of contract. Further, the tender procedures took time due to absence of regular Managing Director and delay in conducting Board Meetings.

We do not accept the reply as the reasons attributed for delay stated were of routine nature and avoidable. As the project was revenue generating one and no financial outlay was involved for the Corporation, it should have made efforts to award the contract on priority basis by prescribing the time frame for each milestone involved in accomplishment of the project.

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37 For 2.5 months x (for 10 bus station at the rate of ₹ 2,000 *per* bus station + for 100 buses at the rate of ₹ 525 *per* bus) = ₹ 1,81,250.

38 Revenue loss of ₹ 1,33,78,333 was arrived by applying total licence fee ₹ 11,50,000 *per* month (i.e. for total 50 bus station at the rate of ₹ 2,000 *per* bus station + for 2,000 buses at the rate of ₹ 525 *per* bus) for a period of 11 months and 19 days.

3.9 Non disposal of scrapped and unused buses

Failure to devise any mechanism for timely disposal of inventory of scrapped/ unused buses led to blocking of funds of ₹ 3.47 crore and loss of interest of ₹ 71.96 lakh.

The Corporation acquired (September 1999) 254 buses costing ₹ 20.03 crore with the financial assistance of Government of Gujarat company viz., Gujarat Mineral Development Corporation (GMDC) under a lease agreement executed in this regard. The terms of agreement *inter alia* stipulated that the Corporation was to pay monthly lease rent of ₹ 44.77 lakh during the lease period of 60 months; in the event of its default, penal interest at 24 *per cent per annum* was recoverable by GMDC on the outstanding dues. The Corporation could terminate the agreement only after payment of various dues *viz.,* lease rent, interest and other charges payable to GMDC and till then it was not allowed to sell the buses without the written consent of GMDC.

The Corporation was in default in payment of the dues and an amount of ₹ 11.83 crore was outstanding as on 31 August 2004 (i.e. after expiry of 60 months from the effective date of agreement). Even after extension of time granted by GMDC for clearing the outstanding dues, the Corporation was unable to clear the dues on account of its poor financial condition. As on 31 March 2012 an amount of ₹ 9.81 crore excluding interest charges remained unpaid to GMDC.

We observed (November 2011) that, due to overage[39] of these 254 buses, 56 buses were declared as scrap (2005-09) and remained idle for a period ranging from 42 to 84 months[40]. Further, 175 buses were also withdrawn (2007-12) from the operating fleet of the Corporation and remained idle for a period ranging from one month to 44 months[41]. Thus, only 23 buses were in use till March 2012. The estimated scrap value of 231 buses was ₹ 3.47 crore. As the Corporation did not pay the dues of GMDC, it was not able to get the written consent of GMDC for disposing the scrap buses. Both the Corporation and GMDC are state government companies and are under the administrative control of Ports and Transport (P&T) department and Industries and Mines (I&M) department respectively. As the Corporation had been withdrawing the overage buses from its operating fleet since April 2005, it should have taken up the matter with I&M department through its administrative department for devising a mechanism whereby the disposal of overage buses should not have been held up for want of consent from GMDC. Simultaneously, some other modality should have been worked out for the settlement of dues to GMDC as both are State Government entities. Thus, the failure of the Corporation and the Government of Gujarat to devise a mechanism as mentioned above led to holding up of huge inventory of overage and unused buses over a long period, besides, occupying precious space (11,550 sq.m.) of the Corporation's depots.

[39] Overage bus is one which had completed the running of eight lakh kilometers.

[40] **Range (in months) and scrapped buses (in nos.):** 42-49 months – 14 buses, 50-59 months – 23 buses, 60-69 months -7 buses, 70-79 months – 10 buses, 80-84 months – 2 buses.

[41] **Range (in months) and buses not put to use(in nos.):** 1-9 months – 60 buses, 10-19 months – 78 buses, 20-29 months -21 buses, 30-39 months – 13 buses, 40-44 months – 3 buses.

Further, the non disposal of 231 overage buses and consequential blocking of fund of ₹ 3.47 crore (i.e., estimated cost of scrap/unused buses as calculated by the Management) resulted in loss of interest of ₹ 71.96 lakh[42] (calculated at the Corporation's average borrowing rate of 10 *per cent*) during the period 2005-06 to 2011-12.

The Corporation stated (July 2012) that due to critical financial position it was unable to pay the lease rent regularly to GMDC. Finally, a meeting arranged with the officials of GMDC on 27 March 2012 and as per the decision taken in the meeting, the Corporation paid ₹ 20.03 lakh i.e., *one per cent* residual value of the original cost price of 254 buses as per the terms of lease agreement to GMDC. Now, the formalities for release of 254 buses by GMDC were completed for proceeding ahead with auction of the buses by the Corporation.

We do not find the reply specific to our observation as it does not give the reasons for not taking any effective actions for obtaining the consent of GMDC and also for disposing of the buses as and when it had been declared as scrap since the year 2005. Thus, the fact remains that failure of the Corporation/the Government of Gujarat to devise a mechanism for timely disposal of scrapped buses led to holding up of huge inventory of overage/unused buses over a long period.

We reported the matter to the Government (June 2012); we are awaiting their reply (December 2012).

Gujarat Industrial Development Corporation

3.10 Excess payment due to non adherence to contract stipulation

Reckoning the tender rate instead of stipulated SoR for the work executed in excess of tendered quantity led to excess payment of ₹ 45.87 lakh.

The Corporation awarded (November 2008) the work of "Strengthening and widening of existing road and construction of new road with pavement and street light" at its industrial estate, Vilayat to M/s. Kunal Structural India Private Limited, Rajkot (firm) at a cost of ₹ 47.22 crore on firm price. The work was scheduled to be completed by April 2009. The terms and conditions of the contract stipulated that if the actual quantity of any item of work exceeded the tendered quantity by more than 30 *per cent*, the contractor would be paid for the quantity in excess of 30 *per cent* at the rate given in Schedule of Rate (SoR) of the year during which the excess quantity was first executed.

During execution of work, the firm was assigned (February 2010) excess/ extra work of ₹ 7.25 crore, necessitated due to changes in the original designs pertaining to RCC roads, pipe/ slab culverts and street light works and extension of road upto the premises of one of its allottee viz., Gujarat Hydro

[42] Value of scrap bus × Number of months lapsed from its withdrawal from operating fleet to 31 March 2012 × 10/100.

Carbon (₹ 2.84 crore) and also to Vilayat village[43] (₹ 1.88 crore) at the request of the allottee and Vilayat Panchayat respectively. The work was completed in April 2010 at a total cost of ₹ 51.62 crore after a delay of one year for which extension of time was granted by the Corporation on account of delays in obtaining requisite approvals from various agencies.

We observed (August 2011) that in respect of six items of work, the quantity executed was in excess of 30 *per cent* of the tendered quantity and the Corporation made payments over and above SoR for the year 2009-10 amounting to ₹ 45.87 lakh[44] by adopting tendered rates which was higher. Thus, applying tender rates for excess work done, in violation of the contractual obligations, let to additional expenditure of ₹ 45.87 lakh.

The Management/ Government stated (May/ July 2012) that the excess quantities were not known to the Corporation while preparing the estimates and the requests for extension of road were received later on. Therefore, it was decided to execute the resultant additional work through same firm, which was ready to execute the increased quantities only at the tendered rates. Thus, there was no excess payment and even if audit contention of excess payment was accepted the excess payment as per SoR 2009-10 would only be ₹ 13.48 lakh.

We do not accept the reply. The additional work was awarded as an excess work of the existing contract for which the terms and conditions of the contract were to be followed. Further, the Corporation's working of excess payment of ₹ 13.48 lakh was incorrect as the Corporation did not apply SoR correctly.

We recommend that the Corporation should not violate the contract stipulations while approving the payment for excess/extra items in respect of works executed.

General

3.11 Follow-up action on Audit Reports

Outstanding action taken notes

3.11.1 Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained by various public sector undertakings (PSUs). It is, therefore, necessary that they elicit appropriate and timely response from the Executive. As per rule 7 of the Rules of Procedure (Internal Working) of Committee on Public Undertakings (COPU), Gujarat Legislative Assembly, all the administrative departments of PSUs should submit, within three months of their presentation to the Legislature, explanatory notes

[43] The Corporation accepted the village road work considering it as Corporate Social Responsibility.
[44] The additional expenditure has been worked out without considering the cost of road constructed for the allottee as the payment for the same was made by him.

indicating the corrective/ remedial action taken or proposed to be taken on paragraphs and performance audits included in the Audit Reports.

Though, the Audit Reports for the year 2007-08, 2008-09, 2009-10 and 2010-11 were presented to the State Legislature on 28 July 2009, 30 March 2010, 30 March 2011 and 30 March 2012 respectively, six departments, which were commented upon, did not submit explanatory notes on 25 out of 81 paragraphs/ performance audits as on 30 September 2012 as indicated below:

Year of the Audit Report (Commercial)	Total Paragraphs/ Performance audits in the Audit Report	Number of Paragraphs/Performance audits for which explanatory notes were not received
2007-08	21	3
2008-09	25	8
2009-10	18	4
2010-11	17	10
Total	**81**	**25**

Department-wise analysis is given in ***Annexure* 10.**

Compliance to Reports of Committee on Public Undertakings outstanding

3.11.2 The COPU of 12th Assembly had presented its First, Fourteenth and Seventeenth Reports to the State Legislature on 19 February 2009, 29 March 2011 and 29 March 2012 respectively. The Reports in all contained 49 recommendations on 41 paragraphs and six performance audits related to 10 PSUs falling under six administrative departments included in the Audit Report for the years 1993-94 to 2004-05 (Commercial), Government of Gujarat. As per rule 32 of the Rules of Procedure (Internal Working) of COPU, Gujarat Legislative Assembly, the administrative departments of PSUs should submit the Action Taken Notes (ATNs) on the recommendations within a period of three months from the date of its presentation.

ATNs on nine recommendations pertaining to three PSUs[45] falling under Industries and Mines department, had not been received for vetting by Accountant General as on 30 September 2012.

Response to Inspection Reports, Draft Paragraphs and Performance Audits

3.11.3 Our observations noticed during audit and not settled on the spot are communicated to the heads of the respective PSUs and the concerned departments of the Government of Gujarat through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through the respective heads of departments within a period of six weeks. Review of Inspection Reports issued up to March 2012 pertaining to 53 PSUs revealed that 1,378 paragraphs relating to 400 Inspection Reports remained outstanding as on 30 September 2012. Department-wise break-up of Inspection Reports and audit observations outstanding as on 30 September 2012 is given in ***Annexure* 11.**

[45] Gujarat State Financial Corporation, Tourism Corporation of Gujarat Limited and Gujarat Industrial Investment Corporation Limited.

Similarly, draft paragraphs and performance audits on the working of PSUs are forwarded to the Principal Secretary/ Secretary of the Administrative Department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. We noticed that four draft paragraphs and two draft performance audits forwarded to the various departments during June to September 2012 as detailed in ***Annexure* 12** had not been replied to so far (December 2012).

We recommend that the Government should ensure that (a) procedure exists for action against the officials who fail to send replies to inspection reports/draft paragraphs/ performance audits and ATNs to the recommendations of COPU as per the prescribed time schedule; (b) action to recover loss/ outstanding advances/ overpayment is taken within the prescribed time; and (c) the system of responding to audit observations is strengthened.

AHMEDABAD **(MEERA SWARUP)**
The Principal Accountant General
(Economic and Revenue Sector Audit), Gujarat

Countersigned

NEW DELHI **(VINOD RAI)**
The Comptroller and Auditor General of India

Annexures

Annexure 1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2012 in respect of Government companies and Statutory corporations

(Referred to in paragraph 1.7)

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (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	Gujarat Agro Industries Corporation Limited	Agriculture and Co-operation	5 September 1969	8.08	0.00	0.00	**8.08**	0.00	0.00	20.00	**20.00**	2.48:1 (2.48:1)	187
2	Gujarat State Seeds Corporation Limited	Agriculture and Co-operation	16 April 1975	3.65	0.18	0.00	**3.83**	0.00	0.00	0.00	**0.00**	0.00	186
3	Gujarat State Land Development Corporation Limited	Agriculture and Co-operation	28 March 1978	5.89	0.00	0.00	**5.89**	13.13	0.00	0.00	**13.13**	2.23:1 (2.92:1)	894
4	Gujarat Sheep and Wool Development Corporation Limited	Agriculture and Co-operation	10 September 1979	2.28	1.89	0.14	**4.31**	0.00	0.00	0.00	**0.00**	0.00	219
Sector wise Total				**19.90**	**2.07**	**0.14**	**22.11**	**13.13**	**0.00**	**20.00**	**33.13**	**1.5:1 (1.69:1)**	**1,486**
Finance													
5	Gujarat Industrial Investment Corporation Limited	Industries and Mines	12 August 1968	256.98	0.00	0.00	**256.98**	60.50	0.00	0.00	**60.50**	0.24:1 (0.00:1)	79
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	Industries and Mines	10 August 1973	10.23	1.81	0.02	**12.06**	15.19	2.70	0.00	**17.89**	1.48:1 (1.51:1)	176
7	Gujarat State Investments Limited	Finance	29 January 1988	442.77	0.00	0.00	**442.77**	1,177.43	0.00	0.00	**1,177.43**	2.66:1 (1.23:1)	4
8	Gujarat Women Economic Development Corporation Limited	Women and Child Development	16 August 1988	7.02	0.00	0.00	**7.02**	0.00	0.00	0.00	**0.00**	0.00	22
9	Gujarat State Financial Services Limited	Finance	20 November 1992	86.28	0.00	0.00	**86.28**	0.00	0.00	0.00	**0.00**	0.00	16
10	GSFS Capital and Securities Limited	Finance	03 March 1998	0.00	0.00	5.00	**5.00**	0.00	0.00	0.00	**0.00**	0.00	1
11	Gujarat Minorities Finance and Development Corporation Limited	Social Justice and Empowerment	24 September 1999	10.00	0.00	0.00	**10.00**	10.03	0.00	33.31	**43.34**	4.33:1 (4.90:1)	23

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (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
12	Infrastructure Finance Company Gujarat limited	Finance	3 February 2000	0.00	0.00	2.50	**2.50**	0.00	0.00	0.00	**0.00**	0.00	0
13	Gujarat Gopalak Development Corporation Limited	Social Justice and Empowerment	18 May 2001	5.40	0.00	0.00	**5.40**	0.00	0.00	86.41	**86.41**	16:1 (2.09:1)	14
14	Gujarat Safai Kamdar Vikas Nigam Limited	Social Justice and Empowerment	24 October 2001	4.50	0.00	0.00	**4.50**	10.60	0.00	61.79	**72.39**	16.09:1 (11.41:1)	64
15	Gujarat Thakor and Koli Vikas Nigam Limited	Social Justice and Empowerment	19 September 2003	3.70	0.00	Rs.700 only	**3.70**	2.45	0.00	10.05	**12.50**	3.38:1 (3.92:1)	4
16	Gujarat Livelihood Promotion Company Limited	Panchayat Rural Housing and Rural Development	21 April 2010	0.05	0.00	0.00	**0.05**	0.00	0.00	0.00	**0.00**	0.00	1,614
Sector wise Total				**826.93**	**1.81**	**7.52**	**836.26**	**1,276.20**	**2.70**	**191.56**	**1,470.46**	**1.76:1 (0.86:1)**	**2,017**
Infrastructure													
17	Gujarat State Rural Development Corporation Limited	Panchayat Rural Housing and Rural Development	7 July 1977	0.58	0.00	0.00	**0.58**	0.00	0.00	0.00	**0.00**	0.00	141
18	Gujarat Ports Infrastructure and Development Company Limited	Ports and Transport	27 August 1982	0.00	0.00	18.00	**18.00**	0.00	0.00	0.00	**0.00**	0.00	6
19	Gujarat State Police Housing Corporation Limited	Home	1 November 1988	50.00	0.00	0.00	**50.00**	0.00	0.00	0.00	**0.00**	0.00	229
20	Gujarat Growth Centres Development Corporation Limited	Industries and Mines	11 December 1992	15.00	21.35	0.00	**36.35**	0.00	0.00	0.00	**0.00**	0.00	#
21	Gujarat State Road Development Corporation Limited	Roads and Building	12 May 1999	5.00	0.00	0.00	**5.00**	0.02	0.00	3.14	**3.16**	0.63:1 (0.53:1)	38
22	Gujarat Urban Development Company Limited	Urban Development and Urban Housing	27 May 1999	26.00	0.00	0.00	**26.00**	0.00	0.00	0.00	**0.00**	0.00	54
23	Gujarat Industrial Corridor Corporation Limited	Industries and Mines	30 March 2009	10.00	0.00	0.00	**10.00**	0.00	0.00	0.00	**0.00**	0.00	0

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (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
24	Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited	Urban Development and Urban Housing	04 February 2010	50.00	0.00	0.00	**50.00**	0.00	0.00	0.00	**0.00**	0.00	39
25	Gujarat State Aviation Infrastructure Company Limited	Industries and Mines	07 July 2010	0.05	0.00	0.00	**0.05**	0.00	0.00	0.00	**0.00**	0.00	4
26	Dholera International Airport Company Limited	Industries and Mines	20 January 2012	10.00	0.00	0.00	**10.00**	0.00	0.00	0.00	**0.00**	0.00	0
Sector wise Total				**166.63**	**21.35**	**18.00**	**205.98**	**0.02**	**0.00**	**3.14**	**3.16**	**0.02:1 (0.02:1)**	**511**
Manufacture													
27	Gujarat Mineral Development Corporation Limited	Industries and Mines	15 May 1963	47.06	0.00	16.54	**63.60**	0.00	0.00	0.00	**0.00**	0.00:1 (2.09:1)	1,997
28	Gujarat State Petroleum Corporation Limited	Energy and Petrochemicals	29 January 1978	200.72	0.00	28.89	**229.61**	0.00	0.00	5,933.82	**5,933.82**	25.84:1 (5.73:1)	338
29	Alcock Ashdown (Gujarat) Limited	Industries and Mines	5 September 1994	15.50	0.00	35.50	**51.00**	93.00	0.00	0.00	**93.00**	1.82:1 (0.98:1)	169
30	GSPC (JPDA) Limited	Energy and Petrochemicals	13 October 2006	0.00	0.00	90.71	**90.71**	0.00	0.00	0.00	**0.00**	0.00	0
31	GSPC LNG Limited	Energy and Petrochemicals	27 February 2007	0.00	0.00	48.43	**48.43**	0.00	0.00	0.00	**0.00**	0.00	4
32	Naini Coal Company Limited	Industries and Mines	9 October 2009	0.00	0.00	0.05	**0.05**	0.00	0.00	0.00	**0.00**	0.00	0
33	Gujarat State Mining and Resources Corporation Limited	Industries and Mines	19 April 2010	0.00	0.00	0.05	**0.05**	0.00	0.00	0.00	**0.00**	0.00	0
Sector wise Total				**263.28**	**0.00**	**220.17**	**483.45**	**93.00**	**0.00**	**5,933.82**	**6,026.82**	**12.47:1 (4.50:1)**	**2,508**
Power													
34	Gujarat Power Corporation Limited	Energy and Petrochemicals	28 June 1990	273.28	0.00	19.30	**292.58**	147.00	10.00	0.00	**157.00**	0.54:1 (0.00:1)	47
35	Gujarat State Electricity Corporation Limited	Energy and Petrochemicals	12 August 1993	0.00	0.00	1,681.02	**1,681.02**	0.00	0.00	4,925.65	**4,925.65**	2.93:1 (3.36:1)	8,068

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (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
36	Gujarat State Energy Generation Limited	Energy and Petrochemicals	13 December 1998	0.00	0.00	348.38	**348.38**	0.00	0.00	736.36	**736.36**	2.11:1 (1.90:1)	15
37	Gujarat Energy Transmission Corporation Limited	Energy and Petrochemicals	19 May 1999	12.50	0.00	583.08	**595.58**	73.75	0.00	5,129.73	**5,203.48**	8.74:1 (6.21:1)	12,179
38	Dakshin Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	267.73	**267.73**	36.21	49.19	127.47	**212.87**	0.8:1 (0.84:1)	4,828
39	Madhya Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	242.64	**242.64**	0.00	0.00	273.61	**273.61**	1.13:1 (1.08:1)	6,188
40	Paschim Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	786.90	**786.90**	272.77	129.48	188.03	**590.28**	0.75:1 (1.16:1)	12,667
41	Uttar Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	237.15	**237.15**	73.31	53.36	166.53	**293.20**	1.24:1 (1.35:1)	7,002
42	Gujarat Urja Vikas Nigam Limited	Energy and Petrochemicals	22 December 2004	4,551.80	0.00	0.00	**4,551.80**	284.71	0.00	118.65	**403.36**	0.09:1 (0.11:1)	297
43	GSPC Pipavav Power Company Limited	Energy and Petrochemicals	22 February 2006	0.00	0.00	42.27	**42.27**	0.00	0.00	1,399.96	**1,399.96**	33.12:1 (5.80:1)	25
44	Bhavnagar Energy Company Limited	Energy and Petrochemicals	26 July 2007	0.00	0.00	298.75	**298.75**	0.00	0.00	581.48	**581.48**	1.95:1 (0.00:1)	48
Sector wise Total				**4,837.58**	**0.00**	**4,507.22**	**9,344.80**	**887.75**	**242.03**	**13,647.47**	**14,777.25**	**1.58:1 (1.50:1)**	**51,364**
Service													
45	Gujarat Water Resources Development Corporation Limited	Narmada, Water Resources, Water Supply and Kalpsar	3 May 1971	31.49	0.00	0.00	**31.49**	0.00	0.00	0.00	**0.00**	0.00	3,113
46	Tourism Corporation of Gujarat Limited	Industries and Mines	10 June 1975	20.00	0.00	0.00	**20.00**	0.00	0.00	0.00	**0.00**	0.00	331
47	Gujarat State Forest Development Corporation Limited	Forest and Environment	20 August 1976	3.93	2.39	0.00	**6.32**	0.00	0.00	0.00	**0.00**	0.00	222
48	Gujarat Industrial and Technical Consultancy Limited	Industries and Mines	8 December 1978	0.00	0.00	0.20	**0.20**	0.00	0.00	0.00	**0.00**	0.00	31

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (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
49	Gujarat State Civil Supplies Corporation Limited	Food, Civil Supplies and Consumer Affairs	26 September 1980	10.00	0.00	0.00	**10.00**	0.00	0.00	0.00	**0.00**	0.00	1,604
50	Gujarat State Petronet Limited	Energy and Petrochemicals	23 December 1998	0.00	0.00	562.69	**562.69**	0.00	0.00	1,395.84	**1,395.84**	2.48:1 (2.63:1)	195
51	Gujarat Informatics Limited	Science and Technology	19 February 1999	17.06	0.00	1.45	**18.51**	10.80	0.00	0.00	**10.80**	0.58:1 (0.58:1)	53
52	GSPC Gas Company Limited	Energy and Petrochemicals	11 March 1999	78.42	0.00	156.81	**235.23**	0.00	0.00	328.69	**328.69**	1.4:1 (1.96:1)	343
53	Gujarat Info petro Limited	Science and Technology	15 January 2001	0.00	0.00	0.05	**0.05**	0.00	0.00	0.00	**0.00**	0.00	137
54	Gujarat Foundation for Mental Health and Allied Sciences (b)	Health and Family Welfare	29 April 2003	0.02	0.00	0.00	**0.02**	0.00	0.00	0.00	**0.00**	0.00	1
55	Dahej SEZ Limited	Industries and Mines	21 September 2004	0.00	0.00	46.05	**46.05**	0.00	0.00	0.00	**0.00**	0.00	28
56	Guj-Tour Development Company Limited	Industries and Mines	07 April 2011	0.01	0.00	18.39	**18.40**	0.00	0.00	0.00	**0.00**	0.00	0
57	GSPL India Gasnet Limited	Energy and Petrochemicals	13 October 2011	0.00	0.00	20.05	**20.05**	0.00	0.00	0.00	**0.00**	0.00	0
58	GSPL India Transco Limited	Energy and Petrochemicals	13 October 2011	0.00	0.00	20.05	**20.05**	0.00	0.00	0.00	**0.00**	0.00	0
59	GSPC Distribution Networks Limited	Industries and Mines	21 February 2012	$$	$$	$$	$$	$$	$$	$$	$$	$$	$$
Sector wise Total				**160.93**	**2.39**	**825.74**	**989.06**	**10.80**	**0.00**	**1,724.53**	**1,735.33**	**1.75:1 (2.22:1)**	**6,058**
Miscellaneous													
60	Gujarat Rural Industries Marketing Corporation Limited	Industries and Mines	16 May 1979	9.17	0.00	0.00	**9.17**	0.00	0.00	0.00	**0.00**	0.00	58
61	Sardar Sarovar Narmada Nigam Limited	Narmada, Water Resources, Water Supply and Kalpsar	24 March 1988	31,267.93	0.00	0.00	**31,267.93**	0.00	0.00	3,038.42	**3,038.42**	0.11:1 (0.15:1)	4,581

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (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
62	Gujarat Water Infrastructure Limited	Narmada, Water Resources, Water Supply and Kalpsar	25 October 1999	129.92	0.00	0.00	**129.92**	0.00	0.00	0.00	**0.00**	0.00	89
Sector wise Total				**31,407.02**	**0.00**	**0.00**	**31,407.02**	**0.00**	**0.00**	**3,038.42**	**3,038.42**	**0.1:1 (0.15:1)**	**4,728**
Total A (All sector wise working Government companies)				**37,682.27**	**27.62**	**5,578.79**	**43,288.68**	**2,280.90**	**244.73**	**24,558.94**	**27,084.57**	**0.63:1 (0.61:1)**	**68,672**
B	**Working Statutory Corporation**												
Agriculture & Allied Sector													
1	Gujarat State Warehousing Corporation	Agriculture and Co-operation	05 December 1960	2.00	0.00	2.00	**4.00**	0.00	0.00	0.00	**0.00**	0.00	146
Sector wise Total				**2.00**	**0.00**	**2.00**	**4.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**146**
Finance													
2	Gujarat State Financial Corporation	Industries and Mines	01 May 1960	49.19	0.00	39.92	**89.11**	630.19	0.00	2.35	**632.54**	7.1:1 (7.11:1)	134
Sector wise Total				**49.19**	**0.00**	**39.92**	**89.11**	**630.19**	**0.00**	**2.35**	**632.54**	**7.1:1 (7.11:1)**	**134**
Infrastructure													
3	Gujarat Industrial Development Corporation	Industries and Mines	04 August 1962	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.00	1,395
	Sector wise Total			**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,395**
Service													
4	Gujarat State Road Transport Corporation	Ports and Transport	01 May 1960	628.06	106.28	0.00	**734.34**	1,806.98	17.87	0.00	**1,824.85**	2.49:1 (1.95:1)	41,863
Sector wise Total				**628.06**	**106.28**	**0.00**	**734.34**	**1,806.98**	**17.87**	**0.00**	**1,824.85**	**2.49:1 (1.95:1)**	**41,863**
Total B (All sector wise working Statutory Corporations)				**679.25**	**106.28**	**41.92**	**827.45**	**2,437.17**	**17.87**	**2.35**	**2,457.39**	**2.97:1 (2.50:1)**	**43,538**
Grand Total (A + B)				**38,361.52**	**133.90**	**5,620.71**	**44,116.13**	**4,718.07**	**262.60**	**24,561.29**	**29,541.96**	**0.67:1 (0.65:1)**	**1,12,210**

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 ©**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
C	**Non working Government Companies**												
	Agriculture & Allied												
1	Gujarat Fisheries Development Corporation Limited (b)	Agriculture and Co-operation	17 December 1971	1.94	0.00	0.00	**1.94**	2.29	0.00	0.00	**2.29**	1.18:1 (1.18:1)	0
2	Gujarat Dairy Development Corporation Limited	Agriculture and Co-operation	29 March 1973	10.46	0.00	0.00	**10.46**	53.77	0.00	20.00	**73.77**	7.05:1 (7.05:1)	4
Sector wise Total				**12.40**	**0.00**	**0.00**	**12.40**	**56.06**	**0.00**	**20.00**	**76.06**	**6.13:1 (6.13:1)**	**4**
Finance													
3	Gujarat Small Industries Corporation Limited (under liquidation) (b)	Industries and Mines	26 March 1962	3.79	0.00	0.21	**4.00**	8.65	0.00	14.42	**23.07**	5.77:1 (5.77:1)	0
4	Gujarat Leather Industries Limited (under liquidation) (b)	Industries and Mines	18 April 1978	0.00	0.00	1.50	**1.50**	2.06	0.00	0.00	**2.06**	1.37:1 (1.37:1)	0
Sector wise Total				**3.79**	**0.00**	**1.71**	**5.50**	**10.71**	**0.00**	**14.42**	**25.13**	**4.57:1 (4.57:1)**	**0**
Infrastructure													
5	Gujarat State Construction Corporation Limited	Roads and Buildings	16 December 1974	5.00	0.00	0.00	**5.00**	9.26	0.00	0.00	**9.26**	1.85:1 (1.85:1)	0
Sector wise Total				**5.00**	**0.00**	**0.00**	**5.00**	**9.26**	**0.00**	**0.00**	**9.26**	**1.85:1 (1.85:1)**	**0**
Manufacture													
6	Gujarat State Textile Corporation Limited (under liquidation) (b)	Industries and Mines	13 November 1968	46.46	0.00	0.00	**46.46**	587.88	0.00	0.67	**588.55**	12.67:1 (12.67:1)	0
7	Gujarat State Machine Tools Limited	Industries and Mines	15 February 1974	0.00	0.00	0.52	**0.52**	0.00	0.00	2.47	**2.47**	4.75:1 (4.43:1)	0
8	Gujarat Communications and Electronics Limited (under liquidation) (b)	Industries and Mines	30 May 1975	12.45	0.00	0.00	**12.45**	0.90	0.00	8.69	**9.59**	0.77:1 (0.77:1)	0
9	Gujarat Trans-Receivers Limited	Industries and Mines	26 March 1981	0.00	0.00	0.24	**0.24**	0.00	0.00	0.55	**0.55**	2.29:1 (1.90:1)	0

(Figures in columns 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 2011-12				Debt equity ratio for 2011-12 (Previous year)	Man power (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 ©	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
10	Gujarat Fintex Limited (under liquidation, subsidiary of GSTC) (b)	Industries and Mines	20 September 1992	0.00	0.00	Rs.200 Only	**Rs.200 Only**	0.00	0.00	0.01	**0.01**	0.00	0
11	Gujarat Siltex Limited (under liquidation, subsidiary of GSTC) (b)	Industries and Mines	20 September 1992	0.00	0.00	Rs.200 Only	**Rs.200 Only**	0.00	0.00	0.01	**0.01**	0.00	0
12	Gujarat Texfeb Limited (under liquidation, subsidiary of GSTC) (b)	Industries and Mines	20 September 1992	0.00	0.00	Rs.200 Only	**Rs.200 Only**	0.00	0.00	0.01	**0.01**	0.00	0
Sector wise Total				**58.91**	**0.00**	**0.76**	**59.67**	**588.78**	**0.00**	**12.41**	**601.19**	**10.08:1 (10.06:1)**	**0**
Total C (All sector wise non working Government companies)				**80.10**	**0.00**	**2.47**	**82.57**	**664.81**	**0.00**	**46.83**	**711.64**	**8.62:1 (7.21:1)**	**4**
Grand Total (A + B + C)				**38,441.62**	**133.90**	**5,623.18**	**44,198.70**	**5,382.88**	**262.60**	**24,608.12**	**30,253.60**	**0.68:1 (0.66:1)**	**1,12,214**

Figures included in the Annexure are as furnished by the PSUs.

Above includes 9, Section 619-B Companies at Sl. No. A-18, A-29, A-36, A-44, A-48, A-53, A-55, C-4 and C-7.

(b) Information as furnished by Company in earlier years.

Employees transferred to GIDC with effect from 01 January 2009.

** Loan outstanding at the close of 2011-12 represents long term loans only.

$ Paid-up Capital includes Share Application Money.

$$ Information not furnished.

The increase in debt equity ratio in respect of A-28 is because of conversion of share application money into share capital at a premium and in respect of A-43 is because of withdrawal of share application money by Swan Energy Limited.

Annexure 2

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised upto 30 September 2012.

(Referred to in paragraph 1.15)

(Figures in columns 5(a) to 11 are ₹in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover (D)	Impact of Accounts Comments (A)	Paid up Capital[#]	Accumulated Profit (+)/ Loss(-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
A	**Working Government Companies**													
Agriculture & Allied														
1	Gujarat Agro Industries Corporation Limited	2010-11	2011-12	10.46	0.28	0.17	10.01	325.02	1.77	8.08	17.61	90.57	10.29	11.36
2	Gujarat State Seeds Corporation Limited	2011-12	2012-13	30.33	0.00	0.29	30.04	166.73	0.00	3.83	83.15	105.35	30.04	28.51
3	Gujarat State Land Development Corporation Limited	2010-11	2011-12	2.61	1.96	0.57	0.08	528.49	0.00	5.88	-111.23	-83.19	2.04	--
4	Gujarat Sheep and Wool Development Corporation Limited	2010-11	2011-12	1.33	0.00	0.06	1.27	2.53	0.00	4.31	-0.21	7.52	1.27	16.89
Sector wise Total				**44.73**	**2.24**	**1.09**	**41.40**	**1,022.77**	**1.77**	**22.10**	**-10.68**	**120.25**	**43.64**	**36.29**
Finance														
5	Gujarat Industrial Investment Corporation Limited	2011-12	2012-13	20.53	0.01	0.29	20.23	25.03	0.00	256.98	-151.97	290.16	20.24	6.98
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	2009-10	2011-12	-0.03	1.26	0.10	-1.39	16.07	0.00	12.06	-47.50	-14.52	-0.13	--
7	Gujarat State Investments Limited	2010-11	2011-12	47.61	0.00	0.01	47.60	47.98	--	442.77	266.82	1,024.95	47.60	4.64
8	Gujarat Women Economic Development Corporation Limited	2008-09	2011-12	$	$	$	0.00	0.00	0.00	7.02	--	7.02	--	--
9	Gujarat State Financial Services Limited	2011-12	2012-13	1,225.44	1,037.97	0.12	187.35	1,231.98	0.00	86.28	363.72	614.22	1,225.32	199.49
10	GSFS Capital and Securities Limited	2011-12	2012-13	1.38	0.00	0.01	1.37	1.57	0.00	5.00	7.92	13.63	1.37	10.06
11	Gujarat Minorities Finance and Development Corporation Limited	2010-11	2011-12	-0.43	1.34	0.09	-1.86	4.39	0.00	10.00	-12.33	54.35	-0.52	--
12	Infrastructure Finance Company Gujarat Limited	2009-10	2010-11	0.19	0.00	0.00	0.19	-	0.00	2.50	-0.75	2.50	0.19	7.60

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover (D)	Impact of Accounts Comments (A)	Paid up Capital#	Accumulated Profit (+)/ Loss(-)	Capital employed (B)	Return on capital employed (C)	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**
13	Gujarat Gopalak Development Corporation Limited	2010-11	2011-12	0.46	0.27	0.02	0.17	0.08	2.04	4.10	0.81	15.65	0.44	2.81
14	Gujarat Safai Kamdar Vikas Nigam Limited	2010-11	2011-12	3.89	0.80	0.07	3.02	3.66	2.29	4.00	10.77	57.06	3.82	6.69
15	Gujarat Thakor and Koli Vikas Nigam Limited	2010-11	2011-12	0.37	0.12	0.01	0.24	0.88	0.00	2.85	1.57	15.16	0.36	2.37
16	Gujarat Livelihood Promotion Company Limited	2010-11	2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.05	--	0.03	0.00	--
Sector wise Total				**1,299.41**	**1,041.77**	**0.73**	**256.92**	**1,331.64**	**4.33**	**833.61**	**439.06**	**2,080.19**	**1,298.69**	**62.43**
Infrastructure														
17	Gujarat State Rural Development Corporation Limited	2010-11	2011-12	0.44	0.00	0.01	0.43	0.45	--	0.58	-0.59	-0.01	0.43	--
18	Gujarat Ports Infrastructure and Development Company Limited	2011-12	2012-13	1.41	0.00	0.04	1.37	0.06	-0.39	18.00	4.39	22.52	1.37	6.08
19	Gujarat State Police Housing Corporation Limited	2010-11	2011-12	##	##	##	0.00	0.00	0.00	50.00	--	50.00	--	--
20	Gujarat Growth Centres Development Corporation Limited	2007-08	2012-13	-0.01	0.00	0.00	-0.01	0.00	0.00	36.35	-0.15	36.20	-0.01	--
21	Gujarat State Road Development Corporation Limited	2011-12	2012-13	-1.47	0.08	0.07	-1.62	21.18	0.00	5.00	6.82	23.92	-1.54	--
22	Gujarat Urban Development Company Limited	2010-11	2011-12	2.77	0.00	0.03	2.74	1.48	0.34	26.00	9.98	33.50	2.74	8.18
23	Gujarat Industrial Corridor Corporation Limited	2011-12	2012-13	0.06	0.00	0.00	0.06	0.00	0.00	10.00	0.01	10.02	0.06	0.60
24	Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited	2010-11	2012-13	-1.15	0.00	0.00	-1.15	0.00	0.00	10.00	-1.15	8.85	-1.15	--
25	Gujarat State Aviation Infrastructure Company Limited	@@	@@	@@	@@	@@	0.00	0.00	--	--	--	--	--	--
26	Dholera International Airport Company Limited	@@	@@	@@	@@	@@	0.00	0.00	--	--	--	--	--	--
Sector wise Total				**2.05**	**0.08**	**0.15**	**1.82**	**23.17**	**-0.05**	**155.93**	**19.31**	**185.00**	**1.90**	**1.03**
Manufacture														
27	Gujarat Mineral Development Corporation Limited	2011-12	2012-13	833.90	7.85	108.33	717.72	1,630.70	0.00	63.60	156.42	2,574.97	725.57	28.18
28	Gujarat State Petroleum Corporation Limited	2011-12	2012-13	1,071.77	20.27	109.79	941.71	8,463.20	0.00	229.61	348.95	10,057.76	961.98	9.56

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover (D)	Impact of Accounts Comments (A)	Paid up Capital#	Accumulated Profit (+)/ Loss(-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
29	Alcock Ashdown (Gujarat) Limited	2010-11	2011-12	6.99	27.62	1.41	-22.04	61.78	0.35	51.00	-174.56	184.43	5.58	3.03
30	GSPC (JPDA) Limited	2011-12	2012-13	***	***	***	0.00	0.00	0.00	90.71	***	101.81	--	--
31	GSPC LNG Limited	2011-12	2012-13	***	***	***	0.00	0.00	0.00	48.43	***	48.72	--	--
32	Naini Coal Company Limited	@@	@@	@@	@@	@@	0.00	0.00	--	--	--	--	--	--
33	Gujarat State Mining and Resources Corporation Limited	2011-12	2012-13	***	***	***	0.00	0.00	--	0.05	-0.07	-0.02	--	--
Sector wise Total				**1,912.66**	**55.74**	**219.53**	**1,637.39**	**10,155.68**	**0.35**	**483.40**	**330.74**	**12,967.67**	**1,693.13**	**13.06**
Power														
34	Gujarat Power Corporation Limited	2010-11	2011-12	9.73	0.00	0.48	9.25	52.08	--	282.58	362.91	537.93	9.25	1.72
35	Gujarat State Electricity Corporation Limited	2011-12	2012-13	1,284.67	452.20	616.90	215.57	8,442.80	--	1,681.02	920.36	10,288.25	667.77	6.49
36	Gujarat State Energy Generation Limited	2010-11	2011-12	46.47	5.10	29.08	12.29	251.06	--	332.47	60.03	1,178.24	17.39	1.48
37	Gujarat Energy Transmission Corporation Limited	2011-12	2012-13	1,259.06	490.82	455.60	312.64	1,543.16	0.00	595.58	662.77	7,952.78	803.46	10.10
38	Dakshin Gujarat Vij Company Limited	2011-12	2012-13	275.12	76.07	103.38	95.67	6,100.30	0.00	267.73	195.50	2,630.03	171.74	6.53
39	Madhya Gujarat Vij Company Limited	2011-12	2012-13	228.24	75.21	106.95	46.08	3,811.62	0.00	242.64	118.91	2,210.44	121.29	5.49
40	Paschim Gujarat Vij Company Limited	2011-12	2012-13	416.64	139.44	262.48	14.72	7,719.19	0.00	786.90	62.81	4,454.40	154.16	3.46
41	Uttar Gujarat Vij Company Limited	2011-12	2012-13	233.66	85.03	133.48	15.15	6,354.08	0.00	237.15	35.35	2,295.84	100.18	4.36
42	Gujarat Urja Vikas Nigam Limited	2011-12	2012-13	495.51	79.84	29.09	386.58	24,392.49	0.00	4,551.80	-456.38	-2,493.40	466.42	--
43	GSPC Pipavav Power Company Limited	2011-12	2012-13	-0.18	0.26	0.26	-0.70	1.01	0.00	42.27	-0.71	1743.73	--	--
44	Bhavnagar Energy Company Limited	2011-12	2012-13	***	***	***	0.00	0.00	0.00	298.75	***	945.05	--	--
Sector wise Total				**4,248.92**	**1,403.97**	**1,737.70**	**1,107.25**	**58,667.79**	**0.00**	**9,318.89**	**1,961.55**	**31,743.29**	**2,511.66**	**7.91**
Service														
45	Gujarat Water Resources Development Corporation Limited	2010-11	2011-12	1.68	0.00	0.51	1.17	2.52	13.78	31.49	-19.64	281.70	1.17	0.42
46	Tourism Corporation of Gujarat Limited	2010-11	2011-12	18.46	0.00	0.91	17.55	7.38	1.23	20.00	13.16	70.28	17.55	24.97
47	Gujarat State Forest Development Corporation Limited	2010-11	2011-12	1.57	0.18	0.25	1.14	29.27	--	6.32	20.75	36.01	1.32	3.67
48	Gujarat Industrial and Technical Consultancy Limited	2011-12	2012-13	0.47	0.00	0.02	0.45	3.42	0.00	0.20	0.67	0.86	0.45	52.33

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover (D)	Impact of Accounts Comments (A)	Paid up Capital[#]	Accumulated Profit (+)/ Loss(-)	Capital employed (B)	Return on capital employed (C)	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
49	Gujarat State Civil Supplies Corporation Limited	2010-11	2011-12	3.10	1.91	1.06	0.13	1,648.15	1.23	10.00	2.45	61.20	2.04	3.33
50	Gujarat State Petronet Limited	2011-12	2012-13	1,080.89	129.97	181.90	769.02	1,115.31	0.00	562.69	1,495.23	3,786.00	898.99	23.75
51	Gujarat Informatics Limited	2010-11	2011-12	17.34	3.70	0.08	13.56	7.08	--	18.51	31.65	48.08	17.26	35.90
52	GSPC Gas Company Limited	2011-12	2012-13	269.64	47.28	48.28	174.08	3,185.29	0.00	235.23	359.45	1,124.03	221.36	19.69
53	Gujarat Info petro Limited	2011-12	2012-13	8.56	0.03	0.49	8.04	20.24	0.00	0.05	2.22	17.30	8.07	46.65
54	Gujarat Foundation for Mental Health and Allied Sciences	2009-10	2011-12	***	***	***	0.00	0.00	0.00	0.02	0.00	0.02	0.00	--
55	Dahej SEZ Limited	2011-12	2012-13	42.24	6.62	18.24	17.38	37.30	0.00	46.05	31.21	710.01	24.00	3.38
56	Guj-Tour Development Company Limited	@@	@@	@@	@@	@@	0.00	0.00	--	--	--	--	--	--
57	GSPL India Gasnet Limited	2011-12	2012-13	***	***	***	0.00	0.00	0.00	20.05	0.01	20.04	0.00	--
58	GSPL India Transco Limited	2011-12	2012-13	***	***	***	0.00	0.00	0.00	20.05	0.06	20.08	0.00	--
59	GSPC Distribution Networks Limited	@@	@@	@@	@@	@@	0.00	0.00	--	--	--	--	--	--
Sector wise Total				**1,443.95**	**189.69**	**251.74**	**1,002.52**	**6,055.96**	**16.24**	**970.66**	**1,937.22**	**6,175.61**	**1,192.21**	**19.31**
Miscellaneous														
60	Gujarat Rural Industries Marketing Corporation Limited	2010-11	2012-13	3.62	0.31	0.21	3.10	71.60	0.00	9.17	1.26	11.41	3.41	29.89
61	Sardar Sarovar Narmada Nigam Limited	2010-11	2011-12	***	***	***	0.00	0.00	0.00	28,103.75	0.00	35,573.58	--	--
62	Gujarat Water Infrastructure Limited	2011-12	2012-13	43.84	0.00	38.39	5.45	193.58	0.00	129.92	8.43	1,374.84	5.45	0.40
Sector wise Total				**47.46**	**0.31**	**38.60**	**8.55**	**265.18**	**0.00**	**28,242.84**	**9.69**	**36,959.83**	**8.86**	**0.02**
Total A (All sector wise working Government Companies)				**8,999.18**	**2,693.80**	**2,249.54**	**4,055.85**	**77,522.19**	**22.64**	**40,027.43**	**4,686.89**	**90,231.84**	**6,750.09**	**7.48**
B	**Working Statutory Corporations**													
Agriculture & Allied														
1	Gujarat State Warehousing Corporation	2010-11	2011-12	-0.48	0.00	0.17	-0.65	2.47	0.00	4.00	0.20	8.11	-0.65	--
			Sector wise Total	**-0.48**	**0.00**	**0.17**	**-0.65**	**2.47**	**0.00**	**4.00**	**0.20**	**8.11**	**-0.65**	**--**

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover (D)	Impact of Accounts Comments (A)	Paid up Capital[#]	Accumulated Profit (+)/ Loss(-)	Capital employed (B)	Return on capital employed (C)	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**
Finance														
2	Gujarat State Financial Corporation	2011-12	2012-13	11.86	220.37	0.17	-208.68	28.08	0.00	89.11	-1,913.97	772.57	11.69	1.51
			Sector wise Total	**11.86**	**220.37**	**0.17**	**-208.68**	**28.08**	**0.00**	**89.11**	**-1,913.97**	**772.57**	**11.69**	**1.51**
Infrastructure														
3	Gujarat Industrial Development Corporation	2011-12	2012-13	301.27	0.04	59.32	241.91	380.80	0.00	0.00*	971.58	6,972.91	241.95	3.47
			Sector wise Total	**301.27**	**0.04**	**59.32**	**241.91**	**380.80**	**0.00**	**0.00**	**971.58**	**6,972.91**	**241.95**	**3.47**
Service														
4	Gujarat State Road Transport Corporation	2008-09	2011-12	-33.39	18.16	108.19	-159.74	1,708.32	243.51	689.34	-1,703.81	-60.42	-141.58	--
			Sector wise Total	**-33.39**	**18.16**	**108.19**	**-159.74**	**1,708.32**	**243.51**	**689.34**	**-1,703.81**	**-60.42**	**-141.58**	**--**
	Total B (All sector wise working Statutory Corporations)			**279.26**	**238.57**	**167.85**	**-127.16**	**2,119.67**	**243.51**	**782.45**	**-2,646.00**	**7,693.17**	**111.41**	**1.45**
			Grand Total (A + B)	**9,278.44**	**2,932.37**	**2,417.39**	**3,928.69**	**79,641.86**	**266.15**	**40,809.88**	**2,040.89**	**97,925.01**	**6,861.50**	**7.01**
C	**Non working Government Companies**													
Agriculture & Allied														
1	Gujarat Fisheries Development Corporation Limited	1998-99	2002-03	-0.87	0.15	0.03	-1.05	28.13	--	1.94	4.01	0.87	-0.90	--
2	Gujarat Dairy Development Corporation Limited	2011-12	2012-13	-0.22	0.00	0.00	-0.22	-	--	10.46	-121.36	-1.03	-0.22	--
Sector wise Total				**-1.09**	**0.15**	**0.03**	**-1.27**	**28.13**	**0.00**	**12.40**	**-117.35**	**-0.16**	**-1.12**	**--**
Finance														
3	Gujarat Small Industries Corporation Limited (under liqidation)	2006-07	2007-08	-0.31	3.31	0.00	-3.62	0.00	--	4.00	-74.93	3.21	-0.31	--
4	Gujarat Leather Industries Limited (under liqidation)	2001-02	2002-03	0.00	0.00	0.00	0.00	0.00	--	1.50	-6.67	0.00	0.00	--
Sector wise Total				**-0.31**	**3.31**	**0.00**	**-3.62**	**0.00**	**0.00**	**5.50**	**-81.60**	**3.21**	**-0.31**	**--**
Infrastructure														
5	Gujarat State Construction Corporation Limited	2011-12	2012-13	-0.99	0.00	0.00	-0.99	0.00	--	5.00	-40.68	-4.08	-0.99	--
Sector wise Total				**-0.99**	**0.00**	**0.00**	**-0.99**	**0.00**	**0.00**	**5.00**	**-40.68**	**-4.08**	**-0.99**	**--**
Manufacture														
6	Gujarat State Textile Corporation Limited (under liqidation)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	46.46	0.00	0.00	0.00	--
7	Gujarat State Machine Tools Limited	2011-12	2012-13	-0.06	0.00	0.00	-0.06	0.00	--	0.54	-2.78	0.22	-0.06	--

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments (A)	Paid up Capital#	Accumulated Profit (+)/ Loss(-)	Capital employed (B)	Return on capital employed (C)	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
8	Gujarat Communications and Electronics Limited (under liquidation)	2001-02	2002-03	-34.13	0.00	0.00	-34.13	5.57	--	12.45	-104.74	0.00	-34.13	--
9	Gujarat Trans-Receivers Limited	2011-12	2012-13	0.00	0.00	0.00	0.00	0.00	--	0.29	-6.05	-1.64	0.00	--
10	Gujarat Fintex Limited (under liquidation, subsidiary of GSTC)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	₹ 200 only	0.00	0.00	0.00	--
11	Gujarat Siltex Limited (under liquidation, subsidiary of GSTC)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	₹ 200 only	0.00	0.00	0.00	--
12	Gujarat Texfeb Limited (under liquidation, subsidiary of GSTC)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	₹ 200 only	6.04	0.00	0.00	--
Sector wise Total				**-34.19**	**0.00**	**0.00**	**-34.19**	**5.57**	**0.00**	**59.74**	**-107.53**	**-1.42**	**-34.19**	--
Total C (All sector wise non working Government companies)				**-36.58**	**3.46**	**0.03**	**-40.07**	**33.70**	**0.00**	**82.64**	**-347.16**	**-2.45**	**-36.61**	--
Grand Total (A + B + C)				**9,241.86**	**2,935.83**	**2,417.42**	**3,888.62**	**79,675.56**	**266.15**	**40,892.52**	**1,693.73**	**97,922.56**	**6,824.89**	**6.97**

(A) Impact of accounts comments include the comments of Statutory Auditors and CAG indicating decrease in profit/increase in losses for the year for which accounts have been finalised.

(B) Capital employed represents the net fixed assets (including capital works-in-progress) plus working capital except in case of financial companies/Corporations where the 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). In respect of Companies that prepared their accounts as per revised Schedule VI of the Companies Act, 1956, the Capital Employed represents non-current assets (excluding non-current investments and deferred tax assets) plus current assets less current liabilities. In respect of finance Companies that prepared their accounts as per revised Schedule VI the Capital employed represented the mean of the aggregate of opening and closing balances of paid-up capital, free reserves and non-current liabilities (excluding non current provisions).

(C) Return on Capital Employed has been worked out by adding profit/loss and interest charged to profit and loss account.

(D) The Turnover of the Company represents the main source of income of the PSU based on the nature of activity undertaken.

\# Paid-up Capital includes Share Application Money

$ Excess of income transferred to Non-plan grant by Company (Sl. No. A-8)

\## Excess of income over expenditure were capitalized by the Company (Sl. No.A-19)

@@ The Companies at (Sl. No. A-25, A-26, A-32, A-56 and A-59) have not submitted any accounts till date.

*** indicates PSU under construction (Sl. No. A-30, A-31, A-33, A-44, A-54, A-57, A-58 and A-61).

* State Government made capital contribution in the form of loan, hence, paid-up capital is Nil (Sl. No. B-3).

Annexure 3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2012

(Referred to in paragraph 1.10)

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

Sl. No	Sector and Name of the Company	Equity/loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment@	Loans repayment written off	Loans converted into equity	Interest/penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A	**Working Government Companies**												
Agriculture & Allied													
1	Gujarat Agro Industries Corporation Limited	0.00	0.00	0.25	153.17	2.35	155.77	0.00	0.00	0.00	0.00	0.00	0.00
2	Gujarat State Seeds Corporation Limited	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Gujarat State Land Development Corporation Limited $	0.002	0.00	0.00	485.22	0.00	485.22	0.00	0.00	0.00	0.00	0.00	0.00
4	Gujarat Sheep and Wool Development Corporation Limited	0.00	0.00	0.00	8.63	0.00	8.63	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**0.10**	**0.00**	**0.25**	**647.02**	**2.35**	**649.62**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Finance													
5	Gujarat Industrial Investment Corporation Limited	0.00	60.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	0.00	0.00	0.00	9.35	0.00	9.35	0.00	0.00	0.00	0.00	0.00	0.00
7	Gujarat State Investments Limited	0.00	635.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Gujarat Women Economic Development Corporation Limited	0.00	0.00	0.00	10.01	0.00	10.01	0.00	0.00	0.00	0.00	0.00	0.00
9	Gujarat State Financial Services Limited	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Gujarat Minorities Finance and Development Corporation Limited	0.00	1.50	0.00	0.01	0.00	0.01	0.00	36.22	0.00	0.00	0.00	0.00

Sl. No	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	**Loans**	**Central Government**	**State Government**	**Others**	**Total**	**Received**	**Commitment[@]**	**Loans repayment written off**	**Loans converted into equity**	**Interest/ penal interest waived**	**Total**
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
11	Gujarat Gopalak Development Corporation Limited	1.30	0.00	0.00	0.45	0.00	0.45	5.00	8.64	0.00	0.00	0.00	0.00
12	Gujarat Safai Kamdar Vikas Nigam Limited	0.50	2.93	0.13	13.43	0.00	13.56	0.00	25.00	0.00	0.00	0.00	0.00
13	Gujarat Thakor and Koli Vikas Nigam Limited	0.85	0.55	0.00	0.40	0.00	0.40	0.00	10.05	0.00	0.00	0.00	0.00
14	Gujarat Livelihood Promotion Company Limited	0.00	0.00	0.00	32.50	0.00	32.50	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**52.65**	**700.48**	**0.13**	**66.15**	**0.00**	**66.28**	**5.00**	**79.91**	**0.00**	**0.00**	**0.00**	**0.00**
Infrastructure													
15	Gujarat State Rural Development Corporation Limited	0.00	0.00	19.98	25.18	0.00	45.16	0.00	0.00	0.00	0.00	0.00	0.00
16	Gujarat State Police Housing Corporation Limited	0.00	0.00	58.72	222.95	0.00	281.67	0.00	0.00	0.00	0.00	0.00	0.00
17	Gujarat State Road Development Corporation Limited	0.00	0.00	0.00	140.09	0.00	140.09	0.00	0.00	0.00	0.00	0.00	0.00
18	Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Dholera International Airport Company Limited	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**60.00**	**0.00**	**78.70**	**388.22**	**0.00**	**466.92**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Power													
20	Gujarat Power Corporation Limited	10.00	0.00	0.00	20.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00
21	Gujarat State Electricity Corporation Limited	0.00	0.00	0.00	0.53	0.00	0.53	0.00	0.00	0.00	0.00	0.00	0.00
22	Gujarat Energy Transmission Corporation Limited	0.00	0.00	0.00	166.75	0.00	166.75	0.00	0.00	0.00	0.00	0.00	0.00
23	Dakshin Gujarat Vij Company Limited	0.00	0.00	0.00	352.70	0.00	352.70	0.00	0.00	0.00	0.00	0.00	0.00
24	Madhya Gujarat Vij Company Limited	0.00	0.00	0.00	376.27	0.00	376.27	0.00	0.00	0.00	0.00	0.00	0.00
25	Paschim Gujarat Vij Company Limited	0.00	0.00	0.00	1,255.51	0.00	1,255.51	0.00	0.00	0.00	0.00	0.00	0.00

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

Sl. No	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment@	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
26	Uttar Gujarat Vij Company Limited	0.00	0.00	7.00	50.73	0.00	57.73	0.00	0.00	0.00	0.00	0.00	0.00
27	Gujarat Urja Vikas Nigam Limited	608.20	0.00	0.00	8.06	0.00	8.06	0.00	1,209.84	0.00	0.00	0.00	0.00
Sector wise Total		**618.20**	**0.00**	**7.00**	**2,230.55**	**0.00**	**2,237.55**	**0.00**	**1,209.84**	**0.00**	**0.00**	**0.00**	**0.00**
Service													
28	Gujarat Water Resources Development Corporation Limited	0.00	0.00	0.00	48.90	0.00	48.90	0.00	0.00	0.00	0.00	0.00	0.00
29	Tourism Corporation of Gujarat Limited	0.00	0.00	2.89	198.40	13.20	214.49	0.00	0.00	0.00	0.00	0.00	0.00
30	Gujarat State Forest Development Corporation Limited	0.00	0.00	1.71	0.00	0.00	1.71	0.00	0.00	0.00	0.00	0.00	0.00
31	Gujarat State Civil Supplies Corporation Limited	0.00	0.00	0.00	18.09	0.00	18.09	0.00	0.00	0.00	0.00	0.00	0.00
32	Gujarat Informatics Limited	0.00	0.00	26.73	20.08	0.00	46.81	0.00	0.00	0.00	0.00	0.00	0.00
33	GSPC Gas Company Limited	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34	Gujarat Foundation for Mental Health and Allied Sciences	0.00	0.00	0.60	0.00	0.00	0.60	0.00	0.00	0.00	0.00	0.00	0.00
35	Guj Tour Development Company Limited	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**50.01**	**0.00**	**31.93**	**285.47**	**13.20**	**330.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Miscellaneous													
36	Gujarat Rural Industries Marketing Corporation Limited	0.00	0.00	0.00	0.74	0.00	0.74	0.00	0.00	0.00	0.00	0.00	0.00
37	Sardar Sarovar Narmada Nigam Limited	3,164.18	0.00	0.00	0.00	0.00	0.00	0.00	2,085.31	0.00	0.00	0.00	0.00
38	Gujarat Water Infrastructure Limited	10.00	0.00	8.07	87.70	100.00	195.77	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**3,174.18**	**0.00**	**8.07**	**88.44**	**100.00**	**196.51**	**0.00**	**2,085.31**	**0.00**	**0.00**	**0.00**	**0.00**
Total A (All sector wise working Government companies)		**3,955.14**	**700.48**	**126.08**	**3,705.85**	**115.55**	**3,947.47**	**5.00**	**3,375.06**	**0.00**	**0.00**	**0.00**	**0.00**

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

Sl. No	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment@	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
B	**Working Statutory corporations**												
Finance													
1	Gujarat State Financial Corporation	0.00	4.20	0.00	0.00	0.00	0.00	0.00	1.25	0.00	0.00	0.00	0.00
Sector wise Total		**0.00**	**4.20**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1.25**	**0.00**	**0.00**	**0.00**	**0.00**
Infrastructure													
2	Gujarat Industrial Development Corporation	0.00	0.00	55.28	108.21	0.00	163.49	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**0.00**	**0.00**	55.28	108.21	0.00	**163.49**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Service													
3	Gujarat State Road Transport Corporation	15.00	425.00	0.00	703.70	0.00	703.70	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**15.00**	**425.00**	**0.00**	**703.70**	**0.00**	**703.70**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total B (All sector wise working Statutory corporations)		**15.00**	**429.20**	**55.28**	**811.91**	**0.00**	**867.19**	**0.00**	**1.25**	**0.00**	**0.00**	**0.00**	**0.00**
Grand Total (A + B)		**3,970.14**	**1,129.68**	**181.36**	**4,517.76**	**115.55**	**4,814.66**	**5.00**	**3,376.31**	**0.00**	**0.00**	**0.00**	**0.00**
C	**Non working Government companies**												
Total C (All sector wise non working Government companies)		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Grand Total (A + B + C)		**3,970.14**	**1,129.68**	**181.36**	**4,517.76**	**115.55**	**4,814.66**	**5.00**	**3,376.31**	**0.00**	**0.00**	**0.00**	**0.00**

Figures included in the Annexure are as furnished by the PSU

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

$ Represents investment of Rupees 20,000 in equity.

Annexure 4

Statement showing investments made by State Government in PSUs whose accounts are in arrears

(Referred to in paragraph 1.25)

(Figures in columns 4and 6 to 8 are ₹ in Crore)

Sl. No.	Name of the Public Sector Undertaking	Year upto which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrear		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Working Government Companies**						
1	Gujarat Agro Industries Corporation Limited	2010-11	8.08	2011-12	0.00	0.00	153.17
2	Gujarat State Land Development Corporation Limited	2010-11	5.88	2011-12	0.002	0.00	485.22
3	Gujarat Sheep and Wool Development Corporation Limited	2010-11	4.31	2011-12	0.00	0.00	8.63
4	Gujarat State Handloom and Handicrafts Development Corporation Limited	2009-10	12.06	2011-12	0.00	0.00	9.35
				2010-11	0.00	0.00	8.14
5	Gujarat State Investment Limited	2010-11	442.77	2011-12	0.00	635.00	0.00
6	Gujarat Women Economic Development Corporation Limited	2008-09	7.02	2011-12	0.00	0.00	10.01
				2010-11	0.00	0.00	9.41
				2009-10	0.00	0.00	9.58
7	Gujarat Minorities Finance and Development Corporation Limited	2010-11	10.00	2011-12	0.00	1.50	0.01
8	Gujarat Gopalak Development Corporation Limited	2010-11	4.10	2011-12	1.30	0.00	0.45
9	Gujarat Safai Kamdar Vikas Nigam Limited	2010-11	4.00	2011-12	0.50	2.93	13.43
10	Gujarat Thakor and Koli Vikas Nigam Limited	2010-11	2.85	2011-12	0.85	0.55	0.40
11	Gujarat Livelihood Promotion Company Limited	2010-11	0.05	2011-12	0.00	0.00	32.50
12	Gujarat State Rural Development Corporation Limited	2010-11	0.58	2011-12	0.00	0.00	25.18
13	Gujarat State Police Housing Corporation Limited	2010-11	50.00	2011-12	0.00	0.00	222.95
14	Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited	2010-11	10.00	2011-12	50.00	0.00	0.00
15	Gujarat State Aviation Infrastructure Company Limited	$$	0.05	2011-12	0.00	0.00	0.00
				2010-11	0.05	0.00	0.00
16	Dholera International Airport Company Limited	$$	10.00	2011-12	10.00	0.00	0.00
17	Gujarat Power Corporation Limited	2010-11	282.58	2011-12	10.00	0.00	20.00
18	Gujarat Water Resources Development Corporation Limited	2010-11	31.49	2011-12	0.00	0.00	48.90
19	Tourism Corporation of Gujarat Limited	2010-11	20.00	2011-12	0.00	0.00	198.40
20	Gujarat State Civil Supplies Corporation Limited	2010-11	10.00	2011-12	0.00	0.00	18.09
21	Gujarat Informatics Limited	2010-11	18.51	2011-12	0.00	0.00	20.08
22	Guj Tour Development Company Limited	$$	18.40	2011-12	0.01	0.00	0.00
23	Gujarat Rural Industries Marketing Corporation Limited	2010-11	9.17	2011-12	0.00	0.00	0.74
24	Sardar Sarovar Narmada Nigam Limited	2010-11	28,103.75	2011-12	3,164.18	0.00	0.00
	Total A (Working Government Companies)		**29,065.65**		**3,236.89**	**639.98**	**1,294.64**
B	**Working Statutory Corporations**						
1	Gujarat State Road Transport Corporation	2008-09	689.34	2011-12	15.00	425.00	703.70
				2010-11	15.00	296.00	501.00
				2009-10	15.00	235.70	501.62
Total B (Working Statutory Corporations)			**689.34**		**45.00**	**956.70**	**1,706.32**
Grand Total (A + B)			**29,754.99**		**3,281.89**	**1,596.68**	**3,000.96**

Information was not furnished by two working Companies (Alcock Ashdown (Gujarat) Limited and GSPC Distribution Networks Limited), which had arrears of accounts in 2011-12

$$ The first accounts of the Company have not been received.

Annexure 5

Statement showing financial position of Statutory Corporations

(Referred to in paragraph 1.15)

1. Gujarat State Road Transport Corporation

(₹ in crore)

Particulars	**2006-07**	**2007-08**	**2008-09**
A. Liabilities			
Paid-up capital	659.34	674.34	689.34
Capital loan	17.87	17.87	17.87
Borrowings (Government :)	469.78	704.78	850.28
(Others :)	239.65	147.65	82.55
Funds*	3.20	3.33	3.35
Trade dues and other current liabilities (including provisions)	777.92	912.78	966.77
Total - A	**2,167.76**	**2,460.75**	**2,610.16**
B. Assets			
Gross Block	785.58	924.14	921.33
Less:Depreciation	527.28	481.64	558.28
Net fixed assets	258.30	442.50	363.05
Capital works-in-progress (including cost of chassis)	--	--	--
Investments	--	--	--
Current assets, loans and advances	488.74	474.17	543.30
Accumulated losses	1,420.72	1,544.08	1,703.81
Total - B	**2,167.76**	**2,460.75**	**2,610.16**
C. Capital employed ##	**-30.88**	**3.89**	**-60.42**

2. Gujarat State Financial Corporation

Particulars	**2009-10**	**2010-11**	**2011-12**
A. Liabilities			
Paid-up capital	89.11	89.11	89.11
Forfeited Shares	4.61	4.61	4.61
Reserve fund and other reserves and surplus	277.33	273.37	273.37
Borrowings:			
(i) Bonds and debentures	24.00	7.22	2.35
(ii) Small Industries Development Bank of India	0.00	0.01	0.01
(iii) Loan in lieu of share capital:			
(a) State Government	6.03	6.03	6.03
(iv) Other (including State Government)	646.83	651.82	655.65
Other liabilities and provisions	534.40	713.66	935.13
Total - A	**1,582.31**	**1,745.83**	**1,966.26**
B. Assets			
Cash and Bank balances	12.26	22.52	39.05
Investments	4.88	4.84	4.84
Loans and Advances	0.81	0.97	0.70
Net fixed assets	5.69	1.85	2.90
Other assets	6.44	10.59	4.80
Accumulated losses	1,548.58	1,705.05	1,913.97
Total - B	**1,578.66**	**1,745.82**	**1,966.26**
C. Capital employed**	**787.97**	**769.53**	**772.57**

3. Gujarat State Warehousing Corporation

(₹ in crore)

Particulars	2008-09	2009-10	2010-11
A. Liabilities			
Paid-up-capital	4.00	4.00	4.00
Reserves and surplus	4.56	4.76	4.11
Trade dues and current liabilities (including provisions)	2.22	1.74	2.07
Total - A	**10.78**	**10.50**	**10.18**
B. Assets			
Gross Block	8.45	8.45	8.45
Less:Depreciation	4.09	4.25	4.41
Net fixed assets	4.36	4.20	4.04
Capital works-in-progress	0.00	0.00	0.00
Current assets, loans and advances	6.42	6.30	6.14
Total - B	**10.78**	**10.50**	**10.18**
C. Capital employed ##	**8.56**	**8.76**	**8.11**

4 Gujarat Industrial Development Corporation

Particulars	2009-10	2010-11	2011-12
A. Liabilities			
Loans	4.57	0.44	0.00
Subsidy from Government	426.99	466.37	505.69
Reserves and surplus	1,021.66	1,096.63	1,293.17
Receipts on capital account	3,510.87	4,056.14	5,421.66
Current liabilities and provisions (including deposits)	859.05	897.69	1,262.62
Total - A	**5,823.14**	**6,517.27**	**8,483.14**
B. Assets			
Gross block	34.14	67.55	38.17
Less:Depreciation	16.67	18.18	20.79
Net fixed assets	17.47	49.37	17.38
Works-in-progress	64.57	64.40	71.86
Capital expenditure on development of industrial estates etc.	2,402.24	3,560.63	5,408.46
Investments	217.09	204.60	247.61
Other assets	3121.77	2,638.27	2,737.83
Total - B	**5,823.14**	**6,517.27**	**8,483.14**
C. Capital employed##	**4,747.00**	**5,414.98**	**6,972.91**

*Excluding depreciation funds

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

*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).

Annexure 6

Statement showing working results of Statutory Corporations

(Referred to in paragraph 1.15)

(₹ in crore)

1. Gujarat State Road Transport Corporation

Sl. No.	Particulars	2006-07	2007-08	2008-09
1	**Operating**			
	(a) Revenue	1,505.05	1,626.35	1,708.32
	(b) Expenditure	1,633.35	1,781.81	1,915.16
	(C) Surplus(+)/Deficit(-)	-128.30	-155.46	-206.84
2	**Non-Operating**			
	(a) Revenue	107.04	87.89	65.91
	(b) Expenditure	44.84	27.00	18.81
	(C) Surplus(+)/Deficit(-)	62.20	60.89	47.10
3	**Total**			
	(a) Revenue	1,612.09	1,714.24	1,774.23
	(b) Expenditure	1,678.19	1,808.81	1,933.97
	(C) Net Profit(+)/Loss(-)	-66.10	-94.57	-159.74
4	**Interest on capital and loans**	**44.33**	**26.04**	**18.16**
5	**Total return on capital employed $$**	**-21.77**	**- 68.53**	**-141.58**
6	**Percentage of return on Capital employed**	**-**	**-**	**-**

2. Gujarat State Financial Corporation

Sl. No.	Particulars	2009-10	2010-11	2011-12
	Income			
1	(a) Interest on loans	27.54	24.41	28.08
	(b) Interest-sacrifice on restructuring	0	0	0
	(c) Other income	27.91	39.80	28.63
	Total - 1	**55.45**	**64.21**	**56.71**
	Expenses			
2	(a) Interest on long-term and short-term loans	161.44	187.25	220.37
	(b) Other expenses	23.39	33.87	45.02
	Total-2	184.83	221.12	265.39
3	Profit before tax(1-2)	**-129.38**	**-156.91**	**-208.68**
4	Provision for tax	0	0	0
5	Profit(+)/Loss(-) after tax	-129.38	-156.91	-208.68
6	Provision for non performing assets	0	0	0
7	**Total return on Capital employed $$**	**32.06**	**30.34**	**11.69**
8	**Percentage of return on Capital employed**	**4.07**	**3.94**	**1.51**

(₹ in crore)

3. Gujarat State Warehousing Corporation

Sl. No.	Particulars	2008-09	2009-10	2010-11
	Income			
1	(a) Warehousing charges	3.92	4.08	2.47
	(b) Other income	1.19	1.28	1.44
	Total-1	**5.11**	**5.36**	**3.91**
2	**Expenses**			
	(a) Establishment charges	3.02	3.17	3.78
	(b) Other expenses	1.32	1.90	0.78
	Total-2	**4.34**	**5.07**	**4.56**
3	Profit(+)/Loss(-) before tax	**0.77**	**0.29**	**-0.65**
4	Provision for tax	0.15	0.09	0.00
5	Prior period adjustments	0.00	0.01	0.01
6	Other appropriations	0.09	-0.07	0.02
7	Amount available for dividend	0.53	0.26	0.00
8	Dividend for the year	0.13	0.06	0.00
9	**Total return on capital employed $$**	**0.77**	**0.29**	**-0.65**
10	**Percentage of return on capital employed**	**9.00**	**3.31**	**---**

4. Gujarat Industrial Development Corporation

Sl. No.	Particulars	2009-10	2010-11	2011-12
1	Revenue Receipts	537.43	358.89	465.53
2	Net expenditure after capitalisation	389.95	330.88	223.62
3	Excess of income over expenditure	147.48	28.01	241.91
4	Provision for replacement, renewals and for additional liability	--	--	--
5	Net surplus	147.48	28.01	241.91
6	Total interest charged in Profit & Loss account	0.31	0.24	0.04
7	**Total return on capital employed $$**	**147.79**	**28.25**	**241.95**
8	**Percentage of return on capital employed**	**3.11**	**0.52**	**3.47**

$$ The return on Capital employed has been worked out by adding profit/loss and interest charged to profit and loss account.

Annexure 7

Statement showing voltage-wise capacity additions planned, actual additions and shortfall during five years up to 2011-12

(*Referred to in paragraph 2.1.9*)

Sl. No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
400 KV Sub-Stations (Numbers)						
1	At the beginning of the year	9	9	9	9	11
2	Additions Planned for the year	0	0	0	2	0
3	Actual Additions during the year	0	0	0	2	0
4	At the end of the year **(1+3)**	9	9	9	11	11
5	Shortfall in Additions **(3-2)**	0	0	0	0	0
400 KV Transformers Capacity (MVA)						
1	At the beginning of the year	6,150	7,410	7,410	7,410	7,410
2	Additions/ augmentation Planned for the year	0	0	0	630	315
3	Actual Additions during the year	1,260	0	0	0	630
4	Capacity at the end of the year **(1+3)**	7,410	7,410	7,410	7,410	8,040
5	Excess / Shortfall in Additions/ Augmentation **(3-2)**	1260	0	0	-630	315
400 KV Lines (CKM)						
1	At the beginning of the year	1,847	1,912	1,913	2,049	2,654
2	Additions Planned for the year	26	64	894	740	403
3	Actual Additions during the year	65	1	136	605	535
4	At the end of the year **(1+3)**	1,912	1,913	2,049	2,654	3,189
5	Shortfall in Additions **(3-2)**	39	-63	-758	-135	132
220 KV Sub-Stations (Numbers)						
1	At the beginning of the year	65	67	71	73	74
2	Additions Planned for the year	3	4	3	3	4
3	Actual Additions during the year	2	4	2	1	5
4	At the end of the year **(1+3)**	67	71	73	74	79
5	Shortfall in Additions **(3-2)**	-1	0	-1	-2	1
220 KV Transformers Capacity (MVA)						
1	At the beginning of the year	15,225	15,125	16,300	16,900	17,400
2	Additions/ augmentation Planned for the year	400	1,270	975	1,900	1,100
3	Actual Additions during the year	-100	1,175	600	500	1,570
4	Capacity at the end of the year **(1+3)**	15,125	16,300	16,900	17,400	18,970
5	Excess / Shortfall in Additions/ Augmentation **(3-2)**	-500	-95	-375	-1,400	470
220 KV Lines (CKM)						
1	At the beginning of the year	11,895	12,020	12,214	13,082	13,654
2	Additions Planned for the year	120	428	1,463	2,057	1,497
3	Actual Additions during the year	125	194	868	572	1,198
4	At the end of the year **(1+3)**	12,020	12,214	13,082	13,654	14,852
5	Shortfall in Additions **(3-2)**	5	-234	-595	-1,485	-299
132 KV Sub-Stations (Numbers)						
1	At the beginning of the year	48	48	48	48	48
2	Additions Planned for the year	0	0	0	1	1
3	Actual Additions during the year	0	0	0	0	1
4	At the end of the year **(1+3)**	48	48	48	48	49
5	Shortfall in Additions **(3-2)**	0	0	0	-1	0

Sl. No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
132 KV Transformers Capacity (MVA)						
1	At the beginning of the year	5,805	5,788	5,917	5,917	5,813
2	Additions/ augmentation Planned for the year	0	80	130	225	295
3	Actual Additions during the year	-17	129	0	-104	107
4	Capacity at the end of the year **(1+3)**	5,788	5,917	5,917	5,813	5,920
5	Excess / Shortfall in Additions/ Augmentation **(2-3)**	-17	49	-130	-329	-188
132 KV Lines (CKM)						
1	At the beginning of the year	4,552	4,554	4,582	4,765	4,782
2	Additions Planned for the year	0	40	53	49	92
3	Actual Additions during the year	2	28	183	17	26
4	At the end of the year **(1+3)**	4,554	4,582	4,765	4,782	4,808
5	Shortfall in Additions **(3-2)**	2	-12	130	-32	-66
66 KV Sub-Stations (Numbers)						
1	At the beginning of the year	758	806	862	920	1,057
2	Additions Planned for the year	49	56	57	134	85
3	Actual Additions during the year	48*	56	58	137	74
4	At the end of the year **(1+3)**	806	862	920	1,057	1,131
5	Shortfall in Additions **(3-2)**	-1	0	1	3	-11
66 KV Transformers Capacity (MVA)						
1	At the beginning of the year	16,562	17,080	18,191	19,633	21,023
2	Additions/ augmentation Planned for the year	818	1,070	1,255	1,995	2,166
3	Actual Additions during the year	518	1,111	1,442	1,390	2,641
4	Capacity at the end of the year **(1+3)**	17,080	18,191	19,633	21,023	23,664
5	Excess / Shortfall in Additions/ Augmentation **(3-2)**	-300	41	187	-605	475
66 KV Lines (CKM)						
1	At the beginning of the year	16,806	17,833	18,637	19,554	20,536
2	Additions Planned for the year	470	552	700	1,813	800
3	Actual Additions during the year	1,027	804	917	982	1,492
4	At the end of the year **(1+3)**	17,833	18,637	19,554	20,536	22,028
5	Shortfall in Additions **(3-2)**	557	252	217	-831	692

* One 66 KV (66 KV Una SS) has been constructed in existing 220 KV Una SS in 2007-08 hence has not been accounted as separate SS.

Annexure 8

Position of Targets and Achievements of the selected schemes in the Gujarat State Land Development Corporation Limited

(Referred to in paragraph 2.2.12)

(Figures in column no. 4 to 15are in hectare
Figures in column 16 and 17 are ₹ in crore)

Sl. No.	Name of Scheme	Unit	2007-08		2008-09		2009-10		2010-11		2011-12		Total of five years			
			Tar-get	Achie ve-ment	Tar-get	Achie ve-ment	Tar-get	Achiev ement	Tar-get	Achie ve-ment	Tar-get	Achieve-ment	Target	Achieve ment	Target Grant received	Achievem ent Grant Expended
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Government of Gujarat schemes																
Watershed based schemes																
1	Soil conservation scheme (normal area)	Ha	6,400	7,537	10,000	8,161	10,000	7,169	10,333	7,091	10,333	8,430	47,066	38,388	118.84	118.73
		F	-	-	-	-	-	34	-	6	-	-	-	40		
		ST	-	-	-	-	-	13	-	-	-	-	-	13		
		S	-	4	-	237	-	254	-	247	-	211	-	953		
2	Soil conservation scheme (tribal area)	Ha	7,732	6,850	10,134	10,596	10,134	11,591	10,134	10,375	10,134	12,170	48,268	51,582	124.46	124.46
		F	-	-	-	-	-	-	-	6	-	-	-	6		
		S	-	10	-	45	-	-	-	-	-	26	-	81		
3	Integrated Watershed Development Programme (IWDP) in tribal area in Gujarat	Ha	1,800	3,091	8,127	6,434	8,126	8,287	8,127	9,678	8,127	8,534	34,307	36,024	97.31	89.06
		F	-	-	-	144	-	552	-	543	-	628	-	1,867		
		ST	-	-	-	5	-	23	-	23	-	28	-	79		
		V	-	-	-	7	-	-	-	-	-	6	-	13		
		S	-	528	-	2,151	-	1,703	2	2,097	-	1,602	2	8,081		
4	IWDP for prevention of salinity ingress in coastal areas of Saurashtra	Ha	13,482	19,202	20,460	15,942	20,460	17,489	40,920	27,694	40,917	25,961	1,36,239	1,06,288	275.48	275.14
		F	-	67	-	283	-	521	-	711	-	851	-	2,433		
		ST	-	-	-	10	-	82	-	334	-	545	-	971		
		V	-	13	-	112	-	68	-	88	-	25	-	306		
		S	-	423	-	563	-	768	-	974	-	1,033	-	3,761		
Scattered area based schemes																
5	Kyari making for paddy cultivation in tribal areas of Surat, Valsad, etc	Ha	3,300	3,782	8,719	10,594	10,731	13,698	10,731	13,049	10,731	15,571	44,212	56,694	68.92	68.91

Sl. No.	Name of Scheme	Unit	2007-08		2008-09		2009-10		2010-11		2011-12		Total of five years			
			Tar-get	Achie ve-ment	Tar-get	Achie ve-ment	Tar-get	Achiev ement	Tar-get	Achie ve-ment	Tar-get	Achieve-ment	Target	Achieve ment	Target Grant received	Achievem ent Grant Expended
6	Construction of farm pond and sim talav	F	1,175	4,111	6,000	8,007	6,100	4,801	6,000	4767	4,473	4,878	23,748	26,564	365.63	365.73
		ST	-	-	1,750	1,789	1,803	1,030	1,750	1020	1,225	1,036	6,528	4,875		
		V	1,175	1,302	-	-	-	-	-	-	-	-	1,175	1,302		
7	Construction of water harvesting structures	Ha	16,500	15,511	32,200	27,548	32,200	49,679	32,200	30,692	32,200	24,506	1,45,300	1,47,936	105.66	105.58
		S	1,100	1,779	3,057	2,825	910	2,881	3,057	2,968	3,057	2,497	11,181	12,950		
8	Desilting of village pond	V	581	731	520	995	520	577	600	517	600	465	2,821	3,285	159.85	152.78
9	Reconstruction of damaged assets due to flood and heavy rain	S	892	684	3,732	2,085	1,502	1,167	1,502	986	1,502	1,101	9,130	6,023	20.54	20.52
Government of India schemes																
10	Rashtriya Krishi Vikas Yojana	Ha	-	7,857	-	97,947	-	1,32,132	-	69,469	-	45,220	-	3,52,625	616.58	612.68
		F	-	309	-	1,797	-	3,441	-	3,085	-	3,216	-	11,848		
		ST	-	-	-	190	-	670	-	384	-	485	-	1,729		
		V	-	23	-	396	-	512	-	187	-	91	-	1,209		
		S.	-	722	-	12,641	-	10,380	-	5,937	-	2,636	-	32,316		
11	Macro Management Agriculture	Ha	63,550	65,478	86,043	48,698	77,663	27,939	43,100	34,503	46,981	35,570	3,17,337	2,12,188	169.70	184.47 (Including administrative expenditure of ₹ 18.74 crore)
		F	-	966	-	703	-	456	-	3,297	-	337	-	5,759		
		ST	-	-	-	23	-	0	-	52	-	41	-	116		
		V	-	1	-	17	-	31	-	22	-	5	-	76		
		S	5,099	11,343	7,800	7,298	8,380	2,191	-	4,092	5,439	4,652	26,718	29,576		

(Source: Information reported by the Company to GoG**)**

Legend:

Ha: Hectare. **F:** Farm Pond. **ST:** Sim Talav.

V: Village pond. **S:** Water harvesting structure including percolation tank and check dam.

Annexure 9

Position of Targets and Achievements of Rashtriya Krishi Vikas Yojana schemes

(Referred to in paragraph 2.2.54)

(Figures in column no. 3 and 10 are in hectare
Figures in column no. 5 and 12 are in numbers
Figures in column no. 7 and 14 are in running meter)
(Figures in column 4, 6, 8, 9, 11, 13, 15, 16 and 17 are ₹ in lakh)

Name of SCSD	Number of Projects	Targets							Achievement							SCSD wise Financial Achievement in percentage
		Hectare		Structures		RMT		Total	Hectare		Structures		RMT		Total	
		Physical	Financial	Physical	Financial	Physical	Financial	Amount	Physical	Financial	Physical	Financial	Physical	Financial	Amount	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Checking of salinity ingress in the coastal area																
Anand	4	14,258	1,028.52	2,205	1,718.48	93,175	920.89	3,667.89	4,014	325.53	1,256	859.66	36,839	343.20	1,528.39	42
ChhotaUdepur	2	1,392	196.08	326	170.78	23,400	96.80	463.66	101	29.30	120	73.90	--	--	103.20	22
Dharampur	20	13,174	961.94	1,908	2,012.97	1,08,905	1159.65	4,134.56	5,697	521.06	1,509	1,533.32	91,878	901.02	2,955.40	71
Vyara	15	4,677	245.80	1,554	1,333.24	88,422	904.61	2,483.65	1,458	99.51	535	588.27	73,048	744.99	1,432.77	58
Total	**41**	**33,501**	**2,432.34**	**5,993**	**5,235.47**	**3,13,902**	**3,081.95**	**10,749.76**	**11,270**	**975.40**	**3,420**	**3,055.15**	**2,01,765**	**1,989.21**	**6,019.76**	**56**
Scheme wise Physical and financial achievement in percentage									**33.64**	**40.10**	**57.07**	**58.35**	**64.28**	**64.54**		
Restoration of fertility of Waterlogged area																
Anand	3	4,633	247.45	247	285.61	1,05,121	210.68	743.74	1,920	90.00	163	126.20	400	1.88	218.08	29
ChhotaUdepur	1	629	116.98	254	55.78	--	--	172.76	133	33.50	102	78.50	--	--	112.00	65
Dharampur	9	3,137	173.05	340	563.96	1,04,862	848.08	1,585.09	714	65.90	114	238.93	53,585	437.40	742.23	47
Vyara	1	158	5.85	4	8.00	5,000	54.73	68.58	--	--	4	8.00	4,415	40.00	48.00	70
Total	**14**	**8,557**	**543.33**	**845**	**913.35**	**2,14,983**	**1,113.49**	**2,570.17**	**2,767**	**189.40**	**383**	**451.63**	**58,400**	**479.28**	**1,120.31**	**44**
Scheme wise Physical and financial achievement in percentage									**32.34**	**34.86**	**45.33**	**49.45**	**27.16**	**43.04**		
Reclamation of degraded bhal area																
Anand	3	16,072	543.19	826	667	94,182	343.9	1554.09	1,044	83.73	444	399.26	46,940	147.04	630.03	41
Surendranagar	3	1,448	81.86	111	159.13	--		240.99	402	35.98	95	129.62	--		165.60	69
Total	**6**	**17,520**	**625.05**	**937**	**826.13**	**94,182**	**343.9**	**1795.08**	**1,446**	**119.71**	**539**	**528.88**	**46,940**	**147.04**	**795.63**	**44**
Scheme wise Physical and financial achievement in percentage									**8.25**	**19.15**	**57.52**	**64.02**	**49.84**	**42.76**		
Reclamation of problematic ravine area																
Anand	9	13,232	1,403.72	1,757	828.12	47,544	96.98	2,328.82	5,192	840.40	1,360	525.30	22,001	27.60	1,393.30	60
ChhotaUdepur	2	1,521	278.15	157	66.23	2,300	2.99	347.37	121	36.60	116	94.40	--	--	131.00	38
Vyara	18	5,919	730.45	2,308	595.76	22,355	53.21	1,379.42	4,157	579.96	1,716	380.67	12,198	30.43	991.06	72
Total	**29**	**20,672**	**2,412.32**	**4,222**	**1,490.11**	**72.199**	**153.18**	**4,055.61**	**9,470**	**1456.96**	**3,192**	**1,000.37**	**34,199**	**58.03**	**2,515.36**	**62**
Scheme wise Physical and financial achievement in percentage									**45.81**	**60.40**	**75.60**	**67.13**	**47.37**	**37.88**		

Name of SCSD	Number of Projects	Targets							Achievement							Financial Achievement in percentage
		Hectare		Structures		RMT		Total Amount	Hectare		Structures		RMT		Total Amount	
		Physical	Financial	Physical	Financial	Physical	Financial		Physical	Financial	Physical	Financial	Physical	Financial		
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
Reclamation of problematic saline alkaline soil																
Anand	5	12,220	723.34	2,234	586.01	--	--	1,309.35	2,253	295.11	909	504.94	--	--	800.05	61
ChhotaUdepur	1	851	144.41	188	110.08	--	--	254.49	112	29.11	142	90.90	--	--	120.01	47
Palanpur	26	24,724	1,489.80	1,298	794.84	--	--	2,284.64	10,612	934.64	828	583.30	--	--	1,517.94	66
Surendranagar	2	2,166	107.24	55	85.36	--	--	192.60	251	15.08	56	117.93	--	--	133.01	69
Total	**34**	**39,961**	**2464.79**	**3,775**	**1576.29**	**--**	**--**	**4,041.08**	**13,228**	**1,273.94**	**1,935**	**1,297.07**	**--**	**--**	**2,571.01**	**64**
Scheme wise Physical and financial achievement in percentage						**--**	**--**	**--**	**33.10**	**51.69**	**51.26**	**82.29**	**--**	**--**	**--**	
Rain fed area development programme																
Anand	7	5,645	580.49	1,090	420.25	--	--	1,000.74	2,041	304.68	489	249.78	--	--	554.46	55
ChhotaUdepur	4	2,625	319.55	517	198.03	--	--	517.58	250	42.82	111	100.01	--	--	142.83	28
Dharampur	10	5,199	494.71	899	453.59	--	--	948.30	3,478	356.12	865	265.91	--	--	622.03	66
Palanpur	43	24,557	1,606.90	1,046	669.80	--	--	2,276.70	10,278	1,169.62	883	562.04	--	--	1,731.66	76
Surendranagar	12	5,874	433.53	908	573.21	--	--	1,006.74	1,323	80.13	256	368.34	--	--	448.47	45
Vyara	29	9,249	914.63	1,300	505.84	--	--	1,420.47	4,939	569.13	793	272.70	--	--	841.83	59
Total	**105**	**53,149**	**4349.81**	**5,760**	**2820.72**	**--**	**--**	**7,170.53**	**22,309**	**2522.50**	**3,397**	**1,818.78**	**--**	**--**	**4,341.28**	**61**
Scheme wise Physical and financial achievement in percentage						**--**	**--**	**--**	**41.97**	**57.99**	**58.97**	**64.48**	**--**	**--**	**--**	
Enhancing water resources in dark zone areas																
Palanpur	3	--	--	184	186.09	3,600	7.92	194.01	--	--	147	150.00	--	--	150.00	**77**
Total	**3**	**--**	**--**	**184**	**186.09**	**3600**	**7.92**	**194.01**	**--**	**--**	**147**	**150.00**	**--**	**--**	**150.00**	**77**

Legend:

Hectare — Field bunding, Land levelling, land shaping, soil amendment, Green manuring, organic farming/ deep ploughing, Afforestation, Silvipasture, Horticulture, drainage line treatment, dry land horticulture, oversiding of grasses, contour trench, sim protection bund, bank stabilization, Counter bunding with link Drainage vegetative Support, Kyari making etc.

Structures — Loose boulder structure, Drought pond, farm pond, Nala plugging, Earthen water harvesting structure, Masonry check dam, percolation tank, recharging of well, recharging of village tank, recharging of village tank/ Gam talav, gully control measures, earthen nala plug, small gully plug, nala plug, sim pond, loose stone structure, staggered trench, deepening of simtalav, deepening of village pond etc.

Running Meter (RMT) — Reclamation Bund, Drainage Line, peripheral bund etc.

Annexure 10

Statement showing paragraphs/performance audit reports for which explanatory notes were not received

(Referred to in paragraph 3.11.1)

Sl. No.	Name of the Department	2007-08	2008-09	2009-10	2010-11
1.	Narmada, Water Resources, Water Supply and Kalpsar		1^		1
2.	Energy and Petrochemicals		1	3	5
3.	Industries and Mines	1	6^	1	3
4.	Urban Development and Urban Housing	2			
5.	Finance		1*		
6.	Food, Civil Supplies and Consumer Affairs				1
	Total	**3**	**8**	**4**	**10**

* Includes one paragraph no. 4.22 (Common paragraph) for which replies was awaited from one department.

^ Includes one paragraph no. 4.23 (Common paragraph) for which replies were awaited from two departments.

Annexure 11

Statement showing the department-wise outstanding Inspection Reports (IRs)

(Referred to in paragraph 3.11.3)

Sl. No.	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Years from which paragraphs outstanding
1	Industries and Mines	11	41	145	2004-05
2	Agriculture & Co-operation	5	14	29	2005-06
3	Science & Technology	2	6	12	2006-07
4	Roads & Buildings	1	5	11	2006-07
5	Panchayat, Rural Housing and Rural Development	1	1	1	2010-11
6	Women and Child Development	1	3	9	2006-07
7	Forest and Environment	1	4	7	2004-05
8	Home	1	4	11	2008-09
9	Finance	2	4	7	2008-09
10	Social Justice and Empowerment	4	10	34	2005-06
11	Food, Civil Supplies and Consumer Affairs	1	5	15	2007-08
12	Narmada, Water Resources and Water Supply and Kalpsar	3	123	459	2004-05
13	Energy and Petrochemicals	16	134	458	2004-05
14	Urban Development and Urban Housing	1	7	30	2004-05
15	Ports and Transport	2	38	143	2004-05
16	Health and Family Welfare	1	1	7	2011-12
	Total	**53**	**400**	**1,378**	

Annexure 12

Statement showing the department-wise draft paragraphs/performance audit reports reply to which are awaited as on 31 December 2012

(Referred to in paragraph 3.11.3)

Sl. No.	Name of the Department	Number of draft paragraphs	Number of draft performance audit reports	Period of issue
1.	Agriculture & Co-operation	--	1	September 2012
2.	Energy and Petrochemicals	--	1	August 2012
3.	Health and Family Welfare	1	--	July 2012
4.	Industries and Mines	1	--	June 2012
5.	Ports and Transport	1	--	June 2012
6.	Urban Development and Urban Housing	1	--	June 2012