

PREFACE

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

- (i) Government companies,
- (ii) Statutory corporations, and
- (iii) Departmentally managed commercial undertakings.

2. This Report deals with the results of audit of Government companies and Statutory corporations, including Bihar State Electricity Board and has been prepared for submission to the Government of Bihar under Section 19A of the Comptroller & Auditor General's (CAG) (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2010 (Civil)- Government of Bihar.

3. Audit of accounts of Government companies is conducted by the CAG under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Bihar State Road Transport Corporation and Bihar State Electricity Board which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. As per the State Financial Corporations (Amendment) Act 2000, CAG has the right to conduct the audit of accounts of Bihar 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 Bihar State Warehousing Corporation, the CAG has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with the CAG. In respect of Bihar Electricity Regulatory Commission, the CAG is the sole auditor. The Audit Reports on annual accounts of all these corporations are forwarded separately to the State Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2009-10 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 2009-10 have also been included, wherever necessary.

6. Audit in relation to the material included in this Report has been conducted in conformity with the Auditing Standards issued by the CAG.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG of India. These accounts are also subject to supplementary audit conducted by CAG of India. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2010, the State of Bihar had 25 working PSUs (21 Companies and four Statutory corporations) and 40 non-working PSUs (all companies), which employed 0.22 lakh employees. The State working PSUs registered a turnover of ₹ 2508.83 crore for 2009-10 as per their latest finalised accounts. This turnover was equal to 1.62 per cent of State GDP indicating an insignificant role played by State PSUs in the economy. The PSUs had accumulated loss of ₹ 4617.88 crore as per their latest finalised accounts as of 30 September 2010.

Investments in PSUs

As on 31 March 2010, the investment (Capital and long term loans) in 65 PSUs was ₹ 9622.02 crore. Power Sector accounted for 80.86 per cent of total investment in 2009-10. The Government contributed ₹ 1670.15 crore towards equity, loans and grants / subsidies during 2009-10.

Performance of PSUs

As per the latest finalised accounts, out of 25 working PSUs, eight PSUs earned profit of ₹ 12.78 crore and 14 PSUs incurred loss of ₹ 1187.37 crore. The major contributors to profit was Bihar State Financial Corporation Limited (₹1.36 crore) and Bihar State Beverages Corporation Limited (₹ 1.09 crore).

Heavy losses were incurred by Bihar State Electricity Board (₹ 1102.28 crore) and Bihar State Road Transport Corporation (₹ 55.74 crore).

Audit noticed various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG of India shows that the State working PSUs' losses of ₹ 164.49 crore and infructuous investments of ₹ 64.21 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and enhance profits. 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. During the year 2009-10, all 15 accounts of the companies received qualified certificates. The compliance of companies with the Accounting Standards remained poor as there were 13 instances of non-compliance in 11 accounts during the year.

Arrears in accounts and winding up

25 working PSUs had arrears of 213 accounts as of 30 September 2010. The extent of arrears was one to 21 years. There were 40 non-working PSUs including seven under liquidation.

(Chapter 1)

2. Performance Review relating to Government Company

A performance review relating to 'Working of Bihar Rajya Pul Nirman Nigam Limited' was conducted. Executive summary of the audit findings is given below:

Introduction

Bihar Rajya Pul Nirman Nigam Limited (Company) was incorporated in June 1975 as a wholly owned Government Company with prime objective to construct all types of bridges and roads and to collect toll on bridges notified by the State Government.

The activities of the Company being in the areas of creation of societal infrastructure, a performance review of the activities was considered imperative. The present review covers the activities undertaken during the period 2005-10.

Planning

The Company estimated cost of land acquisition on lump-sum basis without conducting detailed site survey which resulted in delays in completion of eight projects and funds held up to the tune of ₹ 134.30 crore for three to 17 months. There were delays in utilisation of 45 bridges upto 27 months due to non-completion of approach road. Estimate for the work of construction of the bridge was incomplete as it did not include the cost of essential items, which resulted in short allotment of fund from Government, blockade of fund and the company could not earn centage charges to the tune of ₹ 0.49 crore.

Execution

During 2005-10 the State Government had allotted work of 742 bridges at an estimated cost of ₹ 5,574.73 crore of which the Company completed 538 bridges at a cost of ₹ 1,415.20 crore which included a sum of ₹ 11.74 crore met from BDF.

The Company completed substantial number of projects handled by it during the years 2008-10. However, there were delays in execution of projects due to reasons including delays in tendering

process, delay in execution of the projects by the contractors, delay in land acquisition, rescinding of the contract etc. In violation of CVC circular and PWD code the Company invited L1 tenderers for rate negotiations.

Implementation of schemes

Mukhya Mantri Setu Nirman Yojana (MMSNY)

During 2007-10, out of 522 bridges under the MMSNY, the Company had completed 404 bridges. 60 completed bridges were constructed with delay of one to 26 months. Further, the incomplete bridges were delayed from two to 22 months due to reasons such as delays in start of work, delayed execution by contractors and non clearance of site etc. A loss of ₹ 12.13 crore occurred due to execution of work without agreement in Darbhanga Division. Delay in finalisation of tender in respect of Kaptan Pul at Purnea resulted in cost overrun of ₹ 2 crore.

Construction of Railway Over Bridges (ROBs)

Out of eight ROBs, only three could be completed at a cost of ₹ 86.60 crore against the original estimated cost of ₹ 80.15 crore. The remaining ROBs had not been completed till July 2010. These had different scheduled completion dates.

Execution of Turnkey Contracts.

The implementation of three turnkey contracts was deficient as the original GAD, BOQs and estimate were not compared with the designs submitted by the contractor and the actual cost of the projects was not analysed before making payments to the contractors. We observed excess payment of ₹ 43.84 lakh to the contractor in respect of ROB Purnea, short recovery of ₹ 0.80 crore from the Contractor in ROB at Sultanganj, loss of ₹ 13.21 crore due to acceptance of design

involving less quantum of work without consequent reduction in cost in respect of bridges at Larjha Ghat, Samastipur and Rasiyari Ghat, Darbhanga.

Construction of Bridges under Plan/Non-Plan head

During 2005-10, the Company received a sum of ₹ 3103.56 crore for the construction of 212 bridges under Plan / Non-plan heads of which the Company completed 161 bridges at a cost of ₹ 886.71 crore. The remaining 51 bridges were in progress (September 2010). We observed that out of 41 projects undertaken in three divisions – Bhagalpur, Katihar and Darbhanga, 24 were completed with delays ranging from three months to 19 years. Out of the remaining 17 ongoing projects, seven projects were already delayed by period ranging from eight to 23 months.

Excess expenditure due to awarding works above the ceiling rates

111, 43, and 80 works on nomination basis were awarded at 10, 12 and 15 per cent above ceiling rate respectively which resulted in excess expenditure of ₹ 1.95 crore.

Construction of roads

Since 2007-08 the Company also started construction of roads as and when allotted by the Road Construction Department, Government of Bihar. Against 72 roads only 44 were (61 per cent) completed as on September 2010. There were delays of upto 21 months in completion of roads for various reasons viz. delay in starting of the work, slow progress by the contractor, rescindment and re-award of the work, etc.

Monitoring

There is no independent quality control wing at the divisions and Company headquarters was not adequately equipped with requisite machines. In contravention of clauses of the SBD, no action was taken against the defaulting agencies to recover the additional cost to the extent of ₹ 15.18 crore (September 2010). The quality and specification of material was not ensured as such documents (M and N forms) were not found enclosed with the bills in any of

the projects. Due to non-observance of MORTH specifications BM work of 4674.46 M³ valued ₹ 2.79 crore became substandard since there was a gap of six to nine months between the application of two pavement courses which should have been done in forty eight hours. Unauthorised payment of carriage cost of ₹ 22.54 lakh for 4955.40 M³ of stone chips from unapproved quarry was observed.

Financial position and working results

The company had not maintained its accounts upto date and these were in arrears since the year 2002-03. Annual accounts of the Company for the year since 2006-07 are yet to be approved by the Board of Directors. Interest earned on unutilised funds for construction activities kept in Fixed Deposits accounted for 14.68 to 51.48 per cent of the total income of the Company during 2005-10.

Funding

The overall utilisation of the available funds during 2005-10 remained around 80 per cent with general increase in utilisation of funds since 2007-08 as a result of execution of projects under MMSNY. Non-obtaining of prior sanction of excess expenditure from Government resulted in blockade of Company's fund to the tune of ₹ 84.98 crore.

Handing over completed bridges

141 bridges pertaining to four divisions completed during 2005-10 had not been handed over to the Government till date after a delay of up to 48 months.

Internal Control

The Internal Control System of the Company was inadequate. The Company did not have an internal audit wing. Firms of Chartered Accountants were appointed for internal audit and the work of compilation of accounts, reconciliation of bank accounts, etc. The Internal Audit Reports did not cover technical audit and propriety of expenditure.

(Chapter 2)

3. Performance Review relating to Statutory Corporation

A performance review relating to 'Power Generation Undertakings in Bihar' was conducted. Executive summary of the audit findings is given below:

Power is an essential requirement for all facets of life and has been recognised as a basic requirement. In Bihar, the generation of power is carried out by Bihar State Hydroelectric Power Corporation Limited (Company) and Bihar State Electricity Board (Board). As on 31 March 2010, Board had one thermal generation station i.e. Barauni Thermal Power Station and the Company had 11 canal based hydro generation stations with installed capacity of 372.80 MW. The turnover of the Board was ₹ 2795 crore and of the Company was ₹ 6.78 crore in 2009-2010, which were equal to 1.80 per cent and 0.005 per cent respectively of the State Gross Domestic Product. The BTPS employed 586 employees and the Company employed 107 employees as on 31 March 2010.

Capacity Addition and Project Management

As on 31 March 2010, the State sector had total installed power generation capacity of 372.80 MW. Against the peak demand of 2500 MW demand met was 1508 MW leaving a deficit of 992 MW while the actual addition was 8.7 MW (by Company) to meet the energy generation requirement in the State during 2005-10. There was no addition in thermal capacity. Thus the State was not in position to meet the demand as the power generated as well as power purchased fell short to the extent of 2909.58 MUs to 12297.11 MUs during 2005-10.

Contract Management

During 2005-10, 21 contracts valuing ₹ 36.38 crore (of the Company) were executed. Delays were noticed in finalization of tender, which led to increase in project cost by ₹ 6.07 crore in the three projects reviewed in Audit.

Operational Performance

Performance of the existing generation stations depends on efficient use of material, manpower and capacity of the plants so as to generate maximum energy possible without affecting the long term operations of the plants. Our scrutiny of

operational performance revealed the following:

Procurement of fuel

Short receipt of coal (71.41 per cent) against the total linkage approved by Standard Linkages Committee during the four years upto 2008-09 led to shortfall in achievement of the generation targets. In absence of any agreement with the coal companies, the Board paid ₹ 6.29 crore on procurement of 0.43 lakh MT of inferior/ungraded coal which was loss to the Board.

Consumption of fuel

Use of coal having less gross calorific value coupled with high heat rate of station above designed heat rate the Board incurred an extra expenditure of ₹ 48.71 crore on excess consumption of coal during 2005-10.

Deployment of Manpower

The Company had 107 employees as on 31 March 2010). The deployment of manpower was not rational as the manpower deployed in the Company was in excess of the norms fixed by CEA resulting in extra expenditure of ₹ 3.98 crore.

Plant Load Factor

The PLF of Hydel plants of the Company and BTPS was below the national PLF in all the years during 2005-10. This resulted in generation loss of 3952.9 MUs. Besides, the Company lost contribution of ₹ 39.59 crore.

Outages

The forced outages remained more than the norms of 10 per cent as prescribed by the CEA in all the five years (2005-10) ranging from 12.90 to 81.19 per cent. The outages of unit No. 6 of BTPS was 73 percent of the total available hours during 2005-10. During 2006-07, 11817 hours was avoidable out of 13977 hours of planned outages which resulted in loss of generation of 3.49 MUs.

Auxiliary Consumption

The actual auxiliary consumption at BTPS and the Company was more than the norms fixed by CERC during the period under review resulting in loss of generation of 48.97 MUs.

Financial Management

Company's dependence on borrowed funds increased from ₹ 290.26 crore in 2005-06 to ₹ 499.60 crore (72.12 per cent) in 2009-10. Similarly the Board borrowings increased from ₹ 7773.25 crore in 2005-06 to ₹ 12605.44 crore (62.16 per cent) in 2009-10. Nearly two third of the paid up capital of the Company eroded at the end of 2009-10 due to increase in accumulated losses.

Environmental Issues

The Board did not take any action for washing of 7.08 lakh MT of high ash content coal (weighted average of ash ranged between 41.27 and 46.24 per cent) before use. BTPS neither installed adequate silencing equipments nor installed noise monitoring equipment to record noise levels.

Conclusion and Recommendations

The Company could not keep pace with growing demand of power in the State due to non-commencement of commercial production by the newly established hydro generating units as per their scheduled

plan. The Board also did not keep pace of the growing demand of power by not executing LE/R & M work (at BTPS) which resulted in further deterioration of the health of the TPS. The project management was ineffective as there were instances of time and cost overrun in all the projects taken up during 2005-10. Operational performance of the plants was adversely affected due to short receipt as well as inferior quality of coal, high heat rate causing excess consumption of coal. Further the plant load factor and plant availability remained lower than the national average level. Heavy capital expenditure coupled with interest commitment on loans without adequate returns due to delay in commercial operation of the plants caused significant increase in cost of operations. The top management did not take corrective measures to ensure adherence to norms/targets in respect of input efficiency parameters. The review contains seven recommendations which include effective planning and monitoring, ensuring consumption of coal within the prescribed norms, minimise forced outages and auxiliary consumption and ensure compliance to environmental laws, etc.

(Chapter 3)

4. Transaction audit observations

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

Loss of ₹ 184.52 crore in five cases due to non compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 4.1, 4.4, 4.5, 4.7 and 4.8)

Loss of ₹0.24 crore due to inadequate/deficient monitoring system.

(Paragraphs 4.2.B)

Loss of ₹ 3.67 crore in two cases due to non safeguarding of the financial interests of the organisation.

(Paragraphs 4.3 and 4.6)

Unfruitful expenditure of ₹ 3.45 crore in two cases due to defective / deficient planning.

(Paragraphs 4.9 and 4.10)

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

The decision of Bihar State Food and Civil Supplies Corporation Limited to give donation of ₹ four crore without prior approval in its general meeting, not only led to violation of the provisions of the Act but was also against the canons of financial prudence.

(Paragraph 4.1)

Failure of Bihar State Electronic Development Corporation Limited to enforce the clause of the agreement led to non-recovery of Facility Management Services fee of ₹ 0.32 crore.

(Paragraph 4.3)

Non billing of the consumers under High Tension Services-I category as per the provision of tariff resulted in loss of revenue of ₹ 0.82 crore to Bihar State Electricity Board (Board).

(Paragraph 4.4)

The Board suffered a loss of ₹ 0.52 crore due to non-billing according to the tariff provisions.

(Paragraph 4.5)

Unnecessary Purchase of under ground cable resulted in blocking of ₹ 3.35 crore and consequential loss of interest of ₹ 1.41 crore to the Board.

(Paragraph 4.6)

Non-adherence to the tariff provisions by the Board led to loss of revenue of ₹ 5.21 crore.

(Paragraph 4.8)

Chapter I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Bihar, the State PSUs occupy an insignificant place in the state economy. The working State PSUs registered a turnover of ₹ 2508.83 crore for 2009-10 as *per* their latest finalised accounts as of September 2010. This turnover was equal to 1.62 *per cent* of State Gross Domestic Product (GDP) for 2009-10. Major activities of State PSUs are concentrated in power sector. The State PSUs incurred a loss of ₹ 1199.09 crore in the aggregate for 2009-10 as *per* their latest finalised accounts. They employed 0.22 lakh¹ employees as of 31 March 2010. The State PSUs do not include 7 Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Civil Audit Report for the State.

1.2 As on 31 March 2010, there were 65 PSUs as *per* the details given below, however none of them were listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government Companies ³	21	40	61
Statutory Corporations	4	-	4
Total	25	40	65

1.3 During the year 2009-10, two PSUs viz. Bihar State Road Development Corporation Limited and Bihar Urban Infrastructure Development Corporation Limited were established.

Audit Mandate

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

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors,

¹ As per the details provided by 35 PSUs.

² Non-working PSUs are those which have ceased to carry on their operations.

³ includes 619-B companies.

who are appointed by CAG as *per* the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as *per* the provisions of Section 619 of the Companies Act, 1956.

1.6 Audit of statutory corporations is governed by their respective legislations. Out of the four statutory corporations, CAG is the sole auditor for Bihar State Electricity Board and Bihar State Road Transport Corporation. In respect of Bihar State Warehousing Corporation and Bihar State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by the CAG of India.

Investment in State PSUs

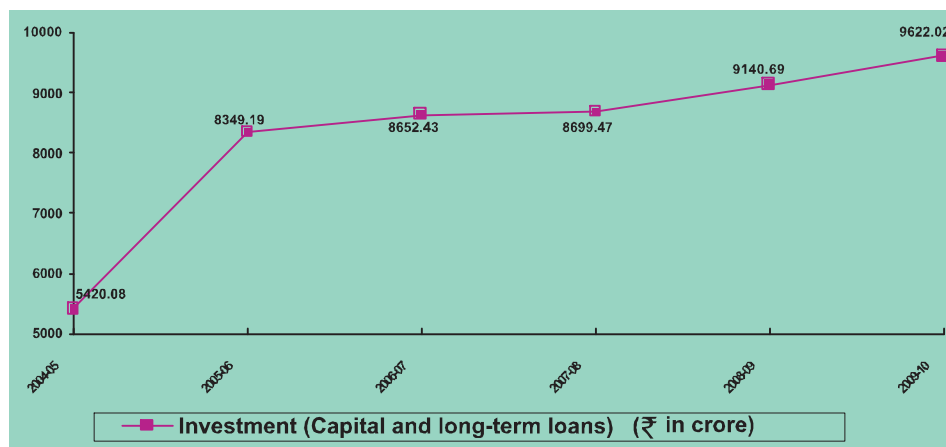
1.7 As on 31 March 2010, the investment (capital and long-term loans) in 65 PSUs (including 619-B companies) was ₹ 9622.02 crore as per details given below.

(Amount: ₹ in crore)

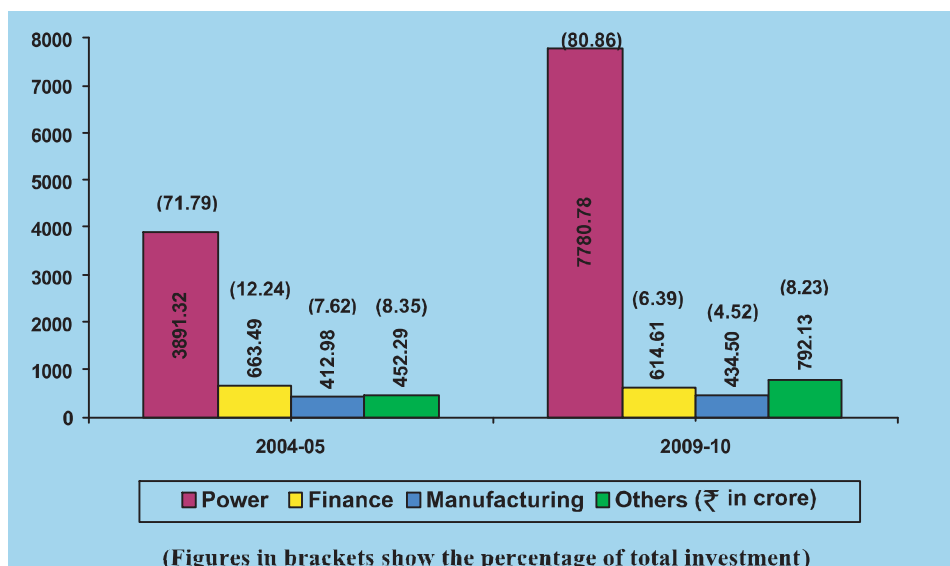
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	214.92	496.56	711.48	185.53	7993.06	8178.59	8890.07
Non-working PSUs	183.97	547.98	731.95	-	-	-	731.95
Total	398.89	1044.54	1443.43	185.53	7993.06	8178.59	9622.02

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

1.8 As on 31 March 2010, of the total investment in State PSUs, 92.39 *per cent* was in working PSUs and the remaining 7.61 *per cent* in non-working PSUs. This total investment consisted of 6.07 *per cent* towards capital and 93.93 *per cent* in long-term loans. The investment has grown by 77.53 *per cent* from ₹ 5420.08 crore in 2004-05 to ₹ 9622.02 crore in 2009-10 as shown in the graph below.



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2005 and 31 March 2010 are indicated below in the bar chart. The thrust of PSUs investment was mainly in the power sector during the past six years which increased from 71.79 per cent in 2004-05 to 80.86 per cent in 2009-10 of the total investment. The overall increase in power sector was 99.95 per cent in 2009-10 as compared to 2004-05. However, relatively there was decrease in other sectors during 2009-10 taking into account the overall investments.



Budgetary outgo, grants/subsidies, guarantees and loans

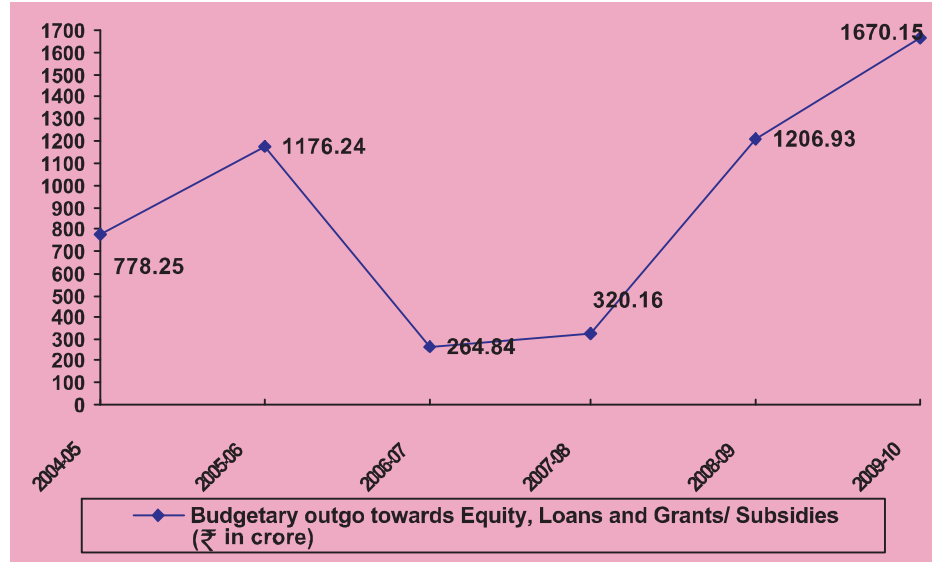
1.10 The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off and interest waived in respect of State PSUs are given in *Annexure 3*. The summarised details are given below for three years ended 2009-10.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	4.05	3	1.56	3	26.00
2.	Loans given from budget	2	293.11	4	469.63	3	770.36
3.	Grants/Subsidy received	1	23.00	3	735.74	3	873.79
4.	Total Outgo ⁴	5	320.16	9	1206.93	8	1670.15
5.	Interest/Penal interest written off	1	11.56	1	11.56	1	0.12
6.	Guarantees issued	3	71.79	2	104.47	-	-
7.	Guarantee Commitment	-	-	1	157.51	1	44.15

⁴ Total outgo is pertaining to actual number of companies during the year.

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



The budgetary support in the form of equity, loans and grants / subsidies by the State Government during the years 2004-05 to 2009-10 showed a varying trend. The budgetary support has increased from ₹ 320.16 crore in 2007-08 to ₹ 1670.15 crore in 2009-10. During the year 2009-10, three⁵ (two working and one non-working) PSUs received a total subsidy of ₹ 873.79 crore, out of which Bihar State Electricity Board received a subsidy of ₹ 840.00 crore from the State Government. At the end of the year, guarantees on loans aggregating ₹ 156.21 crore were outstanding against five⁶ PSUs. Guarantee commission of ₹ 37.58 lakh was payable by two⁷ working PSUs since 1982-83.

Reconciliation with Finance Accounts

1.12 The figures in respect of equity, loans and guarantees outstanding as per records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department are required to reconcile the differences. The position in this regard as on 31 March 2010 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts *	Amount as per records of PSUs	Difference
Equity	446.50	477.25	30.75
Loans	13034.67	8511.87	4522.80
Guarantees	714.97	156.21	558.76

1.13 We observed that differences occurred in respect of 42 PSUs in which the State Government has invested except Bihar State Road

⁵ Bihar Rajya Beej Nigam Limited, Bihar State Electricity Board, Bihar Fruit & Vegetable Development Corporation Ltd.

⁶ Bihar Rajya Matasya Vikas Nigam Ltd., Bihar State Backward Classes Finance & Development Corporation Ltd., Bihar State Minorities Finance Corporation Ltd., Bihar State Electricity Board, and Bihar State Financial Corporation

⁷ Bihar State Road Transport Corporation and Bihar State Financial Corporation.

* This information is in respect of 38 PSUs which are appearing in Finance accounts.

Development Corporation Ltd which is a newly established company. The issue of reconciliation was taken up with Chief Secretary and the Finance Secretary (March 2010). The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

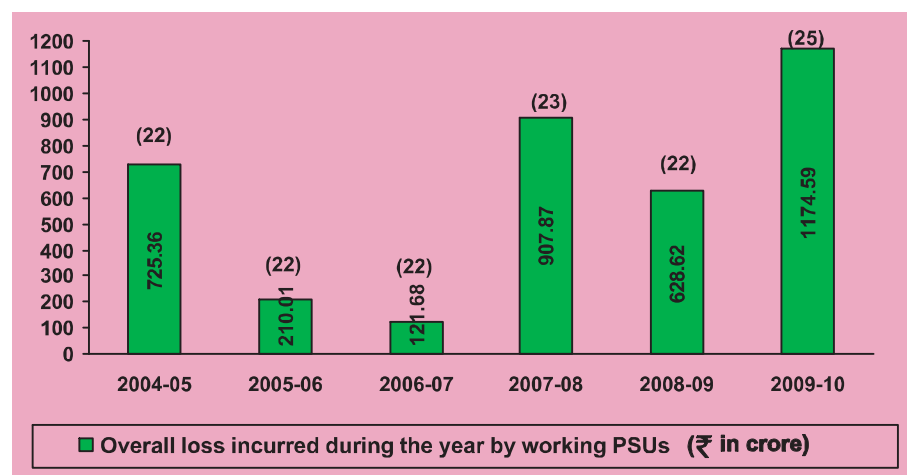
Performance of PSUs

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

Particulars	₹ in crore)					
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Turnover ⁸	1601.99	1202.49	1337.29	1587.96	1996.59	2508.83
State GDP ⁹	73654	79382	99579	114616	142504	155051
Percentage of Turnover to State GDP	2.18	1.51	1.34	1.39	1.40	1.62

The turnover of the State PSUs has shown an increasing trend during the last five years from 2005-06 onwards. There was increase in State GDP from the year 2005-06 onwards but it was not proportionate to percentage of increase in turnover of PSUs. The percentage of turnover of State PSUs to the State GDP has noticed marginal increase from 1.51 per cent in 2005-06 to 1.62 per cent in 2009-10.

1.15 Losses incurred by the State working PSUs during 2004-05 to 2009-10 are given below in a bar chart.



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

The State working PSUs collectively incurred continuous losses over the years which increased from ₹ 725.36 crore in 2004 -05 to ₹ 1174.59 crore in

⁸ Turnover as per the latest finalised accounts as of 30 September.

⁹ Figures of State GDP at current price, 2007-08(provisional), 2008-09 and (quick estimates), 2009-10(advance estimates)

2009-10. As per the latest finalised accounts as on 30 September 2010, out of the 25 working PSUs, eight PSUs earned profits of ₹ 12.78 crore and 14 PSUs incurred loss of ₹ 1187.37 crore. Three¹⁰ Companies did not finalise their initial accounts so far. The major contributors to profit were Bihar State Financial Corporation Ltd (₹ 1.36 crore) and Bihar State Beverages Corporation Ltd (₹ 1.09 crore). On the other hand Bihar State Electricity Board (₹ 1102.28 crore) and Bihar State Road Transport Corporation (₹ 55.74 crore) were the major loss making PSUs.

1.16 The losses of PSUs are mainly attributable to deficiencies in financial management, inappropriate planning, uneconomical operations and poor monitoring. A review of the latest Audit Reports of CAG of India shows that the State PSUs incurred losses to the tune of ₹ 164.49 crore and infructuous investment of ₹ 64.21 crore, which should have been avoided through better management practices. The year wise details from the Audit Reports are stated below.

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	Total
Net loss	907.87	628.62	1174.59	2711.08
Controllable losses as per CAG's Audit Report	26.68	104.60	33.21	164.49
Infructuous Investment	60.41	0.35	3.45	64.21

1.17 Since the above losses as pointed out in the Audit Reports are based on test check of records of PSUs, the actual losses would be much more significant. It is therefore requested that the concerned officials must take urgent and appropriate action to prevent further losses and to turn around these PSUs. The PSUs can discharge their role efficiently only if they are financially self-reliant, there is an urgent need for professionalism and accountability and transparency in the functioning of the State PSUs.

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

(₹ in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Return on Capital Employed (Per cent)	Nil	16.94	17.68	Nil	7.44	Nil [#]
Debt	4796.29	7724.63	8012.25	8152.92	8614.53	9037.60
Turnover ¹¹	1601.99	1202.49	1337.29	1587.96	1996.59	2508.83
Debt/ Turnover Ratio ¹²	2.99:1	6.42:1	5.99:1	5.13:1	4.33:1	3.60:1
Interest Payments	525.91	301.93	613.25	924.16	918.70	991.72
Accumulated losses	5165.94	1584.62	1686.94	2956.74	3593.15	4617.88

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

¹⁰ Bihar Health Projects Development Corporation Ltd., Bihar State Road Development Corporation Ltd. and Bihar Urban Infrastructure Development Corporation Ltd.

[#] Nil indicates the negative return on capital employed.

¹¹ Turnover of working PSUs as per the latest finalised accounts as of 30 September.

¹² Debt / Turnover Ratio represents Turnover divided by Debt.

1.19 As per the latest finalised accounts as of 30 September 2010, the return on capital employed of all PSUs has decreased from 16.94 *per cent* in 2005-06 to total negative return of 5.50 *per cent* in 2009-10. However, there was decrease in debt/turnover from 6.42:1 in 2005-06 to 3.60:1 in 2009-10 indicating gradually decreasing pressure on profit margin due to relative increase in turnover during these years.

1.20 The State Government has not formulated any dividend policy under which PSUs may be required to pay a minimum dividend. As per their latest finalised accounts, eight PSUs earned an aggregate profit of ₹ 12.78 crore but no PSU has declared any dividend so far.

Arrears in finalisation of accounts

1.21 Under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 the annual accounts of companies are required to be finalised within six months from the end of the relevant financial year. Similarly, in the case of Statutory Corporations, their accounts are required to be finalised, audited and presented to the State Legislature as *per* the provisions of their respective Acts. The table below provides the details of progress made by the working PSUs in the finalisation of accounts by September 2010.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Number of Working PSUs	22	23	22	23	25
2.	Number of accounts finalised during the year	14	20	13	15	17
3.	Number of accounts in arrears	198	201	197	205	213
4.	Average arrears <i>per</i> PSU (3/1)	9.00	8.74	8.95	8.91	8.52
5.	Number of Working PSUs with arrears in accounts	22	23	22	23	25
6.	Extent of arrears (years)	1 to 22	1 to 19	1 to 19	1 to 20	1 to 21

1.22 Out of 25 working PSUs including four statutory corporations no company/corporation had finalised its accounts for the year 2009-10 as of 30 September 2010. The accounts of 21 working Government companies were in arrears for periods ranging from 1 to 21 years and there was marginal decrease in average of arrears per PSU from 9 per PSU in 2005-06 to 8.52 per PSU in 2009-10. The reasons for arrears in accounts are delay in preparation/certification of accounts by the Management/Statutory Auditors, delay in holding of Annual General Meeting, shortage of manpower and non existence of Board of Directors.

1.23 In addition to above, there was also arrears in finalisation of accounts by non-working PSUs. Out of 40 non-working PSUs, seven are into liquidation process. Of the remaining 33 non-working PSUs, arrears of accounts ranged from 15 to 33 years.

1.24 The State Government had invested ₹ 3236.87 crore (Equity: ₹ 112.26 crore, loans: ₹ 1947.90 crore, grants: ₹ 913.29 crore and others: ₹ 263.42 crore) in 28 PSUs during the years for which accounts have not been finalised as detailed in *Annexure 4*. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.25 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by Audit of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit. A meeting was also held between Pr. A.G. (Audit), Bihar, with the Chief Secretary and Secretaries of the other administrative departments (June 2010) to expedite the backlog of arrears in accounts in a time bound manner.

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

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.
- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

Winding up of non-working PSUs

1.27 There were 40 non-working PSUs (companies) as on 31 March 2010. Of these, seven PSUs have commenced liquidation process. The numbers of non-working companies at the end of each year during past five years are given below.

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
No. of non-working companies	40	40	40	40	40

The non-working PSUs are required to be closed down as their continuance is not going to serve any purpose. During 2009-10, three¹³ non-working PSUs incurred an expenditure of ₹ 1.48 crore towards salary, wages establishment expenditure etc.

¹³ Bihar State Small Industries Corporation Limited, Bihar Fruit and vegetable Development Corporation Limited and Bihar State Industrial Development Corporation Limited.

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

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working PSUs	40	-	40
2.	Of (1) above, the No. under	-	-	-
(a)	liquidation by Court (liquidator appointed)	3 ¹⁴	-	3
(b)	Closure, i.e. closing orders/instructions issued but liquidation process not yet started.	4 ¹⁵	-	4

1.29 During the year 2009-10, no company/corporation was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period of more than 10 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may make a decision regarding winding up of remaining 33 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down its non-working companies.

Accounts Comments and Internal Audit

1.30 Seven working companies forwarded their 15 audited accounts to PAG during the year 2009-10. Of these, six accounts of six companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	2	1.71
2.	Increase in loss	5	3.00	2	4.31	10	16.63
3.	Non-disclosure of material facts	2	8.56	1	10.02	1	0.15
4.	Errors of classification	1	5.80	2	7.87	Nil	Nil

1.31 During the year 2009-10, all 15 accounts received had been given qualified certificates. The compliance of companies with the Accounting

¹⁴ Sl. No. C- 20, 36, and 39 of Annexure -1.

¹⁵ Sl. No. C - 14, 15, 26 and 29 of Annexure -1.

Standards remained poor as there were 13 instances of non-compliance in 11 accounts¹⁶ during the year.

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

Bihar State Minorities Finance Corporation Limited (2006-07)

- Non provision for the amount of Pesewar Loan disbursed in 1999, which was doubtful of recovery as the beneficiaries were not traceable, resulted in understatement of current liabilities and provisions and loss by ₹ 1.25 crore

Bihar Rajya Beej Nigam limited (1998-99)

- Non-provision for the amount receivable from service agents, which was outstanding since long and doubtful of recovery, resulted in overstatement of sundry debtors and understatement of loss by ₹ 1.21 crore.

Bihar State Industrial Development Corporation Limited (1987-88)

- Non-provision for the amount of advance to Bihar Scooters Ltd., the recovery of which was doubtful as it remained closed since 1982-83, resulted in overstatement of Loans & advances and understatement of loss by ₹ 5.51 crore

1.33 Similarly, two working statutory corporations forwarded their accounts to PAG/AG during the year 2009-10. Out of these the account of Bihar State Electricity Board pertained to sole audit by CAG was in the process of audit as of 30 September 2010 and the account of Bihar State Financial Corporation was selected for supplementary audit. The audit reports of statutory auditors and the sole/supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	3	16.00	2	14.61	1	1.74
2.	Increase in loss	7	655.24	3	562.74	2	3475.34
3.	Non-disclosure of material facts	2	2.34	2	12.08	1	7.08
4.	Errors of classification	2	4.51	3	67.67	1	2.47

¹⁶ Bihar State Financial Corporation (2008-09), Bihar Raya Pul Nirman Nigam Limited (1998-99), (1999-2000), (2000-01), (2001-02), Bihar State Minorities Finance Corporation Limited (2006-07), Bihar Police Building Construction Corporation Limited (1992-93), (1993-94), (1994-95) and Bihar Rajya Beej Nigam Limited (1997-98) and (1998-99).

1.34 Some of the important comments in respect of accounts of statutory corporations finalized during the year 2009-10 are stated below.

Bihar State Electricity Board (2007-08)

- Non provision for the value of abandoned works in BTPS resulted in overstatement of capital work in progress and understatement of loss by ₹ 7.08 crore.
- Non-provision for the unadjusted amount of advance to PGCIL under APDRP, being carried forward in the accounts since long period, resulted in understatement of loss by ₹ 51.98 crore.
- Non charging of the amount of ₹ 5.27 crore to revenue account for the value of abandoned works resulted in understatement of loss by ₹ 5.27 crore.
- Loans and advances include a sum of ₹ 14.25 crore unadjusted amount of advance to suppliers/contractors resulted in overstatement of Loans & Advances and understatement of loss by ₹ 14.25 crore.
- Non-provision for the unadjusted amount of grade difference of coal in BTPS resulted in overstatement of sundry receivables and understatement of loss by ₹ 7.96 crore.
- Subsidy receivable from Government includes a sum of ₹ 3329.10 crore being the amount of annual subsidy for the period 2001-2006, neither claimed by the Board nor agreed to by the State Govt. resulted in overstatement of subsidy receivable from Govt. and understatement of loss by ₹ 3329.10 crore.
- Non-provision for amount of interest payable as UI (unscheduled interchange) charges for purchase of power resulted in understatement of current liabilities and loss by ₹ 11.34 crore.

Bihar State Road Transport Corporation (2002-03)

- Non provision for the amount seized by the Commercial Tax Deptt. on account of non payment of arrear of sales tax, the recovery of which was remote resulted in overstatement of assets and understatement of loss by ₹ 7.22 crore.
- Non provision for the amount recoverable as on 31st March 2003 in respect of Darbhanga division for which has no details available resulted in overstatement of advance to employees and understatement of loss by ₹ 1.15 crore.

Bihar State Financial Corporation (2008-09)

- Rent receivable included ₹ 1.63 crore towards old disputed items which were doubtful of recovery for which no provision was made. This resulted in overstatement of rent receivable and profit for the year by ₹ 1.63 crore.

1.35 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 nine companies¹⁷ for the year 2008-09 and eight companies¹⁸ for the year 2009-10 are given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure -2
1.	Non-fixation of minimum/maximum limits of store and spares	04	A-1, A-9, A-13, A-18
2.	Absence of internal audit system commensurate with the nature and size of business of the company	06	A-1, A-6, A-8, A-9, A-13, A-18
3.	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-1, A-6, A-8, A-9, A-13, A-15, A-18, C-5

Recoveries at the instance of audit

1.36 During the course of propriety audit in 2009-10, recoveries of ₹ 66.93 crore were pointed out to the Management of various PSUs, of which, recoveries of ₹ 13.98 crore were accepted by PSUs. An amount of ₹ 5.11 crore was recovered during the year 2009-10.

Status of placement of Separate Audit Reports

1.37 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.	Bihar State Electricity Board	1999-2000	2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	30.06.2004 12.03.2007 24.10.2007 20.02.2008 29.04.2008 15.01.2009 26.05.2009 15.04.2010	Yet to be placed in legislature.
2.	Bihar State Financial Corporation	2008-09	2006-07	30.09.2008	Copies of report have not been made

¹⁷ Sr. No. A-4, A-6, A-8, A-11, A-13, A-19, C-4, C-5 & C-16 in Annexure – 2.

¹⁸ Sr. No. A-1, A-6, A-8, A-9, A-13, A-15, A-18, C-5 in Annexure – 2.

					available by the concerned Department for placement in the legislature.
3.	Bihar State Road Transport Corporation	1973-74	1974-75 to 1990-91 (17) Details	1991-92 9.6.1997 1992-93 2.9.1998 1993-94 2.9.1998 1994-95 4.12.1998 1995-96 18.4.2000 1996-97 19.3.2004 1997-98 19.10.2004 1998-99 12.04.2005 1999-00 07.10.2005 2000-01 24.09.2007 2001-02 26.10.2007 2002-03 25.01.2010	No reasons for non-placement of reports furnished by the Government.

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

Disinvestment, Privatisation and Restructuring of PSUs

1.38 The State Government did not undertake the exercise of disinvestment, privatization and restructuring of any of its PSUs during 2009-10. Subsequent to the formation of Jharkhand State, restructuring of all the PSUs was to be taken up. The decision on the division of assets and liabilities as well as of the management of 12 companies/corporations was taken in September 2005. The implementation, however, has been done only in the case of five companies/corporations¹⁹ so far (September, 2010).

Reforms in Power Sector

1.39 The State has Bihar Electricity Regulatory Commission (BERC) formed in April 2002 under Section 17 (1) of Electricity Regulatory Commission Act, 1998 with the objective of rationalization of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2009-10, BERC issued orders for fixation of tariff for Bihar State Hydroelectric Power Corporation (BSHPC) in December 2009 and fixation of tariff for bagasse and biomass based power generation. The orders have also been issued directing BSEB to procure power from private entrepreneurs as per the guidelines issued by the MoP and fresh guidelines notified for appointment of chairperson and members of the Consumer Grievances Redressal Forum (CGRF), directives/orders for constant monitoring in respect of reducing T&D losses and in respect of supply and distribution of electricity in the State.

1.40 A Memorandum of Understanding (MoU) was signed (September 2001) between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with

¹⁹ Bihar Rajya Beej Nigam Ltd., Bihar State Hydroelectric Power Corporation Ltd., Bihar State Text Book Publishing Corporation Ltd., Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Ltd.

identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement as at March 2010
1.	State Electricity Regulatory Commission (SERC)	The State Electricity Regulatory Commission (SERC) has been constituted vide Govt. of Bihar notification No. 1284 dated 15 th April, 2002. The commission has notified last tariff order for the year 2008-09 on 26.8.2008.
2.	Rural Electrification Programme	Out of 39,015 numbers of villages, 24,645 (63.17 <i>per cent</i>) villages have been electrified (<i>March 2010</i>).
3.	Reorganization of the Board	Govt. of Bihar has appointed Power Finance Corporation as consultant for reorganisation of the Board and the work is being done at the level of State Government.
4.	Securitization of outstanding dues of Central Power Sector Undertakings	Securitization of outstanding dues of Central Power Sector undertakings to the tune of ₹ 2075.61 crore has been made by the Govt. of Bihar.
5.	100 <i>per cent</i> metering of all 11 KV distribution feeders and 100 <i>per cent</i> metering of all consumers	The installation of meters in 11 KV distribution feeders (71.22 <i>per cent</i>) and consumers (62.45 <i>per cent</i>) in all the 16 circles has been made. (<i>September 2010</i>)
6.	Energy audit	Energy audit could not be implemented till 30 September 2010, as metering of all the electric connections has not been completed. (<i>September 2010</i>)
7.	Reduction in transmission and distribution (T&D) losses up to 15.5 <i>per cent</i>	The T&D losses of the Board for the year 2007-08 was 39.06 <i>per cent</i> which has been reduced to 37.98 <i>per cent</i> during the year 2008-09.
8.	Three <i>per cent</i> return on fixed assets	The Board has not achieved three <i>per cent</i> return on fixed assets upto the year 2008-09.
9.	Distribution Information Management System	Distribution and information management system is operational through Supervisory Control and Accelerated Data Acquisition (SCADA) System. (<i>September 2010</i>)
10.	Minimum agriculture tariff of 50 Paise per unit	The State Electricity Regulatory Commission (SERC) has approved 125.94 Paise per unit for agriculture services for the year 2008-09.

From the above, it could be seen that the State Electricity Board has not achieved milestones as per MoU signed between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector.

Chapter II

Performance Review relating to Government Company

2. Bihar Rajya Pul Nirman Nigam Limited



Executive Summary

Introduction

Bihar Rajya Pul Nirman Nigam Limited (Company) was incorporated in June 1975 as a wholly owned Government Company with prime objective to construct all types of bridges and roads and to collect toll on bridges notified by the State Government.

The activities of the Company being in the areas of creation of societal infrastructure, a performance review of the activities was considered imperative. The present review covers the activities undertaken during the period 2005-10.

Planning

The Company estimated cost of land acquisition on lump-sum basis without conducting detailed site survey which resulted in delays in completion of eight projects and funds held up to the tune of ₹ 134.30 crore for three to 17 months. There were delays in utilisation of 45 bridges upto 27 months due to non-

completion of approach road. Estimate for the work of construction of the bridge was incomplete as it did not include the cost of essential items, which resulted in short allotment of fund from Government, blockade of fund and the company could not earn centage charges to the tune of 0.49 crore.

Execution

During 2005-10 the State Government had allotted work of 742 bridges at an estimated cost of ₹ 5,574.73 crore of which the Company completed 538 bridges at a cost of ₹ 1,415.20 crore which included a sum of ₹ 11.74 crore met from BDF.

The Company completed substantial number of projects handled by it during the years 2008-10. However, there were delays in execution of projects due to reasons including delays in tendering process, delay in execution of the projects by the contractors, delay in land acquisition, rescinding of the contract etc. In violation

of CVC circular and PWD code the Company invited LI tenderers for rate negotiations.

Implementation of schemes

Mukhya Mantri Setu Nirman Yojana (MMSNY)

During 2007-10, out of 522 bridges under the MMSNY, the Company had completed 404 bridges. 60 completed bridges were constructed with delay of one to 26 months. Further, the incomplete bridges were delayed from two to 22 months due to reasons such as delays in start of work, delayed execution by contractors and non clearance of site etc. A loss of ₹ 12.13 crore occurred due to execution of work without agreement in Darbhanga Division. Delay in finalisation of tender in respect of Kaptan Pul at Purnea resulted in cost overrun of ₹ 2 crore.

Construction of Railway Over Bridges (ROBs)

Out of eight ROBs, only three could be completed at a cost of ₹ 86.60 crore against the original estimated cost of ₹ 80.15 crore. The remaining ROBs had not been completed till July 2010. These had different scheduled completion dates.

Execution of Turnkey Contracts.

The implementation of three turnkey contracts was deficient as the original GAD, BOQs and estimate were not compared with the designs submitted by the contractor and the actual cost of the projects was not analysed before making payments to the contractors. We observed excess payment of ₹ 43.84 lakh to the contractor in respect of ROB Purnea, short recovery of ₹ 0.80 crore from the Contractor in ROB at Sultanganj, loss of ₹ 13.21 crore due to acceptance of design involving less quantum of work without consequent reduction in cost in respect of bridges at Larjha Ghat, Samastipur and Rasiyari Ghat, Darbhanga.

Construction of Bridges under Plan/Non-Plan head

During 2005-10, the Company received a sum of ₹ 3103.56 crore for the construction of 212 bridges under Plan/Non-plan heads of which the Company completed 161

bridges at a cost of ₹ 886.71 crore. The remaining 51 bridges were in progress (September 2010). We observed that out of 41 projects undertaken in three divisions – Bhagalpur, Katihar and Darbhanga, 24 were completed with delays ranging from three months to 19 years. Out of the remaining 17 ongoing projects, seven projects were already delayed by period ranging from eight to 23 months.

Excess expenditure due to awarding works above the ceiling rates

111, 43, and 80 works on nomination basis were awarded at 10, 12 and 15 per cent above ceiling rate respectively which resulted in excess expenditure of ₹ 1.95 crore.

Construction of roads

Since 2007-08 the Company also started construction of roads as and when allotted by the Road Construction Department, Government of Bihar. Against 72 roads only 44 were (61 per cent) completed as on September 2010. There were delays of upto 21 months in completion of roads for various reasons viz. delay in starting of the work, slow progress by the contractor, rescindment and re-award of the work, etc.

Monitoring

There is no independent quality control wing at the divisions and Company headquarters was not adequately equipped with requisite machines. In contravention of clauses of the SBD, no action was taken against the defaulting agencies to recover the additional cost to the extent of ₹ 15.18 crore (September 2010). The quality and specification of material was not ensured as such documents (M and N forms) were not found enclosed with the bills in any of the projects. Due to non-observance of MORTH specifications BM work of 4674.46 M³ valued ₹ 2.79 crore became substandard since there was a gap of six to nine months between the application of two pavement courses which should have been done in forty eight hours. Unauthorised payment of carriage cost of ₹ 22.54 lakh for 4955.40 M³ of stone chips from unapproved quarry was observed.

Financial position and working results

The company had not maintained its

accounts upto date and these were in arrears since the year 2002-03. Annual accounts of the Company for the year since 2006-07 are yet to be approved by the Board of Directors. Interest earned on unutilised funds for construction activities kept in Fixed Deposits accounted for 14.68 to 51.48 per cent of the total income of the Company during 2005-10.

Funding

The overall utilisation of the available funds during 2005-10 remained around 80 per cent with general increase in utilisation of funds since 2007-08 as a result of execution of projects under MMSNY. Non-obtaining of prior sanction of excess expenditure from Government resulted in blockade of Company's fund to the tune of ₹ 84.98 crore.

Handing over completed bridges

141 bridges pertaining to four divisions completed during 2005-10 had not been handed over to the Government till date after a delay of up to 48 months.

Internal Control

The Internal Control System of the Company was inadequate. The Company did not have an internal audit wing. Firms of Chartered Accountants were appointed for internal audit and the work of compilation of accounts, reconciliation of bank accounts, etc. The Internal Audit Reports did not cover technical audit and propriety of expenditure.

2.1 Introduction

Bihar Rajya Pul Nirman Nigam Limited (Company) was incorporated in June 1975 as a wholly owned Government Company. The prime objective of the Company was to construct, execute, carry out, improve, work, develop, administer, manage, control or maintain in Bihar all types of bridges, roads and other structures, works and conveniences pertaining to bridges including approach roads to bridges and river training works. Further the Company had been mandated to levy and collect toll on passengers and goods on the use of the bridges, bridge works, roads and approach roads which are vested in the Company. The Company had also been entrusted with collection of toll on bridges notified in terms of Bihar Tolls Rules, 1979 by the State Government and deposit the amount so collected in Bihar Bridge Development Fund (BDF) which is to be utilised by the Company for repair, maintenance and construction of new bridges approved by the Government. During the review period 2005-10, the Company confined its activities as a construction agency mainly for construction of bridges, roads and other structures assigned by the State Government from Plan, Non-plan, MP/MLA funds, bridges allotted by the National Highways Authority of India (NHAI), NABARD, Mukhya Mantri Setu Nirman Yojna (MMSNY), etc.

The management of the Company was vested in the Board of Directors consisting of nine directors. Subject to the overall control and supervision of the Board, the Chairman/Managing Director is responsible for the implementation of the objectives of the Company and conduct of business. The Managing Director was assisted by managers and officers. The organization chart of the Company is given in **Annexure 7**.

2.2 The company had not maintained its accounts upto date and these were in arrears since the year 2002-03. The Company met its running expenses out

of the service charges imposed on the cost of contracts known as centage charges.

The order book position of the company during the review period is placed below. At the beginning of the year 2005-06 the Company had 77 projects in hand valuing ₹ 442.29 crore and it secured 665 further contracts worth ₹ 5132.44 crore during this period.

Year	Opening balance		Addition during the year		Total		Completed		Incomplete	
	No. of projects	Estimated cost (₹ in crore)	No. of projects	Estimated cost (₹ in crore)	No. of projects	Estimated cost (₹ in crore)	No. of projects	Booked expenditure on completed works (₹ in crore)	No. of projects	Estimated cost (₹ in crore)
2005-06	77	442.29	15	47.94	92	490.23	08	26.82	84	463.41
2006-07	84	463.41	134	619.16	218	1082.57	26	83.42	192	999.15
2007-08	192	999.15	392	1732.80	584	2731.95	77	160.06	507	2571.89
2008-09	507	2571.89	54	496.63	561	3068.52	192	460.77	369	2607.75
2009-10	369	2607.75	70	2235.91	439	4843.66	235	684.13	204	4159.53

The Government of Bihar had decided in July 2003 to wind up the Company. However, the decision was withdrawn in June 2006. During these years, the Company continued with its construction activities.

The construction activities of the Company for the period 2000-05 which were last reviewed and incorporated in the Report of Comptroller and Auditor General of India (Commercial), Government of Bihar for the year ended 31 March 2005 had been discussed (September 2007) by the COPU. The COPU in its meeting accepted that due to delayed release of funds, the time and cost overrun in respect of various projects occurred and advised Company/Department to be vigilant in such cases to avoid such time and cost overrun. It was also instructed that the Company should submit within two months its revised estimates in respect of the various projects where total expenditure exceeded the estimated cost and the Government on approval of the submitted estimates should deposit the amount in the Company accounts in one month's time.

Despite these recommendations of the COPU, we observed that the Company had not submitted revised estimates in respect of 18 deposit works valuing ₹ 100.15 crore completed during the period 2005-10 where actual expenditure had exceeded the estimated costs. The management stated (September 2010) that in respect of 10 projects the revised estimates had been submitted to Government.

2.3 Scope of Audit

This Performance Audit was carried out through examination of records relating to implementation of works at the Company Head office and four¹ out of 12 field units (more than 33 *per cent* of the total divisions) as on 31 March 2010 selected on the basis of quantum of work executed and geographical locations. The total funds transferred to these divisions² represented 37 *per cent* of the total funds transferred.

2.4 Audit Objectives

Audit of performance of the Company with regard to construction activities was carried out to evaluate and assess whether:

- works were executed as per terms and conditions of agreement and the company was sensitive to the risk of time and cost overruns;
- proper monitoring system was in place;
- proper planning was carried out for implementation of the scheme;
- the Company had a well-devised corporate plan in place and the internal control with regard to their construction activities/internal audit system of the Company was effective;
- adequate funds were made available timely and efficiently utilized;
- the Company could ensure collection of tolls as per the Bihar Tolls Rules, 1979;
- the completed projects were handed over to the Government in time.

2.5 Audit criteria

The performance of the Company with regard to their construction activities was benchmarked with reference to their mandate, rules and procedures, Bihar Public Works Code adopted, other applicable Acts and also the best practices in Planning, Execution, Monitoring and Contract Management.

2.6 Audit methodology

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

¹ Works Division Bhagalpur, Darbhanga, Katihar and Road Division, Patna.

² ₹ 792.74 crore

2.7 Audit Findings

An entry conference was held (March 2010) to appraise the Government and the management about the performance review of the activities of the Company being undertaken. Audit findings as a result of performance review of construction activities of the Company were reported to the Government / Management (July 2010) and an exit conference with the Management/Government was also held (October 2010). The reply (September 2010) of the Management and views expressed in the exit conference have been taken into consideration while finalising the Review.

2.8 Business outlook

The growth of a company depends upon number of projects secured from various clients. The Company did not participate in any open tendering process and was solely dependent on the state government projects to continue its business. It would be worthwhile to mention that in such a scenario it completely depends on the state government support for its continued survival.

It is essential that the projects should be planned, executed and monitored closely in order to obtain value for money. The deficiencies noticed in these processes, as we observed, during the review of the Company's operations are discussed in the succeeding paragraphs.

2.9 Planning

Proper and effective planning is essential before execution of the work. An action plan specifying time schedule for completion of different stages of planning and execution of the projects should be laid down for proper and timely execution of the projects under different schemes. Project time lines are important to avoid time and cost overruns, blockade of funds and delay in utilization.

Planning also includes preparation of accurate and realistic Detailed Project Reports (DPRs), designs and estimates based on site survey reports and soil test reports. The design should be site specific to ensure preparation of realistic BOQ and estimates. It also includes timely acquisition of required land to avoid delay in completion of projects and adequate estimation of cost of land. We observed loss of accrual of benefits due to deficient action plans.

2.9.1 Deficient land acquisition plan

Timely acquisition of required land is necessary to avoid delay in completion of the Projects. Further, adequate estimation of cost of land acquisition is also required to avoid short allotment of funds from Government. However, we observed that planning of the Company in this respect was inadequate. The Company estimated cost of land acquisition on lump-sum basis without conducting detailed site survey which resulted in delays in completion of eight

Provision of lump-sum amount for land acquisition without conducting site survey resulted in blockage of ₹ 134.30 crore for three to 17 months

projects³ and held up funds to the tune of ₹ 134.30 crore for three to 17 months.

The Management stated (September 2010) that the Land acquisition plans with requisite details is submitted to the District administration and there is no control of the Company on the process of land acquisition. The entire land acquisition process is time taking after deposition of the proposal by the Company. Management further stated that it is the Revenue Department that decides the rate of compensation and consequently the cost of land acquisition. Thus the real cost of acquisition is known to Company at quite a later stage.

The Government concurred (October 2010) and stated that instructions in this respect will be issued to the concerned authorities.

2.9.2 Delays in utilisation of bridges due to non-completion of approach road

Deficient planning in respect of completion of approach roads alongwith the bridges resulted in blockage of ₹ 106.72 crore upto 27 months

To make a bridge usable on time, its construction should be planned in such a way that both bridge and the approach road are completed simultaneously. It was observed that the Company did not plan for completion of approach roads alongwith the bridges. We observed that due to delays in completion of approach roads, there were delays of upto 27 months in utilisation of 45 bridges (**Annexure-8**) completed during 2006 to 2010 at a total cost of ₹ 106.72 crore which resulted in blocking of ₹ 106.72 crore (two approach roads are still incomplete due to land acquisition problem) and denial/deferment of benefit to the public, apart from deferment of revenue from toll.

The Government/Management stated (September 2010) that out of 45 bridges there were delays in case of 31 bridges for various reasons such as shifting of electrical lines, private land/structure in approach road, monsoon weather, water logging etc. Management also stated that in some cases earthwork of approach road has to be left for a considerable period for natural settlement/compaction.

2.9.3 Deficient estimate

Before starting execution of bridge work an estimate is prepared by the Company and sent to Government for approval. An estimate of a project is proper if it includes cost of all essential items including centage charges so as to ensure adequate allotment of funds against the Project. We observed that deficient and unrealistic BOQ prepared without prior site survey resulted in revision of estimates in case of 37 test-checked projects as the actual expenditure on these projects exceeded the administrative approval (AA) by ₹ 53.59 crore as detailed in **Annexure-9**.

³ (1) RoB Bariyarpur in Munger District, (2) RoB Siwan, (3) RoB Kishanganj-315, (4) Bridge in Rampur village (Miriya panchyat) on durgawati river, (5) Bridge in Jinhara -Pidraun road in Jamui District (6) Bridge on Budhi Gandak river in Dholi Kalyanpur road and (7) bridge on Kiul river in Samho high school to Ghagharaha road in 1st KM at Samho diyara, (8) Construction of Boundary wall of Bardwan Ayurvedic Institute in Pawapuri, Nalanda.

The preparation of estimates was also found to be deficient in the case of construction of the High Level Bridge over river Lohari between Mamlakh and Lailakh in Bhagalpur District. The work was awarded to the Company by the Rural Works Department (March 2008). The Company prepared an estimate of ₹ 3.98 crore for the project which was approved by the Government (March 2008).

Estimate for the work of construction of the bridge was incomplete as it did not include the cost of essential items, which resulted in short allotment of fund from Government, blockade of fund and the company could not earn centage charges to the tune of ₹ 0.49 crore

We observed that the estimate for the work of construction of the bridge was incomplete as it did not include the cost of such essentials as approach road, diversions and cost of land acquisition. Even the centage charge was not included in the estimate. This resulted in short allotment of fund. As the work could not be completed within the fund allotted, a revised estimate of ₹ 7.65 crore (192 *per cent* above the original estimate) was prepared and sent to Department (January 2009) for approval. However, the Administrative approval is still awaited (September 2010).

Further, a total amount of ₹ 4.85 crore was incurred on the construction of bridge against total allotment of ₹ 3.98 crore which resulted in blockade of Company's fund to the tune of ₹ 87 lakh. Besides, the Company could not earn an amount of ₹ 0.49 crore as centage charge (one *per cent* contingency and nine *per cent* centage).

The Management stated that the reasons for increase are cost of diversion made on public demand and cost of land acquisition as later on people claimed more land to be private. However, the facts remained that the management did not include the essential items such as cost of approach road, cost of land acquisition and centage charge which led to increase in the estimate. The approval of revised estimate of ₹ 7.65 crore was still awaited (September 2010).

2.10 Project Execution

Execution of the projects starts on allotment of work by State Government. The company prepares a Detailed Project Report (DPR) and submits the same to Government for administrative approval (AA). The works executed by the Company are divided into two categories (i) deposit works and (ii) contract works. The deposit works are entrusted by the State Government to the Company on cost plus basis i.e. scheduled cost plus centage charges⁴ to meet overhead expenses of the Company. The Company executed only deposit works and did not obtain any contract work as the Company did not participate in any open tender.

The deposit works are executed either through nomination where work is allotted to any contractor without calling tenders or by inviting tenders. Under nomination process, the work is divided into different parts and is awarded to

⁴ 13.5 per cent for the turnover up to ₹ 100 crore, 12.5 per cent for the turnover between ₹ 100 to ₹ 250 crore and 10 per cent including one per cent contingency charges for the turnover exceeding ₹ 250 crore.

different contractors on the basis of ceiling rate calculated on the basis of Schedule of rates (SoR).

Funds for construction of bridges under Plan, Non-plan, MMSNY and other heads are made available to the Company by the State Government through various Government Departments. Some bridges allotted to the Company by the State Government are financed from the Bridge Development Fund (BDF) maintained by the Company on behalf of the State Government.

2.10.1 Target and achievement

During the period 2005-2010, the Company had 742 bridges (including opening balance of 2005-06) allotted at an estimated cost of ₹ 5,574.73 crore by the State Government. Of these, the Company had completed 538 bridges at a cost of ₹ 1,415.20 crore which included a sum of ₹ 11.74 crore met from BDF. Works for 204 bridges were in progress (April 2010) on which the Company had incurred actual expenditure of ₹ 2963.84 crore.

The Company completed substantial number of projects handled during 2008-10. However, there were delays in execution of projects due to reasons that included delays in tendering process, delay in execution of the projects by the contractors, delay in land acquisition, non-clearance of site, rescinding of the contract and re-award of the work etc.

We recommend the Company should set year-wise milestones and completion targets for projects. Such milestones would ensure not only the realisation of physical targets but also adherence to financial parameters.

2.10.2 Tendering

Based on approved estimates, the Company issues 'notice inviting tenders (NIT)'. According to the Central Vigilance Commission (CVC) circular⁵, the rate negotiations with lowest (L1) tenderers, except in some special circumstances, is prohibited. The Company in disregard of the circular, invited L1 tenderers for rate negotiations. We observed failure of rate negotiations and the Company preferred re-tendering in case of 23 projects in three test checked divisions. In the process there were delays in finalisation of tenders which resulted in time overrun in execution of these projects.

The Management stated (September 2010) that the Company is guided by the Government of Bihar Vigilance Department circulars and orders and therefore violation of CVC circular does not arise. The management further stated that the Company follows the procedure laid down in section 164 of PWD code regarding rate negotiation.

The reply does not hold good as section 164 of PWD code provides that negotiation of rates should be done with the lowest tenderer only if his tender is considered to be too high. We observed that in 25 cases scrutinised, L1 tenderers were invited for rate negotiations as a normal practice. Further the

In violation of CVC circular and PWD code the Company invited L1 tenderers for rate negotiation which resulted in time overrun in execution.

⁵ circular No. 4/3/07 dated 25.10.2005

CVC guidelines in this regard are also benchmark to the Company.

2.11 Implementation of schemes:

2.11.1 Mukhya Mantri Setu Nirman Yojana (MMSNY)

During 2006-07 the Government of Bihar launched MMSNY for providing rural connectivity through construction of new bridges on all unbridged gaps in roads and rivers of different villages in the State. In the scheme, the work of construction of new bridges which had individual estimated cost more than ₹ 25 lakh were awarded to the Company by the Government from the year 2006-07 onwards.

During 2007-10, out of total 742 bridges allotted, 522 bridges at an estimated cost of ₹ 1033.56 crore were awarded to the Company for construction under the MMSNY. Out of this the Company completed 404 bridges at a cost of ₹ 645.28 crore. The remaining 118 bridges on which a sum of ₹ 388.28 crore had been incurred were under various stages of completion.

Test check in two divisions (Katihar and Darbhanga) revealed that 113 bridges were taken up during 2007-08 to 2009-10 of which only 66 were completed. Construction of four bridges was not taken up as required funds were not allotted by the Government (March 2010).

We observed that in 60 completed bridges there were delays ranging between one to 26 months. In the 43 incomplete bridges, there were delays ranging from two to 22 months in respect of 41 bridges due to delays in start of work, delayed execution by contractors and non clearance of site after start of execution, etc. The management stated (September 2010) that 32 projects have been completed and balance 15 would be completed by December 2010.

● Loss due to execution of work without agreement

The works of construction of bridge under MMSNY are awarded after finalisation of tender and the execution has to be started only after signing the agreement in Standard Contract Document (SCD). As per clause 14 of SCD, if the agreement is rescinded due to the fault of the contractor, the Company has the powers to carry out the incomplete work at risk and cost of the contractor. Further, any excess expenditure incurred/or to be incurred by the Company in completing the remaining work, the contractor shall be called upon in writing and shall be liable to pay the same within 31 days.

Start of work without signing of the agreement resulted in additional cost/loss to the Government of ₹ 12.13 crore

We observed (June 2010) that in Darbhanga Division, in construction of four bridges⁶, the contractor was allowed⁷ to execute the work without signing the SCD agreement. After executing 8.5 to 38.65 per cent of the work, the contractors stopped the work and the Company rescinded the contracts. The contractors were paid to the extent of work done by them subsequent to entering into agreement in F₂⁸ form in order to facilitate the payment to the respective contractors. The subsequent work was awarded on nomination basis. As the standard contract document (SCD) had not been signed, the Company could not impose the penalty on defaulting contractors under risk and cost clause of SCD for completion of incomplete work. This resulted in estimated additional cost of ₹ 12.13 crore for completion of incomplete work, worked out on revised estimates of work.

The management stated (September 2010) that for saving the time, after submitting the estimate for administrative approval a parallel tendering process is initiated and the agreement is executed only after accord of Administrative approval. Management also replied that in case of above mentioned four projects the contractors refused to complete the work due to increase in the cost. The views of the management are not correct as execution of works in violation of the codal provisions of BPWD⁹ and parallel tendering resulted in additional cost which otherwise could have been recovered from defaulting contractor to protect and save the financial interest of exchequer.

The Government however, admitted (October 2010) the audit observation.

● *Loss due to delay in finalization of tender*

For construction of a bridge at 407th KM of NH-31 in Purnea (Kaptan Pul) under MMSNY, the work of conducting prior site survey, preparation of design and detailed estimate was given to the consultant who prepared (April 2007) an estimate of ₹ 3.10 crore for Bill of quantities (BOQ) and the Government provided the required fund (July 2007).

We observed that an NIT for execution was invited (April 2007) but the Company failed to finalize the same (Nov 2007) and preferred re-tendering as the L1 tenderer did not agree for reduction in rates quoted during negotiation. In re-tendering (October 2007), the Company did not receive any response against the tender. Finally the work was awarded to a contractor on nomination basis (November 2007).

We observed

- There was delay of more than five months (May 2007 to October 2007) in finalizing the tender, as a result there was increase in the cost of work at prevailing SoR.

Delay in finalising the tender and change in the scope of work resulted in cost over run of ₹ 2 crore.

⁶ Ispha Ghat, Parohor Ghat and Rampur-Kark Road in Begusarai and on Chakka Path in Darbhanga

⁷ Ispha Ghat-July 2007, Parihara Ghat- December 2007 and Rampur-Kark Road-June 2007 and on Chakka Path-November 2007.

⁸ Format of awarding work order in case of work to be done departmentally.

⁹ Rule 130 (a)

- The scope of the work was revised (March 2010) as the scour depth of the river increased due to heavy flood and as a result the cost of work was estimated to ₹ 5.72 crore.
- The technical sanction for the work under MMSNY was limited to 20 percent of the administrative approval. Thus, the MD of the Company awarded the technical sanction for ₹ 3.72 crore¹⁰ only. The administrative approval on revised estimates had not been obtained from the Government (September 2010).

The management stated (September 2010) that the tender for this project was invited twice but could not be finalised as no tenders were received. Thus, the work was awarded to the contractor on nomination basis. The facts remained that the Company invited the L1 tenderer for negotiation who refused to lower the quoted rate and consequently the Company preferred re-tendering which caused delay in finalizing the work and the change of scope resulted in cost over run of ₹ 2 crore.

2.11.2 Delay in Construction of Railway Over Bridges (ROBs)

The Road Construction Department, Government of Bihar, accorded administrative approval (January 2007) for ₹ 241.82 crore¹¹ for construction of eight¹² ROBs on cost sharing basis with the Ministry of Railways. The Company as an implementing agency invited lump sum turnkey tenders (March 2007) including tenderer's own survey, investigation and detailed design on approved general arrangement drawings (GAD) for the work was to be executed by the Company. The approaches beyond the railway portion included the earth work, foundations, sub-structure, super structure, reinforced earth wall/ approach road, service road, slip roads and miscellaneous work. As per the terms and conditions agreed with the contractor, the work was to be completed within 18 months from the date of issue of order to commence¹³ work. This completion period was the essence of the contract. Further, in case of delay in completion of work, a penalty equal to 0.05 *per cent* of the contract price per day subject to a maximum five *per cent* of the contract value would be imposed.

We observed that out of the eight ROBs, only three¹⁴ had been completed at a cost of ₹ 86.60 crore which exceeded the original estimated cost of ₹ 80.15 crore. The remaining five ROBs¹⁵ were not completed (July 2010) in time which also caused cost over run. The original estimates of ₹ 144.50 crore were

¹⁰ ₹ 3.10 crore plus 20 per cent of ₹ 3.10 crore(AA).

¹¹ (share of Government of Bihar ₹ 128.91 crore and share of Ministry of Railways ₹ 112.91 crore)

¹² ROB Mohania, Siwan, Sultanganj, Bariyarpur, Jamui, Purnea, Kishangaj-315, Kishangaj 316.

¹³ Date of commencement of ROBs : Bhauna- Jan 2008, Bariyarpur-April 2007, Jamui- Jan 2008, Kishanganj 315-May 2007, Kishanganj 316- May 2007, Purnia- May 2007, Siwan- Jan 2008, Sultanganj-April 2007.

¹⁴ RoB Purnea, RoB Sultanganj and RoB Kishanganj – 316.

¹⁵ RoB Siwan, Jamui, Bhabhua, Bariyarpur and Kishanganj – 315.

Out of the eight ROBs, only three had been completed at an excess cost of ₹ 6.45 crore

exceeded by ₹ 10.70 crore as on April 2010. Revised estimates in respect of these ROB's had been submitted for approval of Road Construction Department which was awaited (September 2010).

We came across that construction of two¹⁶ ROB's was stopped for want of land acquisition for which the Company did not have any time-bound action plan. Construction of one ROB (Kishanganj Hatwar Link Road-315) was stopped due to non-dismantling of shops at the construction site. In respect of one project (ROB at Bhabhua), the progress was very slow due to fault of contractor against whom no penalty was imposed. In case of another project (ROB at Jamui) there was lack of co-ordination between the Company and the Ministry of Railways. The Company cited delayed commencement of construction work by the Railways authority.

The Government/Management stated (October 2010) that out of five incomplete bridges, three have been completed together with approach road. The remaining two ROB's were held up due to delay in land acquisition. However, the fact remained that as against the scheduled completion of 18 months, the projects remained delayed for minimum 18 months and the exchequer suffered cost over run of ₹ 10.70 crore.

2.11.3 Execution of Turnkey Contracts

For construction of High Level Bridges and ROB's, Company awarded the work on turnkey basis also. Before inviting tenders for turnkey contracts, the Company prepared general arrangement drawings (GAD), BOQs, and detailed estimates. On the estimated price, tenders for construction of the bridges were invited. As per the terms and conditions of the turnkey contracts, the contractors were required to conduct site surveys, geotechnical investigation and to prepare a detailed design and drawings on the basis of these reports. Further, payments were to be made to the contractors on *per cent* basis after completion of various stages i.e. on submission of designs and working drawings, on completion of foundation works, sub-structure, superstructure, approach roads, etc.

We observed that in three¹⁷ major turnkey contracts test checked, the implementation was deficient as the original GAD, BOQs and estimate prepared by the Company prior to awarding the tender to contractor were not compared with the designs and scope of work submitted by the contractor and the actual cost of the Projects was not analysed by the Company before making payments to the contractors. We observed in the following specific instances

The implementation of turnkey contract was deficient as the original GAD, BOQs and estimate were not compared with the designs and scope of work submitted by the contractor

¹⁶ RoB at Bariyarpur and Siwan

¹⁷ RoB, Sultanganj, RCC Bridge at Rampur Rasiyari Ghat and RCC Bridge at Larjha Ghat.

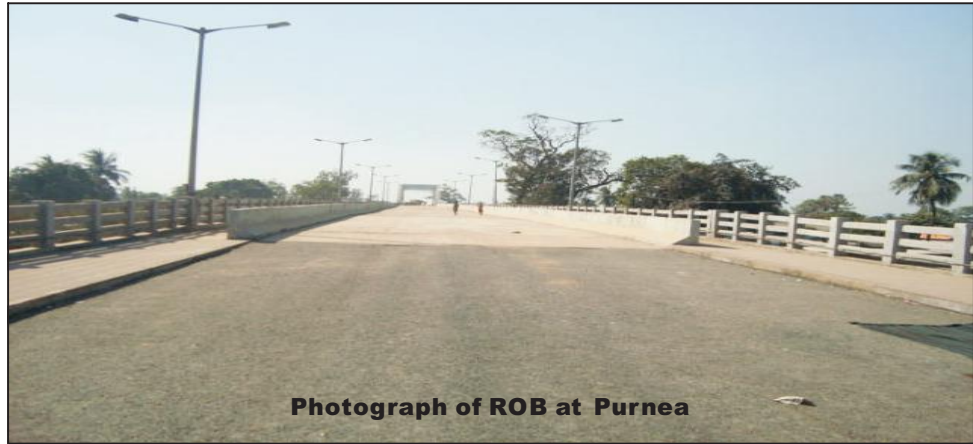
● *Excess payment to the contractor*

Despite various shortcomings in execution, the Company made full and final payment to the contractor which resulted in excess payment to the tune of ₹ 43.84 lakh to the contractor

For construction of a ROB at Purnea district, GAD and a detailed BOQ was prepared by M/s. IRCON (June 2006). The total estimated cost of the bridge was ₹ 27.28 crore including the cost of construction of crash barriers (length 1394 meter) along with metallic railings at a cost of ₹ 4056.39 per running meter (cost of crash barriers-₹ 3338.99/RM and cost of railing-₹ 717.40/RM) and construction of 80 electric poles at a cost of ₹ 22637.76 per pole.

The work was awarded (April 07) on turnkey basis to a contractor at a cost of ₹ 27 crore. The contractor submitted a new drawing which was approved by the Company (September 07).

We observed that the total length of the crash barrier (i.e. 1394 meter) and the total number of the poles to be constructed were not specified in the new design submitted by the contractor. We further observed that the contractor



constructed only 760 meter of crash barrier as against 1394 meter included in the Bill of Quantities (BOQ). Further, no metallic railing was constructed. The contractor also installed only 24 electric poles as against 80 included in BOQ.

Despite shortcomings, the Company made full and final payment (December 2008) of ₹ 27 crore to the contractor. This resulted in excess payment to the tune of ₹ 43.84¹⁸ lakh to the contractor for the work not done which should have been recovered from the payment made to contractor.

¹⁸ (₹ 717.40 x 1394 RM) + (₹ 3338.94 x 634 RM) + (₹ 22637.76 x 56 No.) = 43.84 lakh.



The Management stated (September 2010) that the estimated cost included some more meter of crash barrier, railing or more electric poles which did not find place in the bidders proposal. In fact the provision in the BOQ prepared by the IRCON was more than the necessity, which was cut short by the bidder and the amount of turnkey bid was reduced to ₹ 27 crore instead of sanctioned ₹ 27.25 crore.

The reply of management is not supported by facts as the total length of bridge as per BOQ was 697 meters and total length of crash barrier was 1394 meter (i.e. 697 x 2). Hence no extra provision was made by the IRCON. Further, the bid for ₹ 27 crore was finalized prior to submission of detailed designs and working drawings submitted by the contractor.

- **Short recovery from the Contractor.**

For construction of a ROB at Sultanganj, GAD and a detailed BOQ was prepared by IRCON (March 2007) at an estimated cost of ₹ 25.50 crore (cost of approach road ₹ 5.05 crore). An NIT was called and work awarded to the contractor on turnkey basis. As per agreement the contractor was required to prepare a detailed design and get it approved by the Company. The payment to the contractor was to be made on percentage basis on completion of different stages of project (i.e. foundation, substructure, superstructure, approach road etc.). As per the approved design the contractor was required to construct 254.50 meter long retaining (RE) wall and approach road.

We observed that the contractor constructed only 198.50 meter long RE wall and approach road which was 56 meter short from approved design valuing ₹ 1.11 crore which should have been deducted from the contractor's bill. However, only ₹ 0.31 crore was deducted from the final bill of the contractor calculated on *per cent* basis which resulted in short recovery of ₹ 0.80 crore.

The Management stated (September 2010) that seven *per cent* of total cost (₹ 25.25 crore) i.e. ₹ 1.77 crore was kept in schedule of payment for construction of 254.5 meter long approach road including RE wall. Due to land constraint approach road was constructed in 176.75 meter. So for difference of 77.75 meter, ₹ 34.16 lakh has been recovered on proportionate basis.

Failure to recover for work not done on equitable basis resulted in short recovery of ₹ 0.80 crore from contractor

The point states that the recovery should have been made on the basis of cost of the construction of approach road and RE wall provided in BOQ instead of *per cent* as per schedule of payment.

However, the Government concurred (October 2010) with the audit observation and issued direction to the Management for recovery of the amount.

• *Loss due to acceptance of designs involving less quantum of work without consequent reduction in cost*

Acceptance of design involving less quantum of work without consequent reduction in cost resulted in loss to the Government to the tune of ₹ 13.21 crore

(a) For construction of High Level Bridge (20 span x 21.75 meters) at Larjha Ghat on Kareh River in Samastipur District, a GAD was prepared (January 2008) by the Company along with BOQ and estimates at an estimated price of ₹ 24.57 crore which included the cost of foundation work of 21 piers (20 span) of ₹ 14.90 crore which was 60 *per cent* of total estimate. An NIT was called (April 2008) on the basis of the estimated cost for construction of the bridge on design and build on Turnkey basis. As per the bid document the payment to the contractor was to be made on percentage basis on completion of different stages of the projects. The work was awarded (May 2008) at a total cost of ₹ 25.74 crore. The contractor prepared a new design consisting of only 11 piers (10 span of 43.65 meter). This design was approved (September 2008) by the Company without making any impact analysis/cost analysis with respect to original GAD.

Audit observed (June 2010) that the GAD (on which the estimated cost was calculated) included foundation work of 21 piers but the new design prepared by the contractor consisted of only 11 piers. As a result, the cost of foundation work of 10 piers was avoided by the contractor by preparing an altered design. Despite change in design and lesser number of piers constructed in comparison to original GAD, payment was made to the contractor as per original estimate i.e. ₹ 25.74 crore. This resulted in loss to the Government to the tune of ₹ 5.40 crore (calculated on proportionate basis for 11 piers) for less number of piers constructed.

(b) For construction of High Level bridge (14 span x 21.75 meters) at Rasiyari Ghat in Darbhanga district, a DPR was prepared (February 2007) by the Company. The estimated cost of project was ₹ 16.37 crore which included a sum of ₹ 9.99 crore (61.03 *per cent* of total cost) of 15 piers of 35 meters depth (foundation work). An NIT was called (April 2008) on the basis of the estimated cost for construction of the bridge on turnkey basis. As per the bid document, the payment to the contractor was to be made on percentage basis on completion of different stages of the project. The work was awarded (October 2008) at a total cost of ₹ 18.26 crore to the contractor. Accordingly the contractor prepared (September 2008) a new design consisting of only nine piers of upto 20 meter depth. The new design was approved (October 2008) by the Company without conducting any cost analysis with respect to DPR prepared for this project.

We observed that the contractor had been made payment of ₹ 17.95 crore on the basis of percentage (98 *per cent*) of stage completed till March 2010

irrespective of the actual cost of the work which would result in loss of ₹ 7.81 crore (calculated on proportionate basis for 9 piers upto 15 meter depth) to the Government.

The Management stated (September 2010) that the actual cost involved in the pier might be less but at the same time cost involved in other parts like superstructure would be more and such type of analysis after the approval of bid was neither done nor it was related with payment as the work was awarded only after open competitive bid.

We are of the opinion that the Company did not analyse the cost for the less quantum of work which resulted in a loss of ₹ 13.21 crore to the Government in two above mentioned projects.

2.11.4 Construction of Bridges under Plan/Non-Plan head

During 2005-10, the Company received a sum of ₹ 3103.56 crore for the construction of 212 bridges under Plan/Non-plan heads of which the Company completed 161 bridges at a cost of ₹ 886.71 crore. The construction of remaining 51 bridges was in progress (September 2010). We observed that out of 41 projects undertaken in three divisions¹⁹, 24 were completed with delays ranging from three months to 19 years (spilled over projects). Out of the remaining 17 ongoing projects, seven projects were already delayed by period ranging from eight to 23 months.

Excess expenditure due to awarding works above the ceiling rates

The Board of Directors of the Company decided (December 1986) that the departmental procedure would be adopted for execution of bridges. Estimates of the works prepared by the Company were based on the prevailing schedule of rates (SoRs) which includes 10 *per cent* contractor's margin. The Board decided to fix ceiling rates of all items of supply and labour relating to concerned bridges. The ceiling rates in all cases were to be seven *per cent* less than the estimated cost approved by the Government. The ceiling rates were to be revised as per revision in SoR.

We observed that any work awarded at eight to 15 *per cent* above the ceiling rate results in loss of funds as it increases the cost compared to estimate by one to eight *per cent*. During scrutiny, in three Divisions (Bhagalpur, Darbhanga and Katihar) of the works executed during the review period on nomination basis, we observed that 111, 43, and 80 nominations were awarded at 10, 12 and 15 *per cent* above ceiling rate respectively. This resulted in excess expenditure of ₹ 1.95 crore (**Annexure-10**) as compared to estimated amount.

Awarding of works on nomination upto 15 *per cent* above ceiling rate resulted in excess expenditure of ₹ 1.95 crore.

¹⁹ Bhagalpur, Katihar and Darbhanga

In reply, management stated (October 2010) that there is no loss to the Company by awarding the work above ceiling rate as excess expenditure is claimed from the Government.

We are of the opinion that awarding the work above ceiling rate results in loss to the exchequer. The Company should ensure qualitative execution of projects at the lowest cost.

2.11.5 Construction of roads

Since 2007-08 the Company also started construction of roads as and when allotted by the Road Construction Department, Government of Bihar. Year-wise amount of administrative approval, agreement value of roads taken up, number of roads with length, expenditure and physical status as on September 2010 were as under:

Year	Roads Taken up			Actual Expenditure upto September 2010	Physical progress as on September 2010	Number of roads completed as on September 2010 (percentage)
	A/A Amount (₹ in crore)	Length of roads in (Km)	Number of roads	(₹ in crore)	Surface (Km)	
2007-08	309.1037	549.90	33	272.43	398.657	18 (55)
2008-09	133.2641	130.55	12	102.03	103.840	9 (75)
2009-10	170.9258	185.06	27	72.57	103.695	17 (63)
Total	613.2936	865.51	72	447.03	606.192	44 (61)

It was observed that:

- Against 72 number of roads of total administratively approved cost (AA) - ₹ 613.29 crore for length 865.51 KMs during 2007-10, the Company could complete only 44 roads (61 *per cent*) as on September 2010 at a cost of ₹ 257.11 crore.
- There were delays of upto 21 months in completion of roads for various reasons viz. delay in starting of the work, slow progress by the contractor, rescindment and re-award of the work, etc.
- Of the total 33 and 12 roads for the years 2007-08 and 2008-09 taken up by the Company, 15 and three roads remained incomplete as of September 2010 which worked out to 45 and 25 *per cent* respectively.
- Clause 8 of the standard bidding document (SBD) provides that within 10 days of the completion of work, the Agency shall give notice of such completion and Engineer-in-charge shall inspect the work and if there is no defect in the work shall furnish the agency with a final certificate of completion otherwise a provisional certificate of physical completion indicating defects (a) to be rectified by the agency and/or (b) for which payment will be made at reduced rates, shall be issued. However, there

was no compliance of these provisions in respect of 40 out of 44 completed roads.

Management stated (September 2010) that out of balance 28 projects the two projects are scheduled to be completed in 2011-13 and rest 26 projects will be completed in the balance period of this financial year 2010-11.

2.12 Monitoring

Monitoring at every stage of implementation is vital for Company engaged in construction activities to ensure that the quality of work is maintained as per agreement and according to the required standards and prescribed codes etc. This process commences from the approval stage and continues during implementation and the post-completion stage. Monitoring of actual execution in the Company is done by concerned engineers on site. However, we observed that the monitoring of the projects was not effective as discussed in the succeeding paragraphs:

2.12.1 Quality control mechanism

The Company has an internal quality control laboratory to carry out various tests during construction activities. Cube samples, aggregates and mortar samples are sent to headquarter laboratory by the various works divisions for testing the concrete strength and grading respectively. The Company has also a third party quality assurance consultancy agency for quality tests of bridge works which is required to submit monthly report detailing sites attended and test carried out alongwith result and remark. The Company headquarter monitors the quality through third party consultant. There is no independent quality control wing at the divisions.

We observed that the central laboratory at Company headquarters was not adequately equipped with requisite machines like Pile Testing Machine to ensure casting of piles upto the designed depth, Nuclear Density Gauge and Automatic compactor, etc for correct measurement of soil compaction. Besides, there were delayed inductions of certain machines in the laboratory. Test check revealed that there were moderate delays in testing of samples received from the various works divisions of the Company.

2.12.2 Non-realisation of additional cost

Clause 14 of the SBD provides that in case of rescindment of contract due to fault on the part of the contractor, the remaining work would be carried out by any means at the risk and cost of the contractor. We observed that in five projects²⁰ with an estimated cost of ₹ 49.61 crore for construction of roads (length 80.50 KMs), the agreements were rescinded due to faults on the part of contractors and the remaining work awarded to new contractors at ₹ 49.23

Due to non-imposing of clause 14 of the agreement, the Company could not recover additional cost of ₹ 15.18 crore on remaining work from defaulting contractors

²⁰ Hajipur -Bhairopur-Mahnar Path (2007-08), Balthi-Musharia Path (2007-08), Karanpur-Rajanpur Road (2007-08), Pratapganj-chatapur Road (2007-08) and Hasanpur-Sahpur Road (2007-08).

crore which was ₹ 17.45 crore higher than the original agreement cost. Further, in contravention of Clause 14 of the SBD, no action was taken against the defaulting agencies to recover the additional cost to the extent of ₹ 15.18 crore (September 2010) worked out after adjusting performance guarantees and security deposits etc.

Management replied (September 2010) that penalties were imposed as per SBD, performance guarantee deposited by the agencies at the time of agreement was forfeited, and security deposits deducted from the bills were forfeited. The facts remained that the Company failed to impose penalties as per Clause 14 of the SBD to recover the additional cost of ₹ 15.18 crore for the remaining work at the risk and cost of defaulting contractors as also that the company had no means to impose further costs.

2.12.3 Non-verification of documents

As per Rule 40 (10) of Bihar Minor Mineral Concession Rules, 1972, bills relating to procurement of material such as stone metal, stone chips, sand etc. for use in work must be supported by M and N Form²¹ along with challans duly verified by respective District Mining Officer. These documents aim to ensure the quantity and specification of material as per agreement executed and also ensure that the material has been brought from specified quarries as per approved lead plan. These verified documents must be attached to the bills placed before the senior project engineer for payment. However, we observed that the quality and specification of material was not ensured as such documents (M and N forms) were not found enclosed with the bills in any of the projects.

The Management stated (September 2010) that Form M & N was not the basis of checking quality and specification of the material brought for use in the construction, but it provided the idea from where the material had been brought and status of royalty payment. In each quarry there was also a lot of unsuitable material. Therefore, by only bringing the material of that quarry did not confirm that material was of required quality and specification.

The reply does not hold good as material of each quarry has its own quality and specification and for lifting of material a quarry is approved in the estimate. Amount for payment of lead kilometers is also calculated on the basis of the approved quarry. Verification of form M & N ensures that material of specified quality is lifted from approved quarry and only then the payment of lead should be made.

2.12.4 Non-observance of MORTH specification

As per Clause 504.5 of Indian Road Congress issued by MORTH²², the Bituminous Macadam (BM) shall be covered with either, the next pavement

²¹ Form M is affidavit of the contractor for lifting of minor -minerals from authorised quarry/seller and N is details of minor –minerals issued by the authorised quarry/seller.

²² Ministry of Road Transport and Highways

course or wearing course, as the case may be, within a maximum of forty eight hours. If there is to be any delay, the course shall be covered by a seal coat to the requirement of clause 513 before opening to any traffic.

In test check of records of Road Division, BRPNN Patna, we observed (April 2010) that in case of construction of Hajipur Bhairapur-Mahnar Path, the BM work of 4674.46 M³ was carried out between November 2008 and February 2009. Next pavement course (SDBC) was done only in September 2009 after a delay of around six to nine months and also no seal coat cover was applied.

Due to non-observance of MORTH specifications BM work valued ₹ 2.79 crore became substandard

Due to non-observance of MORTH specifications BM work of 4674.46 M³ valued ₹ 2.79 crore became substandard since there was a gap of six to nine months between the application of two pavement courses which should have been done in forty eight hours.

The Management stated (September 2010) that in Hajipur-Bhairapur-Mahnar path agreement of the agency was rescinded. Then the remaining work was allotted to the new contractor. This process took a long time so long gap was observed between BM and SDBC work otherwise all care was taken to complete SDBC work after BM work within specified time. However all rectification was made and road was completed.

The Government accepted (October 2010) the audit findings and stated that non-compliance of the said specifications might adversely affect the life of the road constructed and assured to issue necessary instructions in this regard.

2.12.5 Unauthorised payment

The contractor lifted stone chips from unapproved quarry but the payment was made on the basis of approved quarry which resulted in excess payment of ₹ 22.54 lakh on carriage

Estimate of the works includes cost of carriage which was estimated on the basis of the distance between the approved quarry and the actual work site (lead plan) and the mode of transportation. Effective monitoring should ensure their compliance. In cases of any deviation (short distance), the payments of carriage should be made on the basis of actual distance. However, We observed (April 2010) that in case of construction of road in Khaira-Sattarghat Path, lifting of stone chips was approved from Pakur quarry at an approved carriage rate of ₹ 1419.79 per M³. However, the contractor lifted stone chips from unapproved quarry at Shekhpura at the rate of ₹ 964.96 per M³. This resulted in excess payment of carriage cost of ₹ 22.54 lakh²³ for 4955.40 M³ of stone chips on the basis of approved lead plan from Pakur quarry.

2.13. Financial position and working results

Annual Accounts of the Company for the year since 2006-07 are yet to be approved by the Board of Directors. The financial position based on provisional figures of the Company for the five years upto 2009-10 is given in **Annexure –11**.

²³ ₹ 454.83 x 4955.40 M³ = 22.54 lakh.

During 2005-10, there was a substantial increase in total income of the Company. Interest earned on unutilised funds for construction activities kept in Fixed Deposits accounted for 14.68 to 51.48 *per cent* of the total income of the Company. The centage earned by the Company during these five years also increased from 59.03 (2005-06) to 76.51 (2009-10) *per cent* of total income. The Company wiped out accumulated losses in 2006-07 and started allocating funds out of profits for the year under Reserves and Surplus since 2007-08.

2.14 Funding

2.14.1 Funds received and their Utilisation

The Company received funds for construction of various projects (bridges, roads and others) from the State Government under plan, non-plan, additional central assistance, MP/MLA fund, Road Sector, MMSNY, etc. The funds allotted against a financial year should be utilised during that financial year only.

Details of funds available in a year during last five years ending 31 March 2010 and utilisation thereof are detailed below:

(Amount: ₹ in crore)

Year	Opening Balance	Received during the year	Total funds available	Funds utilized	Closing Balance
2005-06	30.94	223.15	254.09	57.39	196.70
2006-07	196.70	459.65	656.35	95.89	560.46
2007-08	560.46	404.93	965.39	417.48	547.91
2008-09	547.91	743.64	1291.55	756.01	535.54
2009-10	535.54	881.42	1416.96	853.85	563.11
Total		2712.79		2180.62	

It would be seen from the table above that the overall utilisation of the available funds during 2005-10 remained around 80 *per cent* with general increase in utilisation of funds since 2007-08 as a result of execution of projects under MMSNY. The reasons for non-utilisation of available funds during 2005-10 included less number of projects executed during 2005-06 and 2006-07. As against 92 and 218 projects allotted, the Company executed only eight and 26 during 2005-06 and 2006-07 respectively and also non-execution of projects which were allotted during these two years. Notably a sum of ₹ 59 crore received (March 2005) for construction of two bridges at Patna, ₹ 58.55 crore was lying unused for last five years after expenditure of ₹ 0.45 crore on preliminary works.

The management in its reply stated that every year the fund is received in three installments. After sanction of the projects, it takes some time in tendering process and start of work. Further, the management stated that different projects have different completion duration and in many cases the total funds

are received at the time of sanction, even for those projects where the duration of completion is more than a year.

The reply is not supported by the ground reality as the execution of projects was not done in time which led the Company in not being able to utilise even the balance fund of previous year during the years 2006-07 and 2007-08.

2.14.2 Non-submission/non-approval of revised estimates

Non-obtaining of prior sanction of excess expenditure from Government resulted in blockade of Company's fund to the tune of ₹ 84.98 crore

As per the provisions of the Government Financial Rules, expenditure in excess of the estimates requires prior sanction of the Government. However, it was observed in audit that the Company did not obtain prior sanction of the government where the actual expenditure on a project exceeds the estimated cost. The table below indicates estimated cost and expenditure in respect of 39 projects completed during 2005-10 in seven* divisions:

(Amount ₹ in crore)

Year	No. of projects completed	Estimated cost	Expenditure incurred	Excess expenditure	Percentage of excess expenditure to the estimated cost
2005-06	1	0.75	1.27	0.52	69
2006-07	1	2.25	3.27	1.02	45
2007-08	3	8.59	15.37	6.78	79
2008-09	7	22.94	36.31	13.37	58
2009-10	27	196.30	259.59	63.29	32
Total	39	230.83	315.81	84.98	

It was observed in test check that 39 projects completed by the Company during the last five years ended 31 March 2010 at a cost of ₹ 315.81 crore against estimated cost of ₹ 230.83 crore exceeded the estimated costs in all the years, by percentages ranging between 32 and 79. The Company had submitted revised estimates of ₹ 240.94 crore only in respect of 21 projects against the original estimate of ₹ 153.15 crore. However, the excess expenditure in the 18 projects amounting to ₹ 22.51 crore had not been sanctioned as of September 2010. This included the revised estimates of ₹ 4.84 crore in respect of two projects submitted to Government in September 2006 and February 2007.

The Management in its reply stated that as on date out of 39 projects there is no need of revised AA in six projects of Muzaffarpur division, 2 projects from Non-plan for which amount is received, against balance 31 projects as on date revised estimate has been submitted for 12 projects.

2.14.3 Toll on bridges

BRPNN has also been entrusted with collection of toll on bridges notified by the State Government and the amount so collected is deposited in Bihar BDF which is utilised for repair, maintenance and construction of new bridges approved by the Government.

* Works Division: Bhagalpur, Gaya, Katihar, Muzaffarpur, Patna -1, Saharsa, Sitamarhi.

Details showing bridges advertised during 2005-09 for auction for collection of toll, number of bridges for which auctions were settled and agreements entered into, agreement amount, etc are given below:

(Amount: ₹ in crore)

Year	No. of bridges advertised for auction	No. of bridges for which agreements were entered into	Agreement value
2005-06	23	14	1.40
2006-07	26	23	4.76
2007-08	23	14	4.67
2008-09	23	14	4.11
Total	95	65	14.94

Thus, 30 bridges could not be auctioned for toll collection which deprived the Company of the opportunity to earn revenue for use in construction activities. It was observed that due to lack of uniform policy in respect of acceptance of bids, the Company could not settle auction of these bridges.

2.15 Handing over completed bridges

141 bridges pertaining to four divisions completed during 2005-10 had not been handed over to the Government till date after a delay of up to 48 months

After completion of the bridges it should be handed over to the Department/Government as the liability of repair and maintenance of the bridges lies with the Company until the bridges are handed over. Audit observed that the bridges completed by the Company were not being handed over to the Government timely. Test check in Audit revealed that 141 bridges pertaining to four divisions²⁴ completed during 2005-10 had not been handed over to the Government till September 2010 after a delay of up to 48 months.

Management accepted the audit observation and stated that as and when account of any project is closed, it will be handed over to the respective department. The Government admitted (October 2010) the delays in handing over of bridges.

2.16 Internal Control

The accounts of the Company were in arrears since 2002-03. Considering the arrears of accounts, there is need for the Company management to be more responsive. In this regard it is pertinent to mention that Section 210 of the Companies Act, 1956, read with Sections 166 and 216 casts the duty on the Board of Directors of the Company to place the accounts of the Company along with Auditors Report (including Supplementary comments of CAG) in the Annual General Meeting of the Shareholders within six months of the close of its financial years. Further, Section 210 (5) holds each Director of a Company (whether Government owned or otherwise) personally responsible for ensuring that the annual accounts for each financial year are prepared and approved within six months in as much as, in the event the Director fails to discharge this responsibility, this Section provides for punishment by

²⁴ Works Division Patna-I (41Bridges), Patna II (23 bridges), Sitamarhi (42 bridges) and Bhagalpur (35 bridges).

imprisonment for a tenure which may extend to six months or with fine which may extend to 10000 rupees or both. Section 210 (6) goes a step further in providing for the above mentioned punishment to a person who is not a Director but is charged with the duty of ensuring compliance with Section 210.

The Internal Control System of the Company was inadequate. The Company did not have an Internal Audit Wing. Firms of Chartered Accountants were appointed for internal audit and the work of compilation of accounts, reconciliation of bank accounts, etc. The Internal Audit Reports did not include technical audit and propriety of expenditure as a result of which the purpose of internal audit to ensure adequacy of Internal Control and to enforce internal check on financial and stores transactions was frustrated.

Conclusion

Though the Company completed substantial number of projects handled by it during the period 2008-10, there were instances of non completion/ delays in execution of the projects due to reasons such as delays in tendering process, delay in execution of the projects by the contractors, delay in land acquisition, non-clearance of site, rescinding of the contract and re-award of the work etc.

Implementation of the MMSNY was deficient as there were losses due to (i) execution of work without agreement (ii) delay in starting of work and deficient estimation. The execution of the Turnkey contracts was marred by excess payment to/short recovery from contractors, loss due to acceptance of designs involving less quantum of work without consequent reduction in cost, avoidable expenditure due to delay in completion of bridge. In case of construction of bridges under Plan/Non-plan head, there was excess expenditure due to awarding works above the ceiling rates, payment without agreement/irregular payment. (iii) The monitoring was deficient which resulted in excess payment and undue benefit to the contractor, substandard execution and non recovery of additional cost from the contractors. Planning including preparation of estimates and BOQ in the Company was deficient which resulted in loss/ blockade of funds and delays in completion of projects.

The Company failed to generate fund in BDF from collection of toll on bridges. The handing over of the bridges completed by the Company to the Government was being delayed.

Recommendations

- **Planning should be based on realistic estimates and BOQs on the basis of specific site survey and soil test**
- **The Company should take appropriate action to restrict expenditure on work to cost/ estimate approved by the Government**

- **The Company should frame a more realistic land acquisition plan**
- **Execution should be based on approved designs**
- **Monitoring and supervision should be efficient enough to ensure compliance of MORTH/CODES and to avoid excess payment**
- **Funds available should be optimally utilized to complete works within the approved estimate**
- **The Company should hand over the completed projects to the Government on time**

Chapter III

Performance Review relating to Statutory Corporation

3. Performance Audit of Power Generation Undertakings in Bihar

Executive Summary

Power is an essential requirement for all facets of life and has been recognised as a basic requirement. In Bihar, the generation of power is carried out by Bihar State Hydroelectric Power Corporation Limited (Company) and Bihar State Electricity Board (Board). As on 31 March 2010, Board had one thermal generation station i.e. Barauni Thermal Power Station and the Company had 11 canal based hydro generation stations with installed capacity of 372.80 MW. The turnover of the Board was ₹ 2795 crore and of the Company was ₹ 6.78 crore in 2009-2010, which were equal to 1.80 per cent and 0.005 per cent respectively of the State Gross Domestic Product. The BTPS employed 586 employees and the Company employed 107 employees as on 31 March 2010.

Capacity Addition and Project Management

As on 31 March 2010, the State sector had total installed power generation capacity of 372.80 MW. Against the peak demand of 2500 MW demand met was 1508 MW leaving a deficit of 992 MW while the actual addition was 8.7 MW (by Company) to meet the energy generation requirement in the State during 2005-10. There was no addition in thermal capacity. Thus the State was not in position to meet the demand as the power generated as well as power purchased fell short to the extent of 2909.58 MUs to 12297.11 MUs during 2005-10.

Contract Management

During 2005-10, 21 contracts valuing ₹ 36.38 crore (of the Company) were executed. Delays were noticed in finalization of tender and awarding the works, which led to increase in project cost by ₹ 7.06 crore in the three projects reviewed in Audit.

Operational Performance

Performance of the existing generation stations depends on efficient use of material, manpower and capacity of the

plants so as to generate maximum energy possible without affecting the long term operations of the plants. Our scrutiny of operational performance revealed the following:

Procurement of fuel

Short receipt of coal (71.41 per cent) against the total linkage approved by Standard Linkages Committee during the four years upto 2008-09 led to shortfall in achievement of the generation targets. In absence of any agreement with the coal companies, the Board paid ₹ 6.29 crore on procurement of 0.43 lakh MT of inferior/ungraded coal which was loss to the Board.

Consumption of fuel

Use of coal having less gross calorific value coupled with high heat rate of station above designed heat rate the Board incurred an extra expenditure of ₹ 48.71 crore on excess consumption of coal during 2005-10.

Deployment of Manpower

The Board had 586 employees as on 31 March 2010 at BTPS which was within the sanctioned strength but exceeded the CEA norms. On the other hand, the Company had 107 employees as on 31 March 2010. The deployment of manpower was not rational as the manpower deployed in the Company was in excess of the norms fixed by CEA resulting in extra expenditure of ₹ 3.98 crore.

Plant Load Factor

The PLF of Hydel plants of the Company and BTPS was below the national PLF in all the years during 2005-10. This resulted in generation loss of 3952.9 MUs. Besides, the Company lost contribution of ₹ 39.59 crore.

Outages

The forced outages remained more than the norms of 10 per cent as prescribed by the

CEA in all the five years (2005-10) ranging from 12.90 to 81.19 per cent. The outages of unit No. 6 of BTPS was 73 percent of the total available hours during 2005-10. During 2006-07, 11817 hours were avoidable out of 13977 hours of planned outages which resulted in loss of generation of 3.49 MUs.

Auxiliary Consumption

The actual auxiliary consumption at BTPS and the Company was more than the norms fixed by CERC during the period under review resulting in loss of generation of 48.97 MUs.

Financial Management

Company's dependence on borrowed funds increased from ₹ 290.26 crore in 2005-06 to ₹ 499.60 crore in 2009-10. Similarly the Board borrowings increased from ₹ 7773.25 crore in 2005-06 to ₹ 12605.44 crore (62.16 per cent) in 2009-10. Nearly two third of the paid up capital of the Company eroded at the end of 2009-10 due to increase in accumulated losses.

Environmental Issues

The Board did not take any action for washing of 7.08 lakh MT of high ash content coal (weighted average of ash ranged between 41.27 and 46.24 per cent) before use. BTPS neither installed adequate silencing equipments nor installed noise monitoring equipment to record noise levels.

Conclusion and Recommendations

The Company could not keep pace with growing demand of power in the State due to non-commencement of commercial production by the newly established hydro generating units as per their scheduled plan. The Board also did not keep pace of the growing demand of power by not executing LE/R &M work (at BTPS) which resulted in further deterioration of the health of the TPS. The project management was ineffective as there were instances of time and cost overrun in all the projects taken up during 2005-10. Operational performance of the plants was adversely affected due to short receipt as well as inferior quality of coal, high heat rate causing excess consumption of coal. Further the plant load factor and plant availability remained lower than the national average level. Heavy capital expenditure coupled with interest commitment on loans without adequate returns due to delay in commercial operation of the plants caused significant increase in cost of operations. The top management did not take corrective measures to ensure adherence to norms/targets in respect of input efficiency parameters. The review contains seven recommendations which include effective planning and monitoring, ensuring consumption of coal within the prescribed norms, minimise forced outages and auxiliary consumption and ensure compliance to environmental laws, etc.

3.1 Introduction

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

During 2005-06, electricity requirement in Bihar was assessed as 10293 Million Units (MU) of which only 7383.42 MU were available leaving a shortfall of 2909.58 MU. The total installed power generation capacity in the State of Bihar was 1424.10 Mega Watt¹ (MW). Against the State Sector capacity of 364.10 MW, the effective available capacity was 264.10 MW² while the peak demand was 1175 MW leaving deficit of 910.90 MW. As on 31 March 2010 the comparative figures of requirement and available energy were 21900 MU and 9602.89 MU leaving a deficit of 12297.11 MU. However, total installed power generation capacity was 2932.80 MW. Out of the State Sector capacity of 372.80 MW, effective available capacity was 272.80 MW against the peak demand of 2500 MW, demand met was 1508 MW leaving a deficit of 992 MW. Thus there was a growth in energy requirement of 11607 MU during 2005-10, whereas the capacity addition in the State Sector was only 8.70 MW.

In Bihar, the generation of thermal power is carried out by Bihar State Electricity Board (BSEB) which was incorporated on 1 April 1958 under the Electricity (Supply) Act, 1948 under the administrative control of the Energy Department of the Government of Bihar. Unbundling of the BSEB has not yet been completed (November 2010), however eight companies have been incorporated but they are not yet operational due to financial restructuring. The Board is involved in generation, transmission and distribution of energy. The Bihar State Electricity Board is headed by a Chairman who is assisted by Member (Finance and Revenue), Member (Distribution and Rural Electrification) and Member (Generation and Transmission). The Board had one thermal generation station i.e., Barauni Thermal Power Station (BTPS) with the installed capacity of 320 MW. The turnover of the Board was ₹ 2795.00 crore in 2009-10, which was equal to 53 *per cent* and 1.80 *per cent* of the State PSUs turnover and State Gross Domestic Product respectively. It employed 586 employees in its thermal generation station i.e. Barauni Thermal Power Station (BTPS) as on 31 March 2010.

The generation of hydro power in Bihar is carried out by Bihar State Hydroelectric Power Corporation Limited, (the Company) which was incorporated on 31 March 1982 as a wholly owned State Government Company under the administrative control of the Energy Department of the Government of Bihar. The Management of the Company is vested with a Board of Directors (BoD) comprising not less than four and not more than seven directors, including the Managing Director, who is appointed by the State Government. As on 31 March 2010, there were three directors including the Managing Director. The day-to-day operations are carried out by the Managing Director, who is the Chief Executive of the Company, with the assistance of the Chief Engineer (Electric), Superintending Engineer (Civil), Financial Advisor (post vacant) and the Director (Personnel and Administration). The Company has 11 canal based hydro generation stations with the installed capacity of 52.80 MW as on 31 March 2010. The turnover of

¹ 2x50 MW + 2x110 MW of thermal and 44.10 MW of hydel in State Sector and 1060 MW in Central Sector.

² 2x110 MW of thermal and 44.10 MW of hydel, 2x50 MW remained unoperational.

the Company was ₹ 6.78 crore in 2009-10, which was equal to 0.34 *per cent* and 0.005 *per cent* of the State PSUs turnover and State Gross Domestic Product (for 2009-10), respectively. It employed 107 employees as on 31 March 2010.

A review on the working of the Bihar State Hydroelectric Power Corporation Limited was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Commercial), Government of Bihar. The Report is yet to be discussed by COPU (November 2010).

3.2 Scope and Methodology of Audit

The present review conducted during February 2010 to May 2010 covers the performance of the Bihar State Electricity Board and the Bihar State Hydro electric Power Corporation Limited during the period from 2005-06 to 2009-10 with respect to generation activities. The review mainly deals with Planning, Project Management, Financial Management, Operational Performance, Environmental Issues and Monitoring by Top Management. The audit examination involved scrutiny of records at the Head Office and 5³ (having a total capacity of 364.10MW) out of 12⁴ generating stations (total installed capacity of 372.80MW) selected on the basis of higher capacity and category.

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

3.3 Audit Objectives

The objectives of the performance audit were to assess:

Planning and Project Management

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

³ 4 hydroelectric power stations at Barun (2x1.65MW), Dehri (4x1.65MW), Kataiya (4x4.8MW) and Valmikinagar (3x5MW) + 1 thermal power station at Barauni (2x50MW + 2x110MW).

⁴ 11 hydroelectric power stations at Agnoor (1MW), Barun (2x1.65MW), Dehri (4x1.65MW), Dhelabagh (1MW), Jainagar (1MW), Kataiya (4x4.8MW), Nasariganj (1MW), Sebari (1MW), Shirkhinda (0.7MW), Triveni (2x1.5MW) and Valmikinagar(3x5MW) + 1 thermal power station at Barauni (2x50MW+2x110MW).

- To ascertain whether the execution of projects were managed economically, effectively and efficiently;

Financial Management

- To ascertain whether the projections for funding the new projects and upgradation of existing generating units were realistic including the identification and optimal utilization for intended purpose;
- To assess the soundness of financial health of the generating undertakings.

Operational Performance

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

Environmental Issues

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

Monitoring and Evaluation

- To ascertain whether adequate MIS existed in the entity to monitor and assess the impact and utilize the feedback for preparation of future schemes.

3.4 Audit Criteria

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

- National Electricity Plan, norms/guidelines of Central Electricity Authority (CEA) regarding planning and implementation of the projects;
- standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- targets fixed for generation of power ;

- parameters fixed for plant availability, Plant Load Factor (PLF) etc;
- performance of best achievers in the regions/all India averages;
- prescribed norms for planned outages; and
- Acts relating to Environmental laws.

3.5 Financial Position and Working Results

The financial position of the Company for the five years ending 2009-10⁵ is given below:

Hydel

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10 (provisional)
A. Liabilities					
Paid up Capital	99.04	99.04	99.04	99.04	99.04
Reserve & Surplus (only capital subsidy)	1.72	5.83	11.76	13.40	15.81
Borrowings (Loan Funds)					
Unsecured	290.26	363.35	406.69	440.36	499.60
Current Liabilities & Provisions	9.05	9.99	10.86	11.57	12.00
Total	400.07	478.21	528.35	564.37	626.45
B. Assets					
Gross Block	106.73	126.17	147.72	171.57	202.66
Less: Depreciation	42.41	47.29	52.88	59.26	66.69
Net Fixed Assets	64.32	78.88	94.84	112.31	135.97
Capital works-in- progress	74.96	88.62	95.78	89.12	279.17
Miscellaneous Expenditure ⁶	160.60	171.17	186.24	199.19	4.50
Current Assets, Loans and Advances ⁷	85.29	121.15	124.87	123.44	144.35
Accumulated losses	14.90	18.39	26.62	40.31	62.46
Total	400.07	478.21	528.35	564.37	626.45

It would be seen from the above table that

- the Company's unsecured borrowings increased from ₹ 290.26 crore to ₹ 499.60 crore i.e. 72 per cent. It was mainly due to accrual of interest on State Government /NABARD loan. Due to non-repayment of loan

⁵ Figures appearing in the table from 2005-06 to 2009-10 are based on unaudited annual accounts.

⁶ Included preliminary expenses on projects, interest on loans and development expenditure on projects.

⁷ Included figures of stores & spare parts and short term deposit in banks.

2/3rd of the paid-up capital of the Company eroded at the end of 2009-10 due to increase in accumulated losses.

as well as interest accrued, this figure continuously increased during the review period. Hence, the Debt-Equity ratio of the Company increased continuously from 2.88 in 2005-06 to 4.35 in 2009-10.

- Similarly, accumulated losses of the Company also increased from ₹ 14.90 crore to ₹ 62.46 crore *i.e.* 319.19 *per cent* in last five years ending 2009-10 thereby eroding nearly two-third of the paid up capital of the Company. Further, ₹ 279.17 crore was lying under Capital works-in-progress at the end of the 2009-10 mainly due to non completion of projects in scheduled time.
- While the net worth of the Company in 2009-10 was ₹ 114.85 crore, the accumulated losses were ₹ 62.46 crore. So, the financial position does not reflect a sound position of the Company and needs restructuring.
- Reserves and Surplus consisted of the Capital Subsidy received from the Ministry of New and Renewable Energy (MNRE), Government of India, New Delhi every year.

Thermal

The financial position of the Board covering all activities (generation, transmission and distribution) for the five years ending 2009-10 is given below:

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
A. Liabilities					
Contribution, Grant and Subsidy towards cost of capital assets (including Capital Grants but excluding Depreciation Reserve)	148.61	152.99	199.91	522.13	652.11
Borrowings (Loan Funds)					
Secured+ Unsecured	7773.25	9253.80	9988.32	11245.52	12605.44
Current Liabilities & Provisions	3400.94	2812.26	3049.34	3302.59	3738.72
Total	11322.80	12219.05	13237.57	15070.24	16996.27
B. Assets					
Gross Block	2516.28	2242.43	2418.34	2556.51	2864.80
Less: Depreciation	1822.99	1630.81	1684.45	1740.85	1800.57
Net Fixed Assets	693.29	611.62	733.89	815.66	1064.23
Capital works-in-progress	606.27	833.97	808.73	934.10	881.20
Investments	349.48	415.02	503.94	899.78	829.57
Current Assets, Loans and Advances	4326.91	4554.47	4702.34	4927.47	5316.13
Accumulated losses	670.10	1424.71	2109.41	3113.97	4525.88
Regulatory Assets	-	60.00	60.00	60.00	60.00
Assets not in use	3.61	3.61	3.61	3.61	3.61
Subsidy receivable from state	4673.14	4315.65	4315.65	4315.65	4315.65
Total	11322.80	12219.05	13237.57	15070.24	16996.27

It would be seen from the above table that

- the Board's borrowings increased from ₹ 7773.25 crore to ₹ 12605.44 crore *i.e.* 62.16 *per cent* mainly due to interest accrued and due on State Government loan of ₹ 2589.04 crore and payment (of installments of State Govt. loan) due on capital liabilities of ₹ 1771.84 crore. The accumulated losses also increased from ₹ 670.10 crore to ₹ 4525.88 crore *i.e.* 575 *per cent* in last five years ending 2009-10 due to increase in cost of purchase of power from other sources, employee cost and interest and finance charges.
- Current liabilities and provision mainly included staff related liabilities (Provision for Pension, Gratuity, GPF etc.) which increased from ₹ 1982 crore in 2005-06 to ₹ 2191 crore in 2009-10.
- Current assets, loans & advances increased mainly due to increase in Cash and Bank balances (by ₹ 264 crore) & Sundry Receivable (by ₹ 263 crore). It also included claims recoverable from Jharkhand State Electricity Board for share of liabilities of erstwhile BSEB⁸.
- Subsidy receivable from the State Government in 2005-06 was ₹ 4673.14 crore which was reduced to ₹ 4315.65 crore in 2006-07 and remained at the same level as the State Government did not decide on payment or otherwise of the outstanding amount till 2009-10. However, subsidy due during 2006-07 to 2009-10 was paid in respective years on cash basis which amounted to ₹ 3416.93 crore.

The details of working results like cost of generation of electricity, revenue realisation, net surplus/loss and earnings and cost per unit of operation in respect of the Company and the Board (in respect of BTPS only as furnished by Management) are given in the *Annexure 12 and 13* respectively.

It was observed from *Annexure – 12* that total generation of the company decreased (52.36 *per cent*) continuously from 72.75 MU in 2005-06 to 34.66 MU in 2009-10. The main reason for low generation of power was non-availability of water discharge in the canals, on which all the running projects of the Company were situated. Further, the heavy reduction in 2009-10 was due to the strengthening and modernisation of Koshi and Gandak River taken up by Water Resource Department, Government of Bihar. Accordingly, the generation revenue also came down from ₹ 13.61 crore in 2005-06 to ₹ 6.78 crore (50.18 *per cent*) in 2009-10. However, the total cost of generation climbed continuously from ₹ 16.30 crore in 2005-06 to ₹ 31.99 crore at the end of 2009-10, *i.e.* an increase of 96.26 *per cent* mainly due to increase in employee cost, administrative & general expenses and interest and finance charges.

Similarly, total generation of the BTPS (*Annexure – 13*) ranged between 37.25 MU and 264.71 MU during 2005-10 whereas total cost per unit generation ranged between ₹ 4.82 and ₹ 12.34 during 2005-10. We observed that due to restoration work undertaken for unit no.6 of the BTPS and unit no.7 undergoing for R&M work, the generation of the plant was reduced to 37.25 MU in 2006-07 whereas, fixed cost of generation increased during the

Climbing cost of generation in the Company was attributable to increase in employee cost, administrative & general expenses and interest and finance charges

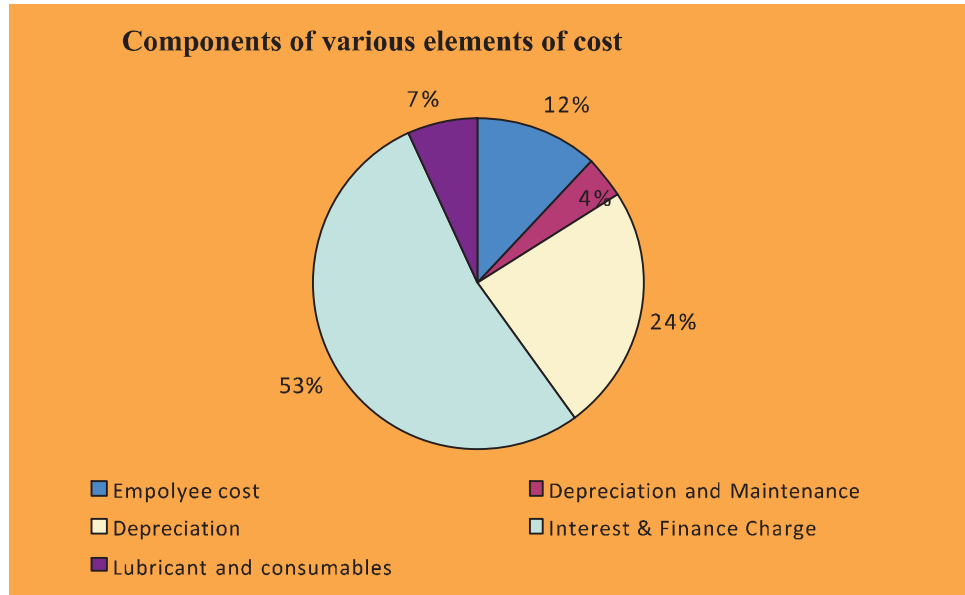
⁸ ₹ 659 crore in 2005-06 & ₹ 855 crore in 2008-09.

same financial year. Thus, the cost of generation reached a high of ₹ 12.34 per unit in 2006-07.

Elements of Cost

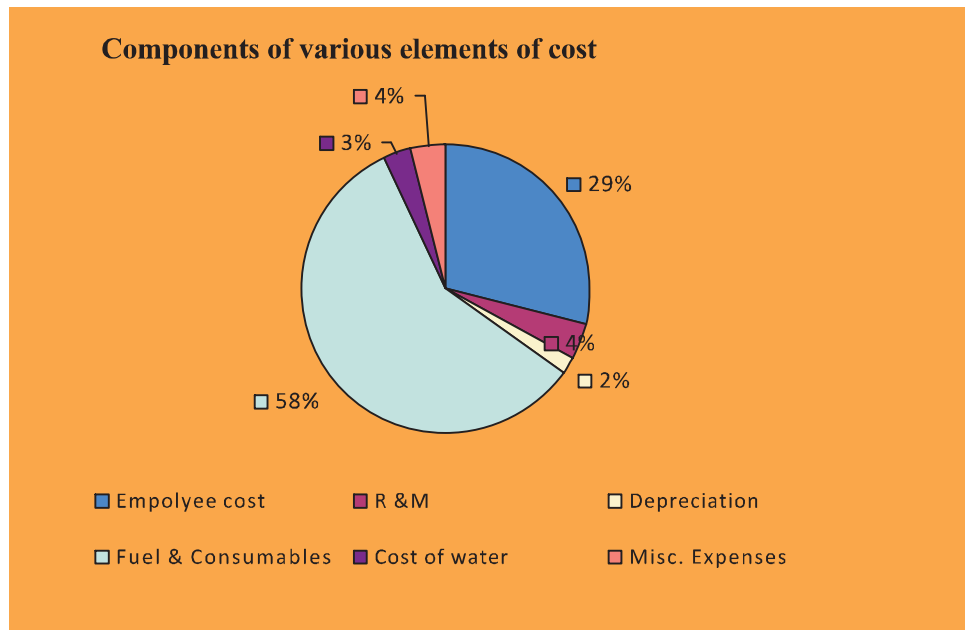
Hydel

Interest & Finance charge and depreciation constitute the major elements of costs. The percentage break-up of costs for 2009-10 is depicted in the pie-chart below.



Thermal

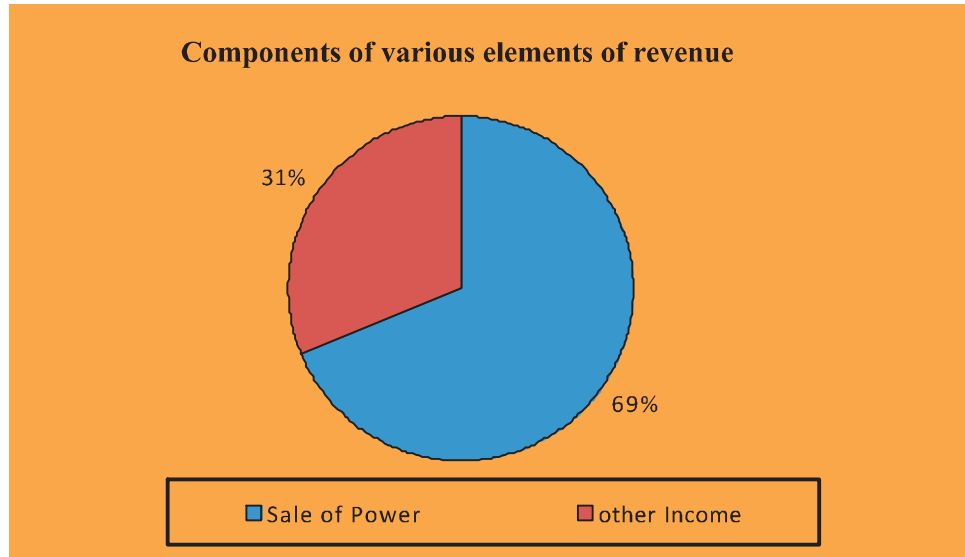
Fuel and Consumables and Employee Cost constitute the major element of costs. The percentage break-up of costs for 2009-10 is given below in the pie-chart.



Elements of revenue

Hydel

Sale of Power constitutes the major element of revenue. The percentage break-up of revenue for 2009-10 is given below in the pie-chart.



Thermal

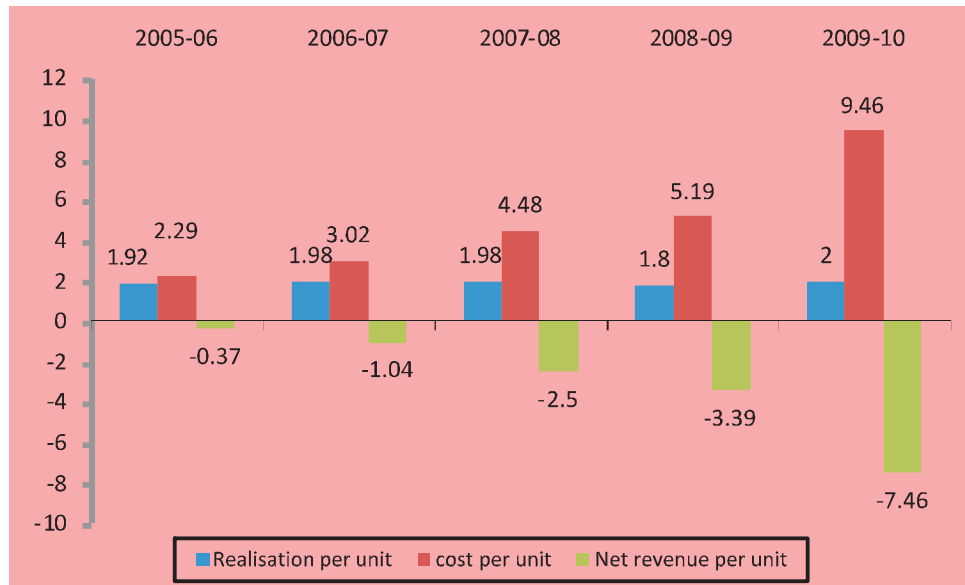
Sale of Power constitutes the major element of revenue for the Board and constituted 99.75 per cent of the total revenue in 2009-10.

Recovery of cost of operations

Hydel

The Company was not able to recover its cost of operations. During the last five years ending 2009-10, the net revenue showed a negative trend as given in the graph below:

The Company failed to recover its cost of operations due to very low generation



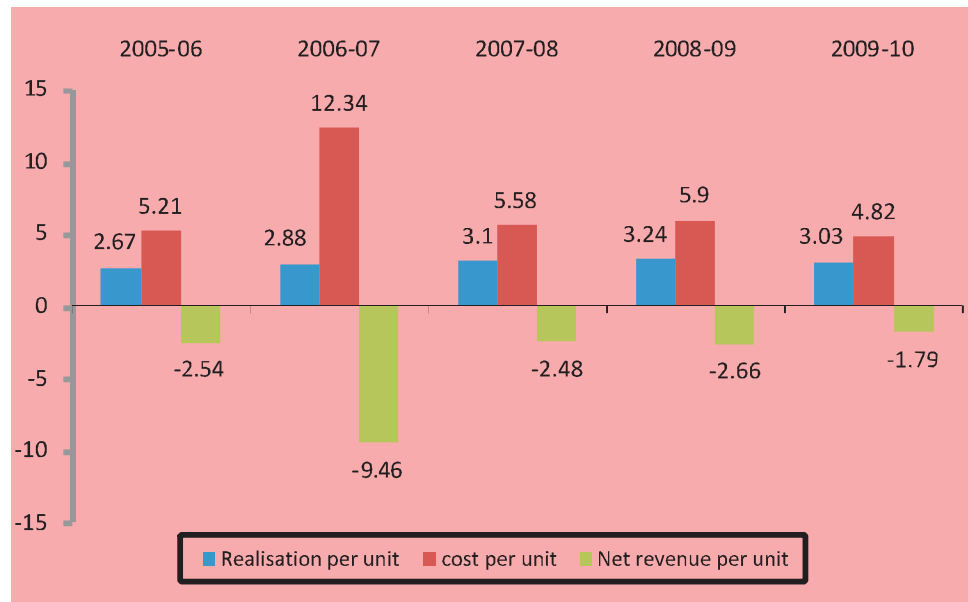
Due to very low generation (34.66 MU) in year 2009-10 and the increase in

cost of generation, the net revenue per unit became negative to ₹ 7.46. Had the total revenue earned by Company been sufficient to cover the cost, an additional amount of ₹ 66.42 crore could have been available for capacity addition/ life extension programmes during the period of review. The main reasons for high cost of generation had been poor capacity utilization corroding the system performance, high level of auxiliary consumption, higher administrative and interest cost, employee cost etc.

Thermal

The BTPS was also not able to recover its cost of operations. During the last five years ending 2009-10, the net revenue remained negative as given in the graph below:

Cost of generation per unit went as high as ₹ 12.34 / unit in 2006-07 due to very low generation



Had the total revenue earned by Board been sufficient to cover the cost, an additional amount of ₹ 142.48 crore could have been available for capacity addition/ life extension programmes during the period of review. Reasons for high cost of generation were poor capacity utilization, higher administrative charges etc.

3.6 Audit Findings

Audit explained the audit objectives to the Company/Board during an 'Entry Conference' held on 16 February 2010. Draft review was issued (July 2010) to Management of Company/Board and the Government for their views. Their replies were received (September/October 2010) and the exit conference was held on 9th November 2010. The views expressed by them have been incorporated suitably.

3.7 Operational Performance

The operational performance of the Company and Board for the five years ending 2009-10 is given in the *Annexure – 14*. The operational performance

of the Company and Board was evaluated on various operational parameters as described below. It was also seen whether the Company / Board was able to maintain pace in terms of capacity addition with the growing demand for power in the State. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that the losses were controllable and there was scope for improvement in performance.

3.8 Planning

National Electricity Policy aims to provide availability of over 1,000 Units of per Capita electricity by 2012. The power availability scenario in the State of Bihar indicating own generation, purchase of power, peak demand and net deficit was as under:

(in MW)					
Year	Total Generation (thermal +hydel)	Average Demand	Peak Demand	Percentage of actual generation to Average Demand	Percentage of actual generation to Peak Demand
2005-06	42.72	950	1175	4.50	3.64
2006-07	37.48	1040	1275	3.60	2.94
2007-08	64.17	1500	1800	4.28	3.57
2008-09	72.15	1600	1900	4.51	3.80
2009-10	56.35	2050	2500	2.75	2.25

Actual generation during the review period was very low ranging from 2.25 to 3.80 per cent of the peak demand and 2.75 to 4.51 per cent of the average demand

As may be seen from the Table above, that during the period 2005-10, the actual generation was substantially less than the peak as well as average demand. The actual generation was only 2.75 to 4.51 per cent of the average demand and 2.25 to 3.80 per cent of the peak demand.

The total supply of electricity available even after import was not sufficient to meet the peak demand, as shown below:

(in MW)

Year	Peak Demand	Peak Demand met	Sources of meeting peak demand		Peak Deficit (Percentage of Peak Demand)
			Own	Import	
2005-06	1175	1095	42.72	1052.28	80 (6.81)
2006-07	1275	1213	37.48	1175.52	62 (4.86)
2007-08	1800	1244	64.17	1179.83	556 (30.89)
2008-09	1900	1348	72.15	1275.85	552 (29.05)
2009-10	2500	1508	56.35	1451.65	992 (39.68)

It may be seen that the peak demand increased substantially over the review period. There remained a shortfall of 62 to 992 MW (4.86 to 39.68 per cent) even after import. Consequently rotational load shedding was forced on the populace of the state.

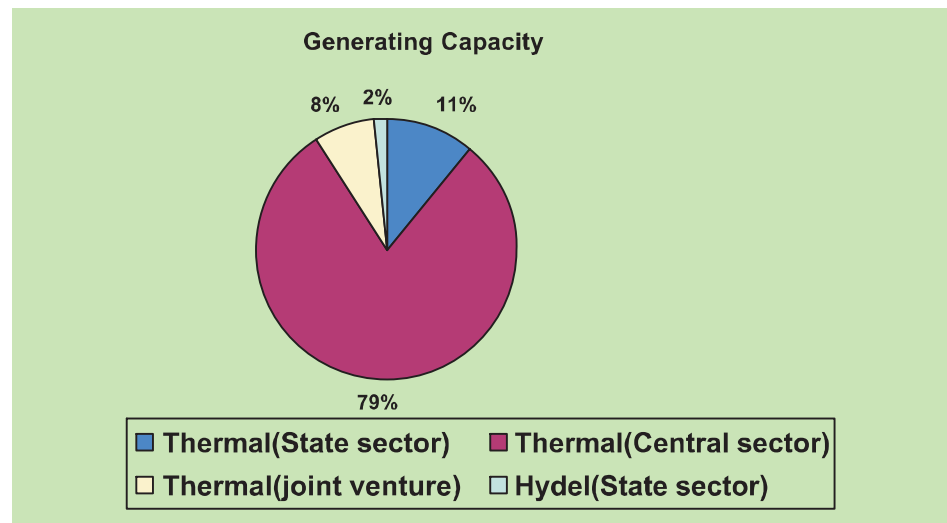
The Board paid penalty of ₹ 473.04 crore for over drawal of energy during 2005-10

The Board had to incur ₹ 7535.72 crore on purchase of 40792.12 MU energy from other sources during 2005-10. Besides, the Board incurred ₹ 473.04 crore on excess drawal of 1170.82 MU energy as penal charges during the period of review. Against this, the own generation of the Company and Board during 2005-10 was only 956.47 MU. This indicates over dependence of power from other sources.

This section deals with capacity additions and optimal utilisation of existing facilities. Environmental aspects have been discussed in subsequent paragraphs at later stage.

Capacity Additions

The generating capacity in the State of Bihar, comprising thermal power stations in Central Sector (of National Thermal Power Corporation i.e. NTPC), in Joint Venture (between NTPC and BSEB), in State Sector (BSEB) and Hydro Power Stations in State Sector (BSHPC) was 2932.80⁹ MW at the end of 31 March 2010 as shown in the pie chart below:



The State of Bihar had total installed capacity of 364.10¹⁰ MW only in state sector (BSEB and BSHPC) at the beginning of 2005-06 which increased to 372.80¹¹ MW at the end of 2009-10.

To meet the energy generation requirement of 21900 MUs in the State, a capacity addition of about 2227.20 MW was required during 2005-10. However, there were no projects under State Sector categorised as 'Projects under Construction' (PUC) and 'Committed Projects'¹² (CP) for capacity addition during review period according to NEP.

Against requirement for capacity addition of 2227.20 MW, actual addition was 8.70 MW during 2005-10

⁹ Thermal Power- {Central Sector (NTPC, Kahalgaon)-2340MW; Joint Venture (NTPC&BSEB, Kanti)-220MW; State Sector (BSEB, Barauni)-320MW} and Hydel Power (State Sector, BSHPC)-52.80MW.

¹⁰ 320 MW Thermal and 44.10 MW Hydel

¹¹ 320 MW Thermal and 52.80 MW Hydel

¹² National Electricity Plan defines Committed Projects as Projects for which the formal approval to take up the same has been granted by the CEA.

The particulars of capacity additions envisaged, actual additions and peak demand vis-a-vis energy supplied during review period are given below.

(Thermal + Hydel)

Sl. No	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.(a)	Capacity at the beginning of the year (MW) (BSEB + Company)	364.10	364.10	366.10	367.10	371.10
1.(b)	Central PSUs	1060	1060	1060	1060	1060
2.	Additions Planned for the year as per National Electricity Plan (MW)	-	-	396.87	432.59	471.52
3.	Additions planned by the State (MW)	1.00	5.00	3.90	4.50	11.00
4.	Actual Additions in the State Sector (MW)	0.00	2.00 ¹³	1.00 ¹⁴	4.00 ¹⁵	1.70 ¹⁶
5.(a)	Capacity at the end of the year (MW) (1 + 4) (BSEB + Company)	364.10	366.10	367.10	371.10	372.80
5 (b)	Central PSUs	1060	1060	1060	1060	2560
6.	Shortfall in capacity addition in the State sector (MW) (4 – 3)	1.00	3.00	2.90	0.50	9.30
7.	Peak demand (MWs) as furnished by CLDC of BSEB	1175	1275	1800	1900	2500
	Energy Demand (MUs)	10293	11169	15768	16644	21900
8.	Energy supplied (MUs)					
	a) Net energy produced (Hydel + thermal) as per furnished by BSEB ¹⁷	148.73 (52.91+ 95.82)	73.36 (46.76+ 26.60)	159.58 (45.23+ 114.35)	131.75 (41.54+ 90.21)	241.89 (15.29+ 226.60)
	b) Energy Purchased	7234.69	7884.60	7710.00	8601.83	9361.00
	Total	7383.42	7957.96	7869.58	8733.58	9602.89
9.	Shortfall in demand (MUs) (7 – 8)	2909.58	3211.04	7898.42	7910.42	12297.11

It may be observed from the above Table that during the review period actual capacity addition was only 8.7 MW against 25.4 MW as planned by the State (in respect of Hydel power) leaving a shortfall of 16.7 MW. We observed that the Board did not execute any new project (since March 1986). A new Thermal Power Project at Nabinagar was taken up in 2008 under joint venture of the Board and NTPC. The project is scheduled to be completed in 2015-16. Apart from this, extension of 2x250MW project at BTPS is at initial stage and the Detailed Project Report (DPR) for another 1x250MW unit to replace the existing 2x50MW unit (no. 4&5) is being prepared (November 2010).

¹³ Agnoor SHP (1 MW) in August 2006 & Dhelabagh SHP (1 MW) in August 2006.

¹⁴ Nasariganj SHP (1 MW) in August 2007.

¹⁵ Jainagar SHP (1 MW) in January 2009 & Triveni SHP (3MW) in February 2009.

¹⁶ Shirkhinda SHP (0.7MW) in September 2009 & Sebari SHP (1MW) in February 2010 Balance 500 MW in Central sector.

¹⁷ Net energy produced of Hydel (BSHPCL) reported here is different from the figures furnished by the Management to audit and is pending reconciliation between the Company and the Board.

Thus, the State was not in a position to meet the demand as the power generated as well as power purchased fell short to the extent of 2909.58 MUs in 2005-06 which increased to 12297.11 MUs in 2009-10. Further, due to slow execution of the projects, even the Company could not achieve its target of capacity addition of 25.4 MW during the said period. Earlier the Company had proposed capacity addition of 33.90 MW during 10th Five Year Plan (2002-03 to 2006-07) but could add only two¹⁸ MW capacities during the above period.

Optimum Utilisation of existing facilities

In order to cope with the rising demand for power, not only additional capacity need to be created as discussed above, the plan needs to be in place for optimal utilisation of existing facilities and also undertaking life extension programme/ replacement of the existing facilities which are near completion of their age besides timely repair/ maintenance. The details of the power generating units, which fell due for Renovation and Modernisation/ Life extension programmes (as per CEA norms) during the five years ending 2009-2010 vis-à-vis actually taken are indicated in the Table below :

Sl. No.	Name of the Plant	Unit No.	Installed Capacity	Due Date (as per CEA norms)	Date when actually taken up
1.	Barauni Thermal Power Station	4 th	50MW	1989	R&M / LE could not be taken up (under shut down since April 1996)
2.	-do-	5 th	50MW	1991	R&M / LE could not be taken up (under shut down since March 1995)
3.	-do-	6 th	110MW	2003	March 2006 – November 2007 (Restoration work only)
4.	-do-	7 th	110MW	2005	Work-in-progress (November 2010)

The health of the TPS deteriorated due to non-execution of R&M/LE work within the schedule time and consequently two units of 50 MW each were declared economically non-viable

From the above, it may be seen that against the four units due for being taken up for Renovation and Modernisation/ Life extension programmes, no unit was actually taken up within schedule mainly due to non-availability of sufficient funds, inadequate Management control, etc.

Unit no. 4 & 5 of BTPS remained under shut down since 1995-96 for want of refurbishment work. After a delay of about 12 years, the Board approached CEA in June 2008 regarding R&M of these units. The CEA concluded (August 2008) that R&M/LE of these units are not techno-economically viable, as units are very old and lying shut down since long. Under 11th Five Year Plan, the CEA identified (August 2009) these units for retirement by year 2011-12 and the Ministry of Power, Project Monitoring Cell, decided (October

¹⁸ Agnoor SHP (2x0.5 MW) (in August 2006) and Dhelabagh SHP (2x0.5 MW) (in August 2006).

2009) to replace the existing 2x50MW units (no.4&5) of BTPS by 1x250MW unit, with the assistance of the World Bank.

The detailed observations relating to repair/maintenance and life extension programmes are discussed in succeeding paragraphs.

3.9 Project Management

Project management includes timely acquisition of land, effective actions to resolve bottlenecks, obtain necessary clearances from Ministry of Forest and Environment and other authorities etc. Notwithstanding, time and cost overruns were noticed due to absence of coordinating mechanism throughout implementation of the projects during review period as discussed in succeeding paragraphs.

The following Table indicates the scheduled and actual dates of completion of the power stations, date of start of transmission, date of commissioning of power stations and the time overrun.

Time overrun

(In months)

There was cost over run of ₹ 43.46 crore due to time overrun ranging from 6 to 71 months in respect of seven SHPs of the Company

Sl. No.	Phase-wise name of the Unit	Details (Actual date of completion)	As per DPR	Actual time taken	Time overrun
1.	Agnoor SHP (2*0.5MW)	Date of completion of unit (January 2006)	18	79	61
		Date of start of transmission(August 2006)	15	86	71
		Date of commercial operation/ commissioning of unit(August 2006)	18	86	68
2.	Dhelabagh SHP (2*0.5 MW)	Date of completion of unit(August 2006)	24	49	25
		Date of start of transmission(August 2006)	15	49	34
		Date of commercial operation/ commissioning of unit(August 2006)	24	49	25
3.	Nasariganj SHP (2*0.5MW)	Date of completion of unit(June 2007)	24	60	36
		Date of start of transmission(August 2007)	15	62	47
		Date of commercial operation/ commissioning of unit(August 2007)	24	62	38
4.	Jainagar SHP (2*0.5MW)	Date of completion of unit (December 2008)	24	30	6
		Date of start of transmission (January 2009)	15	31	16
		Date of commercial operation/ commissioning of unit (January 2009)	24	31	7

5.	Triveni SHP (2*1.5MW)	Date of completion of unit (February 2009)	48	87	39
		Date of start of transmission (February 2009)	39	87	48
		Date of commercial operation/ commissioning of unit (February 2009)	48	87	39
6.	Shirkhinda SHP (2*0.35MW)	Date of completion of unit (August 2009)	24	50	26
		Date of start of transmission (September 2009)	15	51	36
		Date of commercial operation/ commissioning of unit (September 2009)	24	51	27
7.	Sebari SHP (2*0.5MW)	Date of completion of unit (February 2010)	24	59	35
		Date of start of transmission (January 2010)	15	-	48
		Date of commercial operation/ commissioning of unit (Yet to be done)	24	-	49 (till November 2010)

It would be seen from above that out of seven projects implemented by the Company during review period, none were completed in scheduled time and there were delays ranging between six and 71 months. An analysis of reasons for slippages in time schedule in units selected in Audit revealed that these were avoidable at various stages of implementation and were as under:

- Delay in acquisition of land and handing over of site (Agnoor SHP and Triveni SHP);
- Delay in approval of various drawing (Agnoor SHP);
- Delay in completion of transmission line to evacuate power(Agnoor SHP and Sebari SHP);
- Delay in supply of equipments by contractor (Triveni SHP);

The Management stated (August 2010) that there was no time overrun with respect to Agnoor and Triveni SHP, but, actually it was commissioned before scheduled time. However, this is contrary to the facts and figures furnished to us on record.

A few case studies of individual irregularities in respect of various projects undertaken are given below:

Delay in completion of transmission line to evacuate power

Even though, units of Sebari SHP have been completed in February 2010, the project was yet to be commissioned due to non completion of evacuation facilities (November 2010). This resulted in loss of generation of 4.84 MU power valued at ₹ 1.14 crore for the period February 2010 to November 2010 (10 months).

The Company lost revenue of ₹ 1.14 crore due to delay in completion of transmission line with respect to Sebari SHP

The Management stated (September 2010) that though the project was completed towards the end of 2009, there was no loss of generation as the canal was closed by the Water Resource Department for repair.

Delay in submission of Completion Reports

The Ministry of New and Renewable Energy (MNRE), Government of India, New Delhi sanctioned (October 2004 and March 2007) subsidy of ₹ 10.27 crore for setting-up of seven¹⁹ Small Hydro Projects (SHP) and accordingly released ₹ 7.70 crore. Though, seven projects have been commissioned, the release of last installment of ₹ 2.57 crore i.e. 25 per cent of the sanctioned subsidy was still pending (November 2010) due to non-receipt of 'Completion Report'. One of the projects, Dhelabagh SHP was completed as back as in August 2006. We observed that although projects had been commissioned, the final bills of the contractors had not been finalised. Further these projects have also not been run and tested at full load of the installed capacity.

The Management stated (September 2010) that the 25 per cent of subsidy would be claimed only when Alternate Hydro Energy Corporation (AHEC), IIT Roorkee (consultant of the Company for these projects) submits performance report in respect of these projects. The AHEC has to conduct these tests after constructing required structures. But, the consulting agency has been changing the design for their structures because of which the test has not been carried out.

The time overrun in the projects led to cost overrun of ₹ 43.46 crore over the estimated cost of the projects as per DPR, resulting in increase in cost of power generation from the envisaged 96 to 162 paise per unit and in the per MW cost from ₹ 4.91 crore in 2005-06 to ₹ 8.97 crore in 2009-10.

The estimated cost of the various power stations executed under different phases, actual expenditure, cost escalation and the percentage increase in the cost are tabulated below:

Cost overrun

(₹ in crore)

Sl. No.	Phase-wise name of the Unit	Estimated cost as per DPR	Awarded Cost	Actual expenditure as on 31 March 2010	Expenditure over and above estimate	Percentage increase as compared to DPR
(1)	(2)	(3)	(4)	(5)	(6) = (5) - (3)	(7)
1.	Agnoor SHP (2*0.5MW)	2.47	7.97	19.60	17.13	693.52
2.	Dhelabagh SHP (2*0.5 MW)	6.87	6.70	11.33	4.46	64.92
3.	Nasariganj SHP(2*0.5MW)	5.44	5.68	9.94	4.50	82.72
4.	Jainagar SHP(2*0.5MW)	5.31	5.30	9.45	4.14	77.97
5.	Triveni	9.15	13.47	19.38	10.23	111.80

¹⁹ SHP at Nasariganj , Triveni, Dhelabagh, Jainagar, Shirkhinda, Sebari and Arwal.

	SHP(2*1.5MW)					
6.	Shirkhinda SHP(2*0.35MW)	4.87	4.97	6.51	1.64	33.68
7.	Sebari SHP(2*0.5MW)	5.68	5.64	7.04	1.36	23.94
	Total	39.79	49.73	83.25	43.46	

It would be seen from above that out of seven projects implemented during review period by the Company, there was cost overrun ranging from 23.94 per cent to 693.52 per cent of the estimated cost of projects. Main reasons for cost overrun as analysed by us in respect of units selected in Audit were as under:

- Cost overrun of ₹ 17.13 crore due to non-finalisation of lay out plan of power house, non-acquisition of private land, delay in approval of drawings and delay in completion of transmission line to evacuate power (Agnoor SHP);
- Lack of effective control over the completion of various packages (Triveni SHP);
- Extra expenditure (₹ 3.62 crore) due to excess use of inputs(Nasariganj SHP, Sebari SHP and Shirkhinda SHP);
- Additional item of works not envisaged in the DPR was executed at a cost of ₹ 1.27 crore (Sebari SHP and Shirkhinda SHP).

However, the Management stated (August 2010) that cost overrun was within permissible limit of 10 per cent of the revised cost of the project. However, cost overrun beyond the DPR led to significant increase in per unit cost of generation as well as per MW cost thereby adversely affecting the economic viability of the projects envisaged while their planning.

Five numbers of case studies of individual irregularities in respect of projects funded by NABARD completed during the last five year ending March 2010 are given in *Annexure-15*.

3.10 Contract Management

Contract management is the process of efficiently managing contract (including inviting bids and award of work) and execution of work in an effective and economic manner. The works is generally awarded on turn key (Composite) basis to a single party involving civil construction, supply of machines and ancillary works. Some of the comments related to the Contract Management on the projects completed during the present review have already been featured in Performance Review on Project Implementation and Generation Performance of Bihar State Hydroelectric Power Corporation Limited included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Commercial), Government of Bihar. During review period 21 contracts valuing ₹ 36.38 crore (of the Company) were executed. The agreements related to civil works and other miscellaneous works. Three contracts valued ₹ 9.01 crore were reviewed in audit.

Audit findings in this regards are given below:

Inordinate delay in finalization of tender

For execution of Dehra SHP (2*500 KW) and Sipaha SHP (2*500 KW) at estimated cost of ₹ 5.83 crore and ₹ 5.43 crore, funds of ₹ 4.10 crore and ₹ 3.81 crore respectively were sanctioned (May 2003) by NABARD under Rural Infrastructure Development Fund (RIDF) –VIII. Both the projects were to be completed by March 2005. However, we observed that LOI for Dehra SHP was issued after a delay of 36 months in May 2006. But due to dispute regarding price variation clause, the same was cancelled (March 2007) and fresh agreement was entered into (March 2010) at a cost of ₹ 6.18 crore. Thus, due to delay in finalisation of award for works, the Company failed to avail the sanctioned funds. Similar was the case with Sipaha SHP, where the final agreement was executed in February 2010 at a cost of ₹ 6.97 crore for which the LOI was issued in May 2006.

Thus, due to delay in finalization of tender despite the availability of funds, not only was the completion of both the projects delayed but the project cost also enhanced by ₹ 1.89 crore from the initial cost. Due to failure of the Company in execution of the above projects the State was deprived of capacity addition of 2 MW power and annual generation of 8.76MU.

The Company sought the sanction of the execution of the same project in January 2009 from NABARD under RIDF-XIV, but it was also not granted. Further, for sanction of the said project under RIDF-XV, a fresh proposal was submitted (April 2009) by the Company to NABARD but sanction of the same was yet to be granted (November 2010).

The Management stated (September 2010) that both the agencies to whom LOI were issued for the above two SHPs refused to work. Under the circumstances; aforesaid LOI had to be cancelled. However, we observed that lack of penal clause for refusal of contract and inordinate delay in finalisation of fresh tender delayed the execution of the project abnormally which led to increase in cost.

Delay in awarding the works (Paharma SHP-2*0.5 MW)

For execution of above project at an estimated cost of ₹ 5.55 crore the Company invited (April 2001) tender and issued (June 2004) LOI after a delay of 3 years to an agency. This agency refused to execute the work (September 2005) as no provision was made for cost escalation in the LOI. The Company re-invited (February 2006) tender after a delay of four months and awarded the work to another agency in November 2006. Thus, there was delay of over five years in finalization of tender process which was mainly due to poor management decisions. Due to delay in finalization of tender the cost of the project increased by ₹ 5.17 crore²⁰.

The Management in its reply accepted (September 2010) that despite its best efforts to award the work, it could not succeed because of factors beyond its control.

²⁰ revised cost(April 2007) ₹ 10.72 crore–original estimated cost of ₹ 5.55 crore

3.11 Operational Performance

Operations of Generation Company is dependent on input efficiency consisting of material and manpower and output efficiency in connection with Plant Load Factor, plant availability, capacity utilization, outages and auxiliary consumption. These aspects have been discussed below.

Input Efficiency

Procedure for procurement of coal

The Central Electricity Authority (CEA) fixes power generation targets for thermal power stations (TPS) considering capacity of plant, average plant load factor, and past performance. The Board works out coal requirement on the basis of targets so fixed and past coal consumption trends. The coal requirement so assessed is conveyed to the Standing Linkage Committee (SLC) of the Ministry of Energy (MOE), Government of India, which decides the source and quantity of coal supply to TPSs on quarterly basis. On the basis of linkage source approved by SLC, the Board entered into Coal Supply Agreements with collieries. However, the Government of India notified in October 2007 new coal distribution policy and switched over from the linkage regime to firm fuel supply agreement (FSA) with effect from April 2009. Accordingly, Firm Fuel Supply Agreement (FSA) with effect from April 2009 was made on 6th November 2009 between Eastern Coalfields Limited, Burdwan, West Bengal and BSEB for supply of coal of 340000 MT per year.

The position of coal linkages fixed & coal received during the period from 2005-06 to 2009-10 in respect of BTPS was as under:

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Coal Linkage fixed/ FSA(MT)	330000	420000	330000	375000	340000
Quantity of coal received (MT)	160876	46183	142335	67075	291903
Shortfall in coal received (MT)	169124	373817	187665	307925	48097

It would be seen from the Table above that the total linkage of coal for 2005-09 fixed by the SLC was 14.55 lakh MT against which only 4.16 lakh MT of coal was received resulting in short receipt of 10.39 lakh MT. It was observed that this was due to shut down of unit No.6 from March 2006 to November 2007 (for restoration work) and unit No. 7 from 2007-08 onwards. As such BTPS could not utilise even the coal linkages fixed by the SLC

From 2009-10 the FSA became applicable. However, the Management failed to procure agreed quantity of coal (340000MT) during 2009-10. We observed that due to inadequate fuel stock at BTPS unit no. 6 remained under shut down for 966 hours (nearly 40 days) in 2009-10 resulting in loss of generation of 101.50 MU valued at ₹ 30.75 crore, which could have prima facie been controlled by Management.

The Board lost generation revenue of ₹ 30.75 crore due to inadequate fuel stock during 2009-10

Quality of coal

The Board paid ₹ 6.29 crore on procurement of 0.43 lakh MT of inferior/ungraded coal which could have been avoided

Each thermal station is designed for usage of particular grade of coal. Usage of envisaged grade of coal ensures optimizing generation of power and economizing cost of generation. We observed that the grade of coal received from collieries was not always of the specified grade required by the thermal stations and was either inferior or ungraded coal. During 2005-06 to 2009-10, BTPS received 0.43 lakh MT of inferior/ungraded coal, out of 7.08 lakh MT coal received, for which payment was made as per declared/billed grade. This resulted in avoidable payment of ₹ 6.29 crore to the collieries. The Board did not claim any amount towards grade differences as there was no agreement for entertaining such claims.

Consumption of fuel

Excess consumption of coal

The consumption of coal depends upon its calorific value. The norms fixed in the project report for various power generation stations for production of one unit of power in the State vis-a-vis maximum and minimum consumption of coal during the period of five years ending 2009-2010 is depicted in the Table below.

(in Kgs)

Name of the Station	Norms fixed in the project report	Average min consumption during the year	Average max consumption during the year
BTPS unit no.6	0.519	0.954 (2008-09)	1.100 (2005-06)
BTPS unit no.7	0.519	0.954(2005-06)	1.100(2006-07)

(Figures in brackets indicate the year in which the maximum/ minimum consumption was obtained)

Due to procurement of coal of low UHV and high heat rate of TPS, the Board incurred ₹ 48.71 crore on excess consumption of coal during 2005-10

From the above it may be seen that in both the Units, the consumption remained higher than the norms in all the years under review. The consumption above the norms resulted in excess consumption of coal to the tune of 3.17 lakh MT during the review period as detailed in the *Annexure-16*. Thus, the low calorific value, also contributed to excess consumption, which could be prima facie controlled by the Management. The value of this excess consumption of coal worked out in audit amounted to ₹ 48.71 crore as mentioned in the *Annexure-16*. Further analysis revealed that out of 3.17 lakh MT of total excess consumption, 2.37 lakh MT was due to overheat and remaining 0.80 lakh MT due to procurement of coal of low Useful Heat Value (UHV).

3.12 Manpower Management

CEA has prescribed norms for manpower per MW in 10th plan and 11th plan in respect of hydro projects 1.79 (1.53 Technical and 0.26 Non technical staff) and 1.61 (1.38 Technical and 0.23 Non technical staff) respectively. The position of actual manpower, sanctioned strength & manpower as per CEA norms in respect of the company is given below:

Hydel

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Sanctioned strength	457	457	457	457	457
2	Manpower as per the CEA norms	79	83	76	83	85
3	Actual manpower	134	124	118	116	107
4	Excess manpower in respect to CEA norms	55	41	42	33	22
5	Expenditure on salaries (₹ in lakh)	200.00	220.00	249.00	280.00	365.00
6	Extra expenditure with reference to CEA norms (₹ in lakh) [(5/3) x 4]	82.09	72.74	88.63	79.65	75.05
7	Average expenditure on salaries per employee (₹ in lakh)	1.49	1.77	2.11	2.41	3.41

The Company incurred extra expenditure of ₹ 3.98 crore during 2005-10 due to excess manpower

From the above Table it may be seen that actual manpower of the Company declined against the sanctioned strength but remained higher than CEA norm. The expenditure incurred on salaries per employee increased from ₹ 1.49 lakh to ₹ 3.41 lakh i.e. 128.85 *per cent* during the period under review mainly due to revision of pay of the employee under 6th pay commission. The excess manpower as compared to CEA norms resulted in extra expenditure of ₹ 3.98 crore.

Thermal (BTPS)

The position of actual manpower, sanctioned strength and manpower as per CEA norms in respect of the BTPS is given below:

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Sanctioned strength	921	921	921	921	921
2	Manpower as per the CEA norms	564	564	506	506	506
3	Actual manpower	729	777	643	635	586
4	Expenditure on salaries (₹ in crore)	16.43	17.71	19.82	21.72	30.46
5	Average expenditure on salaries per employee (₹ in lakh)	2.25	2.28	3.08	3.42	5.20

It may be seen from the above Table that actual manpower decreased from 729 to 586 under the review period but the sanctioned strength was not regulated nor the employee were transferred elsewhere even though only one unit of 110 MW was in operation at a time during 2006-07 to 2009-10, against the installed capacity of 320 MW.

Despite having excessive manpower, the BTPS was regularly employing temporary/contract staffs for regular jobs such as housekeeping, cleaning of coal handling plant, cleaning of condenser etc. During 2005-10 generating station deployed on an average 208 temporary employees for such jobs by incurring an expenditure of ₹ 2.94 crore. Besides, overtime had regularly been paid to the regular staff. An analysis of the same revealed that yearly overtime paid ranged from 45900 to 56850 hours equivalent to the duty hours of 5737 to 7106 employees during 2005-10. The overtime wages paid by BTPS during the period of review works out to ₹ 3.61 crore. However, no action was taken to rationalise the staff strength or explore ways to utilise them optimally.

The Management stated (October 2010) that in addition to generation, the activities of electrical control of switchyard and maintenance of its feeders are performed with existing manpower.

3.13 Output Efficiency

Shortfall in generation

The targets and shortfall in generation of thermal and hydel power during 2005-06 to 2009-10 is shown in the following table:

Year	Thermal			Hydel		
	Target (MU)	Actual (MU)	Shortfall (MU)	Target (MU)	Actual (MU)	Shortfall (MU)
2005-06	418	120.95	297.05	65.00	72.75	-7.75
2006-07	210	37.25	172.75	63.50	68.61	-5.11
2007-08	315	132.75	182.25	72.75	61.48	11.27
2008-09	310	102.94	207.06	69.53	60.37	9.16
2009-10	360	264.71	95.29	71.00	34.66	36.34
Total	1613	658.60	954.40	341.78	297.87	43.91

Thermal

The targets for generation of thermal power for each year are fixed by the Central Electricity Authority. We observed that the BTPS was able to generate a total of 658.60 MU of energy during 2005-06 to 2009-2010 against a target of 1613 MU fixed. This resulted in a net shortfall of 954.40 MU. Management stated that the targets were being fixed by CEA based on installed capacity and hence they were not realistic given the conditions of the units.

Hydel

The targets for generation of hydro power for each year are fixed by the Company and approved by the Central Electricity Authority. It was observed that the Company was able to generate a total of 297.87 MU of power during 2005-06 to 2009-10 against a target of 341.78 MU fixed. This resulted in a net shortfall of 43.91 MU.

The reasons for shortfall in generation were mainly due to non availability of water in canals, on which hydel units were located, power tripping etc. In

2009-10 actual generation was especially low due to restoration and strengthening work of Koshi & Gandak canals.

The year-wise details of energy to be generated as per design, actual generation, plant load factor (PLF) as per design and actual plant load factor in respect of the power Projects commissioned up to March 2010 are as given in *Annexure- 17 and 18*.

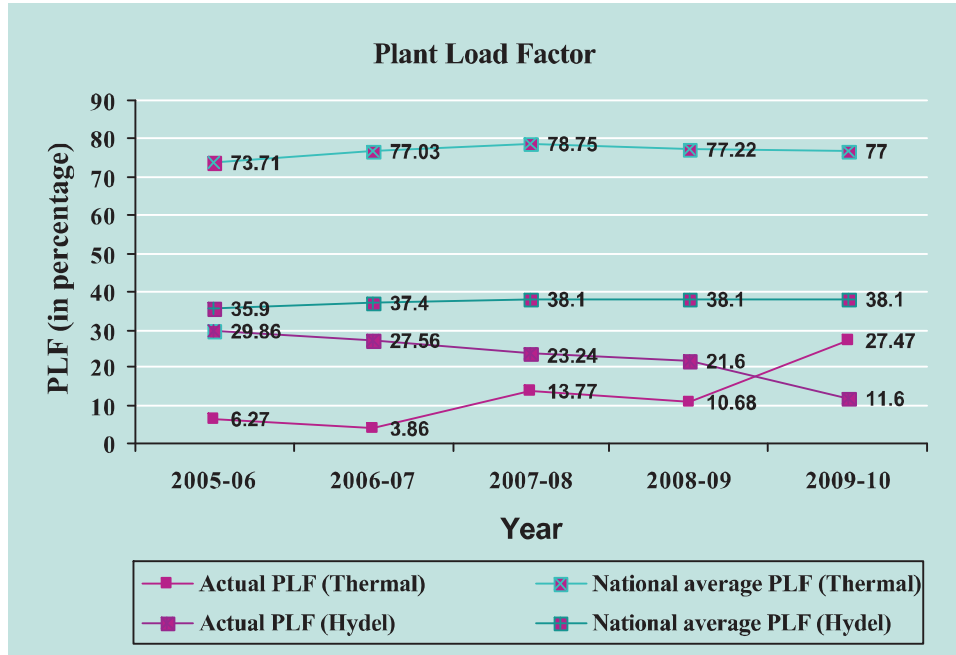
The details in the *Annexure-17 and 18* indicate that:

- The actual generation and actual PLF achieved were far below the energy to be generated and PLF as per design during the five years up to 2009-2010.
- As against the total designed generation of 5781.60 MU and 1321.36 MU of energy in respect of Thermal and Hydro Power during the five years ended 2009-2010 the actual generation was 658.60 MU and 297.87 MU respectively leading to the shortfall of 6146.49 MU .

Low Plant Load Factor (PLF)

Thermal

Plant load factor (PLF) refers to the ratio between the actual generation and the maximum possible generation at installed capacity. According to norms fixed by Central Electricity Regulatory Commission (CERC), the PLF for thermal power generating stations should be 80 per cent , against which the national average was 76.74 per cent.



The PLF of BTPS ranged from 3.86 to 27.47 during the five year ended March 2010 as depicted in line graph above.

Hydel

The national PLF for hydro power generating stations ranged between 35.90 and 38.10 *per cent* during 2005-06 to 2007-08²¹, against which the average PLF of the company declined from 29.86 to 11.60 *per cent* during the five year ended March 2010 as depicted above.

The details of average realization *vis a vis* average cost per unit, PLF achieved, average realization at national PLF, PLF at which average cost would be recovered and the difference of PLF in *per cent* in respect of hydel and thermal are given in the following Table:

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Average Realisation (Paise per Unit)					
	Hydel	192	198	198	180	200
	Thermal	267	288	310	324	303
2.	Average Cost (Paise per Unit)					
	Hydel	229	302	448	519	946
	Thermal	521	1234	558	590	482
3.	Actual PLF (<i>per cent</i>)					
	Hydel	29.86	27.56	23.24	21.60	11.60
	Thermal	6.27	3.86	13.77	10.68	27.47
4.	National PLF (<i>per cent</i>)					
	Hydel	35.90	37.40	38.10	38.10	38.10
	Thermal	73.71	77.03	78.75	77.22	77
5.	PLF at which average cost stands recovered (<i>per cent</i>) (2/1 X 3)					
	Hydel	35.61	42.04	52.58	62.28	54.87
	Thermal	12.23	16.54	24.79	19.45	43.70
6.	Difference (in <i>per cent</i>) (4 – 3)					
	Hydel	6.04	9.84	14.86	16.50	26.50
	Thermal	67.44	73.17	64.98	66.54	49.53

From the above Table it may be seen that actual PLF of the generating units of the Board and the Company was lower than the national PLF. This resulted in estimated shortfall in thermal generation by 3749.09 MUs (at national PLF) during 2005-06 to 2009-10. Similarly, it could be seen that the estimated shortfall in hydel generation works out to 203.80 MUs (at the national average PLF) during 2005-06 to 2009-10 resulting in loss of contribution amounting to ₹ 39.59 crore.

The main reasons for the low PLF were:

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

The Board lost generation of 3749.09 MU due to operating below National PLF during 2005-10 while the Board and the Company lost contribution of ₹ 39.59 crore during the same period

²¹ Figures of National PLF for hydro stations were not available for 2008-09 and 2009-10. Therefore, figure of 2007-08 has been considered for comparison purpose only.

- low discharge of water for hydro units
- Shut down of plant due to power tripping etc.

These are discussed in the following paragraphs:

Low plant availability

Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period. The details of total hours available, total hours operated, planned outages, forced outages and overall plant availability in respect of hydel and thermal units are shown below:

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Total hours available					
	(i) Hydel ²²	96360	96360	96624	96360	96360
	(ii) Thermal ²³	17520	17520	8784	8760	8760
1 A	Maximum possible hours ²⁴ for Hydel units (2/3 rd of 1(i))	64240	64240	64416	64240	64240
2.	Operated hours					
	(i) Hydel	33409	32888	28260	26877	16359
	(ii) Thermal	3809	1217	2458	1635	4917
3.	Planned outages (in hours)					
	(i) Hydel	12996	22305	28945	36410	30304
	(ii) Thermal	1565	14043	4578	13	66
4.	Forced outages (in hours)					
	(i) Hydel	17835	9047	7211	953	17577
	(ii) Thermal	12146	2260	1748	7112	3777
5.	Plant availability (<i>per cent</i>)					
	(i) Hydel (2(i)*100/1A)	52.01	51.20	43.87	41.84	25.47
	(ii) Thermal	21.74	6.95	27.98	18.66	56.13

As against the CERC norm of 80 *per cent* plant availability of thermal plant during 2004-09 and 85 *per cent* during 2010-14, the average plant availability of BTPS ranged from 6.95 to 56.13 *per cent* during the five years up to 2009-10.

Similarly, the average plant availability of the Company ranged from 25.47 to 52.01 *per cent* during the five years up to 2009-10.

²² Four hydel plants selected for audit scrutiny (at Barun, Dehri-on-Sone, Kataiya and Valmikinagar) having 11 running units (8760 available hours yearly for each unit) have been taken.

²³ One thermal plant having two running units has been taken. One unit was not in operation during 2007-10.

²⁴ Considering only 2/3 of the total available hours as actual available hours, due to non-availability of water for about four months in a year during closure of canals by Irrigation Department.

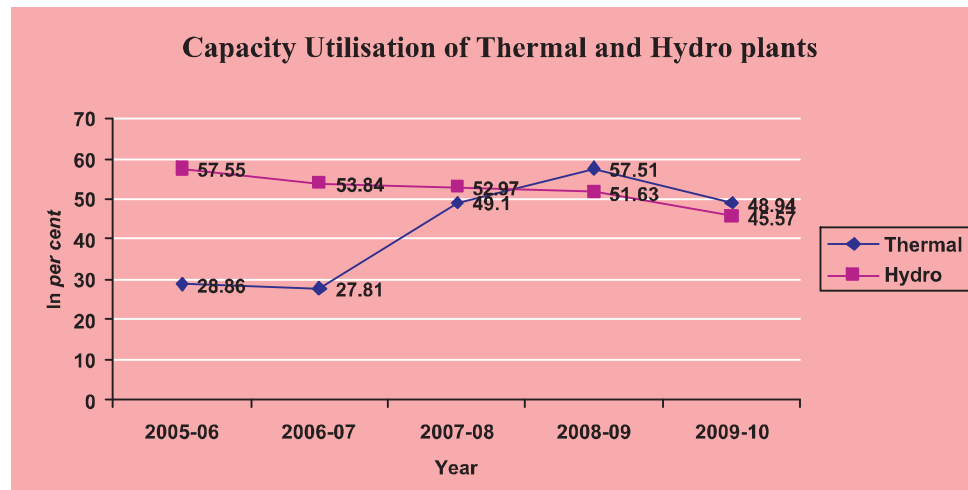
The low availability of thermal Power plants was due to longer duration of outages caused by electric tripping, breakdown of machines, shortage of coal, non-adherence to maintenance schedule of the units and other critical inputs.

An analysis of the outages of unit no. 6, revealed that this unit remained under outages for 31995 hours during 2005-06 to 2009-10 which was 73 per cent of the total available hours. Out of these, 14975 hours (34 per cent) was under planned outages and 17020 hours (39 per cent) was under forced outages. The reason for such a huge outages was attributable to non-adherence of maintenance schedule, extra time taken in carrying out Boiler, Turbo-Generator work (BTG work) and inadequate stock of fuel for operation of unit.

Similarly, the low availability of hydel Power plants was due to longer duration of outages caused by non-availability of water, low discharge of water, electric tripping, breakdown of machines and other critical inputs.

Low Capacity Utilisation

Capacity utilisation means the ratio of actual generation to possible generation during actual hours of operation. The average capacity utilisation of two units of the thermal plant of BTPS and capacity utilisation of four hydel plants during 2005-06 to 2009-10 has been shown in the graph below:



From the above graph it may be seen that the average capacity utilisation of two units of BTPS and four hydro plants of the Company ranged from 27.81 per cent to 57.51 per cent and 45.57 to 57.55 per cent respectively during 2005-10.

The main reasons for the low utilisation of available capacity during 2005-10, as analysed in audit were:-

- Poor health of TPS;
- Running of units with partial load ;
- Constraints on transmission capacity; and
- Non- availability of design discharge of water for hydel units etc.

Outages

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

Thermal

The total number of hours lost due to planned outages remained 1565 hours (for unit no.6&7) in 2005-06 to 66 hours(unit no.6 only) in 2009-10 The forced outages in power stations remained 12146 hours (unit no.6&7) in 2005-06 to 3777(unit no.6 only) hours in 2009-10 of the total available hours in the respective years. The forced outages ranged between 12.90 and 81.19 *per cent* which was more than the norm of 10 *per cent* fixed by CEA in all the five years. Compliance of the CEA norms would have entailed availability of plant for additional hours with consequent generation of 2396.21 MU during the period covered under review. This was mainly due to non-adherence of maintenance schedule and non-execution of R&M/LE work.

Hydel

The total number of hours lost due to planned outages increased from the 12996 hours in 2005-06 to 30304 hours in 2009-10 i.e. from 20.23 *per cent* to 47.17 *per cent* of the total available hours in the respective years. Main reason for planned outages was closure of canals for upkeep.

The forced outages in power stations decreased from 17835 hours in 2005-06 to 17577 hours in 2009-10 i.e. from 27.76 to 27.36 *per cent* of the total available hours in the respective years. The forced outages remained more than the norm of 10 *per cent* fixed by CEA in all the five years ending 31 March 2010. The main reasons for forced outages were non-availability of water, transmission constraints; system disturbances i.e. frequent power tripping, flood in Koshi river and high silt in the Koshi and Gandak rivers etc.

Auxiliary consumption of power

Thermal

Energy consumed by power stations themselves for running their equipments and common services is called auxiliary consumption. The permissible limit of auxiliary consumption was 10 *per cent* of the power generated to be used as per norms fixed by the Management. However, the actual auxiliary consumption of power ranged from 12.37 *per cent* in 2008-09 to 28.59 *per cent* in 2006-07 resulting in excess consumption of 39.17 MU which could not be dispatched to the grid.

Hydel

Bihar Electricity Regulatory Commission (BERC) allowed (December 2009) 0.5 *per cent* of the power generated to be used as auxiliary consumption. However, the actual auxiliary consumption of power stations ranged between 2.43 *per cent* in 2005-06 and 2.42 *per cent* in 2009-10 resulting in excess consumption of 9.80 MU valuing ₹ 1.90 crore.

The Board and the Company sustained loss in generation of 48.97 MU on account of excess auxiliary consumption which could have been avoided during 2005-10. Besides, the Company lost ₹ 1.90 crore due to excess auxiliary consumption

The Management stated (September 2010) that the norm fixed by the BERC of 0.5 *per cent* is true for a big project. But, for a small canal based project it is not possible to achieve due to canal remaining closed for four months. Moreover, canal based SHPs are mostly located in disturbed area, colony lighting is accounted for in auxiliary consumption. However, it may be mentioned here that the company has not filed any objection petition with BERC in this regard

3.14 Repairs & Maintenance

To ensure long term sustainable levels of performance, it is important to adhere to periodic maintenance schedules. Non adherence to schedule carry a risk of the equipment consuming more coal, fuel oil and a higher risk of forced outages which necessitate undertaking R&M works. These factors lead to increase in the cost of power generation due to reduced availability of equipments which affect the total power generated.

We observed that annual maintenance of units of BTPS was not done regularly. For unit no. 6 of BTPS, first and last capital maintenance was done during October 1988 to November 1989. Similarly for unit no. 7, first and last capital maintenance was done during July 1992 to May 1993. Thus, the delayed/irregular maintenance caused continuous deterioration in the condition of machines causing forced outages besides increased consumption of oil, coal and loss of generation of power as discussed in the input performance.

In respect of hydro units, we observed that repair and maintenance work was being done almost on regular basis by the contracted agencies engaged in housekeeping works for which separate work orders were issued to the agencies without inviting tenders.

3.15 Renovation & Modernisation

Renovation & Modernisation (R&M) and refurbishment activities involve identification of the problems of unit of TPS, preparation of techno economic viability reports, preparation of detailed project reports (DPR) to lay down benefits to be achieved from these works.

R&M activities are aimed at overcoming problems in operating units caused due to generic defects, design deficiency and ageing by re-equipping, modifying, augmenting them with latest technology/systems. R&M activities are undertaken in TPS operating at Plant Load Factor (PLF) of 40 *per cent* and below after assessing the performance and requirement of the units.

Thermal

Delay in R&M work of units at BTPS

For Residual Life Assessment/Renovation and Modernization (RLA/R&M) of unit no. 6 & 7 at Barauni TPS, letter of intent (LOI) was placed (July 2005) on M/S BHEL on turnkey basis at a total cost of ₹ 187.00 crore, on the recommendations (May 2005) of Planning Commission, Government of India under (Rastriya Sam Vikas Yojna) RSVY scheme. But, in place of execution of R&M work which is life extension programme for the work, the restoration

The Board lost generation of 3.49 MU on avoidable planned outages of 11817 hours w.r.t. unit 6 while executing restoration work in 2006-07

work (temporary repair and maintenance work for running the plant) of unit No. 6 of BTPS was carried out during March 2006 to November 2007 and in case of unit no.7, the work was started in June 2010 and is still in progress (November 2010). Thus, due to delay in R&M work, generations from unit no. 7 could not be achieved due to shut down /idle since August 2006.

We observed that restoration work of unit no.6 was started in March 2006 and was to be completed within 90 days (2160 Hours). However, the work was completed in November 2007 which increased the planned outages for the unit to 13977 hours, out of which 11817 hours was avoidable. Considering 6.95 per cent plant availability and 3.86 per cent PLF of the station during 2006-07, the loss in generation was 3.49 MU.

The details of delay in taking up of maintenance of Units in BTPS are given in *Annexure – 19*.

Hydel

During 11th Five year plan (2007-08 to 2011-12) the company envisaged construction of escape channels at Dehri SHP (estimated cost ₹ 6.05 crore) and at Valmikinagar SHP (estimated cost ₹ 11.65 crore) and renovation and modernisation of Kataiya SHP (estimated cost ₹ 35.00 crore). But the works were behind the schedule as discussed below.

Loss of generation due to non-construction of escape channel

Dehri (1993) and Valmikinagar (1995) plants were commissioned with minimum essential operating facilities. These plants had the potential to become more viable with incorporation of certain features such as automation of gates, construction of escape channels²⁵ among others. For construction of escape channels, provision was made in the DPR, so that after generation, water may be sent back to the river through such escape channels. But, the company was neither able to generate funds from its own sources nor mobilize funds from other sources.

For construction of escape channels agreements were executed in October 2007 and November 2008 with agencies (M/S Gandak Construction Private Limited, Bagaha, West Champaran for escape channels at Valmikinagar project to be completed in six months and M/S Purochan Construction Company Private Limited, Patna for escape channels at Dehri project to be completed in 12 months) but, the work was yet to be completed (November 2010).

Thus, due to lack of construction of escape channels in these projects, 211.80 MU of energy valued at ₹ 42.36 crore could not be generated during the last five years ending March 2010 (considering closure of canals due to no irrigation demand, for a maximum of four months in two stretches every year, for the above projects).

The Company lost ₹ 42.36 crore on account of generation revenue due to non-construction of escape channel

²⁵Escape channel means the channel constructed and linked to main canal at upstream and to main river in the downstream, so that water flowing in main canal may discharge back to main river after passing through the hydel generating units.

The Management stated (September 2010) that Rural Electrification Corporation (REC) sanctioned loan (2006) for escape channel in Dehri and Valmikinagar but the Government of Bihar did not agree for guarantee. Now loans are being arranged from the NABARD.

Delay in R&M of Kataiya SHP

The company proposed (February 2007) to carry out renovation & modernization of Kataiya SHP with estimated cost of ₹ 35.00 crore (constructed and commissioned during 1970-73 and transferred by BSEB in June 2003). For this a loan of ₹ 32.84 crore was granted (March 2007) to the Company by the State Government. The work was to be completed by March 2010 as per 11th plan. But, the work was yet to be started (November 2010).

The Management stated (September 2010) that LOI issued (May 2008) for the said work was cancelled due to floods in Koshi river. Fresh tender has been invited (November 2009) and LOI has been issued (August 2010). Thus, the reply explicitly admits that there is inordinate delay in finalisation of tenders resulting in delay in R& M of Kataiya SHP.

Operation & Maintenance

The operation and maintenance (O&M) cost includes expenditure on the employees, repair & maintenance including stores and consumables, consumption of capital spares not part of capital cost, security expenses, administrative expenses etc. of the generating stations besides corporate expenses apportioned to each generating stations etc. but exclude the expenditure on fuel.

CERC in its regulation 2009 allowed O&M norm for 2009-10 of ₹ 18.20 lakh per MW in respect of 200-250 MW capacity thermal power units. As thermal units of the Board were of 110MW i.e. below 200MW, the above norm was not applicable. However, the cost of O&M per MW in BTPS ranged from ₹ 42.64 lakh to ₹ 75.81 lakh during 2005-10.

In respect of Hydro generating power stations, O&M expenses per MW for 2009-10 were fixed at ₹ 38.45 lakh. Against the above mentioned norms the total O&M cost per MW incurred by the Company was ₹ 24.65 lakh, ₹ 28.83 lakh, ₹ 30.59 lakh, ₹ 38.60 lakh and ₹ 50.35 lakh from 2005-06 to 2009-10. Audit observed that O&M expenses were higher than the norms fixed by CERC in the year 2008-09 and 2009-10.

3.16 Financial Management

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

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

Details of sources and utilisation of resources on actual basis for the Company for the years 2005-06 to 2009-10 are given below:

Hydel

(₹ in crore)

The following is the Cash Flow Statement for the period of review.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Cash Inflow						
1.	Net Profit/(loss)	(0.13)	(3.49)	(8.22)	(13.69)	(22.14)
2.	Add: adjustments	8.80	10.12	13.34	15.15	20.65
3.	Operating activities	13.65	13.01	11.81	10.79	7.14
4.	Investing activities (Interest)	0.44	0.97	3.70	3.03	2.69
5.	Financing activities	21.31	71.00	37.81	23.51	45.72
	Total	44.07	91.61	58.44	38.79	54.06
Cash Outflow						
6.	Operating activities	9.98	18.83	16.53	9.73	14.51
7.	Investing activities on projects under constructions	29.11	43.68	43.77	30.14	26.44
8.	Financing activities	-	-	-	-	-
9.	Total	39.09	62.51	60.30	39.87	40.95
	Net increase/decrease in cash/cash equivalent	4.98	29.10	(1.86)	(1.08)	13.11

From the above table it may be seen that the net cash (including cash equivalent) decreased in 2007-08 and 2008-09. This was mainly due to improper financial management. Further detailed analysis of financial position revealed that dependence on borrowed funds increased during review period as the same increased from ₹ 290.26 crore in 2005-06 to ₹ 499.60 crore as at the end of 2009-10. This entailed interest burden of ₹ 50.53 crore during review period ultimately increasing the operating cost of the Company. Therefore, there is an urgent need to optimise internal resource generation by enhancing the PLF and vigorous pursuance of outstanding dues as well as effective recovery of energy bills.

The Company sustained a net loss of interest of ₹ 8.40 crore on borrowed fund invested in 2006-07

It was also observed that the Company could not utilise the available funds for the intended purposes and kept the funds in current account/ short term deposits from time to time. The Company invested funds of ₹ 32.84 crore raised (March 2007) as loan from State Government for Kataiya SHP (R&M works) in short term deposits initially for 50 days and subsequently renewed them from time to time up to a maximum period of 36 months earning interest at rates ranging from 4.50 to 10.50 *per cent* per annum. The Company created an interest liability of ₹ 12.81 crore at the rate of 13 *per cent* on this loan, whereas interest earned on this fund amounted to ₹ 4.41 crore till March 2010 resulting in avoidable expenditure on interest of ₹ 8.40 crore.

The main source of revenue of Board is tariff revenue received from different categories of consumers against the sale of power. The other source of revenue are non tariff revenues i.e. sale of tenders, loans and grants from the State Government. Board also receives subsidy from the State Government as Resource Gap to meet its revenue deficit.

3.17 Claims and Dues

The Generation Company sells energy to Transmission/Distribution Companies at the rates specified by BERC from time to time. BERC fixed the tariff rates after considering various economic and other factors. Generally sale price does not cover the total input costs. The differential amount is either absorbed by the Generation Company or claimed in the form of subsidy from the State Government if supplies are affected at concessional rates.

As the unbundling of the Board had not been done and it continued with the function of generation, transmission and distribution, the Table below gives the details of subsidy claims raised as Resource gap to meet revenue deficit vis-a-vis subsidy realised by the Board for the same during the review period.

(₹ in crores)

Sl. No.	Details	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1.	Subsidy claims raised	844.00	834.87	873.28	798.70	910.08	4260.93
2.	Subsidy received from State Government	-	720.00	720.00	720.00	840.00	3000.00
3.	Difference (1 – 3)	844.00	114.87	153.28	78.70	70.08	1260.93

It would be seen from the above table that during 2005-06 to 2009-10 a total sum of ₹ 4260.93 crore was claimed from the State Government towards subsidy, of which only ₹ 3000.00 crore was reimbursed by the State Government leaving a balance of ₹ 1260.93 crore unreimbursed.

In case of Company, we observed that no differential amount was claimed by the Company in the form of subsidy from the State Government even if supplies were effected at concessional rates.

3.18 Tariff Fixation

The Company/Board is required to file the application for approval of Generation Tariff for each year 120 days before the commencement of the respective year or such other date as may be directed by the Commission. The Commission accepts the application with such modifications /conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders, issue an order containing targets for controllable items and the generation tariffs for the year within 120 days of the receipt of the application.

It was observed that the Company delayed in filing the tariff petition for the year 2009-10. In place of filing the tariff petition on or before 15 November 2008, it was filed on 31 March 2009. The Bihar Electricity Regulatory Commission issued (22 December 2009) the order effective from 1 December 2009. Thus, due to belated submission of tariff petition by the Company it could not be implemented in time and resulted in loss of revenue of ₹ 1.32 crore for the period from April 2009 to November 2009.

We observed that the commission did not allow the penal interest of ₹ 16.89 lakh and interest on Capital of ₹ 95.71 lakh adding to the loss of the Company. However, this expenditure was controllable and could be avoided.

The Company lost revenue of ₹ 1.32 crore due to belated submission of tariff petition during 2009-10

The Board did not file any separate tariff petition pertaining to generation activities. Since BERC was set up in May 2005, no tariff petition for 2005-06 was considered for filing. However the general tariff petition was filed by the Board belatedly in 2006-07. Further, the tariff petition for 2007-08 and 2009-10 were rejected by BERC due to delayed filing.

3.19 Environmental Issues

In order to minimize the adverse impact on the environment, the GOI had enacted various Acts and statutes. At the State level, Bihar Pollution Control Board (BPCB) is the regulating agency to ensure compliance with the provisions of these Acts and statutes. Ministry of Environment and Forests (MoE&F), GOI and Central Pollution Control Board (CPCB) are also vested with powers under various statutes. The Board/ Company did not have an environmental wing at the corporate office.

Our scrutiny relating to compliance with the provisions of various Acts in this regard revealed the following:

3.20 Air Pollution

Clean Development Mechanism

To save the earth from green house gases(GHG) a number of countries including India signed the Kyoto protocol (Protocol), which was adopted (December 1997) in the third conference of parties to the United Nations Framework Convention on Climate Change [UNFCCC]. UNFCCC had set the “standard” level of carbon emission allowed for a particular industry or activity. The extent to which an entity is emitting less carbon (as per standard fixed by UNFCCC) it gets credited for the same. The booking of such saving of GHG is called purchase of certified emission reduction (CER), commonly called carbon credits. This whole system is named clean development mechanism (CDM).

For sale of CER, registration of the power plant is required as a CDM project with UNFCCC. The power plants that commenced operations on or after 1 January, 2000 are eligible for registration by submitting the request with the Ministry of Environment and Forest (MOE&F), Government of India. We observed that the Company earned 49248 CER from 18 projects (17.1 MW) valued at ₹ 23 crore at the end of November 2010. But till date, no CER had been sold by the Company (November 2010).

Non-achievement of specified SPM levels even after up-gradation

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

ESPs installed at BTPS were designed to achieve an SPM level of 378 mg per Nm³. No efforts were made by the Board for up gradation of existing ESPs or for installation of new ESPs. Consequently, desired SPM level (150 mg per Nm³) could not be achieved in the areas surrounding BTPS.

Installation of on-line monitoring equipment

As per the provisions of the Environment (Protection) Act, 1986, TPSs should provide on-line monitoring systems to record SPM levels. But there was no on-line monitoring equipment installed at BTPS to record SPM levels in violation of statutory provisions.

Use of high ash content coal

As per MoE&F notification (July 2003) coal based power stations located 1,000 KM away from the coal mine or located in urban, sensitive and critically polluted areas were required to use coal having less than 34 *per cent* ash on an annual weighted average basis. We observed that BTPS used coal obtained from colliery of Eastern Coalfields Limited (ECL), West Bengal, which is located more than 500 KM away. During review period, BTPS received 7.08 lakh MTs of coal, in which the weighted average of ash ranged from 41.27 to 46.24 *per cent*. However, the ash content could have been brought down by the Board in the larger environmental interest by washing the coal through washeries and beneficiation. However, no action was taken in this regard.

Ash disposal

Annual generation of fly ash from running units of BTPSs in the State was around 17825 MTs to 107349 MTs during review period. MoE&F issued a notification (September 1999) which provided that every thermal plant should supply fly ash to building material manufacturing units free of cost at least for 10 years. Our scrutiny of generation and disposal of fly ash for the years under review revealed that against the total fly ash of 287430 MTs generated in the BTPS, only 51852 MTs was disposed of. This suggested that no concerted effort was made to improve the utilisation of ash.

The Management stated (October 2010) that it has always allowed ash supply to needy person/Company. The reply is vague as it does not specifically mention quantity of ash disposed of year wise.

3.21 Noise Pollution

Noise Pollution (Regulation and Control) Rules, 2000 aim to regulate and control noise producing and generating sources with the objective of maintaining ambient air quality. To achieve the above, noise emission from equipment be controlled at source, adequate silencing equipment should be provided at various noise sources and a green belt should be developed around the plant area to diffuse noise dispersion. The TPSs are required to record sound levels in all the areas stipulated in the rules referred to above. The prescribed noise level in morning hours was 65 db and in night hours it was 55 db. However our scrutiny revealed that there was no device installed at BTPS to record noise level which was in violation of the statutory provisions.

3.22 Water pollution

The waste water of the power plant is the source of water pollution. As per the provisions of the Water (Prevention & Control of Pollution) Act, 1974, the TPSs is required to obtain the consent of BPCB which inter-alia contains the conditions and stipulations for water pollution to be complied with by the TPSs. However, the BPCB has not prescribed any norms in this regard.

As per the norms prescribed by Central Pollution Control Board (CPCB), total suspended solids (TSS), in effluents from the TPSs should not exceed 100 mg per litre. We noticed (May 2010) that TSS in effluent discharges from BTPS ranged from 119 mg per litre (2009-10) to 123 mg per litre (2005-06). The main reasons for exceeding TSS standards were absence of sedimentation tanks and ineffective functioning of effluent treatment plants. As both the reasons are controllable, effective and time bound steps could have avoided the irreparable damage caused to the water bodies.

3.23 Monitoring by top management

Board/ Company play an important role in the State economy. For such a giant organisation to succeed in operating economically, efficiently and effectively, there should be documented management systems of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. Our review of the system existing in this regard revealed that the Company compiles generation data on daily basis. However, other operational/financial parameters are collected in an ad hoc manner on need basis. In case of Board the generation station maintain the data which are used by the Board on need basis. As such there is no well laid down system for compilation, consolidation, review or monitoring of operational /financial parameters either in the Company or in the Board. Further, the following deficiencies were noticed in this regard.

- The Board/Company did not set the targets for important operational parameters.
- The Board/ Company did not devise a proper MIS.
- The Board of Directors (BoD) did not discuss the operational/ financial performance of the Board / Company.
- The BoD did not evaluate the socio economic parameters to analyse the success rate of the project or positive impact on the socio economic parameters.
- The Aggregate Revenue Requirement was filed belatedly by the Company with the BERC in 2009-10.

Conclusion

- **The Company and the Board could not keep pace with the growing demand of power in the State due to non-commencement of commercial production and non execution of R & M/LE work of the existing units respectively.**
- **The management of the projects under the Company was ineffective as there were instances of time and cost overrun in all the projects taken up during 2005-10.**

- **Operational performance of the thermal plant was also affected due to short receipt as well as inferior quality of coal. Low thermal efficiency and high heat rate caused excess consumption of coal.**
- **Plant load factor, plant availability and capacity utilization in the Company showed a declining trend since 2005-06 while in the case of Board the same parameters showed varied trend. In both, the plant load factor remained less than national average.**
- **The Company and the Board did not deploy man power in accordance with the prescribed CEA norms.**
- **The top management did not take corrective measures to enhance the operational performance of the plants.**
- **Environmental statutes were not adhered to in the BTPS.**

Recommendations

The Company and the Board must:-

- **evolve effective planning for capacity addition to keep pace with growing demand to overcome the shortage of power;**
- **evolve effective monitoring mechanism to establish new power generating stations/units;**
- **take effective steps to ensure the consumption of coal within the prescribed norms;**
- **ensure adequate plant load factor, plant availability and capacity utilisation by minimising outages and auxiliary consumption;**
- **rationalise their manpower allocation to ensure optimum utilisation;**
- **enhance the use of beneficiated coal in case of high ash content coal and ensure effective compliance relating to environmental laws; and**
- **evolve an MIS to exercise effective management control over generation activities.**

Chapter-IV

Transaction Audit Observations

Important audit findings emerging from test check of transactions of the State Government companies/statutory corporations are included in this Chapter.

Government companies

Bihar State Food and Civil Supplies Corporation Limited

4.1 Irregular grant to Chief Minister Relief Fund: ₹ four crore

The decision of the Company to give donation of ₹ four crore without prior approval in its general meeting, not only led to violation of the provisions of the Act but was also against the canons of financial prudence.

Section 293(1) (e) of the Companies Act, 1956 restricts the powers of the Board of Directors of a public/private company to contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees, any amount the aggregate of which within any financial year does not exceed fifty thousand rupees or five *per cent* of its average profit during the last three years, whichever is greater. Where the contribution exceeds the aforesaid limit, the same must be done with the prior consent of the Company in General Meetings.

We observed (March 2010) that Bihar State Food & Civil Supplies Corporation Limited (Company), a public limited company, contributed (August 2007) ₹ one crore (16.23 *per cent* of its average profit during the last three years) and again contributed (July 2008) ₹ three crore (60.61 *per cent* of its average profit during the last three years) to Chief Minister Relief Fund. Since the contributions exceeded the limits specified by the Act, prior consent of the Company in the general meeting was required to be obtained, but the same was not done by the Company.

Thus, the action of the Company to give donation of ₹ four crore (₹ one crore during 2007-08 and ₹ three crore during 2008-09) without prior approval in its general meeting, and in excess of five *per cent* of its average profit during the last three years was not only in violation of the Act but also against the canons of financial prudence.

The Management stated (June 2010) that ex-post facto approval under section 293 (1) (e) of the Companies Act, 1956 for payment of ₹ four crore to Chief Minister Relief Fund would be taken in the next Annual General Meeting (AGM).

The reply is not acceptable as no specific call on the Company to contribute to the Fund was found on record. Further, this issue cannot be regularised ex-post facto as all the powers under the section are exercisable only with the prior consent of the Company in general meeting.

The Company should ensure compliance with the provisions of the Companies' Act prior to making any contribution to charitable and other funds not directly relating to the business of the Company or the welfare of its employees.

The matter was reported to the Government (April 2010); its reply is still awaited (December 2010).

4.2 A Arrears in finalisation of accounts of Bihar State Food & Civil Supplies Corporation Limited

Delay in finalisation of accounts by Bihar State Food & Civil Supplies Corporation Limited may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

Section 210 of the Companies Act, 1956 read with Sections 166 and 216, requires the Board of Directors of a Company to place the Accounts of the Company along with Auditor's Report (including supplementary comments of C&AG) in the Annual General Meeting (AGM) of the shareholders within six months of the close of its financial year. Further, an Annual Report on the Government Companies is required to be placed in the Legislature as required under Section 619 A (3) of the Act. As per Section 210 (5), if any person, being a Director of a Company, fails to take all reasonable steps to comply with the provisions of Section 210, he shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to ten thousand rupees or with both. Similar provision exists under Section 210(6) in respect of a person who is not a Director but is charged with the duty of ensuring compliance with Section 210.

In spite of above provisions in the Companies Act, Bihar State Food & Civil Supplies Corporation Limited (Company) has not been finalising its accounts in time and there were arrears of 20 years (1989-90 to 2008-09) in finalisation of its accounts as of 31 March 2010. The Company has finalised its accounts up to 1988-89. Audit has been bringing out the arrears in finalisation of accounts to the notice of the State Government (Chief Secretary/ Principal Secretary of the Administrative Department). However, there has been no effective action to liquidate the arrears during past three years. (There were arrears of 19 years in finalisation of its accounts as of 31 March 2007). The Government has already made an investment in the Company of ₹ 125.85 crore (Equity: ₹ 5.27 crore, Loans: ₹ 120.58 crore) during the period for which the accounts have not been finalised.

The reasons for delay were not meeting the queries of Statutory auditors on the accounts by the Company. For example queries on the accounts of 1989-90 with reference to (i) Difference in the opening balance of Profit & Loss accounts as provided in the accounts of the Company (ii) unreconciled balances of Head office and units (iii) showing of Godown shortage/ Excess as assets in the accounts of the units etc. has still not been met by the Company (June 2010).

Management in its reply (August 2010) stated that delay in finalisation of accounts of the Company was mainly attributable to the non-cooperative

attitude of statutory auditors. The reply is not tenable since the Company failed to furnish certain information asked for by the statutory auditors in the absence of which they are unable to finalise their audit report.

Under such circumstances, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the funds were invested has been achieved or not and thus Government's investment in the Company remains outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

A fall out of Delay in finalisation of Accounts leading to deficient internal control and monitoring system resulted into non-realisation of proceeds of Bank drafts amounting to ₹ 0.24 crore is enumerated below:

B. The State Government makes district-wise allotment of wheat and rice for distribution under various schemes to the Company. The Company after receipt of advance money from the Fair Price Shop (FPS) dealers, procures foodgrains and supplies them to the dealers as per their allotment. The Company receives advance from dealers by way of Demand Drafts (DD) and deposits them in the Bank. Since the Company receives large number of DDs/Cheques, the control and monitoring mechanism in respect of deposit of these DDs/Cheques and corresponding credits in the Bank should be efficient. A proper internal control and monitoring system requires that:

1. DDs/Cheques received as payment should be entered in the prescribed Register to exercise a watch over their encashment. Immediate action should be taken for the clearance of these cheques.
2. The Management should ensure reconciliation at the end of each month. A Bank Reconciliation Statement (BRS) of remittances from and to Bank should be prepared for unadjusted items of receipts and payments. In the absence of BRS, non-accountal of remittance into Bank or forged drawals if any, from the Bank would remain undetected.

A test check of records of Bhagalpur office of the Company revealed (March 2009) that the internal control and monitoring system in respect of deposit of DDs into Banks and their corresponding credits was deficient as certain figures appearing in the Cash Book did not tally with the Bank Draft Register. The district offices of the Company were required to furnish Bank Reconciliation Statements along with bills/details to the Head Office by 20th day of the ensuing month. However, the same was not found done on regular basis. We observed that 197 Demand Drafts valuing ₹ 0.24 crore in Bhagalpur office received from the dealers were shown as deposited into Banks in March/April 2007 but the same had not been credited in the Bank account of the Company till (July 2010). On queries made by the audit (July 2010) with the Bank for above drafts, the Bank stated that after verification of Bank Statement for the next two months after the date of deposits mentioned, the same were not traceable. Efforts were not made by the division to reconcile the Bank accounts with the Cash book of division and pass the necessary adjustment in the books of accounts.

Thus, due to deficient internal control and monitoring system and non-finalisation of accounts, the Company failed to detect missing demand drafts valuing ₹ 0.24 crore. The possibility of misappropriation of these funds also cannot be ruled out.

The Management admitted the audit observation and stated (May 2009) that henceforth the issue will be taken care of. No reply was furnished regarding action taken towards missing demand drafts.

In view of this, it is recommended that the Government and the Company's Management may-

- Consider outsourcing the work of preparation of accounts to clear the arrears and
- Make a time-bound programme to clear the arrears and monitor it on a continuous basis.

For liquidation of the arrears of the accounts, the Company should furnish the relevant information asked for by the Statutory Auditors so as to enable them to finalise their Audit Report.

The matter was reported to the Government (May/June 2010); its reply is still awaited (December 2010).

Bihar State Electronics Development Corporation Limited

4.3 Non-recovery of facility management service charges from sub-lessees: ₹ 0.32 crore

Failure of the Company to enforce the clause of the agreement, led to non-recovery of Facility Management Services fee of ₹ 0.32 crore.

Bihar State Electronics Development Corporation Ltd. (Company) acquired (70,000 Sq. feet) three floors on lease in April, 2002 and another three floors in April 2005 in BISCOMAUN-Tower from Bihar State Co-operative Marketing Union Ltd (BISCOMAUN) on a monthly rental value of ₹ six per sq.ft. per month plus maintenance charge of ₹ 0.20 per sq. ft. per month for common services.

The Company developed a Software Technology Park (STP) in these leased premises and sub leased the same comprising of 45,366 sq. ft. to different companies/ institutions. Further, as the maintenance services provided by BISCOMAUN were poor, the Company stopped the monthly maintenance charge payable to BISCOMAUN (February 2007) and decided to outsource maintenance services. Accordingly, an agreement was executed (December 2008) with IL&FS Property Management & Services Ltd (IPMSL), to provide Facility Management Services in the premises of STP on a monthly charge of ₹ 0.02 crore.

We observed that charges towards maintenance services/facility management services were to be recovered from the sub-lessee as per clause-1 of the agreement signed with them at a mutually agreed rate. However, the Company failed to enforce this clause of payment of maintenance charge.

Due to failure of the Company to enforce this clause and collect mutually agreed maintenance charges from the sub lessee, the Company failed to recover facility Management Services fee of ₹ 0.32 crore paid to IPMSL.

Management stated (July 2010) that Board of Directors approved (23 September 2008) the proposal for engaging the services of M/s IPMSL for facilities Management Services at BISCOAUN-Tower at a cost of ₹ 0.02 crore per month on the pattern of old and new Secretariat. Initially, the entire cost would be borne by BSEDC Ltd. and after successful services of IPMSL the expenditure burden be loaded on the occupants in proportion of their area. The reply is not acceptable as it is not only in contravention of the terms and conditions of the agreement but it was also against the Board decision as cost was to be initially borne by the Company for a short period. However, two years have passed but no burden was loaded on the occupants in proportion of their area.

In order to safeguard of the financial interests of the Company, the Company should adhere to the provision of the agreement for recovery of mutually agreed amount from the sub lessee.

The matter was reported to the Government (May 2010); its reply is still awaited (December 2010).

Bihar State Electricity Board

4.4 Short assessment of revenue

Non billing of the consumers under High Tension Services-I category as per the provision of tariff resulted in loss of revenue of ₹ 0.82 crore.

Bihar State Electricity Board's (BSEB) tariff approved (November 2006) by Bihar Electricity Regulatory Commission (BERC), stipulates that Low Tension Supply (LTS) i.e. Non-Domestic Service (NDS)-II tariff is applicable for supply of electrical energy to non domestic consumer having sanctioned load up to 60 KW. Load of the consumers are verified/checked by the Board by conducting raid and inspection from time to time.

During the scrutiny of records of Electric Supply Division, Gaya (Rural) of the Board, we observed (September 2009) that the facility of NDS tariff was continuously allowed to four consumers¹ having actual load in excess of 60 KW (December 2006) detected during physical inspection. The consumers were directed (February 2009) by the Board after an expiry of more than two years from the date of having information regarding excess load being used by the consumers to complete the required formalities² for conversion from NDS category to HTS I category failing which the energy supply would be disconnected. But neither the consumers entered into an agreement to this effect nor the energy supply of the consumers was disconnected by Board and

¹ 1. Budhist temple (B 1797) load – 105KW, 2. Taiwan Temple (B3025) load 99 KW, 3. Bodhi Thai Bharat Society (B 3425) load 81 KW and 4. Rastrapal Mohathera (B2762) load 72 KW

² Application for conversion from NDS category to HTS category and finalisation of agreement for HTS category

the consumers were continuously billed under NDS tariff at lower rates instead of HTS-I tariff in gross violation of the provision of tariff. Thus, non billing of the above mentioned consumers under HTS-I category, applicable on the basis of connected load, as per the provision of tariff has resulted in loss of revenue of ₹ 0.82 crore.

No concrete efforts for conversion of the category of the consumers from LTS to HTS were taken by the Board.

The Board, in its reply, while accepting the audit observation in two cases³ stated (November 2010) that the amount of short-billing to the tune of ₹ 0.28 crore has been raised on the consumers. It further submitted that in remaining two cases⁴ during re-calculation, the loads of the consumers were found below 60 KW. The reply is not acceptable as the amount of short-billing charged on two consumers were not according to prescribed procedure i.e. entering into agreement etc. and recalculation done in the case of other two consumers was against the provisions of the tariff, as the load of geyser was not taken into account.

The Board needs to comply with its internal control system to monitor such lapses at Division level.

The matter was reported to the Government (April 2010); its reply is still awaited (December 2010).

4.5 Incorrect Categorisation

Due to incorrect categorisation of the consumers, the Board failed to realise ₹ 0.52 crore.

The Bihar State Electricity Board (Board) issued notification⁵ that the consumers in rural areas, who were being fed from Urban/ Town feeders were to be categorised under Domestic Services (DS-II) and Non-Domestic Service (NDS-II) for domestic and commercial use respectively.

It was noticed in audit that in three⁶ Electricity Supply Divisions, rural consumers receiving supply from Urban/Town feeders from April 2006 to May 2010 were wrongly categorised as DS-I and NDS-I attracting lower tariff than the DS-II and NDS-II consumers and were also billed accordingly. These consumers should have been billed under DS-II and NDS-II categories for either energy consumed as per meter reading or minimum 40 units per month (being the monthly minimum charge for a load up to 1 Kilo Watt (KW) in case of defective/ damaged/ burnt meters) as per the provisions of the tariff. We observed that due to non reconciliation of the consumer ledger with the records relating to feeder, though available in the divisions, billing was not done in accordance with the provisions of the tariff.

³ Buddhist temple and Rastrapal Mohathera

⁴ Taiwan Temple and Bodhi Thai Bharat Society

⁵ Tariff issued in 2001, 2006 and 2008

⁶ Sitamarhi, Munger and Buxar

Thus the Board charged ₹ 1.22 crore instead of ₹ 1.74 crore during the above mentioned period and suffered a loss of ₹ 0.52 crore due to incorrect categorisation of the consumers.

The Board in its reply (July & August 2010) admitted the facts and figures and stated that in respect of two⁷ Divisions the amount of short billing has been raised on the consumers and recovery process has been initiated. In respect of Electricity Supply Divisions, Munger, the Board stated that there was a single feeder in Jamalpur and electricity was being fed to the rural as well as urban areas from the same feeder and as such Jamalpur feeder was not an urban feeder. The reply was not acceptable since the records revealed that Jamalpur feeder was an urban feeder.

The fact remains that irregularities regarding non reconciliation of the consumer ledger with the records relating to feeder, though available in the divisions, still persists and billing were accordingly continued till date (October 2010).

The Board needs to comply with its internal control system to monitor such lapses at Division level.

The matter was reported to the Government (April 2010); its reply is still awaited (December 2010).

4.6 Unnecessary Purchase of cable

Unnecessary Purchase of under ground cable resulted in blocking of ₹ 3.35 crore and consequential loss of interest of ₹ 1.41 crore.

According to Finance and Accounts code (chapter-VII) of Bihar State Electricity Board (Board), stores for construction work including extensions, renewals and replacement should be purchased on the basis of construction programmes. After approval of the construction programmes, material budget is prepared on the basis of requirements received from the concerned wing of the Board Head Quarters and field units for capital works and deposit works respectively. Materials are purchased by the Stores & Purchase wing according to the approved material Budget.

At the instance of Member (D & RE), requirement of 33 KV and 11 KV [XLPE]⁸ under-ground cable was called for from the field units (November 2006). On the basis of requirements received from the field units, the Board placed two purchase orders⁹ for purchase of 18 km 11 KV (3x400 mm² size) and 14 Km 33 KV (3x400 mm² size) of [XLPE] under-ground cable during August 2007 at a landed cost of ₹ 5.39 crore. These were to be utilized for laying cables in PESU region and railway crossing in Electricity Supply Area Magadh, Central, Tirhut, Mithila, Koshi and Bhagalpur. The supplier supplied 31.841 km cable during November 2007 to January 2008. The materials supplied were guaranteed against defective materials, bad workmanship and unsatisfactory performance for a period of 24 months from the date of delivery and 18 month from the date of commissioning, whichever was earlier.

⁷ Sitamarhi and Buxar.

⁸ XLPE is Cross Linked Poly Ethylene, a quality of underground cable.

⁹ P.O.No -35 dated 24.8.07 and P.O. No. 36 dated 24.8.07

Out of total cable purchased, the Board utilised only 10.697 km cable for laying up to October 2010. The balance 21.144 km cable valuing ₹ 3.35 crore was lying unutilised (November 2010) for which there was no immediate programme for utilisation. This led to blocking up of Board's fund amounting to ₹ 3.35 crore together with a consequent loss of interest of ₹ 1.41 crore calculated at the rate of 13 *per cent* per annum for 34 months (from January 2008 to October 2010). Besides, the guarantee period of the material also expired in December 2009.

Thus, due to procurement of materials in excess of requirement in violation of provisions of Finance and Accounts code, fund of ₹ 3.35 crore remained blocked and there was a consequential loss of interest of ₹ 1.41 crore. Investment in purchase without requirement led to added pressure on working capital and the Board had to pay interest on cost of purchase of power.

The Board stated (August 2010) that there was bulk requirement of 33 KV and 11 KV underground cable for the work to be taken up under deposit heads as well as capital works like Chanakya Law University, widening of roads etc. The reply was not tenable as purpose shown in the reply did not match with the purpose indicated in the requirement sent by the units prior to the purchase of the cables. This indicated that the materials were purchased without requirement and the purpose shown in the reply is an afterthought. Thus, procurement of underground cables without any proper planning resulted in blocking of fund of ₹ 3.35 crore and loss of interest of ₹ 1.41 crore.

It is recommended that the materials should be procured in terms of the Finance and Accounts code to avoid such idle investment and purchases should be made only after evaluating the requirements submitted by the field offices.

The matter was reported to the Government (April 2010); its reply is still awaited (December 2010).

4.7 Non-realisation of increased power purchase cost

Delay in filing tariff petition with Bihar Electricity regulatory commission resulted in blocking of fund of ₹ 173.97 crore and loss of interest of ₹ 26.10 crore for 10 months and recurring loss of interest of ₹ 2.61 crore per month.

The Electricity Tariff effective from September 2008 onwards was approved by the Bihar Electricity Regulatory Commission (BERC) in August 2008. While approving the tariff, the BERC, in its tariff order, also approved Fuel and Power Purchase Adjustment Formula. According to the formula, the increase in power purchase cost was recoverable from consumers (except agriculture and Kutir Joyti categories). The Board had to review the purchase cost after every six months from the date of approval of the tariff and in case of increase of more than five Paise per unit in purchase of power, the Board had to submit a claim with the BERC for recovery from the consumers. Thus, the Board had to review the purchase cost of power from September 2008 to February 2009 and submit to the BERC the claim for recovery from consumers in March 2009.

We observed (June 2010) that the Board reviewed the purchase cost of power pertaining to the period September 2008 to February 2009 during the period April 2009 to December 2009 and submitted claim of ₹ 0.69 per unit sold to the consumers except Kutir Jyoti and Agriculture categories to BERC in December 2009 after delay of seven¹⁰ months. The BERC approved the proposal of the Board and ordered (March 2010) to recover from the consumers, ₹ 173.97 crore, as the arrear at the rate of 69 paise per unit sold. The Principal Secretary, Energy Department, Government of Bihar, directed the Board verbally during the meeting (May 2010) to submit proposal for grant of subsidy from the State Government instead of implementing the order of Commission to recover the same from the consumers. Accordingly, the Board submitted a claim of ₹ 173.97 crore to the Government and kept the order of the Commission unimplemented. But neither any amount has been provided by the Government nor any instruction has been received from the Government in this respect. According to Section 62 of the Electricity Act'2003, direction of the State Government was operative only after payment of the required amount in advance. As the amount was not made available in advance by the Government, the direction of the Government to defer the recovery from consumers was irregular. Thus, violation of Section 62 of the Act by the Board resulted in blocking of fund of ₹ 173.97 crore and loss of interest of ₹ 26.10 crore for 10¹¹ months.

The Board in its reply (August 2010) while admitting the delay in submission of Fuel and Power Purchase Cost Adjustment(FPCCA) proposal and non-realisation of FPCCA charges from the consumers stated that a claim of ₹ 256.77 crore for the period October 2008 to March 2009 and April 2009 to September 2009 has been submitted to the Government of Bihar for sanction of grant to compensate the losses incurred by the Board due to non-realisation of FPCCA charges from domestic and non-domestic category of consumers. Further, field offices have been instructed to recover FPCCA charges for the said period from industrial and high rated consumers along with the energy bill of July 2010 in six instalments as per the orders of BERC. The reply was not tenable since increase in power purchase cost as per the orders of BERC should have been recovered from domestic and non-domestic category of consumers as well and the fact remains that even after an expiry of one year the amount of claim to the tune of ₹ 173.97 crore is still recoverable and the Board continues suffering loss of interest of ₹ 2.61 crore per month thereon.

The Board should claim the FPCCA according to the orders of the BERC and ensure compliance with the provisions of the Electricity Act'2003 as well.

The matter was reported to the Government (July 2010); its reply is still awaited (December 2010).

¹⁰ As the BERC considered and approved recovery of increased cost up to March 2009, delay has been taken from May to November 2009.

¹¹ On account of delay in initiation of the claim by the Board (May to November 2009) and thereafter (i.e. from April to June 2010).

4.8 Short assessment of revenue

Non-adherence to the tariff provisions led to loss of revenue of ₹ 5.21 crore.

Bihar State Electricity Board's (Board) circular No. 477 dated 29.10. 2002 read with Tariff 2006 and 2008 stipulates that the transformer capacity of High Tension (HT) and Extra High Tension (EHT) consumers shall not be more than 150 *per cent* of their contracted demand. As regards the adequacy of the transformers, para 6.24 of Bihar Electricity Supply Code 2007 as approved by the Bihar Electricity Regulatory Commission, Patna provides that before transformer, switchgear or other electrical equipment in the case of high-tension consumer is connected to the system, it shall be subject to inspection and approval of the licensee (i.e. Board) and no connection shall be made without the licensee's approval. In addition, all high-tension installations will have to be approved by the Electrical Inspector. Para 8-A and 8-D of the Modified Terms and Conditions of Supply Notification (October 2002) further stipulates that, when a consumer is found to be using a transformer of higher capacity than admissible for his contracted demand, the compensation payable by the consumer should be assessed based on 2/3rd of the capacity of the installed transformer as contracted demand of the consumer for the entire such period and charged at twice the existing rate under appropriate tariff, less already charged for the period. In case such period of malpractice cannot be ascertained, six months period prior to detection of such malpractice shall be taken.

We observed (August 2009 to January 2010) that three HT consumers in three Circles i.e. Gaya, Ara and Motihari were found¹² to be using transformers of higher than capacity approved by the Board. But no notice was issued by the Board to these consumers to either replace the transformers with transformers of appropriate capacity or enter into an agreement for enhanced load. Further, these consumers have not been billed as per the prevailing tariff¹³ and orders of the Board. As a result, the Board was deprived of revenue of ₹ 5.21 crore during the period October 2004 to May 2010.

Thus, non-adherence to the tariff provisions, non-observance of control/monitoring mechanism with respect to the adequacy of transformers as well as compliance failure at the level of the Board led to such abnormalities being undetected at the time of installation thereby resulting into a loss of revenue of ₹ 5.21 crore to the Board.

The Board should strengthen its internal control mechanisms to avoid such loss in near future.

The matter was reported to the Board/Government (May 2010), their replies are still awaited (December 2010).

¹² Found by the Board (Electrical Supply Circle, Gaya – August 2006, Electrical Supply Circle, Ara-October 2004 & Electrical Supply Circle, Motihari – March 2008.

¹³ BSEB tariff 1993, BERC tariff order 2006-07, BERC tariff Order 2008-09.

4.9 Unfruitful expenditure

Unfruitful expenditure of ₹ 2.90 crore and interest liability of ₹ 1.50 crore in purchase of truck mounted hydraulic cranes.

Before procurement of equipment proper planning including feasibility study, scope of utilisation etc. was required to be done. On the proposal of Bihar State Electricity Board (Board) for strengthening the distribution system, the Government of Bihar sanctioned (March 2006 and January 2007) loan of ₹ 2.75 crore for purchase of 14 truck mounted hydraulic cranes (crane) for 11 circles. The purpose of the crane was to attend to breakdowns and fuse calls without delay. According to the loan sanction letter, the Board was to repay the principal and interest (at the rate of 13 *per cent*) thereon in 10 equal instalments after one year of release of loan amount. In case of delay in repayment, penal interest at 2.5 *per cent* was also payable.

Based on the Board's (June 2006) tenders proceedings, two purchase orders were placed (June 2007) on M/s EICHER MOTORS, New Delhi (Supplier-I) and M/s Liftmak Udyog Pvt. Ltd (Supplier-II) for supply of 14 numbers EICHER 11.10 H cabin & chassis and Truck mounted cranes respectively. The total cost of 14 truck mounted crane worked out to ₹ 3.76 crore. Against purchase order of 14 number, the Board procured 11 truck mounted cranes for nine circles during October 2007 to September 2008 for which payment of ₹ 2.90 crore (including ₹ 15,71,990 from internal resources) was made by the Board.

Scrutiny of records of these nine Circles revealed that all the eleven truck mounted cranes were lying unutilised (March 2010). The Board had not taken any action for utilising these cranes. The reasons for non-utilization as analyzed in audit were delay in registration, non-availability of trained staff for operating the crane, inadequate wide and poor roads. It was further revealed that before submitting the plan to the Government and procurement of crane no feasibility study for utilisation of the crane in the prevailing physical condition in the area of consumers was done by the Board.

Thus, due to lack of planning in purchase and lack of vision in the project, the investment in procurement of 11 truck mounted cranes amounting to ₹ 2.90 crore became unfruitful on which the Board had incurred avoidable interest liability of ₹ 1.50 crore (April 2010). Besides this, the guarantee period of 18 months from the date of commissioning of the crane has also lapsed.

The Board in its reply stated (November 2010) that delay in registration was due to delay in obtaining no objection certificate from the Commercial Taxes Department but there was no mention in the reply regarding non-utilisation for the purpose for which the cranes were procured.

The matter was reported to the Government (June 2010); its reply is still awaited (December 2010).

4.10 Non-realisation of objectives

Non-realisation of objectives of rehabilitation of Jandaha Power Sub-Station even after spending ₹ 0.55 crore.

The work of rehabilitation of 33 KV Jandaha Power Sub-Station (JPSS) under the Electric Supply Division, Hazipur of Bihar State Electricity Board (Board) was completed by Power Grid Corporation of India Limited (PGCIL) in March 2006 at a cost of ₹ 0.37 crore, excluding the cost of power transformer (₹ 0.18 crore) supplied by the Board under Accelerated Power Development and Reforms Programme (APDRP). However the completion of the 33 KV Mahnar-Jandaha line given to PGCIL under Rural electrification programme of Vaishali District was delayed till September 2009 (15.09.09) due to which this PSS could not be energized. In this connection audit observed that:

- Though the PSS rehabilitation works were completed and tested in March 2006, it remained idle for almost three and a half years for want of a 33 KV working line required for transmitting the power.
- The PSS remained energised only for 21 days between 16 September 2009 to 15 October 2009 (i.e 9 days between 16 September 2009 and 24 September 2009 and 12 days between 4 October 2009 and 15 October 2009) and has remained shut down till date (October 2010) since then due to theft of conductor in 33 KV line even after completion.
- PSS was out of order due to theft of conductor in 33 KV line since long. So, arrangement of rerouting the 33 KV line to a safe location/ along the road was required to be envisaged at the time of construction of line for avoiding/minimising the chances of theft, which was envisaged by the Board only in August 2009. Had the Board envisaged rerouting of 33 KV line at the time of construction of the said line itself, theft could have been avoided/minimised and the PSS could have been functional.

The Board in its reply (September 2010) accepted the fact and stated that due to some mismatch in the completion of two schemes, multiple thefts in Jandaha PSS and 33 KV Mahanar- Jandaha line, the PSS could not continue in service.

Thus, due to improper planning, expenditure of ₹ 0.55 crore incurred on rehabilitation of the PSS remained unfruitful and the Board failed to attain the objectives for which the said expenditure was incurred.

The matter was reported to the Government (June 2010), its reply is still awaited (December 2010).

GENERAL

4.11 Response to inspection reports, draft paragraphs and reviews

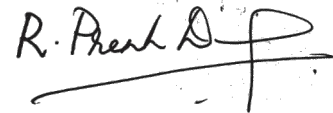
Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through Inspection Reports (IRs). The heads of the PSUs are required to furnish replies to the IRs through respective heads of departments

within a period of six weeks. IRs issued up to March 2010 pertaining to 19 PSUs disclosed that 1291 paragraphs relating to 510 inspection reports remained outstanding at the end of September 2010. These outstanding inspection report paragraphs had not been replied to for one to five years. Department-wise break-up of IRs and audit observations outstanding as on 30 September 2010 is given in *Annexure – 20*.

Similarly, draft paragraphs and reviews 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. It was, however, observed, that replies to two reviews and 11 draft paragraphs forwarded to the various departments during April to November 2010 as detailed in *Annexure -21* were awaited.

It is recommended that the Government should ensure that (a) procedure exists for action against officials who fail to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule; (b) action is taken to recover loss/outstanding advances/overpayment in a time bound schedule; and (c) the system of responding to audit observations is strengthened.

Patna
The



(PREMAN DINARAJ)

Principal Accountant General (Audit), Bihar

Countersigned

New Delhi
The



(VINOD RAI)

Comptroller and Auditor General of India

Annexure – 1

(Referred to in paragraph 1.7)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2010 in respect of Government companies and Statutory corporations

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ¹			Loans ² outstanding at the close of 2009-10			Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)		
				State Government	Central Government	Others	State Government	Central Government	Others			Total	
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Bihar Rajya Beej Nigam Limited (BRBNL)	Agriculture	18.7.1977	2.27 (0.65)	1.22 (0.02)	0.22 (0.03)	3.71 (0.70)	-	-	-	-	--	89
2.	Bihar Rajya Matasya Vikas Nigam Ltd. (BRMVNL)	Animal Husbandry & Fisheries	23.3.1980	3.00 (1.25)	-	-	3.00 (1.25)	2.63	0.03	-	2.66	0.89:1 (0.89:1)	41
3.	SCADA Agro Business Co. Limited (SABCL)	Water Resources		-	-	0.05	0.05	-	-	-	-	--	NA
Sector wise total				5.27 (1.90)	1.22 (0.02)	0.27 (0.03)	6.76 (1.95)	2.63	0.03	-	2.66	-	130
FINANCE													
4.	Bihar State Credit & Investment Corporation Limited. (BSCICL)	Industry	30.1.1975	15.12 (0.12)	-	-	15.12 (0.12)	20.48	-	37.01	57.49	3.80:1 (3.80:1)	54
5.	Bihar State Backward Classes Finance & Development Corporation Limited (BSBCFDCL)	Welfare	17.6.1993	17.36 (4.00)	-	-	17.36 (4.00)	-	21.56	-	21.56	1.24:1 (1.30:1)	16
6.	Bihar State Minorities Finance Corporation Limited. (BSMFCL)	Minority Welfare	22.3.1984	11.50	-	-	11.50	-	-	34.99	34.99	3.04:1 (3.04:1)	27
7.	Bihar State Film Development & Finance Corporation Limited. (BSFDCL)	Industry	6.3.1983	2.00 (1.00)	-	-	2.00 (1.00)	0.15	-	-	0.15	0.08:1 (0.07:1)	08
Sector wise total				45.98 (5.12)	-	-	45.98 (5.12)	20.63	21.56	72.00	114.19	-	105
INFRASTRUCTURE													
8.	Bihar Police Building Construction Corporation Limited (BPBCCCL)	Home (police)	26.6.1974	0.10 (0.00)	-	-	0.10 (0.00)	-	0.43	-	0.43	4.30:1 (4.30:1)	292
9.	Bihar Rajya Pul Nirman Nigam Limited (BRPNL)	Road Construction	11.6.1975	3.50	-	-	3.50	-	-	-	-	-	513

¹ ₹ 0.01 Lakh

Audit Report (Commercial) for the year ended 31 March 2010

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ^s			Loans ^{**} outstanding at the close of 2009-10			Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)		
				State Government	Central Government	Others	Total	State Government	Central Government			Others	Total
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
10.	Bihar Health Project Development Corporation Limited. (BHPDCL)	Building Construction	20.3.2008	0.06	-	-	0.06	-	-	-	-	-	09
11.	Bihar State Road Development Corporation Limited (BSRDCL)	Road Construction	20.04.2009	20.00	-	-	20.00	-	-	-	-	-	105
12.	Bihar Urban Infrastructure Development Corporation Limited (BUIDCL)	Urban Development & Housing	16.06.2009	5.00	-	-	5.00	-	-	-	-	-	11
Sector wise total				28.66 (0.00)	-	-	28.66 (0.00)	-	0.43	-	0.43	-	930
MANUFACTURING													
13.	Bihar State Electronics Development Corporation Limited (BSEDCL)	Information Technology	21.2.1978	5.67 (1.59)	-	-	5.67 (1.59)	5.93	-	-	5.93	1.05:1 (1.05:1)	66
14.	Bihar State Mineral Development Corporation Limited (BSMDCL)	Mines & Geology	12.6.1972	9.97	-	-	9.97	-	-	-	-	-	15
15.	Bihar State Beverages Corporation Limited (BSBCL)	Excise	25.5.2006	5.00	-	-	5.00	-	-	-	-	-	308
16.	Bihar Air Products Limited. (BAPL)	Industry	-	-	-	0.80	0.80	-	-	0.60	0.60	(0.75:1) (0.75:1)	30
Sector wise total				20.64 (1.59)	-	0.80	21.44 (1.59)	5.93	-	0.60	6.53	-	419
POWER													
17.	Bihar State Hydro Electro Power Corporation Limited (BSHPCL)	Energy	31.3.1982	99.04	-	-	99.04	176.37	-	75.80	252.17	2.55:1 (2.20:1)	137
Sector wise total				99.04	-	-	99.04	176.37	-	75.80	252.17	-	137
SERVICES													
18.	Bihar State Tourism Development Corporation Limited (BSTDCL)	Tourism	28.11.1980	5.00	-	-	5.00	-	-	-	-	-	211
19.	Bihar State Food & Civil Supplies Corporation Limited (BSFCSCL)	Food & Civil Supplies	22.4.1973	5.27	-	-	5.27	118.64	1.94	-	120.58	22.88:1 (22.88:1)	1389
Sector wise total				10.27	-	-	10.27	118.64	1.94	-	120.58	-	1600
MISCELLANEOUS													
20.	Bihar State Forest Development Corporation Limited (BSFDCL)	Forest & Environment	10.2.1975	1.75	0.54	-	2.29	-	-	-	-	-	NA
21.	Bihar State Text Book Publishing Corporation Ltd. (BSTBPCL)	Education	2.4.1965	0.36	-	0.12	0.48	-	-	-	-	-	197

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ⁵		Total	Loans ^{6*} outstanding at the close of 2009-10		Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)			
				State Government	Central Government		State Government	Central Government			Others	Total	
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
Sector wise total				2.11	0.54	0.12	2.77	-	-	-	-	-	197
Total A (All sector wise working Government companies)				211.97 (8.61)	1.76 (0.02)	1.19 (0.03)	214.92 (8.66)	324.20	23.96	148.40	496.56	-	3518
B. Working Statutory corporations													
FINANCE													
1.	Bihar State Financial Corporation (BSFC)	Industry	2.11.1954	39.95	37.70	0.19	77.84	228.47	-	35.52	263.99	3.39:1 (4.00:1)	307
Sector wise total				39.95	37.70	0.19	77.84	228.47	-	35.52	263.99	-	307
2.	Bihar State Electricity Board (BSFB)	Energy	1.4.1958	-	-	-	-	7151.26	32.49	245.82	7429.57	-	13813
Sector wise total				-	-	-	-	7151.26	32.49	245.82	7429.57	-	13813
3.	Bihar State Road Transport Corporation (BSRTC)	Transport	1.5.1959	74.75	26.52	-	101.27	297.11	-	-	297.11	2.93:1 (0.98:1)	2006
4.	Bihar State Warehousing Corporation (BSWC)	Co-Operative	29.3.1957	3.21	-	3.21	6.42	-	-	2.39	2.39	0.37:1 (0.63:1)	247
Sector wise total				77.96	26.52	3.21	107.69	297.11	-	2.39	299.50	-	2253
Total B (All sector wise working Statutory corporations)				117.91	64.22	3.40	185.53	7676.84	32.49	283.73	7993.06	-	16373
Grand Total (A + B)				329.88 (8.61)	65.98 (0.02)	4.59 (0.03)	400.45 (8.66)	8001.04	56.45	432.13	8489.62	-	19891
C. Non working Government companies													
AGRICULTURE & ALLIED													
1.	Bihar State Water Development Corporation Limited (BSWDCL)	Water Resources	12.4.1973	10.00	-	-	10.00	49.68	-	-	49.68	4.97:1 (4.97:1)	NA
2.	Bihar State Dairy Corporation Limited (BSDCL)	Animal Husbandry & Fisheries	13.3.1972	6.72	-	-	6.72	1.75	-	-	1.75	0.26:1 (0.26:1)	-
3.	Bihar Hill Area Lift Irrigation Corporation Limited (BSHADCL)	Minor Irrigation	3.6.1975	10.82	-	-	10.82	8.55	-	-	8.55	0.86:1 (0.86:1)	NA
4.	Bihar State Agro Industries Development Corporation Limited (BSAIDCL)	Agriculture	28.4.1966	7.64 (0.07)	-	-	7.64 (0.07)	12.60	-	-	12.60	1.65:1 (1.65:1)	283
5.	Bihar State Fruit & Vegetables Development Corporation Limited (BSFVDCCL)	Agriculture	8.10.1980	1.61	0.49	-	2.10	0.42	0.70	-	1.12	0.53:1 (0.53:1)	10
6.	Bihar Insecticide Limited (BIL)	Industry	27.2.1983	-	-	2.96 (2.39)	2.96 (2.39)	-	-	1.54	1.54	0.52:1 (0.52:1)	69
7.	SCADA Agro Business Khagaul Ltd. (SABLIK)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital [₹]			Loans ^{**} outstanding at the close of 2009-10			Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)		
				State Government	Central Government	Others	Total	State Government	Central Government			Others	Total
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
8.	SCADA Agro Business Ltd., Dehri. (SABLD)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
9.	SCADA Agro Business Ltd. Arrah (SABLA)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
10.	SCADA Agro Business Ltd. Aurangabad (SABLA)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
11.	SCADA Agro Business Ltd. Mohania (SABLM)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
12.	SCADA Agro Forestry Company limited Khagaul. (SAFCLK)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Sector wise total				36.79 (0.07)	0.49	2.96 (2.39)	40.24 (2.46)	73.00	0.70	1.54	75.24	-	362
FINANCE													
13.	Bihar Panchayati Raj Finance Corporation Limited (BPRFCL)	Panchayati Raj	20.4.1974	1.44 (0.38)	--	--	1.44 (0.38)	-	-	-	-	-	NA
14.	Bihar State Handloom and Handicrafts Corporation Limited (BSHHCL)	Industry	21.5.1974	10.00	--	--	10.00	1.16	-	-	1.16	0.12:1 (0.12:1)	NA
15.	Bihar State Small Industries Corporation Limited (BSSICL)	Industry	29.10.1961	7.18	-	-	7.18	10.40	-	1.83	12.23	1.70:1 (1.70:1)	49
16.	Bihar State Industrial Development Corporation Limited (BSIDCL)	Industry	5.11.1960	14.04	-	-	14.04	66.54	-	0.02	66.56	4.74:1 (4.44:1)	823
Sector wise total				32.66 (0.38)	-	-	32.66 (0.38)	78.10	-	1.85	79.95	-	872
INFRASTRUCTURE													
17.	Bihar State Construction Corporation Limited (BSCCL)	Water Resources	22.8.1974	11.00	-	-	11.00	-	-	-	-	-	1086
Sector wise total				11.00	-	-	11.00	-	-	-	-	-	1086
MANUFACTURING													
18.	Bihar Solvent & Chemicals Limited (BS&CL)	Forest & Environment	Aug-79	0.20	-	0.88	1.08	-	-	0.89	0.89	0.82:1 (0.82:1)	NA
19.	Magadh Mineral Limited (MML)	Industry	22.11.1984	-	-	0.36 (0.36)	0.36 (0.36)	-	-	0.47	0.47	1.31:1 (1.31:1)	05
20.	Kumardhubi Metal Casting & Engineering Limited (KMC&EL)	Industry	25.10.1983	-	-	2.17	2.17	-	-	6.63	6.63	3.06:1 (3.06:1)	NA
21.	Beltron Video System Limited (BVSL)	Industry	19.9.1984	-	-	5.05	5.05	-	-	4.51	4.51	0.89 (0.89:1)	NA
22.	Beltron Mining System Limited (BMSL)	Industry	30.1.1986	-	-	2.48	2.48	-	-	-	-	-	NA
23.	Beltron Informatics Limited (BIL)	Industry	1.3.1988	-	-	0.00*	0.00	-	-	-	-	-	NA

₹ 0.28 lakh

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ³			Loans ⁴ outstanding at the close of 2009-10			Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)		
				State Government	Central Government	Others	State Government	Central Government	Others			Total	
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
24.	Bihar State Sugar Corporation Limited (BSSCL)	Sugar Cane	26.12.1974	20.00	-	-	20.00	322.95	-	-	322.95	16.15:1 (16.15:1)	NA
25.	Bihar State Cement Corporation Limited (BSCCL)	Industry	17.10.1981	-	-	0.00 ⁵	0.00	0.03	-	-	0.03	42.86:1 (45.29:1)	NA
26.	Bihar State Pharmaceuticals & Chemicals Development Corporation Ltd. (BSP&CDCL)	Industry	22.2.1978	16.54 (0.78)	-	-	16.54 (0.78)	4.28	-	-	4.28	0.26:1 (4.60:1)	52
27.	Bihar Maize Product Limited (BMPL)	Industry	2.9.1982	-	-	0.74 (0.74)	0.74 (0.74)	-	-	0.02	0.02	0.03:1 (0.03:1)	NA
28.	Bihar Drugs and Chemicals Limited (BD&CL)	Industry	12.8.1983	-	-	4.00	4.00	1.28	-	-	1.28	0.32:1 (0.32:1)	NA
29.	Bihar State Textiles Corporation Limited (BSTCL)	Industry	21.2.1978	10.78	-	-	10.78	2.27	-	-	2.27	0.21:1 (0.42:1)	51
Sector wise total				47.52 (0.78)	-	15.68 (1.10)	63.20 (1.88)	330.81	-	12.52	343.33	-	108
SERVICES													
30.	Bihar State Export Corporation Limited (BSECL)	Industry	29.12.1974	2.00	-	-	2.00	1.22	-	-	1.22	0.61:1 (0.61:1)	23
Sector wise total				2.00	-	-	2.00	1.22	-	-	1.22	-	23
MISCELLANEOUS													
31.	Bihar Paper Mills Limited (BPML)	Industry	8.7.1977	-	-	7.77	7.77	-	-	10.72	10.72	1.38:1 (1.38:1)	NA
32.	Bihar State Glazed Tiles & Ceramics Limited (BSGT&CL)	Industry	2.4.1984	-	-	1.40 (0.25)	1.40 (0.25)	-	-	3.66	3.66	2.61:1 (2.61:1)	32
33.	Vishwamitra Paper Industries Limited (VPIL)	Industry	18.6.1983	-	-	1.74 (0.60)	1.74 (0.60)	-	-	0.81	0.81	0.47:1 (0.47:1)	NA
34.	Jhanchampur Paper Industries Limited (JPIL)	Industry	27.2.1982	-	-	1.49 (0.42)	1.49 (0.42)	-	-	0.46	0.46	0.31:1 (0.31:1)	13
35.	Bihar State Tannin Extract Limited (BSTEL)	Forest & environment	27.1.1984	-	-	1.57	1.57	-	-	2.14	2.14	1.36:1 (1.36:1)	NA
36.	Bihar State Finished Leathers Corporation Limited (BSFLCL)	Industry	20.4.1982	-	-	1.47	1.47	9.18	-	-	9.18	6.24:1 (6.24:1)	NA
37.	Synthetic Resins (Eastern) Limited (SREL)	Industry	14.12.1982	-	-	0.31	0.31	-	-	1.05	1.05	3.39:1 (3.39:1)	-
38.	Bhavani Active Carbon Limited (BACL)	Industry	26.3.1985	-	-	0.09	0.09	-	-	-	-	-	NA
39.	Bihar State Leather Industries Development	Industry	23.3.1974	17.40	-	-	17.40	12.43	-	1.70	14.13	0.81:1	NA

³ ₹ 0.07 lakh

Audit Report (Commercial) for the year ended 31 March 2010

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital [§]			Loans ^{**} outstanding at the close of 2009-10			Debt equity ratio for 2009-10 (Previous year)	Mampower (No. of employees) (as on 31.3.2010)		
				State Government	Central Government	Others	Total	State Government	Central Government			Others	Total
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
40.	Corporation Limited (BSL/IDCL) Bihar Scooters Limited (BSL)	Industry	19.1.1978	-	-	1.63	1.63	6.09	-	-	6.09	(1.41:1)	NA
	Sector wise total			17.40	-	17.47 (1.27)	34.87 (1.27)	27.70	-	20.54	48.24	-	45
	Total C (All sector wise non working Government companies)			147.37 (1.23)	0.49	36.11 (4.76)	183.97 (5.99)	510.83	0.70	36.45	547.98	-	2496
	Grand Total (A + B + C)			477.25 (9.84)	66.47 (0.02)	40.70 (4.79)	584.42 (14.65)	8511.87	57.15	468.58	9037.60	-	22387

Above includes Section 619-B companies at Sr. No. 3 & 16 of working companies and Sr. No. 7 to 12 of non-working companies.

[§] Paid-up capital includes share application money which is appearing in brackets in column 5(a) to 5 (d)

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

NA indicates that the information has not been provided by the respective companies.

Figures of the companies at Sl. No. A-7, A-20, C-1 to C-3, C-6 to C-14 and C-17 to 40 have been taken from the Audit Report (Commercial), Govt. of Bihar, 2008-09 as the required information has not been furnished by the respective companies.

Annexure – 2
(Referred to in paragraph 1.14)
Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Net Profit/ Interest	Depre- ciation	Net Profit/ Loss	Turn- over	Impact of Accounts Comments #	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)			
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	BRBNL	1998-99	2010-11	(-2.73)	2.77	0.07	(-35.57)	5.33	(-1).53	3.71	(-53.45)	2.90	(-2.80)	-
2.	BRMVNL	1992-93	1996-97	(-0.01)	0.17	0.04	(-0.22)	-	-	1.75	(-1.92)	1.74	(-0.05)	-
3.	SABCL	2005-06	2009-10	0.02	-	0.02	0.00 ⁴	0.51	-	0.05	(-1.91)	1.17	0.00	-
	Sector wise total			(-2.72)	2.94	0.13	(-35.79)	5.84	(-1).53	5.51	(-57.28)	5.81	(-2.85)	-
FINANCE														
4.	BSCICL	2002-03	2008-09	4.40	8.55	0.04	(-4.19)	6.44	(-4).15	15.00	(-139.71)	15.66	4.36	27.84
5.	BSBCFDCL	1997-98	2006-07	0.41	0.68	0.02	(-0.29)	0.64	-	3.62	0.53	3.86	0.39	10.10
6.	BSMFCL	2006-07	2009-10	(-0.38)	0.37	0.00 ⁵	(-0.75)	0.35	(-1).59	8.95	(-4.69)	8.95	(-0.38)	-
7.	BSFDCL	1991-92	2000-01	0.02	-	0.00 ⁶	0.02	-	-	0.95	(-0.12)	0.88	0.02	2.27
	Sector wise total			4.45	9.60	0.06	(-5.21)	7.43	(-5).74	28.52	(-143.99)	29.35	4.39	-
INFRASTRUCTURE														
8.	BPBCL	1994-95	2009-10	(-1.13)	-	0.01	(-1.14)	0.00 ⁷	-	0.10	(-8.22)	(-9).77	(-1).14	-
9.	BRPNL	2001-02	2010-11	(-0.73)	-	0.22	(-0.95)	5.07	**	3.50	(-14.02)	42.03	(-0.95)	-
10.	BHPDCL	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	BSRDCL	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	BUIDCL	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total			(-1.86)	-	0.23	(-2.09)	5.07	-	3.60	(-22.24)	32.26	(-2).09	-
MANUFACTURING														
13.	BSEDCL	2002-03	2010-11	(-0.27)	0.92	0.04	(-1.23)	1.46	(-0).17	5.67	(-15.90)	2.12	(-0.31)	-
14.	BSMDCL	2000-01	2004-05	9.42	-	0.13	9.29	31.55	-	9.97	7.04	20.68	9.29	44.92
15.	BSBCL	2007-08	2009-10	1.27	-	0.18	1.09	502.84	-	5.00	1.43	5.60	1.09	19.46
16.	BAPL	1992-93	1994-95	0.39	0.23	0.10	0.06	2.21	-	0.80	(-1.03)	1.33	0.29	21.80
	Sector wise total			10.81	1.15	0.45	9.21	538.06	(-0).17	21.44	(-8.46)	29.73	10.36	-
POWER														

4 ₹ (-)0.18 lakh

5 ₹ 0.49 lakh

6 ₹ 0.29 lakh

7 ₹ 0.79 lakh

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(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+) / Loss (-)			Turn-over	Impact of Accounts Comments #	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
				Net Profit/ Interest	Depre- ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(7)	(8)	(9)	(10)	(11)	(12)
17.	BSPICL	1995-96	2004-05	(-1)1.08	5.52	0.30	(-6.90)	2.96	89.26	(-5.48)	128.34	(-1)1.38	-
	Sector wise total SERVICES			(-1)1.08	5.52	0.30	(-6.90)	2.96	89.26	(-5.48)	128.34	(-1)1.38	-
18.	BSTDCL	1997-98	2010-11	0.19	-	0.09	0.10	1.97	5.00	2.07	7.63	0.10	1.31
19.	BSFC SCL	1988-89	2007-08	2.53	5.65	0.63	(-3.75)	166.38	4.46	(-29.20)	31.78	1.90	5.98
	Sector wise total MISCELLANEOUS			2.72	5.65	0.72	(-3.65)	168.35	9.46	(-27.13)	39.41	2.00	-
20.	BSFDCL	2000-01	2005-06	0.34	-	0.06	0.28	22.81	2.29	0.32	1.17	0.28	23.93
21.	BSTPCL	1997-98	2009-10	(-4)3.0	-	0.06	(-4)3.6	7.28	0.48	(-5)9.7	(-6)5.1	(-4)3.6	-
	Total A (All sector wise working Government companies)			8.36	24.86	2.01	(-18.15)	757.80	160.56	(-270.23)	259.56	6.35	-
B. Working Statutory Corporations													
FINANCE													
1.	BSFC	2008-09	2009-10	20.52	19.12	0.04	1.36	15.35	77.84	(-383.93)	444.17	20.48	4.61
	Sector wise total			20.52	19.12	0.04	1.36	15.35	77.84	(-383.93)	444.17	20.48	4.61
POWER													
2.	BSEB**	2008-09	2010-11	(-1)44.09	902.64	55.55	(-1)102.28	1675.56	-	(-3)113.98	3374.64	(-1)99.64	-
	Sector wise total SERVICES			(-1)44.09	902.64	55.55	(-1)102.28	1675.56	-	(-3)113.98	3374.64	(-1)99.64	-
3.	BSRTC	2002-03	2009-10	(-25.57	28.77	1.40	(-55.74	18.19	101.27	(-680.17	(-428.03	(-26.97	-
4.	BSWC	2007-08	2009-10	2.00	0.56	0.86	0.58	41.93	5.31	4.10	20.10	1.14	5.67
	Total B (All sector wise working Statutory corporations)			(-23.57	29.33	2.26	(-55.16	60.12	106.58	(-676.07	(-407.93	(-25.83	-
	Grand Total (A + B)			(-1)47.14	951.09	57.85	(-1)156.08	1751.03	184.42	(-4173.98	3410.88	(-204.99	-
	Grand Total (A + B)			(-1)38.78	975.95	59.86	(-1)174.59	2508.83	344.98	(-4444.21	3670.44	(-198.64	-
C. Non working Government companies													
AGRICULTURE & ALLIED													
1.	BSWDCL	1978-79	1997-98	3.03	0.25	0.61	2.17	-	5.00	11.20	26.70	2.42	9.06
2.	BSDCL	1994-95	2007-08	(-0)0.2	-	-	(-0)0.2	-	6.72	(-10)5.8	3.68	(-0)0.2	-
3.	BHALJCL	1982-83	1993-94	0.18	0.13	0.31	(-0)0.26	0.01	5.60	(-0)0.86	9.53	(-0)0.13	-
4.	BSADCL	1989-90	2009-10	(-5)0.2	0.65	0.03	(-5)7.0	2.79	7.57	(-28)9.6	(-1)4.1	(-5)0.5	-
5.	BSF&VDCL	1994-95	2010-11	(-0)1.2	0.73	0.07	(-0)0.92	0.00	2.10	(-7)8.2	(-0)0.7	(-0)0.19	-
6.	BIL	1986-87	1991-92	(-0)0.52	0.16	0.35	(-1)0.3	-	0.57	(-1)0.3	2.35	(-0)0.87	-
7.	SABKL	-	-	-	-	-	-	-	-	-	-	-	-
8.	SABLD	-	-	-	-	-	-	-	-	-	-	-	-
9.	SABLA	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)			Turn-over	Impact of Accounts Comments #	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ^(a)	Return on capital employed ^(b)	Percentage return on capital employed	
				Net Profit/ Interest	Depre- ciation	Net Profit/ Loss								
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
10.	SABLA	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	SABLEM	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	SAFCK	-	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				(-2.47)	1.92	1.37	(-35.76)	2.80	(-0.31)	27.56	(-38.05)	40.78	(-33.84)	
FINANCE														
13.	BPRECL	1984-85	1991-92	0.23	0.24	0.00 ⁸	(-0.01)	-	-	1.44	(-0.03)	5.86	0.23	3.92
14.	BSHHCL	1983-84	1996-97	0.02	0.11	0.01	(-0.10)	-	(-0.01)	6.28	(-0.44)	7.08	0.01	0.14
15.	BSSIICL	1990-91	2005-06	(-0.21)	1.15	0.06	(-1.42)	15.22	(-0.53)	7.18	(-16.56)	1.86	(-0.27)	-
16.	BSIDCL	1987-88	2009-10	2.22	5.35	0.38	(-3.51)	6.59	(-9.28)	14.04	(-26.42)	29.54	1.84	6.23
Sector wise total				2.26	6.85	0.45	(-35.04)	21.81	(-9.82)	28.94	(-43.45)	44.34	1.81	
INFRASTRUCTURE														
17.	BSCCL	1986-87	2004-05	1.38	0.00 ⁹	0.13	1.25	18.70	(-6.65)	7.00	(-2.79)	(-10.27)	1.25	-
Sector wise total				1.38	0.00	0.13	1.25	18.70	(-6.65)	7.00	(-2.79)	(-10.27)	1.25	
MANUFACTURING														
18.	BS&CL	1986-87	1995-96	(-0.05)	0.11	0.16	(-0.32)	-	(-0.24)	0.66	(-0.32)	1.67	(-0.21)	-
19.	MML	-	-	-	-	-	-	-	-	-	-	-	-	-
20.	KMC&EL	1994-95	1995-96	(-1.13)	0.38	0.88	(-2.39)	10.89	-	2.17	(-8.16)	0.91	(-2.01)	-
21.	BVSL	1987-88	1998-99	(-0.09)	0.05	0.01	(-0.15)	0.75	-	1.21	(-0.22)	1.02	(-0.10)	-
22.	BMSL	1989-90	2002-03	(-0.07)	-	0.03	(-0.10)	0.41	-	1.26	(-0.49)	0.52	(-0.10)	-
23.	BIL	-	-	-	-	-	-	-	-	-	-	-	-	-
24.	BSSCL	1984-85	1996-97	(-2.84)	6.00	0.36	(-9.20)	-	(-4.67)	9.97	(-72.31)	(-10.24)	(-3.20)	-
25.	BSCCL	-	-	-	-	-	-	-	-	-	-	-	-	-
26.	BSP&DCL	1985-86	1992-93	(-0.16)	0.00 ¹⁰	0.01	(-0.17)	-	-	3.62	(-0.74)	6.87	(-0.17)	-
27.	BMPCL	1983-84	1987-88	(-0.03)	-	0.00 ¹¹	(-0.03)	-	-	0.67	(-0.06)	0.80	(-0.03)	-
28.	BD&CL	1985-86	1991-92	(-0.03)	-	0.00 ¹²	(-0.03)	-	-	0.94	(-0.16)	1.16	(-0.03)	-
29.	BSTCL	1987-88	1995-96	(-0.08)	-	0.01	(-0.09)	-	(-0.02)	4.98	(-0.32)	3.72	(-0.09)	-
Sector wise total				(-14.48)	6.54	1.46	(-12.48)	12.05	(-4.93)	25.48	(-82.78)	6.43	(-5.94)	
SERVICES														
30.	BSECL	1991-92	1999-00	0.11	0.20	0.01	(-0.10)	4.94	(-0.03)	2.00	(-0.01)	3.75	0.10	0.27
Sector wise total				0.11	0.20	0.01	(-0.10)	4.94	(-0.03)	2.00	(-0.01)	3.75	0.10	0.27
MISCELLANEOUS														

8 ₹ 16,235.26

9 ₹ 11,589.31

10 ₹ 1,680.50

11 ₹ 9,052.80

12 ₹ 328.52

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(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)		Turn-over	Impact of Accounts Comments #	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Net Profit/ Interest							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
31.	BPML	1985-86	1997-98	(-0.05)	-	-	0.00 ¹³	1.56	(-0.31)	1.44	(-0.06)	-
32.	BSGL&CL	1985-86	1997-98	(-0.06)	0.02	-	-	0.16	(-0.51)	3.50	0.06	-
33.	VPIIL	1984-85	1988-89	(-0.01)	-	-	-	0.40	(-0.01)	0.69	(-0.01)	-
34.	JPIL	1985-86	1991-92	(-0.01)	0.00 ¹⁶	-	(-0.03)	0.42	(-0.02)	0.59	(-0.01)	-
35.	BSTEL	1988-89	1993-94	(-0.16)	0.16	-	-	1.03	(-0.67)	2.49	(-0.16)	-
36.	BSFCL	1983-84	1986-87	(-1.49)	-	-	-	1.47	(-2.13)	6.15	(-1.49)	-
37.	SREL	1983-84	1987-88	(-0.02)	0.00 ¹⁹	-	-	0.09	(-0.01)	0.17	(-0.02)	-
38.	BACL	1985-86	1989-90	(-0.01)	-	-	-	0.02	(-0.01)	0.01	(-0.01)	-
39.	BSLDC	1982-83	2004-05	(-0.25)	0.08	-	(-0.01)	5.14	(-2.92)	2.56	(-0.29)	-
40.	BSL	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				(-2.06)	0.26	-	(-0.04)	10.29	(-6.59)	17.60	(-2.11)	-
Total C (All sector wise non working Government companies)				(-5.26)	15.77	60.30	(-21.78)	101.27	(-173.67)	102.63	(-8.73)	-
Grand Total (A + B + C)				(-1144.04)	991.72	2569.13	(-76.48)	446.25	(-14617.88)	3773.07	(-207.37)	-

Above includes Section 619-B companies at Sr. No. 3 & 16 of working companies and Sr. No. 7 to 12 of non-working companies.

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

\$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

** Audit of Accounts by CAG who is the sole auditor for these corporations is in progress as of 30 September 2010.

¹³ ₹ 36,000

¹⁴ ₹ 47,550.94

¹⁵ ₹ 7,623.00

¹⁶ ₹ 2,533.30

¹⁷ ₹ 421.36

¹⁸ ₹ 22,074.77

¹⁹ ₹ 5,814.45

Annexure – 3
(Referred to in paragraph 1.10)
Statement showing equity/ loans received out of budget, 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 2010
(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year			Guarantees received during the year and commitment at the end of the year ^(a)		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.	Bihar Rajya Beej Nigam Ltd.	-	-	-	15.46	-	15.46	-	-	-	-	-	-
2.	Bihar Rajya Matsya Vikas Nigam Ltd.	-	-	-	-	-	-	4.40 ^(a)	-	-	-	-	-
Sector wise total		-	-	-	15.46	-	15.46	-	-	-	-	-	-
FINANCE													
3.	Bihar State Backward Classes Finance & Development Corporation Ltd.	1.00	-	-	-	-	-	-	25.00 ^(a)	-	-	-	-
4.	Bihar State Minorities Finance Corporation Ltd.	-	-	-	-	-	-	-	30.00 ^(a)	-	-	-	-
Sector wise total		1.00	-	-	-	-	-	-	59.40^(a)	-	-	-	-
INFRASTRUCTURE													
5.	Bihar State Road Development Corporation Limited	20.00	-	-	-	-	-	-	-	-	-	-	-
6.	Bihar Urban Infrastructure Development Corporation Limited	5.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		25.00	-	-	-	-	-	-	-	-	-	-	-
POWER													
7.	Bihar State Hydro electro Power Corporation Ltd.	-	17.88	-	-	-	-	-	-	-	-	-	-
Sector wise total		-	17.88	-	-	-	-	-	-	-	-	-	-

Audit Report (Commercial) for the year ended 31 March 2010

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year			Guarantees received during the year and commitment at the end of the year ^(a)		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)
	Total A (All sector wise Working Government Companies)	26.00	17.88	-	15.46	-	15.46	-	59.40 ^(a)	-	-	-	-
	B. Working Statutory corporations												
	FINANCE												
	1. Bihar State Financial Corporation Ltd.	-	-	-	-	-	-	-	44.15	-	-	0.12	-
	Sector wise total	-	-	-	-	-	-	-	44.15	-	-	0.12	-
	POWER												
	2. Bihar State Electricity Board	-	546.39	-	840.00	-	840.00	-	61.49 ^(a)	-	-	-	-
	Sector wise total	-	546.39	-	840.00	-	840.00	-	61.49 ^(a)	-	-	-	-
	SERVICES												
	3. Bihar State Road Transport Corporation	-	206.09	-	-	-	-	-	-	-	-	-	-
	Sector wise total	-	206.09	-	-	-	-	-	-	-	-	-	-
	Total B (All sector wise working Statutory corporations)	-	752.48	-	840.00	-	840.00	-	44.15	-	-	0.12	-
	Grand Total (A + B)	26.00	770.36	-	855.46	-	855.46	-	44.15	-	-	0.12	-
	C. Non working Government companies												
	AGRICULTURE & ALLIED												
	1. Bihar Fruit & Vegetable Development Corporation Ltd.	-	-	-	18.33	-	18.33	-	-	-	-	-	-
	Sector wise total	-	-	-	18.33	-	18.33	-	-	-	-	-	-
	Total C (All sector wise non working Government companies)	-	-	-	18.33	-	18.33	-	-	-	-	-	-
	Grand Total (A + B + C)	26.00	770.36	-	873.79	-	873.79	-	44.15	-	-	0.12	-

^(a) Figures indicate total guarantees outstanding at the end of the year.

Annexure – 4
(Referred to in paragraph 1.24)

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

(Amount: ₹ in crore)

Name of PSU	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by the State Government during the years for which accounts are in arrears			
			Equity	Loans	Grants	Others to be specified (Subsidy)
A. Working Companies						
Bihar Rajya Beej Nigam Limited	1998-99	3.71	-	2.28	41.22	-
Bihar State Text Book Publishing Corporation Limited	1997-98	0.48	-	-	-	205.00
Bihar State Backward Classes Finance & Development Corporation	1997-98	3.62	12.74	7.49	-	-
Bihar State Tourism Development Corporation Limited.	1997-98	5.00	-	-	-	-
Bihar State Food & Civil Supplies Corporation Limited	1988-89	4.46	0.81	202.25	-	-
Bihar Rajya Pul Nirman Nigam Limited	2001-02	3.50	-	-	-	-
Bihar Police Building Construction Corporation Limited	1994-95	0.10	-	-	-	-
Bihar State Hydro Electric Power Corporation Limited	1995-96	89.26	9.78	165.65	-	-
Bihar Rajya Matasya Vikas Nigam Limited	1992-93	1.75	1.25	5.63	-	-
Bihar State Forest Development Corporation Limited	2000-01	2.29	-	-	-	-
Bihar State Credit & Investment Corporation Limited	2002-03	15.12	-	57.49	-	-
Bihar State Film Development & Finance Corporation Limited	1991-92	0.95	1.05	0.01	-	-
Bihar State Electronic Development Corporation Limited	2001-02	5.67	-	-	-	-
Bihar State Mineral Development Corporation Limited	2000-01	9.97	-	-	11.00	-
Bihar State Minorities Finance Corporation Limited	2006-07	8.95	2.55	-	-	-
Bihar State Beverages Corporation Limited	2007-08	5.00	-	-	-	-
Bihar Health Project Development Corporation	No Accounts finalised since inception	0.06*	0.06	-	-	-

Name of PSU	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by the State Government during the years for which accounts are in arrears			
			Equity	Loans	Grants	Others to be specified (Subsidy)
Bihar State Road Development Corporation Limited	No Accounts finalised since inception	20.00*	20.00	-	-	-
Bihar Urban Infrastructure Development Corporation Limited	No Accounts finalised since inception	5.00*	5.00	-	-	-
Total (A)			53.24	440.80	52.22	205.00
B. Working Statutory Corporations						
Bihar State Electricity Board	2008-09	-	-	546.39	840.00	-
Bihar State Road Transport Corporation	2002-03	101.27	-	297.11	-	-
Bihar State Financial Corporation	2008-09	77.84	-	-	-	-
Bihar State Warehousing Corporation	2007-08	5.31	-	-	-	-
Total (B)			-	843.50	840.00	-
Total (A+B)			53.24	1284.30	892.22	205.00
Non-working Companies						
Bihar State Small Industries Corporation Limited	1990-91	7.18	-	1.66	-	2.46
Bihar State Pharmaceuticals & Chemical Development Corporation Limited	1985-86	3.62	12.92	6.30	-	-
Bihar State Industrial Development Corporation Limited	1987-88	14.04	-	38.47	-	-
Bihar State Leather Industries Development Corporation Limited	1982-83	5.14	12.26	43.18	-	-
Bihar State Textile Corporation Limited	1987-88	4.98	5.80	2.74	-	-
Bihar State Dairy Corporation Limited	1994-95	6.72	-	-	-	-
Bihar State Construction Corporation Limited	1986-87	7.00	4.00	1.05	-	-
Bihar Hill Area Lift Irrigation Corporation Limited	1982-83	5.60	5.22	18.78	-	55.41
Bihar State Sugar Corporation Limited	1984-85	9.97	10.03	365.32	-	-
Bihar Panchayati Raj Finance Corporation Limited	1984-85	1.44	-	-	-	-
Bihar State Water Development Corporation Limited	1978-79	5.00	5.00	154.33	-	-
Bihar State Agro Industries Development Corporation Limited	1989-90	7.57	0.07	24.66	-	-
Bihar Fruits & Vegetables Development Corporation Limited	1994-95	2.10	-	4.65	21.07	-

Name of PSU	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by the State Government during the years for which accounts are in arrears			
			Equity	Loans	Grants	Others to be specified (Subsidy)
Bihar State Export Corporation Limited	1991-92	2.00	-	2.21	-	0.07
Bihar State Handloom & Handicrafts Corporation Limited	1983-84	6.28	3.72	0.25	-	0.48
Bihar Solvent & Chemicals Limited	1986-87	0.66	-	-	-	-
Bihar State Cement Corporation Limited	A/c has not been finalised since inception	-	-	-	-	-
Bihar Drugs and Chemicals Limited	1985-86	0.94	NA	NA	NA	NA
Bihar State Tannin Extract Limited	1988-89	1.03	NA	NA	NA	NA
Total			59.02	663.60	21.07	58.42
Grand Total			112.26	1947.90	913.29	263.42

*Figures are based on the information furnished by the Companies.

NA indicates that the information has not been provided by the respective Company.

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

(Amount: ₹ in crore)

1. Bihar State Electricity Board			
Particulars	2006-07	2007-08	2008-09
A Liabilities			
Equity Capital	---	---	---
Loans from Government	5,577.62	5,764.95	6151.01
Reserves and Surplus(excluding depreciation reserve)	---	---	---
Current Liabilities and provisions	2,812.26	3,049.34	3302.59
Capital liabilities	3,829.17	4,423.27	5616.64
Total – A	12,219.05	13,237.56	15070.24
B Assets			
Gross fixed assets	2,242.43	2418.34	2556.51
Less depreciation	1,630.81	1684.44	1740.85
Net fixed assets	611.62	733.89	815.66
Capital work-in- progress	833.97	808.74	934.10
Current assets	4,454.49	4,702.33	4927.47
Investments	415.01	503.94	899.78
Subsidy receivable from Government	4,315.65	4,315.65	4,315.65
Assets not in use	3.61	3.61	3.61
Regulatory assets	60.00	60.00	60.00
Miscellaneous expenditure	---	---	---
Deficits	1524.70	2109.41	3113.98
Total – B	12,219.05	13,237.56	15070.24
C Capital employed*	3,087.81	3195.62	3374.64
2. Bihar State Road Transport Corporation[^]			
Particulars	2007-08	2008-09 (provisional)	2009-10 (provisional)
A Liabilities			
Capital (including capital loan & equity capital)	182.29	200.91	404.01
Borrowings (Government)	--	--	--
(Others)	--	--	--
Funds**	0.30	0.30	0.30
Trade dues and other current liabilities (including provisions)	1,109.90	1173.69	1215.52
Total – A	1,292.49	1374.90	1619.53
B Assets			
Gross Block			
Less depreciation			
Net fixed assets	47.00	41.60	37.00
Capital works in progress (including cost of chassis)	-	-	-

* Capital employed represents net fixed assets (including Capital Work-in-Progress) plus working capital. While working out working Capital the element of deferred cost and investments are excluded from the current assets.

[^] Figures are as per information provided by the Corporation.

** Excluding depreciation funds.

Investments	-	-	-
Current Assets, loans and advances	298.92	310.16	495.90
Accumulated Losses	946.57	1023.14	1086.63
Total – B	1,292.49	1374.90	1619.53
C. Capital employed *	(-)763.98	(-)821.93	
3. Bihar State Financial Corporation			
Particulars	2007-08	2008-09 (provisional)	2009-10 (provisional)
A Liabilities			
Paid-up capital*	77.84	77.84	77.84
Reserve fund, other reserves	10.05	10.05	10.05
Borrowings	260.81	-	-
Bonds and Debentures	87.52	79.47	35.32
Others paid by State Govt.	--	232.02	228.47
Current liabilities and provisions	241.19	290.94	293.27
Total – A	677.41	690.32	644.94
B Assets			
Cash and Bank balance	76.35	91.82	48.76
Investments	0.04	0.04	0.04
Loans and advances	202.22	204.82	204.86
Net fixed assets	0.67	0.64	0.68
Current assets	11.83	9.07	7.56
Dividend deficit account	1.01	-	-
Deficit	385.29	383.93	383.04
Total – B	677.41	690.32	644.94
C. Capital employed**	439.28	390.81	375.53
4. Bihar State Warehousing Corporation*			
Particulars	2007-08	2008-09 (provisional)	2009-10 (provisional)
A. Liabilities			
Paid-up capital	5.31	5.31	6.42
Reserves and surplus	16.23	15.56	23.01
Trade dues and other liabilities (including provisions)	17.89	39.76	28.09
Total -A	39.43	60.63	57.52
B Assets			
Gross block	17.28	17.28	17.28
Less depreciation	0.86	1.69	2.52
Net fixed assets	16.42	15.59	14.76
Capital work-in-progress	--	--	--
Current assets, loans and advances	23.01	45.04	42.76
Profit and loss Account	--	--	--
Total – B	39.43	60.63	57.52
C. Capital employed[#]	26.22	24.94	31.82

*Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

*Paid-up capital includes share application money.

**Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, reserves (Other than those which have been funded specifically and backed by investment outside) bond, deposits and borrowings (including refinance).

#Figures are as per information provided by the Corporation.

Annexure - 6
(Referred to in paragraph 1.14)

Statement of working results of Statutory corporations

(Amount: ₹ in crore)

1. Bihar State Electricity Board				
Sl. No.	Particulars	2006-07	2007-08	2008-09
1	(a) Revenue Receipts	1,392.26	1588.26	1765.30
	(b) Subsidy from the Government	720.00	720.00	720.00
	Total	2,112.26	2,308.26	2485.30
2	Revenue Expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and Interest)	2,041.09	2277.08	2643.65
3	Gross Surplus (+)/deficit (-) for the year (1-2)	71.17	31.18	(-) 158.35
4	Adjustment relating to previous years	(-)58.25	266.24	97.71
5	Final Gross Surplus (+)/deficit (-) for the year (3+4)	12.92	297.42	(-) 60.64
6	Appropriation			
(a)	Depreciation (less capitalised)	58.22	53.62	55.55
(b)	Interest on capital loans	482.73	570.03	611.23
(c)	Interest on other loans, bonds, advances etc.	339.58	278.68	291.40
(d)	Total Interest on loans and finance charges (b+c)	822.31	848.71	902.63
(e)	Less : Interest capitalised	13.00	20.20	14.26
(f)	Net Interest Charged to revenue (d-e)	809.31	828.51	888.37
(g)	Total appropriation (a+f)	867.53	882.13	943.92
7	Surplus (+) /deficit (-) before account of subsidy from State Government (5-6(g) -1(b))	(-)1574.61	(-)1304.71	(-) 1709.96
8	Net surplus (+)/deficit (-) 5-6(g)	(-)854.62	(-) 584.71	(-) 1004.56
9	Total return on Capital employed*	(-)45.31	243.80	(-) 116.19
10	Percentage of return on Capital employed	--	7.63	--
2. Bihar Road Transport Corporation[?]				
	Particulars	2007-08	2008-09 (provisional)	2009-10 (provisional)
	Operating			
(a)	Revenue	51.84	39.85	19.50
(b)	Expenditure	71.56	78.77	49.54
(c)	Surplus (+)/Deficit (-)	(-)19.72	(-) 38.92	(-) 30.04
	Non-operating			
(a)	Revenue	3.63	2.90	2.73
(b)	Expenditure	35.87	37.70	36.18
(c)	Surplus (+)/Deficit (-)	(-)32.24	(-)34.80	(-) 33.45
	Revenue	55.47	42.75	22.23
	Expenditure	107.43	116.47	85.72
	Net Profit (+)/ Loss (-)	(-)51.96	(-) 73.72	(-) 63.42
	Interest on capital and loans	18.53	18.80	18.53
	Total return on Capital employed	(-)33.43	(-)54.92	

*Total return on capital employed represents Net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

? Figures are provided by the Corporation.

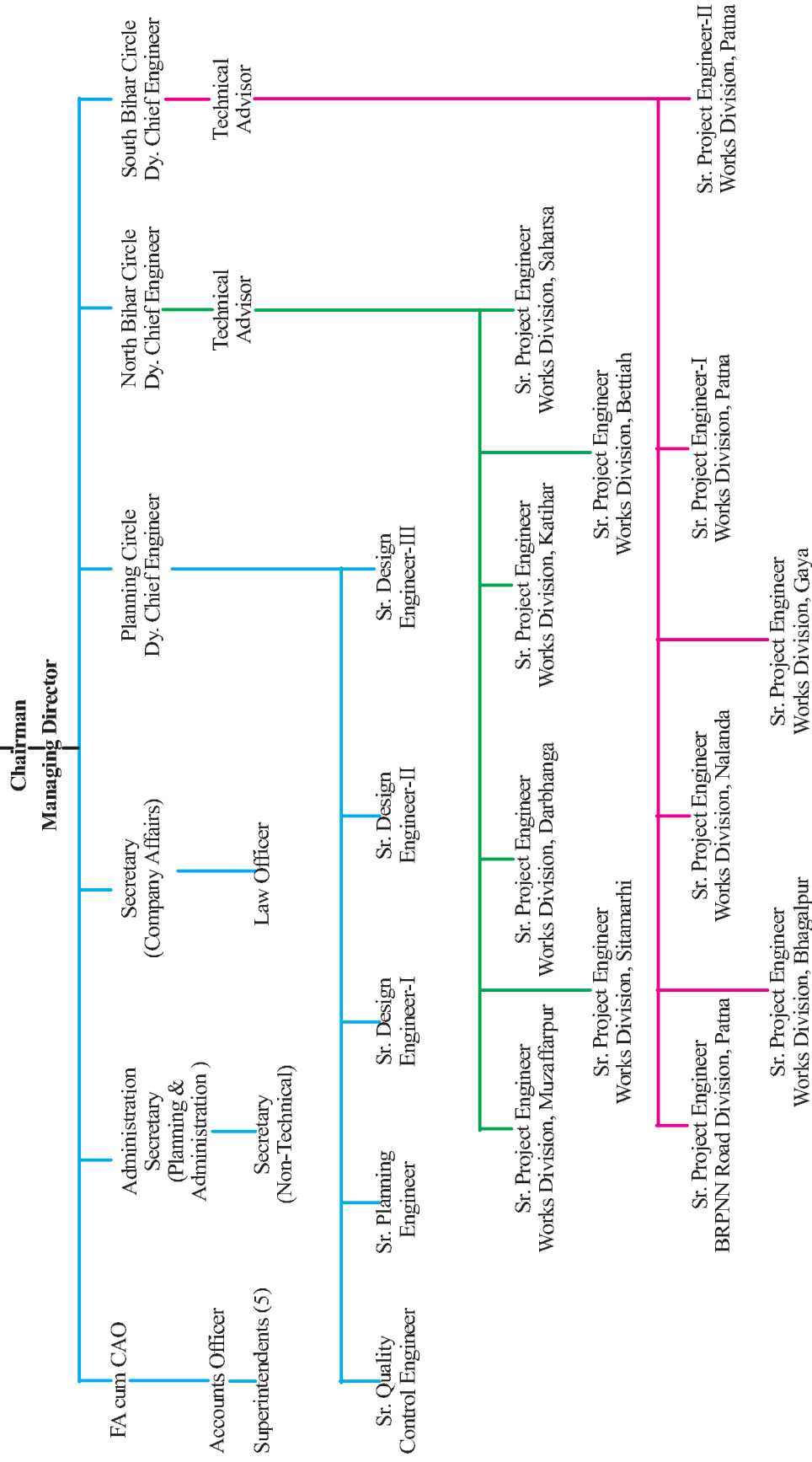
3. Bihar State Financial Corporation⁻				
	Particulars	2007-08	2008-09 (provisional)	2009-10 (provisional)
1	Income			
i)	Interest on loans	9.29	8.85	13.33
ii)	Other income	47.97	23.44	6.78
	Total - 1	57.26	32.29	20.11
2.	Expenses[*]			
i)	(a) Interest on long term loans and short term loans	20.45	19.12	5.96
	(b) Provision for non-performing assets	--	--	1.72
	(c) Other Expenses	8.51	11.78	11.54
	Total - 2	28.96	30.90	19.22
3.	Profit (+)/Loss (-) before tax (1-2)	28.30	1.39	0.89
4.	Provision for tax	0.02	0.02	--
5.	Other appropriations	--	--	--
6.	Amount available for dividend [#]	--	--	--
7.	Dividend	--	--	--
8.	Total return on capital employed	48.75	20.51	6.85
9.	Percentage of return on capital employed	11.10	5.25	1.82
4. Bihar State Warehousing Corporation⁻				
	Particulars	2007-08	2008-09 (provisional)	2009-10 (provisional)
1.	Income			
(a)	Ware housing charges	7.85	8.69	10.00
(b)	Other income	34.53	47.29	55.10
	Total - 1	42.38	55.98	65.10
2.	Expenses			
(a)	Establishment Charges	4.90	4.93	5.06
(b)	Other Expenses	36.34	45.68	53.53
	Total - 2	41.24	50.61	58.59
3	Profit (+)/Loss (-) before tax	1.14	5.37	6.51
4.	Prior period adjustment	--	--	--
5.	Other appropriation	--	2.03	--
6.	Amount available for dividend	1.14	3.34	6.51
7.	Dividend for the year	0.19	0.60	0.60
8.	Total return on Capital employed	1.14	3.34	6.51
9.	Percentage of return on Capital employed	4.35	13.39	20.46

⁻ Figures are provided by the Corporation.

^{*} Provision for Non-Performing Assets for the year may be distinctly shown under the head Expenses.

[#] Represents profit of current year available for dividend after considering the specific reserve.

Annexure 7
(Referred to in paragraph 2.1)
Organisation chart of Bihar Rajya Pul Nirman Nigam Ltd.
Board of Directors



Annexure -8
(Referred to in paragraph 2.9.2)
Statement of non utilisation of bridges

Sl. No.	Name of Bridges	Date of completion of bridge	Date of completion of approach road	Cost of Bridge (₹ in crore)	Delay in months
1.	RCC bridge on Belha river near Simanagardi in Banka District	30-04-2008	24-11-2008	0.68	07
2.	RCC bridge on Bilasi river in Banka Distt.	31-03-2009	June 2009	1.19	03
3.	SP bridge in Sanhaua Baisa road in Baisa viilage in Bhagalpur Distt.	30-04-2008	24-11-2008	1.21	07
4.	RCC bridge in Sonuchak Puraini in Bhagalpur Distt.	30-04-2008	24-11-2008	0.85	07
5.	RCC bridge on Lohari river in Mamlakha Lailakh in Bhagalpur District	31.03.2009	In progress	7.65	13
6.	RCC bridge in NH 80 Shivpur to Mangarh Sindhiya road in Munger Distt.	30-06-2008	24-11-2008	0.56	05
7.	RCC Bridge in Henjapur to Maharana Road 2nd KM in Munger Distt.	30-06-2008	24-11-2008	0.54	05
8.	RCC Bridge in Henjapur to Maharana Road 3rd KM in Munger Distt	30-06-2008	January 2009	0.55	07
9.	RCC Bridge in Henjapur to Maharana Road 4th KM in Munger Distt	30-06-2008	January 2009	0.56	07
10.	RCC bridge on Bilasi river near Gorgama Kenduar in Banka Distt.	31-07-2009	24-11-2009	1.81	04
11.	RCC Bridge in Kataria river near Brindavan Bhawan korma in Banka Distt.	29-07-2009	24-11-2009	1.96	04
12.	RCC Bridge in Lohagarh river between Shakti Ghat Khesar in Banka Distt	31-05-2009	December 2009	2.39	07
13.	RCC Bridge on Dakai river Dudhari Gogiadih in Banka Distt.	31-07-2009	November 2009	1.36	04

Sl. No.	Name of Bridges	Date of completion of bridge	Date of completion of approach road	Cost of Bridge (₹ in crore)	Delay in months
14.	RCC Bridge in Nonia Basar Between Mangara to Balianahar in Banka Distt	30-06-2009	24-11-2009	0.76	05
15.	RCC Bridge over river Pirpainti Dargah Ghat in Bhagalpur Distt	31-03-2009	15-03-2010	1.87	12
16.	RCC foot Bridge at Sultanganj from Sidhighat to Ajgaibinath in Bhagalpur Distt.	30-06-2009	24-11-2009	5.59	05
17.	RCC Bridge at Kathara river on Dhamana Kitta Khaira Baijal road in Jammui Distt.	30-06-2009	April 2010	1.26	10
18.	RCC Bridge on Bahuar river near Lahila Akauni road Jamui Distt	31-05-2009	April 2010	1.68	11
19.	RCC Bridge on Bahuar river at Khutkhat Nawabganj road in Jamui Distt	31-12-2009	April 2010	1.57	04
20.	RCC Bridge on Bahuar river near Sikandra Durgasthan in Jamui Distt	30-06-2009	October 2009	1.61	04
21.	RCC Bridge on Bahuar river near Gaditelwa Ghasi tari in Jamui Distt	30-06-2009	16-04-2010	2.81	10
22.	RCC Bridge on river Morhar in Narhat village	06-02-2007	30-05-2007	1.16	3.5
23.	Bridge on Mundershah in Ashiyana Digha road in Patna	28-02-2008	September 2010	0.28	27
24.	Bridge on SPM Daulatpur Alwalpur road	30-06-2008	31-03-2009	2.08	09
25.	Bridge on 8 th Km on Lai road of Baghakol Laghar Shivpur Chauraha	30-06-2008	31-03-2009	2.68	09
26.	Bridge on Sabnima to Ramnagar in the branch of river Ganga	30-06-2008	30-06-2009	4.35	12
27.	Bridge over river Punpun near Fatehpur village	30-06-2008	31-07-2009	7.91	13
28.	Bridge in Manas main road in Manas Panchyat bridge No. 2	31-05-2009	31-03-2010	2.13	10

Sl. No.	Name of Bridges	Date of completion of bridge	Date of completion of approach road	Cost of Bridge (₹ in crore)	Delay in months
29.	Bridge in Manas main road in Manas Panchyat bridge No. 3	31-05-2009	31-03-2010	2.12	10
30.	Bridge over river Kohira in Manar road from Biur to Devargi	30-06-2009	31-08-2009	1.08	02
31.	Bride on Rehua Morbia across Harohar river in Lakhisarai	November 2009	March 2010	8.70	04
32.	Bridge on Falgu river Ghosi – Sukhiyanwan-Hulasganj road	June 2006	8-02-2007	6.478	07
33.	Bridge on Falgu river Ghosi – Islampur road near Ratanbigha	September 2006	8-02-2007	4.894	04
34.	Bridge on Keshhar river on Madanpur Dev path	September 2009	24-1-2009	3.609	02
35.	Bridge on Ramrekha river on Ekwania bigha	December 2009	22-01-2010	1.329	01
36.	Bridge on Adri river on Obra Surkhi road	December 2009	22-01-2010	0.845	01
37.	Bridge on Budh river on Sadipur Dihuri Nawadih road	February 2010	September 2010	1.333	04
38.	Bridge on Jamune river Akaunadhina Bigha	April 2009	11-06-2009	1.603	1.5
39.	Bridge on Muthai river on Bajitpur road	April 2009	11-06-2009	2.631	1.5
40.	Bridge on Morhar river near Kamarpur Dawa	April 2009	11-06-2009	0.793	1.5
41.	Bridge on Falgu river Charoi Okri path	January 2010	In progress	4.367	5
42.	Bridge on Dardha river Irki Thithai Bigha road	January 2010	31-03-2010	4.593	02
43.	Bridge on Jamune river on Kurmawa- Gaya-Dhobhi road	September 2009	24-11-2009	1.183	1.5
44.	Bridge on Sone Canal near bus stand arwal	September 2009	24-11-2009	1.203	1.5
45.	Bridge on Nala near Bajalpur – Goh Uphara road	September 2009	September 2010	0.904	06
	Total			106.715	

Annexure-9
(Referred to in paragraph 2.9.3)

Statement of Cost Overrun in case of bridges constructed under Plan/Non-Plan Head during 2005-06 to 2009-10

(Amount: ₹ in lakh)

Sl. No.	Name of Bridge	Head	Year of allotment	Amount of AA	Expenditure incurred including Centage Charges (as on Sep. 2010)	Excess expenditure
1	Bridge on 11 th KM of Mohania-Bhabhua road in Kaimur Distt	Plan	2005-06	89.45	101.06	11.61
2	Bridge on Thora river on 2 nd KM of Buxar-Chausa road in Buxar Distt	Plan	2005-06	325.00	598.33	273.33
3	Bridge on 16 th KM of Makhdumpur Sonwa Bauri Hulasganj road in Jehanabad Distt	Plan	2005-06	900.00	1623.35	723.35
4	Bridge on Basahi river in 9 th KM of Kudra Parsathua road in Kaimur Distt	Plan	2005-06	300.00	467.26	167.26
5	Bridge on Harohar river in 13 th KM of Puraina Barahia road in Shekhpura Distt	Plan	2005-06	326.53	657.18	330.65
6	Bridge on Dhaus river on 17 th KM of Ara Salempur road in Bhojpur Distt	Plan	2005-06	232.16	412.96	180.80
7	Construction of Hume pipe, culver and road raging in 3 rd KM of Ghoshi Islampur road on Falgu River in Jehanabad Distt	Plan	2006-07	43.94	47.30	3.36
8	Bridge on Sursar River near Korla Patti on Triveniganj Jadia Balua Road in Supaul Distt	Plan	2006-07	298.17	488.82	190.65
9	Bailey Bridge from Garden Rich Ship Builders and Engineers Ltd.	Plan	2006-07	530.00	557.22	27.22

10	Bridge on 13.8 th KM near Bhaya Ghat Kusumba on Shekhpura Barahia Road in Shekhpura Distt	Plan	2006-07	137.30	164.90	27.60
11	Bridge on 14.4 th KM near Bhaya Ghat Kusumba on Shekhpura Barahia Road in Shekhpura Distt	Plan	2006-07	137.30	145.90	8.60
12	Bridge on 13.8 th KM near Bhaya Ghat Kusumba on Shekhpura Barahia Road in Shekhpura Distt	Plan	2006-07	228.50	229.35	0.85
13	Bridge on 22 nd KM of Barh urban Sarmera Road in Patna Distt	Plan	2006-07	184.64	194.84	10.20
14	Bridge on 26 th KM of Barh urban Sarmera Road in Patna Distt	Plan	2006-07	275.84	279.31	3.47
15	Bridge on Sakri River near Dariyapur on Warsliganj Kharat road in Nawada Distt	Plan	2006-07	1340.00	1346.76	6.76
16	Bridge on 2 nd KM in Purnea-Kadwa-Sonauli-Azamgarh Abadpur road on Kachaura (Mahant Sthan) in Katihar Distt	Plan	2006-07	545.47	612.67	67.20
17	Bridge on 2 nd KM in Gerua-Dalmalpur-Jokihat road near Doriya in Katihar Distt	Plan	2006-07	545.84	668.50	122.66
18	Bridge on 2 nd KM in Purnea-Kadwa-Sonauli-Azamgarh Abadpur road on Marangikund (East of Sausachak) in Katihar Distt	Plan	2006-07	303.04	396.45	93.41

19	Bridge on 1 st KM in Purnea-Kadwa-Sonauli-Azamgarh Abadpur road on Chaparghat in Katihar Distt	Plan	2006-07	303.17	352.28	49.11
20	Bridge on 1 st KM in Purnea-Kadwa-Sonauli-Azamgarh Abadpur road on Simalkund in Katihar Distt	Plan	2006-07	228.77	285.73	56.96
21	Bridge on 3 rd KM in Purnea-Kadwa-Sonauli-Azamgarh Abadpur road on Uttamkund in Katihar Distt	Plan	2006-07	545.47	588.51	43.04
22	Bridge on 2 nd Km in Nariyawan Ghat on Khira-Sonipath in Jamui District.	Plan	2006-07	1131.19	1350.45	219.26
23	Bridge on 1 st Km of Ara Salempur road in Bhojpur Distt	Plan	2007-08	63.17	69.18	6.01
24	Bridge on Ganga river near Azgaibinath Mandir in Sultanganj in Bhagalpur District	Plan	2007-08	558.66	594.63	35.97
25	Bridge on 10 th Km of Shiohar-Minapur-Jhapaha road on Bagmati River in Shiohar Distt	Plan	2007-08	194.31	442.23	247.92
26	Bridge on 15 th Km of Shiohar-Minapur-Jhapaha road on Bagmati River in Shiohar Distt	Plan	2007-08	181.00	195.03	14.03
27	Bridge on 1 st Km of Shiohar-Minapur-Jhapaha road on Bagmati River in Shiohar Distt	Plan	2007-08	177.63	245.29	67.66
28	Bridge on Kamla River on Ghanshyampur-Rasiyari Road in Darbhanga Distt	Plan	2007-08	1900.07	1974.32	74.25

29	Protection work of Baisaghat Bridge on 9 th Mile of Amout-Bahadurganj Road in Purnea Distt	Plan	2008-09	124.24	127.30	3.06
30	Remodeling of Training hall and attached rooms of Vishwesariya Council under RCD	Plan	2009-10	22.55	73.02	50.47
31	Bridge on 11 th Km of Pehlagarh-Belhari road in Mogiadhar in Katihar Distt	Central Road Fund	2007-08	107.57	139.18	31.61
32	Bridge near Palsaghat on Palsa-Macharhatta in Parmanedhar in Purnea Distt	Central Road Fund	2008-09	1038.60	1118.99	80.39
33	Bridge on 7 th Km of Maheshkhunt-Maulichak Road on NH-107	Road Sector	2007-08	238.04	376.61	138.57
34	Bridge on 8 th Km of Maheshkhunt-Maulichak Road on NH-107	Road Sector	2007-08	355.56	583.17	227.61
35	Bridge on 21 st Km of Maheshkhunt-Maulichak Road near Pansalwa on NH-107	Road Sector	2007-08	309.54	589.07	279.53
36	Flyover on Kankarbagh T Junction in Patna Distt	Road Sector	2007-08	3034.12	3836.73	802.61
37	Construction of Nala and Channel cover with Footpath in Kankarbagh Main road (Old Bypass) in New Capital Road Division in Patna Distt	Road Sector	2007-08	418.06	1099.79	681.73
Total				17674.90	23033.67	5358.77

Annexure -10
(Referred to in paragraph 2.11.4)

Statement showing details of loss due to award of work on nomination basis above 8 to 15 per cent from ceiling rate

(Amount: ₹ in Lakh)

Sl. No.	Name of Bridge	Number of Nominations	Percent above ceiling Rate	Total Amount	Loss (v)- (v*107/100+Percent above)
(i)	(ii)	(iii)	(iv)	(v)	(vi)
Katihar Division					
1.	Bridge in 42 nd Km of Araria Kursela Palas Raod	8	15	16.20	1.13
2.	--do--	2	10	4.98	0.14
3.	Bridge in 18 th Km Katihar Pranpur Road	15	10	302.30	8.24
4.	Bridge in 1 st Km Kadma Kuruahat Road in Katihar	19	12	33.11	1.48
5.	---do--	35	10	69.54	1.90
6.	Bridge in 16 th Km Katihar Pranpur Road	17	10	59.50	1.62
7.	Bridge in 15 th Km Katihar Pranpur Road	08	10	68.51	1.87
8.	Bridge in 14 th Km Katihar Pranpur Road	4	12	33.51	1.50
9.	Bridge in 46 th Km Purnia Kadma Azampur Road	20	12	44.19	1.97
10.	Bridge in 10 th Km Araria Palasi Road	10	15	12.81	0.89
11.	Bridge in 28 th Km Araria Jokihat Road	12	15	14.40	0.99
12.	Bridge in 27 th Km Jokihat Palasi Road	8	15	18.96	1.32
13.	--do--	10	10	6.49	0.17
14.	Bridge in 40 th Km Araria Kursakanta Road	3	15	7.38	0.51
15.	Total	171		691.88	23.73
Darbhanga Division					
16.	Pusa Bridge	15	15	1227.44	85.39
17.	--do--	01	12	5.38	0.24
18.	--do--	02	10	0.76	0.04
	Total	18		1233.58	85.67

Sl. No.	Name of Bridge	Number of Nominations	Percent above ceiling Rate	Total Amount	Loss (v)- (v*107/100+Percent above)
Bhagalpur Division					
19.	Siddhighat to Ajgaibinath in Sultanganj	5	15	234.09	16.28
20.	--do--	10	10	152.68	4.16
21.	Bridge at 2 nd Km Khaira sona Road in Jamui	18	15	755.34	52.55
22.	--do--	4	10	55.77	1.52
23.	10 th Km Khaira Sona Road in Jamui	1	15	6.09	0.42
24.	---do---	5	10	219.16	5.98
25.	17 th Km Khaira Sona Road in Jamui	3	10	146.74	4.11
26.	Bridge in River Badua between Kumharsar and Dhauri Dhramsala in Banka	2	10	25.69	0.70
27.	Total	48		1595.56	85.72
	Grand Total	237		3521.02	195.12

Total number of nominations 15 percent above ceiling rate = 80

Total number of nominations 12 percent above ceiling rate = 44

Total number of nominations 10 percent above ceiling rate = 113

Total Number of Nominations **237**

Annexure 11
(Referred to in paragraph 2.13)

Statement showing Financial Performance of Bihar Rajya Pul Nirman Nigam Ltd. during 2005-10 (figures are provisional)

(Amount: ₹ in crore)

Particulars	2005-06 (Provisional)	2006-07 (Provisional)	2007-08 (Provisional)	2008-09 (Provisional)	2009-10 (Provisional)
Paid up Capital	3.50	3.50	3.50	3.50	3.50
Bridge Development Fund	81.39	85.83	93.37	98.72	102.71
Reserves & Surplus (including capital grants but excluding depreciation reserve)	-	-	44.74	89.95	131.61
Current Liabilities & Provisions	616.43	1238.80	1802.38	2568.07	3290.70
Total	701.32	1328.13	1943.99	2760.24	3528.52
Gross Block	7.15	8.74	15.27	36.09	56.65
Less: Depreciation	4.70	4.94	5.52	6.38	10.64
Net Fixed Assets	2.45	3.80	9.75	29.71	46.01
Bridge Development Fund	24.97	34.87	85.58	96.03	96.17
Current Assets, Loans & Advances	662.72	1289.20	1848.66	2634.50	3386.34
Accumulated Losses	11.18	0.26	-	-	-
Total	701.32	1328.13	1943.99	2760.24	3528.52
Capital employed	48.74	54.20	56.03	96.14	141.65
Working Results					
Total Income	13.13	28.38	88.26	110.73	111.60
Total expenditure	7.16	11.16	12.21	20.30	23.79
Profit/(loss) before tax and adjustments	5.97	17.22	76.05	90.43	87.81
Centage charges earned	7.75	12.94	41.75	75.60	85.38
Centage as per cent of total income	59.03	45.60	47.30	68.27	76.51
Interest on Fixed Deposits	4.85	14.61	40.55	28.89	16.38
Interest on Fixed Deposits as per cent of total income	36.94	51.48	45.94	26.09	14.68

Annexure – 12
(Referred to in paragraph 3.5)

Statement showing cost of generation of electricity, revenue realisation, net surplus/loss and earnings and cost per unit of operation in respect of the Company during 2005-06 to 2009-10

(₹ in crore)

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
1.	Income					
	Generation Revenue	13.61	12.86	11.67	10.48	6.78
	Other income including interest/subsidy	0.52	1.11	3.84	3.33	3.06
	Total Income	14.13	13.97	15.51	13.81	9.84
2.	Generation					
	Total generation (In MUs)	72.75	68.61	61.48	60.37	34.66
	Less: Auxiliary consumption (In MUs)	1.77	3.65	2.67	2.18	0.84
	Total generation available for Transmission and Distribution (In MUs)	70.98	64.96	58.81	58.19	33.82
3.	Expenditure					
(a)	Fixed cost					
(i)	Employees cost	2.00	2.20	2.49	2.80	3.65
	Administrative and General expenses	3.43	3.77	4.32	5.80	1.85
(ii)	Depreciation	4.06	4.79	5.48	6.28	7.33
(iii)	Interest and finance charges	5.08	6.20	11.45	11.80	15.92
	Total fixed cost	14.57	16.96	23.74	26.68	28.75
(b)	Variable cost					
(i)	Lubricants and consumables	1.34	1.86	2.05	2.01	2.16
(ii)	Depreciation and maintenance	0.39	0.83	0.56	1.54	1.08
	Total variable cost	1.73	2.69	2.61	3.55	3.24
C.	Total cost 3(a) + (b)	16.30	19.65	26.35	30.23	31.99
4.	Realisation (per unit)	1.92	1.98	1.98	1.80	2.00
5.	Fixed cost (₹ per unit)	2.05	2.61	4.04	4.58	8.50
6.	Variable cost (₹ per unit)	0.24	0.41	0.44	0.61	0.96
7.	Total cost per unit (5+6)	2.29	3.02	4.48	5.19	9.46
8.	Contribution (4-6) (₹ per unit)	1.68	1.57	1.54	1.19	1.04
9.	Profit (+)/Loss(-) (4-7)	-0.37	-1.04	-2.50	-3.39	-7.46

Annexure – 13
(Referred to in paragraph 3.5)

Statement showing cost of generation of electricity, revenue realisation, net surplus/ loss and earnings and cost per unit of operation in respect of the BTPS during 2005-06 to 2009-10

(₹ in crore)

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Income					
	Generation Revenue	25.58	7.66	35.45	29.23	68.66
	Other income including interest/subsidy	0.19	0.15	0.68	0.68	0.17
	Total Income	25.77	7.81	36.13	29.91	68.83
2.	Generation					
	Total generation (In MUs)	120.95	37.25	132.75	102.94	264.71
	Less: Auxiliary consumption (in MUs)	25.13	10.65	18.40	12.73	38.11
	Total generation available for Transmission and Distribution (in MUs)	95.82	26.60	114.35	90.21	226.60
3.	Expenditure					
(a)	Fixed cost					
(i)	Employees cost	16.43	17.71	19.82	21.72	30.46
(ii)	Administrative and General expenses	1.14	0.79	0.90	0.98	1.08
(iii)	Depreciation	4.41	3.76	0.94	2.43	2.43
	Total fixed cost	21.98	22.26	21.66	25.13	33.97
(b)	Variable cost					
(i)	Fuel consumption					
	(a) Coal	17.32	5.34	26.12	14.85	46.31
	(b) Oil	4.74	1.30	10.81	5.72	16.34
	(c) Gas	0.34	0.20	0.13	0.37	-
	(d) Other fuel related cost including shortages/surplus	-	0.02	-	-	4.01
(ii)	Cost of water (hydel/ thermal/ gas/ others)	2.43	2.38	2.81	2.76	3.15
(iii)	Lubricants and consumables	0.27	0.08	0.15	0.80	0.50
(iv)	Repair and maintenance	2.87	1.24	2.18	3.56	4.96
	Total variable cost	27.97	10.56	42.20	28.06	75.27
C.	Total cost 3(a) + (b)	49.95	32.82	63.86	53.19	109.24
4.	Realisation (₹ per unit)	2.67	2.88	3.10	3.24	3.03
5.	Fixed cost (₹ per unit)	2.29	8.37	1.89	2.79	1.50
6.	Variable cost (₹ per unit)	2.92	3.97	3.69	3.11	3.32
7.	Total cost per unit (5+6)	5.21	12.34	5.58	5.90	4.82
8.	Contribution (4-6) (₹ per unit)	-0.25	-1.09	-0.59	0.13	-0.29
9.	Profit (+)/Loss(-) (4-7)	-2.54	-9.46	-2.48	-2.66	-1.79

Annexure – 14

(Referred to in paragraph 3.7)

Statement showing operational performance of Bihar State Electricity Board/Bihar State Hydro Electric Power Corporation Limited

Sl. No	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Installed capacity	(MW)				
(a)	Thermal	320.00	320.00	320.00	320.00	320.00
(b)	Hydel	44.10	45.10	47.10	51.10	52.80
	TOTAL	364.10	365.10	367.10	371.10	372.80
2.	Normal maximum demand	1175.00	1275.00	1800.00	1900.00	2500.00
	Percentage increase over previous year	-	8.51	41.18	5.56	31.58
3.	Power generated	(MKWH)				
(a)	Thermal	120.95	37.25	132.75	102.94	264.71
(b)	Hydel	72.75	68.61	61.48	60.37	34.66
	TOTAL	193.70	105.86	194.23	163.31	299.37
	Percentage increase/decrease (-) over previous year	-	(-45.35)	83.48	(-15.92)	83.31
4	LESS: Auxiliary consumption					
(a)	Thermal	25.13	10.65	18.40	12.73	38.11
	(Percentage)	20.78	28.59	13.86	12.37	14.40
(b)	Hydel	1.77	3.65	2.67	2.18	0.84
	(Percentage)	2.43	5.32	4.34	3.61	2.42
	TOTAL	26.90	14.30	21.07	14.91	38.95
	(Percentage)	13.89	13.51	10.85	9.13	13.01
5.	Net power generated	166.80	91.56	173.16	148.40	260.42
5A	Actual power fed into Grid (in MUs)	148.73 (52.91+95.82)	73.36 (46.76+26.60)	159.58 (45.23+114.35)	131.75 (41.54+90.21)	241.89 (15.29+226.60)
6.	Total demand (in MUs)	10293.00	11169.00	15768.00	16644.00	21900.00
7.	Deficit(-)power (In MU)	(-)10144.27	(-)11095.64	(-)15608.42	(-)16512.25	(-)21658.11
8.	Power purchased (MU)					
(a)	Within the State					
	(i)Government Undertakings	7234.69	7884.60	7707.68	8588.71	9349.88
	(ii)Private (sugar mills)	-	-	2.32	13.12	11.12
(b)	Total power purchased(as furnished by BSEB)	7234.69	7884.60	7710.00	8601.83	9361.00
9.	Net deficit (MU) 7 – 8(b)	2909.58	3211.04	7898.42	7910.42	12297.11

Annexure – 15

(Referred to in paragraph 3.9)

Statement showing case studies of Small Hydroelectric Projects (SHP) executed by the Company during 2005-06 to 2009-10

Sl. No.	Title of the case study	Provisions made in the DPR/agreement	Status of execution of the projects	Deficiency in execution	Final impact
1	Triveni SHP				
	(a) Delay in execution	-Estimated cost ₹ 9.15 crore -To be completed within 48 months from the date of payment of first mobilization advance; -Scheduled time for completion of this project was October 2005.	-Awarded (April 2001) to an agency on turnkey basis, for ₹ 13.50 crore; -Mobilisation advance Granted in October 2001; - Project commissioned in February 2009; -Actual expenditure as on 31 st March 2010 was ₹ 19.38 crore; - Final bills of the agency yet to settled.	-Delay in granting of advance (six months); -Delay in acquisition of land; -Delay in supply of (E/M)equipments by the contractor etc.	-Cost overrun to estimated cost (₹ 10.23 crore); - Time overrun (39 months); - Delay was controllable by the Management by better planning and monitoring of project execution activities.
	(b) Loss of generation due to delay in completion of the project	-Company envisaged generation of 15.77 MUs of power per annum by October 2005.	-Since, water for generation of power was available; the delay in commissioning of the project caused potential loss of revenue to the company.	-do-	-Loss of generation valued ₹ 10.25 crore
	(c) Avoidable payment to the agency	-Execution of project was awarded to an agency (M/s Pareek Power Pvt. Ltd., Ranchi) on turnkey basis; - supply of E/M equipment was to be made by sub agency-(M/s Jyoti Limited, Varodara) at a cost of ₹ 4.41 crore for which both agency had made an agreement.	-Supply of the E/M equipments were being delayed due to financial constraint of the subcontractor; - Company directly made advance payment to the sub agency and decided (July 2003) that M/s Pareek Power Pvt. Ltd. would get an extra payment of thirty per cent on actual bills of supply of E/M equipments by M/s Jyoti Ltd; -A payment of ₹ 1.09 crore (30 per cent of ₹ 3.96 crore paid to M/s Jyoti Ltd.) was paid to M/s Pareek Power Pvt. Ltd. as commission.	-When the agreement was made with the agency for turn key execution, the extra payment made of ₹ 1.09 crore was, an avoidable payment and lacked justification.	-Avoidable payment of ₹ 1.09 crore.

	(b) Extra expenditure on execution of works not envisaged in the DPR	-Not originally mentioned in the DPR and agreement	-Test check of the running account bills, DPR and the quantities incorporated in the agreement with the contractor revealed that extra expenditure of ₹ 1.23 crore was incurred.	-It reflected the perfunctory manner in which the survey/investigation, DPRs and estimates were prepared.	-Extra expenditure of: ₹ 1.23 crore
	(c) Extra expenditure due to increase in runner Diameter of Turbine and Gearbox		-Scrutiny of files/records of projects revealed that an additional amount of ₹ 0.76 crore was incurred due to increase in size of runner diameter and Gearbox from the designated size as per DPR/agreement.	-It reflected the perfunctory manner in which the survey/investigation, DPRs and estimates were prepared.	-Extra expenditure of ₹ 0.76 crore
4	Nasiriganj SHP				
	(a) Excess expenditure due to enhancement of tendered quantity	-In all major contracts a provision regarding variation in quantities is invariably included; -Usually the variation in agreed quantities is limited to 25 per cent.	-Percentage of excess work executed in respect of ten items exceeded the limit of 25 per cent ; -The absence of an enabling provision for capping the maximum limit of quantity of works in the agreement resulted (March 2010) in excess expenditure.	-Quantity variation clause i.e. capping the variation in the agreed quantities was not included in the contract agreements for execution of projects.	-Excess expenditure ₹ 1.65 crore; -It reflected the perfunctory manner in which the survey/investigation, DPRs and estimates were prepared.
	(b) Extra expenditure due to increase in runner Diameter of Turbine and Gearbox		-Scrutiny of files/records of projects revealed that an additional amount of ₹ 0.22 crore was incurred due to increase in size of runner diameter and Gearbox from the designated size as per DPR/agreement.	-It reflected the perfunctory manner in which the survey/investigation, DPRs and estimates were prepared.	-Extra expenditure of ₹ 0.22 crore
5	Lack of effective control over the completion of various projects .	-17 projects (total capacity of 16.75 MW) funded/sanctioned (May 2003) by NABARD with the scheduled date of completion by 31 st March 2005;	-None of the 17 projects (total capacity of 16.75 MW) got completed in scheduled date of completion i.e. 31 st March 2005;	-After a lapse of seven years from the sanction of the projects, only six projects (of capacity of 7.7 MW) have been completed (November 2010).	-Lack of effective planning and monitoring over completion of projects.

Annexure – 16
(Referred to in paragraph 3.11)

Statement showing station-wise value of excess consumption of Coal in Bihar State Electricity Board

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
BTPS unit 6 & 7						
1.	Unit generated (MUs)	120.95	37.25	132.75	102.94	264.71
2.	Coal required as per norms (MT) 0.519 kg/kwh	62773	19333	68897	53426	137384
3.	Coal consumed (MT)	125985	39398	135280	98158	260304
4.	Excess consumption (MT) (3 – 2)	63212	20065	66383	44732	122920
5.	Rate per MT (₹)	1318.37	1496.95	1551.95	1243.76	1750
6.	Coal consumed per Unit (Kg.) [(3 x 1000) / 1]	1.042	1.058	1.019	0.954	0.983
7.	Value of excess coal (₹ in crore) (4 x 5)	8.33	3.01	10.30	5.56	21.51

Annexure – 17
(Referred to in paragraph 3.13)

Statement showing station wise year-wise details of energy to be generated as per design, actual generation and plant load factor as per design vis-à-vis actual in Bihar State Electricity Board

Year	Energy Generation (MU)		Plant Load Factor (per cent)	
	As per design	Actual	As per design	Actual
Barauni Thermal Power Station Unit No. 6				
2005-06	963 .60	83.48	100	8.66
2006-07	Not in Operation			
2007-08	963 .60	132.75	100	13.77
2008-09	963 .60	102.94	100	10.68
2009-10	963 .60	264.71	100	27.47
Barauni Thermal Power Station Unit No. 7				
2005-06	963.60	37.47	100	3.88
2006-07	963.60	37.25	100	3.86
2007-08	Not in operation	-	-	--
2008-09	Not in operation	-	-	-
2009-10	Not in operation	-	-	-
Total	5781.60	658.60		

Annexure – 18
(Referred to in paragraph 3.13)

Statement showing year-wise details of energy to be generated as per design, actual generation and plant load factor as per design vis-à-vis actual in BSHPC Ltd.

Year	Energy Generation (MU)		Plant Load Factor (per cent)	
	As per design	Actual	As per design	Actual
2005-06	243.60	72.75	50	29.86
2006-07	248.91	68.61	50	27.56
2007-08	264.54	61.48	50	23.24
2008-09	279.48	60.37	50	21.60
2009-10	284.83	34.66	50	11.60
Total	1321.36	297.87		

Annexure – 19
(Referred to in paragraph No. 3.15)

Statement showing delay in maintenance of Units in Barauni Thermal Power Station of Bihar State Electricity Board

Sl. No.	Unit Name/ No.	When due	When done	Delay
1	4	1989	R&M / LE could not be taken up	-
2	5	1991	R&M / LE could not be taken up	-
3	6	2003	R&M / LE to be taken up after completion of the same work of unit no.7	7 years
4	7	2005	Taken up in June 2010 (work in progress in November 2010)	5 years

Annexure-20

(Referred to in paragraph 4.11)

Statement of department wise outstanding Inspection Reports (IRs)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Industry	3	8	45	2004-05
2	Information Technology	1	2	8	2007-08
3.	Forest & Environment	1	4	22	2004-05
4.	Agriculture	1	3	5	2004-05
5.	Energy	2	466	1067	2004-05
6.	Animal Husbandry	1	1	5	2006-07
7.	Food & Consumer Protection	1	6	41	2004-05
8.	Tourism	1	2	15	2005-06
9.	Human Resources Development	1	2	10	2004-05
10.	Road Construction	1	1	2	2007-08
11.	Home	1	4	23	2004-05
12.	Mines and Geology	1	1	6	2004-05
13.	Transport	1	2	12	2004-05
14.	Co-operative	1	5	21	2004-05
15.	Excise	1	1	5	2008-09
16.	Minority welfare	1	2	4	2005-06
Total		19	510	1291	

Annexure – 21

(Referred to in paragraph 4.11)

Statement of department wise draft paragraphs/reviews, reply to which are awaited

Sl. No.	Name of Department	No. of draft paragraphs	No. of reviews	Periods of issue
1.	Energy	7	1	April-September 2010
2.	Food and Consumer Protection	3	-	April-November 2010
3.	Information Technology	1	-	May 2010
4.	Road Construction	-	1	July 2010