TABLE OF CONTENTS

Annexures

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 and has been prepared for submission to the Government of Rajasthan under Section 19A of the Comptroller and Auditor General's (CAG) (Duties, Powers and Conditions of Services) 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 - Government of Rajasthan (State Finance) - No. 1 of 2010-11.

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

4. In respect of Rajasthan State Road Transport Corporation which is a Statutory Corporation, the Comptroller and Auditor General of India is the sole auditor. In respect of Rajasthan State Warehousing Corporation, he 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 CAG. As per the State Financial Corporation's (Amendment) Act 2000, CAG has the right to conduct the audit of the accounts of Rajasthan 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. 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 2010-2011 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 after 31 March 2011 have also been included, wherever necessary.

6. The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department issued by the Comptroller and Auditor General of India.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2011, the State of Rajasthan had 42 working PSUs (39 companies and 3 Statutory corporations) and 3 non-working PSUs (all companies), which employed 0.85 lakh employees. The working PSUs registered a turnover of ₹ 30152.24 crore for 2010-11 as per their latest finalised accounts. This turnover was equal to 9.94 *per cent* of State GDP indicating an important role played by State PSUs in the economy.

Investments in PSUs

As on 31 March 2011, the investment (Capital and long term loans) in 45 PSUs was ₹ 47144.61 crore. It grew by over 192.41 *per cent* from ₹ 16122.90 crore in 2005-06. Power Sector accounted for nearly 93 *per cent* of total investment in 2010-11. The Government contributed ₹ 3546.82 crore towards equity, loans and grants/subsidies during 2010-11.

Performance of PSUs

During the year 2010-11, out of 42 working PSUs, 12 PSUs earned profit of ₹ 529.68 crore and 19 PSUs incurred loss of ₹ 1077.82 crore while three power sector PSUs incorporated in 2000-01 prepared accounts on No profit no loss basis by showing revenue gap as recoverable from the State Government which was not as per Generally Accepted Accounting Principles (GAAP) prevailing in the country. The major contributors to profit were Rajasthan State Mines and Minerals Limited (₹ 143.54 crore) and Rajasthan State Industrial Development and Investment Corporation Limited (₹ 292.18 crore). The heavy losses were incurred by Rajasthan Rajya Vidyut Prasaran Nigam Limited (₹ 815.94 crore) and Rajasthan State Road Transport Corporation (₹ 186.84 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the State PSUs' losses of ₹ 1300.20 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 professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Out of 46 accounts finalised during October 2010 to 30 September 2011, 36 accounts received qualified certificates and four accounts received adverse certificate from Statutory Auditors. CAG gave adverse certificates on two accounts of PSUs relating to power sector during the supplementary audit. There were 79 instances of non-compliance with

Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Seventeen working PSUs had arrears of 24 accounts as on 30 September 2011. The arrear needs to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. Out of three non-working PSUs, one PSU has arrear in account for more than one year while one other PSU has arrear in accounts for one year. As no purpose is served by keeping these PSUs in existence, they need to be wound up quickly.

(Chapter 1)

2. Performance reviews relating to Government companies

Performance Audits relating to **'Power Distribution Utilities' *i.e.* Ajmer Vidyut Vitran Nigam Limited**, **Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited** and **'Industrial Promotion and Infrastructure Activity' by Rajasthan State Industrial Development and Investment Corporation Limited** were conducted. Executive summary of audit findings is given below.

'Power Distribution Utilities' i.e. Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited

Electricity is an essential requirement for all facets of our life and its supply at reasonable rate to all the sectors is very crucial for sustained economic development. In Rajasthan, distribution of electricity is managed by Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited. As on 31 March 2011, the State had distribution network of 6.33 lakh Circuit Kilometer of lines (33/11 KV and LT), 3498 Sub-Stations and 813808 transformers of various categories. The number of consumers was 95.27 lakh as on 31 March 2011. The turnover of DISCOMs was ₹ 21807.49 crore in 2009-10, which was equal to 65.98 *per cent* and 9.92 *per cent* of the turnover of State PSUs and State Gross Domestic Product respectively. The DISCOMs employed 41040 employees as on 31 March 2011.

Distribution Network Planning

The increase in distribution capacity could not match the pace of growth in consumer demand, as against the planned additions of 1200 sub-stations during 2006-11, the actual addition was only 1142 sub-stations and further, as compared to the growth of connected load from 11792 MW as on April 2006 to 20857 MW as on March 2011, the increase in transformers capacity was from 11310 MVA to 15469 MVA. In JdVVNL, delay ranging between five and 27 months in completion of 28 sub-stations against scheduled dates of completion as on 31 March 2011 deprived envisaged energy savings of 17.44 MUs valuing ₹ 11.37 crore.

Centrally Sponsored Schemes

RGGVY The State Government notified the Rural Electrification Plan with a delay of 18 months. The DISCOMs against the target of electrification of all villages by March 2009 under Rajiv Gandhi Grameen Vidyutikaran Yojna, electrified only 1661 villages out of total 6538 un-electrified villages and further, only 1488 more villages could be electrified by March 2011. JdVVNL departmentally executed the projects in violation of the provisions of scheme which resulted into deprival of subsidy of ₹ 2.11 crore for Barmer project and likely deprival of ₹ 19.58 crore for four projects of tenth plan.

JdVVNL incurred excess expenditure of ₹ 13.05 crore from its own sources during tenth plan while funds released by REC under eleventh plan remained unspent due to slow progress of work. The excess expenditure incurred on the projects of tenth plan were not reimbursed by REC due to failure of JdVVNL to submit closure certificates. This has cost JdVVNL of ₹ 3.20 crore on account of interest paid on borrowed funds.

APDRP/R-APDRP The works of ₹ 163.62 crore executed by DISCOMs did not match the sanctioned list of the GOI under mandatory and non-mandatory item list as a result the DISCOMs were deprived of the subsidy of ₹ 40.91 crore. For implementing SCADA in Jodhpur and Bikaner city, the implementing agency could not achieve the target of 'Go Live' by due date. Further, the JdVVNL could ring fence only 19 out of 31 towns, which resulted in undue delay in commencement of activities. The DPRs of the projects were under preparation stage and only ₹ 16.35 crore could be utilised (June 2011) against loan funds of ₹ 102.63 crore.

Operational Efficiency

The DISCOMs purchased excess power of 7524 MUs beyond the approval of RERC. The long-term purchases were not enough to fulfill the demand of power in the State and shortage was met from short-term purchases at a higher cost ranging between ₹ 3.87 per unit and ₹ 7.52 per unit and UI purchases ranging between ₹ 3.65 and ₹ 9.20 during 2006-11. The DISCOMs also did not maintain the Grid discipline. The energy losses in DISCOMs were in excess than approved by RERC during 2006-07 and 2009-10 by 1386 MUs valuing ₹ 751.50 crore. Further, the expenditure on repairs of failed DTRs in JdVVNL increased from ₹ 7760 per DTR in 2006-07 to ₹ 19952 per DTR in 2009-10 despite no major change in contractual rates of repair. The significant shortfall in addition of capacitor banks and non- repairing of the defective capacitors in JdVVNL led to loss of targeted energy saving of 161.47 MUs valued at ₹ 89.59 crore. The JdVVNL could not achieve the targets of vigilance checking and theft detection and further, the targets of assessment in respect of detected cases despite declining trend were not achieved except in 2009-10 and 2010-11.

Financial Management

Inadequate State Government support, non-release of subsidy and non-revision of tariff during the review period worsened the financial position of DISCOMs. The increase in tariff (September 2011) was inadequate to cover the average cost of supply and deficit in subsequent years. As on 31 March 2010, the subsidy receivable from State Government inclusive of revenue deficit was ₹ 27612.97 crore. During 2006-10, the DISCOMs incurred cash losses of ₹ 33916.88 crore which was overcome mainly by borrowings from commercial banks/financial institutions. The dependence of DISCOMs on borrowed funds increased from ₹ 8601.72 crore to ₹ 32859.51 crore during 2006-10 and simultaneously, the interest burden also increased from ₹ 694.08 crore to ₹ 2611.69 crore. The cost of power purchase was more than the revenue realised from sale of power and the percentage of cost to revenue realised increased from 94.15 *per cent* to 162.43 *per cent* during 2006-10.

Energy Conservation

The JdVVNL though created 'Demand Side Management' cell but the cell remained non-functional since creation and was discontinued in 2006. The JdVVNL did not conduct mandatory Energy Audit from 2007 as was required under Energy Conservation Act, 2001. JdVVNL also did not install meters at all feeders to achieve the objective of energy accounting.

Further, against the direction of RERC to convert unmetered FRAC into metered category, JdVVNL could not adhere the annual targets and only 9799 FRAC against the target of 20037 were converted into metered category during 2006-10. JdVVNL also could not replace the defective meters within scheduled time and resultantly consumers were billed on average basis.

Conclusion and Recommendations

DISCOMs did not prepare plans for capacity additions keeping in view the load growth. The DISCOMs could not achieve the targets/objectives of RGGVY and APDRP/R-APDRP due to deficient planning. Long-term power purchase agreements were not adequate even to meet the demand approved by RERC and power was purchased at high cost through short-term agreements and UI purchases. Sub-transmission and distribution losses in JdVVNL were in excess than approved by RERC. Delay in revision of tariff, inadequate State Government support and supply of power to flat rate agricultural consumers at subsidised rates caused wide gap between revenue realised and cost of power supply which was funded through borrowings from financial institutions. Even after revision of tariff, cross subsidy was non-existent and all categories of consumers were still being supplied power at less than average cost of supply. The targets of vigilance checking and theft detection were not adequate and age -wise analysis of outstanding dues from sale of power and assessment of vigilance reported cases was not proper in JdVVNL which affected the recovery of debts/old debts. Further, JdVVNL did not get done mandatory energy audit under Energy Conservation Act, 2001 and also could not install meters at all feeders to achieve the objective of energy accounting. The review contains eight recommendations which includes financial package for reviving the financials of DISCOMs, ensure timely revision of tariff, adherence to the norms of RERC, timely completion of schemes, re-assessment of targets of vigilance checking and theft detection and to get done energy audit and accounting *etc*.

(Chapter 2.1)

Industrial Promotion and Infrastructure Activity by Rajasthan State Industrial Development and Investment Corporation Limited

Rajasthan State Industrial Development and Investment Corporation Limited was renamed (January 1980) to undertake exclusively the activities promoting industrialisation in the State and to achieve the objectives of State Industrial Policy/Policies. The Company is mainly engaged in acquisition of land, building infrastructure and developing industrial areas, financial assistance to industrial projects and provide concessions as per the policy of the State Government. As on March 2010, the Company developed 322 industrial areas by acquiring about 60395 acres of land wherein 27130 industrial units are established. IPI activity contributed 86 *per cent* of the total revenue earned during 2005-10, whereas remaining 14 *per cent* was contributed by investment and other activities.

Implementation of State Industrial Policy

The Company did not plan to develop thrust sectors envisaged in the Industrial Policy i.e. Auto Ancillary at Sitapura (Jaipur), textile at Sitapura and Sanganer (Jaipur) and Jodhpur. Further, the development of wool industry sector and handicrafts sector at Bikaner and Jaisalmer was not achieved (July 2011) even after elapse of 13 years.

Acquisition and development of land

During 2005-10, the Company planned for development of 26 industrial areas on 8986 acre of land. There was significant delay upto 143 months in planning for development of 2445 acre land (12 industrial areas) acquired prior to April 2005. Similarly, 2159 acre of land acquired during 2005-09 was not planned for development at the end of March 2010. Further, the Company also failed to take possession of 2014.04 acres of land despite payment of premium/compensation of ₹ 117.54 crore. Out of pending possession of 787.08 acre as on April 2005, the Company was able to take possession of only 27.32 acre land during 2005-10.

As on April 2005, 8224 acre of land was lying undeveloped in 68 industrial areas of 24 units. However, while fixing the targets for development of industrial areas this was not considered. Accordingly, the targets set for development were at lower side and not commensurate with total land lying undeveloped at the beginning and acquired during the year.

The Company did not adhere the terms and conditions of allotment of the Government land and did not execute the lease deed for 8536 acre of land. Further, there was delay in mutation of land in revenue records in 21 units for 2532 acre private land acquired during 2005-10.

The land under encroachment/ litigation increased from 260.03 acre (₹ 7.80 crore) in 2004-05 to 651.37 acre (₹ 83.63 crore) in 2009-10. Further, improper planning and delay in providing information hampered the industrial development and also led to blockage of funds.

Without ensuring physical possession of entire land, approval of lay-out plan of industrial areas delayed the development process. Decision of the Infrastructure Development Committee (IDC) for not providing infrastructure facilities in 'other areas' defeated the very basic objective of industrial development and adversely affected the industrial growth in these areas.

The industrial areas remained deprived from quality services for which the Company paid a bit higher cost than the normal contracts as the Company did not invoke the defect liability clause despite various defects noticed in the works executed at different units.

Allotment of land

The targets for allotment of plots were on lower side (ranged between 11.96 and 23.34 *per cent*) and not commensurate with the total plots remained un-allotted at the beginning of the year. Despite low targets, the Company could not achieve the same during 2007-10. The Company did not take corrective measures by analysing the reasons of non/slow-allotment of plots in 39 areas where the plots (ranged between 9 and 138) remained un-allotted for more than five years.

The concessions available at the time of initiating land allotment process in new industrial areas were not publicised which led to non-allotment of plot to ex-servicemen/war-widows, women and SC/ST category entrepreneurs in 20, 14 and 17 industrial areas launched during 2005-10. Further, in absence of maximum ceiling, allotment of concessional plots in excess of prescribed limit to SC/ST and women category of entrepreneurs led to loss of ₹ 27.79 crore during last five years.

The Company sustained loss of ₹ 9.56 crore due to non-adherence to RIICO Disposal of Land Rules in allotment of land and violating the laid down rules/policy. Besides, there were instances of allotment of land without ensuring physical possession of land/allotment before possession.

Central Assisted Schemes

The various Centrally sponsored schemes viz; Integrated Infrastructural Development, Agro Food Park, Growth Centre, Apparel Park for Export, Special Economic Zones *etc.* implemented by the Company to attain the objectives of promoting industrial growth, removing regional disparities and improving infrastructure in the State, could not be implemented within time schedule and there was delay upto 148 months. Further, improper planning, defective project reports indicate the Company's failure towards achievement of very purpose of the schemes.

Corporate Social Responsibility

The corpus of Village Amenities Development Fund (VADF) and Skill Development Fund (SDF) created as per the State Government directives was not utilised in true spirits to fulfill the objectives of CSR as envisaged in the scheme. Further, the Company could not recover ₹ 4.27 crore towards VADF/SDF due to non-insertion of clause in MOUs executed with six cement companies.

Entrepreneur Satisfaction Survey

Entrepreneur Satisfaction Survey (ESS) conducted by us during the course of performance audit revealed that the unit offices of the Company largely failed to provide basic infrastructural facilities to the entrepreneurs in the industrial areas which had adversely affected the units in production and consequently the pace of industrialisation in the State.

Conclusion and Recommendations

The performance of the Company towards industrial promotion and development in the State was deficient as it did not prepare long term plans for balanced regional development and the acquired land remained undeveloped for long period. The objective of developing thrust sectors at identified places in the State Industrial Policy 1998 was not fully achieved. There were discrepancies in land records and the Company did not adhere to the terms and conditions of Government allotted land and the mutation of private land in revenue records was also not done. Further, improper planning, inadequate site survey caused non-acquisition/partial acquisition of land which hampered the industrial development process besides blockage of funds. Faulty approval of lay out plans due to non-acquisition/obtaining physical possession of entire land caused allotment of un-acquired land. The IDC violated the laid down rules and made decisions on case-to-case basis, which led to undue benefit to some entrepreneurs besides causing loss of revenue. Non-monitoring of centrally sponsored schemes by the apex management led to delay in implementation of the schemes and consequently, the State was deprived of the envisaged benefits of industrial growth. The review contains seven recommendations which includes adherence to the procedure of land acquisition, preparation of long term plans, compliance of rules, regulations and policies, effective monitoring of schemes, providing quality infrastructure facilities *etc.*

(Chapter 2.2)

3. Transaction audit observations

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

Loss of ₹ 5.48 crore in six cases due to non compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.2, 3.6, 3.7, 3.8, 3.12 and 3.13)

Loss of ₹ 0.42 crore in two cases due to inadequate/deficient monitoring.

(Paragraphs 3.9 and 3.10)

Loss of ₹ 4.97 crore in three cases due to defective/deficient planning.

(Paragraphs 3.4, 3.5 and 3.11)

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

Rajasthan Rajya Vidyut Prasaran Nigam Limited by not following the laid down system continued to make payment at higher rates on the basis of invoices raised by the supplier leading to excess payment of ₹ 2.10 crore which was recovered at the instance of Audit.

(Paragraph 3.1)

Rajasthan Renewable Energy Corporation Limited failed to safeguard its financial interests by incorporating a vague condition of providing subsidy in the work order without obtaining concrete concurrence of Ministry of New and Renewable Energy.

(Paragraph 3.2)

Defective planning in launching heritage liquor by **Rajasthan State Ganganagar Sugar Mills Limited** led to excessive production as well as procurement of tailor made packing and packaging material without requirement.

(Paragraph 3.3)

Rajasthan State Mines and Minerals Limited paid dead rent and land tax amounting to ₹ 1.10 crore due to non-compliance of statutory requirements and defective asset management planning.

(Paragraph 3.4)

Rajasthan State Seeds Corporation Limited provided additional subsidy of ₹ 600 per quintal against the policy of Government of India and sustained loss of ₹ 2.06 crore.

(Paragraph 3.8)

Barmer Lignite Mining Company Limited paid upfront fee without any planning to avail loan from Infrastructure Development Finance Company Limited and instead obtained loan from Raj West Power Limited and other financial institutions.

(Paragraph 3.11)

Chapter I

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 Rajasthan, the State PSUs occupy an important place in the State economy. The State PSUs registered a turnover of ₹ 30152.24 crore for 2010-11 as per their latest finalised accounts as on 30 September 2011. This turnover was equal to 9.94 *per cent* of State Gross Domestic Product for 2010-11. Major activities of Rajasthan State PSUs are concentrated in power sector. The working State PSUs incurred a loss of ₹ 548.14 crore in the aggregate for 2010-11 as per their latest finalised accounts. They had employed 0.85 lakh[♣] employees as on 31 March 2011. The State PSUs do not include 12 prominent Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the State Finance Report.

1.2 As on 31 March 2011, there were 45 PSUs as per the details given below. No company is listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs[ψ]	Total
Government Companies[♦]	39	3	42
Statutory Corporations	3	-	3
Total	**42**	**3**	**45**

1.3 During the year 2010-11, seven[€] new PSUs were established whereas two[⊗] working PSUs were privatised and one non-working company (Rajasthan Electronics Limited) wound up in February 2011.

♣ As per the details provided by 40 PSUs. Remaining 5 PSUs did not furnish the details.

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

♦ There are four 619-B Companies at Sl. No A-28, 29, 31 and 38 and one company registered under section 25 at Sl. No. A-34 of Annexure-1

€ Barmer Thermal Power Company Limited in July 2010, Rajasthan Mission on Skill and Livelihoods in August 2010, Keshoraipatan Gas Thermal Power Company Limited in September 2010, Raj COMP Info Services Limited in October 2010, Rajasthan State Food and Civil Supplies Corporation Limited in December 2010, Lake City Transmission Service Company Limited in January 2011 and Pink City Transmission Service Company Limited in January 2011.

⊗ Aravali Transmission Service Company Limited in December 2010 and Maru Transmission Service Company Limited in January 2011.

Audit Mandate

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

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

1.6 Audit of Statutory corporations is governed by their respective legislations. Out of three Statutory corporations, CAG is the sole auditor for Rajasthan State Road Transport Corporation (RSRTC). In respect of Rajasthan State Warehousing Corporation (RSWC) and Rajasthan Financial Corporation (RFC), the audit is conducted by Chartered Accountants and supplementary audit by the CAG.

Investment in State PSUs

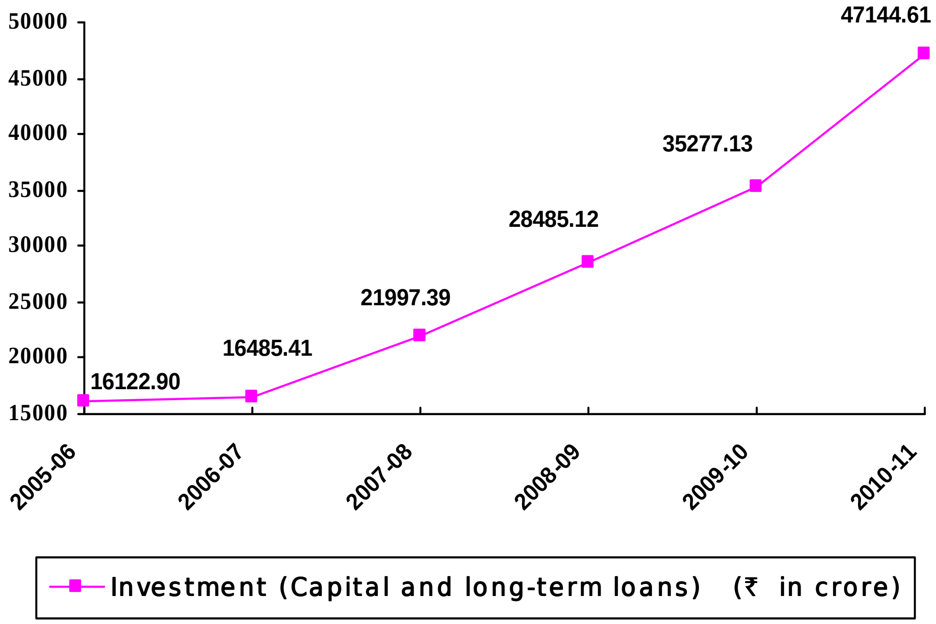
1.7 As on 31 March 2011, the total investment (capital and long-term loans) in 45 PSUs was ₹ 47144.61 crore as per details given below.

(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	10537.57	35025.64	45563.21	337.99	1219.22	1557.21	47120.42
Non-working PSUs	8.97	15.22	24.19	-	-	-	24.19
Total	**10546.54**	**35040.86**	**45587.40**	**337.99**	**1219.22**	**1557.21**	**47144.61**

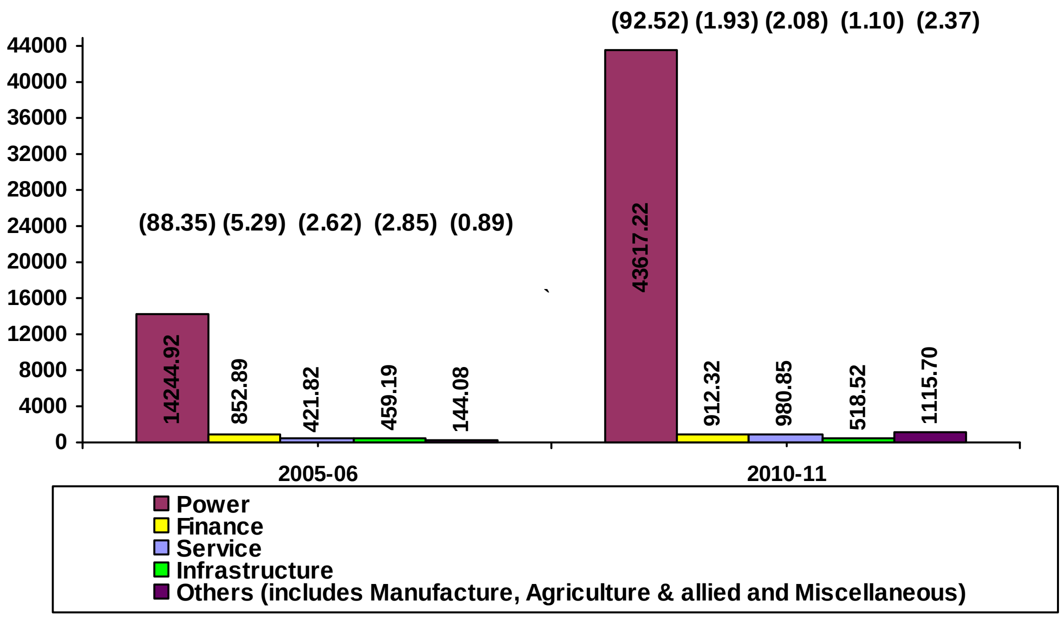
A summarised position of government investment in State PSUs is detailed in **Annexure-1**.

1.8 As on 31 March 2011, of the total investment in State PSUs, 99.95 *per cent* was in working PSUs and the remaining 0.05 *per cent* in non-working PSUs. This consisted of 23.09 *per cent* towards capital and 76.91 *per cent* in long-term loans. The investment has grown by 192.41 *per cent* from ₹ 16122.90 crore in 2005-06 to ₹ 47144.61 crore in 2010-11 as shown in the graph below.



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart. The thrust of PSU investment was mainly on power sector during the five years which has seen its percentage share rising to 92.52 *per cent* in 2010-11 from 88.35 in 2005-06.

(Figures in brackets show the percentage of total investment)
(Amount: ₹ in crore)



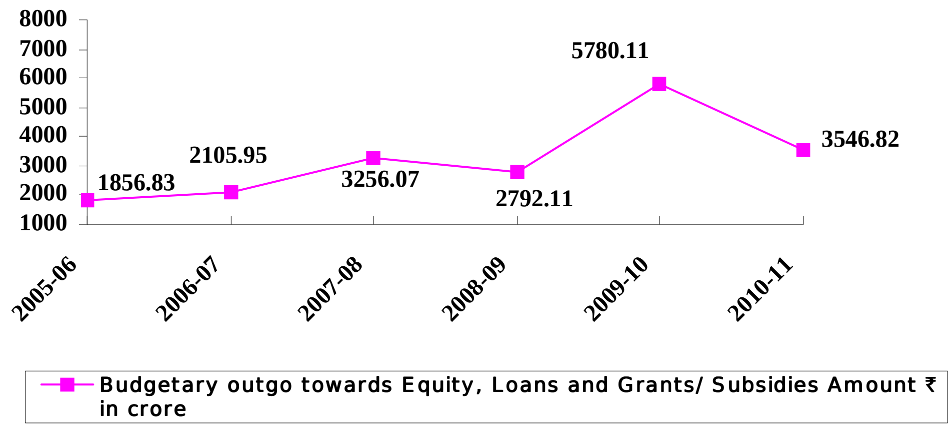
Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure-3**. The summarised details are given below for three years ended 2010-11.

(₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	6	1337.98	10	1470.25	12	1599.89
2.	Loans given from budget	5	252.72	7	3341.53	2	0.39
3.	Grants/Subsidy received*	7	1201.41	14	968.33	14	1946.54
4.	Total Outgo (1+2+3)	10$	2792.11	18$	5780.11	20$	3546.82
5.	Loans converted into equity	-	-	1	23.55	-	-
6.	Guarantees issued	6	13944.73	5	20767.42	6	24781.66
7.	Guarantee Commitment	8	25639.95	5	32099.14	8	48088.19

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



The main beneficiary of budgetary outgo was power sector which received 82.16 *per cent* (₹ 1314.39 crore) of equity capital outgo (₹ 1599.89 crore) and 86.32 *per cent* (₹ 3061.62 crore) of total budgetary outgo (₹ 3546.82 crore).

---

* Amount represents outgo from State Budget only.

$ The figure represents number of companies which have received outgo from budget under one or more heads *i.e.* equity, loans, grants/subsidies.

1.12 The Government charges guarantee commission at the concessional rate of 0.1 *per cent* per annum for term loans granted by the financial institutions and Banks to the Power Sector PSUs, whereas in case of loan availed by other PSUs it charges guarantee commission at the rate of one *per cent* per annum. The Government charges guarantee commission at concessional rate of 0.01 *per cent* per annum on issue of bonds by the Power Sector PSUs. Rajasthan Rajya Vidyut Prasaran Nigam Limited issued bonds of ₹ 350.00 crore during 2010-11. The guarantee commission is payable quarterly failing which guarantee commission will also carry penal interest at the rate of 15 *per cent* per annum from the first day of the following month to the quarter to which it relates till the date of final payment. There was increasing trend of outstanding guarantees. The amount of guarantees outstanding increased from ₹ 11534.63 crore in 2005-06 to ₹ 48088.19 crore in 2010-11 showing rise of 316.90 *per cent*. During the year 2010-11 guarantee commission of ₹ 58.23 crore was paid/ payable by the PSUs.

Reconciliation with Finance Accounts

1.13 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2011 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	10571.69	10574.55	2.86
Loans	2417.71	2115.20	302.51
Guarantees	48509.29	48088.19	421.10

1.14 Audit observed that the differences occurred in respect of 19 PSUs and some of the differences were pending reconciliation since earlier period. The matter was taken up from time to time with Finance Department, Government of Rajasthan regarding difference in figures relating to equity, loans and guarantee as per finance accounts and as per PSU's records. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

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

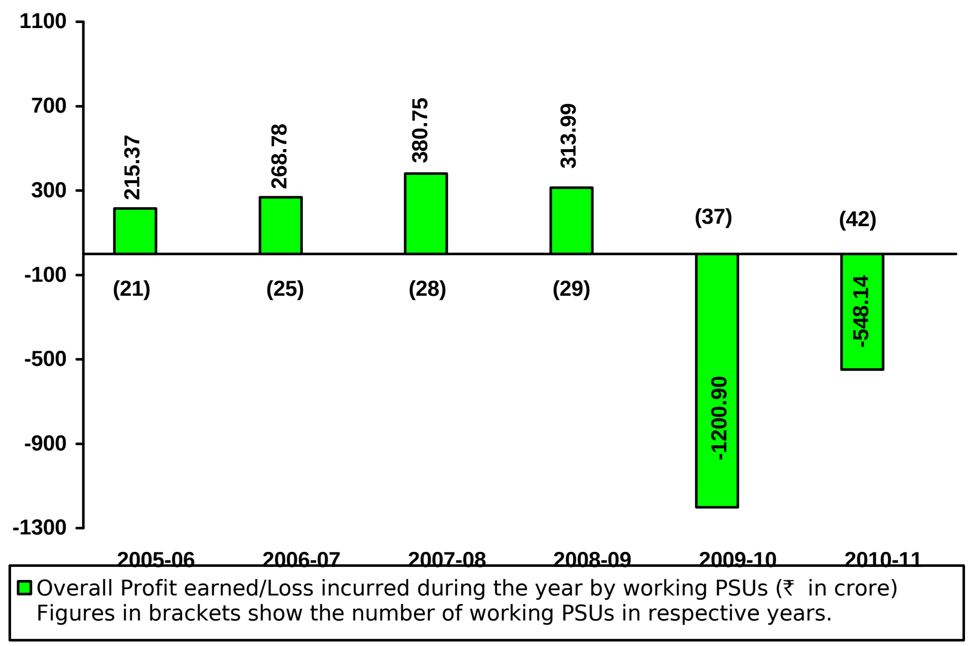
PSU turnover and State GDP for the period 2005-06 to 2010-11.

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover[∝]	12616.80	14445.07	16644.45	17510.67	25275.63	30152.24
State GDP[♣]	142236.14	171042.73	194822.14	225253.53	255295.29	303358.11
Percentage of Turnover to State GDP	8.87	8.45	8.54	7.77	9.90	9.94

The turnover of PSUs has recorded continuous increase over previous year turnover from 2006-07 to 2010-11. Percentage of increase in turnover ranged between 5.20 and 44.34 during the period 2006-11, whereas percentage of increase in GDP ranged between 13.34 and 20.25 during the period 2006-11. The turnover of PSUs recorded compounded annual growth of 19.03 *per cent* during last five years which was higher than the compounded annual growth of 16.36 *per cent* of State GDP. This had resulted in increase of PSUs share of turnover to State GDP from 8.87 *per cent* in 2005-06 to 9.94 *per cent* in 2010-11.

1.16 Profit[*] (losses) earned (incurred) by State working PSUs during 2005-06 to 2010-11 are given below in a bar chart.



It can be seen from the above chart that the loss incurred by the working PSUs had decreased from ₹ 1200.90 crore in 2009-10 to ₹ 548.14 crore in 2010-11. According to latest finalized accounts of 42 PSUs, 12 PSUs earned profit of ₹ 529.68 crore, 19 PSUs incurred loss of ₹ 1077.82 crore, while three power

∝ Turnover as per the latest finalised accounts.
♣ State GDP as per Economic Review 2010-11 of Government of Rajasthan.
* Figures are as per the latest finalised accounts during the respective years.

sector PSUs *i.e.* Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited incorporated in 2000-01 prepared accounts on 'No Profit No Loss basis' by showing revenue gap as recoverable from the State Government which was not as per Generally Accepted Accounting Principles (GAAP) prevailing in the country. Eight PSUs incorporated in the year 2006-07 to 2010-11 did not commence commercial activities till 2010-11. The major contributors to the profit were Rajasthan State Industrial Development and Investment Corporation Limited (₹ 292.18 crore) and Rajasthan State Mines and Minerals Limited (₹ 143.54 crore). Heavy losses were incurred by Rajasthan Rajya Vidyut Prasaran Nigam Limited (₹ 815.94 crore) and Rajasthan State Road Transport Corporation (₹ 186.84 crore) as per their latest finalised account.

1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 1300.20 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	Total
Net Profit (loss)	313.99	(1200.90)	(548.14)	(1435.05)
Controllable losses as per CAG's Audit Report	729.70	459.16	111.34	1300.20
Infructuous Investment	3.25	Nil	120.55	123.80

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

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

(₹ in crore)

Particulars∝	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Capital Employed (*per cent*)	6.61	6.24	6.00	5.82	2.89	5.64
Debt	11720.00	11377.42	15808.26	20955.24	26437.80	36260.08
Turnover*	12616.80	14445.07	16644.45	17510.67	25275.63	30152.24
Debt/Turnover Ratio	0.93 : 1	0.79 : 1	0.95 : 1	1.20:1	1.05:1	1.20:1
Interest Payments	1236.13	1375.40	1338.95	1599.84	2374.73	3551.29$
Accumulated Profits (losses)[1]	(193.66)	(63.89)	117.98	364.89	(1343.22)	(2066.69)$

1.20 The turnover of PSUs recorded compounded annual growth of 19.03

∝ Position for the year 2010-11 was taken from the information received up to 30 September 2011.

* Turnover of working PSUs as per the latest finalised accounts.

$ Figures as per the latest finalised accounts.

1 Accumulated losses include losses of non-working Companies also.

per cent during last five years while compounded annual growth of debts was 25.34 *per cent* indicating that the debts were rising at much faster rate than turnover. The rising debts to turnover ratio from 0.93:1 in 2005-06 to 1.20:1 in 2010-11 as well as decreasing trend in return on capital employed pointed to deteriorating performance of PSUs. The power sector PSUs were major contributor to the rising debt to turnover ratio as debt/ turnover ratio in respect of power sector PSUs had risen from 1.00:1 in 2005-06 to 1.38:1 in 2010-11.

1.21 The State Government had formulated (September 2004) a dividend policy under which all profit making PSUs are required to pay a minimum return of ten *per cent* on the paid up share capital contributed by the State Government or 20 *per cent* of the profit after tax, whichever is lower. As per their latest finalised accounts, 12 PSUs earned an aggregate profit of ₹ 529.68 crore and seven PSUs declared a dividend of ₹ 20.94 crore which worked out to 0.20 *per cent* of equity capital contributed by the State Government. Out of seven PSUs declaring dividend, three PSUs (Rajasthan State Road Development and Construction Corporation Limited, Rajasthan State Mines and Minerals Limited and Rajasthan State Warehousing Corporation) declared dividend more than prescribed while one PSU (Rajasthan State Ganganagar Sugar Mills Limited) declared dividend less than prescribed in the Government dividend policy. Five PSUs which earned profit, did not declare dividend due to accumulated losses or marginal profit.

Performance of major PSUs

1.22 The investment in working PSUs and their turnover** together aggregated to ₹ 77272.66 crore during 2010-11. Out of 42 working PSUs, the following five PSUs accounted for individual investment *plus* turnover of more than ten *per cent* of aggregate investment *plus* turnover. These five PSUs together accounted for 87.20 *per cent* of aggregate investment *plus* turnover.

(₹ in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage of Aggregate Investment plus Turnover
(1)	(2)	(3)	(4)	(5)
Ajmer Vidyut Vitran Nigam Limited	8028.58	3119.43	11148.01	14.43
Jaipur Vidyut Vitran Nigam Limited	9803.55	8344.82	18148.37	23.49
Jodhpur Vidyut Vitran Nigam Limited	5009.53	6034.52	11044.05	14.29
Rajasthan Rajya Vidyut Prasaran Nigam Limited	6842.70	1358.13	8200.83	10.61
Rajasthan Rajya Vidyut Utpadan Nigam Limited	13220.44	5620.97	18841.41	24.38
Total	**42904.80**	**24477.87**	**67382.67**	**87.20**

1.23 All of the above five power sector PSUs had arrears of accounts for one year (2010-11) as on 30 September 2011.

** Turnover figures have been taken in respect of all the PSUs as per their latest finalised accounts.

1.24 Out of above five power sector PSUs, three* power sector PSUs prepared their accounts on ‘No profit no loss' basis. The turnover has risen from ₹ 10468.37 crore in 2005-06 to ₹ 24477.87 crore in 2010-11 during this period. However, the return on capital employed has marginally reduced to 5.33 *per cent* in 2010-11 from 5.49 *per cent* in 2005-06 as per their latest finalised accounts.

Arrears in finalisation of accounts

1.25 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by 30 September 2011.

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Number of Working PSUs	25	28	29	37	42
2.	Number of accounts finalised during the year	22	26	25	27	46
3.	Number of accounts in arrears	8	10	14	28[2]	24
4.	Average arrears *per* PSU (3/1)	0.32	0.36	0.55	0.76	0.57
5.	Number of Working PSUs with arrears in accounts	8	9	13	21	17
6.	Extent of arrears	One year	One to two years	One to two years	One to three years	One to four years

1.26 Out of 42 working PSUs, 17 working PSUs have 24 accounts in arrears. Of these 17 working PSUs, three[Σ] working PSUs have arrear in accounts for more than one year as detailed in **Annexure-2**.

1.27 Out of three non-working PSUs, one PSU has arrear in accounts for more than one year while one other PSU has arrear in accounts for one year.

1.28 The State Government had invested ₹ 3090.39 crore (Equity: ₹ 1340.89 crore and Subsidy: ₹ 1749.50 crore) in eight PSUs during the year for which accounts have not been finalised as detailed in **Annexure-4**. In the absence of accounts and their subsequent audit, it cannot 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. Thus Government’s investment in such PSUs remains 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

---

* Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited.

2 Three PSUs Bikaner City Transport Services Limited, Kota City Transport Services Limited and Udaipur City Transport Services Limited came into Audit purview this year with seven accounts in arrears.

Σ At Sl. No. A-17, 31 and 38.

provisions of the Companies Act, 1956.

1.29 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 the Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up periodically with the Chief Secretary/Finance Secretary to expedite clearance of the backlog of arrears in accounts in a time bound manner.

1.30 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

1.31 There were three non-working PSUs (all companies) as on 31 March 2011. The process of merger of Hi-Tech Precision Glass Limited with Rajasthan State Ganganagar Sugar Mills Limited is under progress. None of the other two PSUs has commenced liquidation process whereas one non-working company (Rajasthan Electronics Limited) was struck off by the Registrar of Companies, Jaipur in February 2011. The numbers of non-working companies at the end of each year during past five years are given below.

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
No. of non-working companies	4	4	4	4	3
No. of non-working corporations	-	-	-	-	-
Total	**4**	**4**	**4**	**4**	**3**

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2010-11, one non-working PSU incurred an expenditure of ₹ 0.02 crore towards salary and establishment expenses *etc.* This expenditure was financed by the Holding company.

1.32 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	3	-	3
2.	Of (1) above, the No. of PSU under	-	-	-
(a)	liquidation by Court (liquidator appointed)	-	-	-
(b)	Voluntary winding up (liquidator appointed)	-	-	-
(c)	Closure, *i.e.* closing orders/ instructions issued but liquidation process not yet started.	-	-	-

1.33 During the year 2010-11, one PSU (Rajasthan Electronics Limited) was finally wound up. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may take a decision regarding winding up of three 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

1.34 Thirty five working Companies forwarded their 43[3] audited accounts to the Accountant General during the year 2010-11 (up to 30 September 2011). Of these, 18 accounts of 17[4] Companies were selected for supplementary audit. The audit reports of statutory auditors appointed by the 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 the CAG are given below.

(₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11[5]	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	6.58	2	0.91	5	27.97
2.	Increase in profit	-	-	-	-	2	0.99
3.	Increase in loss	-	-	4	3811.29	10	11669.26
4.	Decrease in loss	-	-	-	-	3	37.21
5.	Non-disclosure of material facts	-	-	-	-	1	0.30
6.	Errors of classification	1	-	1	-	-	-

3 Bikaner City Transport Service Limited submitted three accounts (for the year 2008-09, 2009-10 and 2010-11), Rajasthan Renewable Energy Corporation Limited, Gurha Thermal Power Company Limited, Banswara Thermal Power Company Limited and Jaipur City Transport Services Limited submitted two accounts (for the year 2009-10 and 2010-11), Udaipur City Transport Services Limited submitted two accounts (for the year 2006-07 and 2007-08) and Shekhawati Transmission Service Company Limited submitted two accounts (for the period from June 2009 to August 2010 and September 2010 to March 2011).

4 Two accounts of Rajasthan Renewable Energy Corporation Limited for the year 2009-10 and 2010-11 were selected for supplementary audit.

5 Position as on 30 September 2011.

1.35 During the year 2010-11, the statutory auditors had given qualified certificates on 34 accounts and adverse certificate (which means that accounts do not reflect a true and fair position) on four accounts. Additionally, the CAG gave adverse certificate on two accounts (two PSUs relating to power sector) during the supplementary audit**.** The compliance of the Accounting Standards (AS) by PSUs remained poor as there were 79 instances of non-compliance in 20 accounts as pointed by the Statutory Auditors.

1.36 Some of the important comments in respect of accounts of companies are stated below:

Jaipur Vidyut Vitran Nigam Limited (2009-10)

- 'Rent, Rates and Taxes' was understated by ₹ 14.47 crore due to non-provision of liability towards statutory dues. Consequently, 'Current Liability and Provisions' as well as 'Loss for the year' were understated to the same extent.

- 'Depreciation' was understated by ₹ 14.50 crore due to non-charging of depreciation for the entire year in respect of feeders completed under Feeder Renovation Program in 2008-09. Consequently, 'Fixed Assets' were overstated and 'Loss for the year' was understated to the same extent.

- 'Sundry Debtors' were overstated by ₹ 19.91 crore due to non writing off of the dues in excess of the amount of one time settlement with Urban Local Bodies on account of public street lighting. Consequently, 'Other Debits' as well as 'Loss for the year' were understated to this extent.

Jodhpur Vidyut Vitran Nigam Limited (2009-10)

- Due to our comments and those of statutory auditors, the net loss for the year worked out to ₹ 3680.15 crore instead of NIL shown by the Company. Hence the accounts did not represent a true and fair view.

Ajmer Vidyut Vitran Nigam Limited (2009-10)

- Due to our comments and those of statutory auditors, the net loss for the year worked out to ₹ 3702.03 crore instead of NIL shown by the Company. Hence the accounts did not represent a true and fair view.

Rajasthan Rajya Vidyut Utpadan Nigam Limited (2009-10)

- 'Revenue from Sale of Power' was overstated by ₹ 89.83 crore due to excess billing to Discoms. Consequently, 'Sundry Debtors' were overstated by ₹ 89.83 crore and 'Loss for the year' was understated to the same extent.

- 'Administration & Other Expenses' were understated by ₹ 14.47 crore due to non-provision of liability of statutory dues of Municipal Bodies.

Consequently, 'Current Liabilities and Provisions' and 'Loss for the year' were understated by ₹ 14.47 Crore.

Rajasthan Rajya Vidyut Prasaran Nigam Limited (2009-10)

- 'Employee Cost' was overstated by ₹ 163.65 crore due to incorrect accountal of liability of pension to CPF Employees for which the company was not liable as the company was regularly depositing its contribution to PF Commissioner. Consequently, 'Current Liabilities and Provisions' and 'Loss for the year' was overstated to that extent.

Rajasthan State Seeds Corporation Limited (2010-11)

- 'Loan & Advances' were overstated by ₹ 2.05 crore due to inclusion of Subsidy receivable from Government which refused to pay owing to non-provision in budget. Consequently, 'profit for the year' was overstated by the same amount.

1.37 Similarly, three working Statutory corporations forwarded their accounts of 2010-11 to Accountant General (up to 30 September 2011). Of these, one account of one Statutory corporation pertained to sole audit by the CAG which was completed during the year. Remaining two accounts were selected for supplementary audit. The compliance of the Accounting Standards (AS) by PSUs remained poor as there were four instances of non-compliance in one account during supplementary audit. The details of aggregate money value of comments of statutory auditors and supplementary audit by the CAG are given below:

(₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11[ϒ]	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in profit	-	-	-	-	1	0.59
3.	Increase in loss	-	-	2	152.81	2[6]	116.04
4.	Non-disclosure of material facts	-	-	-	-	1	78.25
5.	Errors of classification	-	-	-	-	-	-

1.38 Out of two accounts received during the year 2010-11, the statutory auditors had given qualified certificates for both accounts.

1.39 Some of the important comments in respect of accounts of Statutory Corporation are stated below:

Rajasthan State Road Transport Corporation (2009-10)

- 'Creditors for Expenses' were understated by ₹ 26.07 crore due to

ϒ Position as on 30 September 2011.

6 As per audit of accounts for the year 2009-10.

non-provision of claims raised by State Government, despite recommendation of Public Accounts Committee to recover the amount from the Corporation. Consequently, 'net loss for the year' was understated by ₹ 26.07 crore.

- 'Government Creditors' were understated by ₹ 62.65 crore due to under provision of liability towards 'Special Road Tax'. Consequently, 'net loss for the year' was understated by ₹ 62.65 crore.

Rajasthan Financial Corporation (2009-10)

- Due to our comments and those of statutory auditors, the net loss for the year worked out to ₹ 123.59 crore instead of ₹ 104.54 crore shown by the Corporation.

1.40 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 14 accounts of PSUs for the year 2009-10 and 15 accounts of 14 PSUs for the year 2010-11 (position taken on the basis of accounts received upto 30 September 2011) are given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of PSUs where recommendations were made	Reference to serial number of the PSUs as per Annexure 2
1.	Absence of internal audit system commensurate with the nature and size of business of the company	(2009-10)=14 (2010-11)=15	A-3,4,6,9,10,12,19,20,24,25,29, 33 & 39 and B-1 A-2,3,4,8,12,19,20,24,25,28[µ], 29,37&39 and B-1
2.	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	(2009-10)=10 (2010-11)=10	A-4,9,10,12,19,20,24,25,33 & 36 A-2,8,9,12,19,20,24,25,26 & 36

Recoveries at the instance of audit

1.41 During the course of propriety audit in 2010-11, recoveries of ₹ 0.64 crore were pointed out to the Management of various PSUs, which was recovered during the year 2010-11.

µ Two accounts for the year 2009-10 and 2010-11

Status of placement of Separate Audit Reports

1.42 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.	Rajasthan Financial Corporation	2009-10 (10.03.2011)	-	-	-
2.	Rajasthan State Warehousing Corporation	2009-10 (17.02.2011)	-	-	-
3.	Rajasthan State Road Transport Corporation	2009-10 (18.02.2011)	-	-	-

The audit of the accounts of all three Statutory corporations for the year 2010-11 is in progress.

Disinvestment, Privatisation and Restructuring of PSUs

1.43 During 2010-11 two PSUs named Aravali Transmission Service Company Limited and Maru Transmission Service Company Limited were privatized and both were transferred to GMR Energy Limited. No other disinvestment of Public Sector Undertakings took place during 2010-11.

Reforms in Power Sector

1.44 Rajasthan has Rajasthan Electricity Regulatory Commission (RERC) formed in January 2000 under section 17 of the Electricity Regulatory Commissions 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 2010-11, RERC issued 28 orders (13 on annual revenue requirements and 15 on others).

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

<table>
<tr><th>Sl No.</th><th colspan="2">Milestone</th><th>Achievement as at March 2011</th></tr>
<tr><td>1.</td><td>Reduction in transmission and distribution losses</td><td>20 per cent by 2008-09</td><td><table>
<tr><td>Name of the Company</td><td>Transmission loss %</td><td>Distribution loss %</td><td>Total</td></tr>
<tr><td>JVVNL</td><td>6.15</td><td>18.82</td><td>24.97</td></tr>
<tr><td>AVVNL</td><td>5.46</td><td>22.48</td><td>27.94</td></tr>
<tr><td>JdVVNL</td><td>10.89</td><td>17.94</td><td>28.83</td></tr>
</table></td></tr>
<tr><td>2.</td><td>100 per cent metering of all 11 KV distribution feeders</td><td>September 2001</td><td><table>
<tr><td>Name of the Company</td><td>11KV feeders to be metered</td><td>11KV feeders metered upto March 2011</td><td>Percentage</td></tr>
<tr><td>JVVNL</td><td>4647</td><td>4133</td><td>88.94</td></tr>
<tr><td>AVVNL</td><td>5237</td><td>4568</td><td>87.23</td></tr>
<tr><td>JdVVNL</td><td>5853</td><td>5217</td><td>89.13</td></tr>
</table></td></tr>
<tr><td>3.</td><td>100 per cent electrification of all villages</td><td>41353 villages by 2005</td><td>37964 villages (as per Census 2001) electrified i.e. 91.80 per cent.</td></tr>
<tr><td>4.</td><td>100 per cent metering of all consumers</td><td>30 June 2002</td><td>No connection of any category is being released without meter. All flat rate agricultural connections are being converted to metered category. 227086 consumers were converted from agricultural flat rate to metered category in urban/rural areas.</td></tr>
<tr><td>5.</td><td colspan="3">State Electricity Regulatory Commission (SERC)</td></tr>
<tr><td></td><td>(1) Establishment of the SERC

(2) Implementation of tariff orders issued by SERC during the year</td><td>-

Tariff order of January 2005 was in implementation up to September 2011 and thereafter new order with increased tariff was issued on 8 September 2011.</td><td>The SERC was formed in January 2000.

The tariff order of January 2005 was implemented from May 2005 as the State Government provided subsidy for the period January 2005 to April 2005. This order was in implementation upto September 2011. Thereafter, the tariff order issued on 8 September 2011 was implemented from October 2011 onwards.</td></tr>
<tr><td></td><td colspan="3">General</td></tr>
<tr><td>6.</td><td>Monitoring of MOU</td><td>Monitoring was required on quarterly basis</td><td>Monitoring is being done regularly by SE (Plan) of Jaipur Vidyut Vitran Nigam Limited. Last report was sent in March 2011.</td></tr>
</table>

Chapter II

Performance Audit relating to Government Companies

Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited

2.1 Power Distribution Utilities

Executive summary

Electricity is an essential requirement for all facets of our life and its supply at reasonable rate to all the sectors is very crucial for sustained economic development. In Rajasthan, distribution of electricity is managed by Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited. As on 31 March 2011, the State had distribution network of 6.33 lakh Circuit Kilometer of lines (33/11 KV and LT), 3498 Sub-Stations and 813808 transformers of various categories. The number of consumers was 95.27 lakh as on 31 March 2011. The turnover of DISCOMs was ₹ 21807.49 crore in 2009-10, which was equal to 65.98 per cent and 9.92 per cent of the turnover of State PSUs and State Gross Domestic Product respectively. The DISCOMs employed 41040 employees as on 31 March 2011.

Distribution Network Planning

The increase in distribution capacity could not match the pace of growth in consumer demand, as against the planned additions of 1200 sub-stations during 2006-11, the actual addition was only 1142 sub-stations and further, as compared to the growth of connected load from 11792 MW as on April 2006 to 20857 MW as on March 2011, the increase in transformers capacity was from 11310 MVA to 15469 MVA. In JdVVNL, delay ranging between five and 27 months in completion of 28 sub-stations against scheduled dates of completion as on 31 March 2011 deprived envisaged energy savings of 17.44 MUs valuing ₹ 11.37 crore.

Centrally Sponsored Schemes

RGGVY** **The State Government notified the Rural Electrification Plan with a delay of 18 months. The DISCOMs against the target of electrification of all villages by March 2009 under Rajiv Gandhi Grameen Vidyutikaran Yojna, electrified only 1661 villages out of total 6538 un-electrified villages and further, only 1488 more villages could be electrified by March 2011. JdVVNL departmentally executed the projects in violation of the provisions of scheme which resulted into deprival of subsidy of ₹ 2.11 crore for Barmer project and likely deprival of ₹ 19.58 crore for four projects of tenth plan.

JdVVNL incurred excess expenditure of ₹ 13.05 crore from its own sources during tenth plan while funds released by REC under eleventh plan remained unspent due to slow progress of work. The excess expenditure incurred on the projects of tenth plan were not reimbursed by REC due to failure of JdVVNL to submit closure certificates. This has cost JdVVNL of ₹ 3.20 crore on account of interest paid on borrowed funds.

APDRP/R-APDRP** **The works of ₹ 163.62 crore executed by DISCOMs did not match the sanctioned list of the GOI under mandatory and non-mandatory item list as a result the DISCOMs were deprived of the subsidy of ₹ 40.91 crore. For implementing SCADA in Jodhpur and Bikaner city, the implementing agency could not achieve the target of 'Go Live' by due date. Further, the JdVVNL could ring fence only 19 out of 31 towns, which resulted in undue delay in commencement of activities. The DPRs of the projects were under preparation stage and only ₹ 16.35 crore could be utilised (June 2011) against loan funds of ₹ 102.63 crore.

Operational Efficiency

The DISCOMs purchased excess power of 7524 MUs beyond the approval of RERC. The long-term purchases were not enough to fulfill the demand of power

in the State and shortage was met from short-term purchases at a higher cost ranging between ₹3.87 per unit and ₹7.52 per unit and UI purchases ranging between ₹3.65 and ₹9.20 during 2006-11. The DISCOMs also did not maintain the Grid discipline. The energy losses in DISCOMs were in excess than approved by RERC during 2006-07 and 2009-10 by 1386 MUs valuing ₹751.50 crore. Further, the expenditure on repairs of failed DTRs in JdVVNL increased from ₹7760 per DTR in 2006-07 to ₹19952 per DTR in 2009-10 despite no major change in contractual rates of repair. The significant shortfall in addition of capacitor banks and non-repairing of the defective capacitors in JdVVNL led to loss of targeted energy saving of 161.47 MUs valued at ₹89.59 crore. The JdVVNL could not achieve the targets of vigilance checking and theft detection and further, the targets of assessment in respect of detected cases despite declining trend were not achieved except in 2009-10 and 2010-11.

Financial Management

Inadequate State Government support, non-release of subsidy and non-revision of tariff during the review period worsened the financial position of DISCOMs. The increase in tariff (September 2011) was inadequate to cover the average cost of supply and deficit in subsequent years. As on 31 March 2010, the subsidy receivable from State Government inclusive of revenue deficit was ₹27612.97 crore. During 2006-10, the DISCOMs incurred cash losses of ₹33916.88 crore which was overcome mainly by borrowings from commercial banks/financial institutions. The dependence of DISCOMs on borrowed funds increased from ₹8601.72 crore to ₹32859.51 crore during 2006-10 and simultaneously, the interest burden also increased from ₹694.08 crore to ₹2611.69 crore. The cost of power purchase was more than the revenue realised from sale of power and the percentage of cost to revenue realised increased from 94.15 per cent to 162.43 per cent during 2006-10.

Energy Conservation

The JdVVNL though created 'Demand Side Management' cell but the cell remained non-functional since creation and was discontinued in 2006. The JdVVNL did not conduct mandatory Energy Audit from 2007 as was required under Energy Conservation Act, 2001. JdVVNL also did not install meters at all feeders to achieve the objective of energy accounting.

Further, against the direction of RERC to convert unmetered FRAC into metered category, JdVVNL could not adhere the annual targets and only 9799 FRAC against the target of 20037 were converted into metered category during 2006-10. JdVVNL also could not replace the defective meters within scheduled time and resultantly consumers were billed on average basis

Conclusion and Recommendations

DISCOMs did not prepare plans for capacity additions keeping in view the load growth. The DISCOMs could not achieve the targets/objectives of RGGVY and APDRP/R-APDRP due to deficient planning. Long-term power purchase agreements were not adequate even to meet the demand approved by RERC and power was purchased at high cost through short-term agreements and UI purchases. Sub-transmission and distribution losses in JdVVNL were in excess than approved by RERC. Delay in revision of tariff, inadequate State Government support and supply of power to flat rate agricultural consumers at subsidised rates caused wide gap between revenue realised and cost of power supply which was funded through borrowings from financial institutions. Even after revision of tariff, cross subsidy was non-existent and all categories of consumers were still being supplied power at less than average cost of supply. The targets of vigilance checking and theft detection were not adequate and age-wise analysis of outstanding dues from sale of power and assessment of vigilance reported cases was not proper in JdVVNL which affected the recovery of debts/old debts. Further, JdVVNL did not get done mandatory energy audit under Energy Conservation Act, 2001 and also could not install meters at all feeders to achieve the objective of energy accounting. The review contains eight recommendations which includes financial package for reviving the financials of DISCOMs, ensure timely revision of tariff, adherence to the norms of RERC, timely completion of schemes, re-assessment of targets of vigilance checking and theft detection and to get done energy audit and accounting etc.

Introduction

2.1.1 Electricity is an essential requirement for all facets of our life. It has been recognized as a basic human need. It is a critical infrastructure on which the socio-economic development of the country depends. Supply of electricity at reasonable rate to rural India is essential for its overall development. Equally important is availability of reliable and quality power at competitive rates to Indian industry to make it globally competitive and to enable it to exploit the tremendous potential of employment generation. Service sector has made significant contribution to the growth of our economy. Availability of quality supply of electricity is very crucial to sustained growth of this segment.

Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, the nation has set itself the target of providing access to all households in next five years.

Major responsibility for achieving the key parameters of the above said importance of electricity devolves on the distribution sector. Distribution sector is very near to people. Distribution Companies (DISCOMs) are first point of contact in the electricity sector for millions of Indians. This is the sector, which provides electricity to the doorstep of every household. It serves various objectives of electricity sector such as access to electricity for all households, supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates and at the same time protects the consumer interest. To achieve the above objectives, DISCOMs need to make a financial turnaround and they should be commercially viable.

In this review, it is proposed to analyse how far the DISCOMs in Rajasthan planned its operations to achieve above objectives, its financial turnaround and the problems encountered during the last five year period from 2006-07 to 2010-11.

Power sector reforms in Rajasthan

2.1.2 As part of power sector reforms, the erstwhile Rajasthan State Electricity Board (RSEB) was unbundled into five companies namely Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL), Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) and three distribution companies (DISCOMs) viz. Jaipur Vidyut Vitran Nigam Limited (JVVNL), Ajmer Vidyut Vitran Nigam Limited (AVVNL) and Jodhpur Vidyut Vitran Nigam Limited (JdVVNL). All the five companies were incorporated on 19 July 2000 under the Companies Act, 1956 under the administrative control of Department of Energy, Government of Rajasthan (GOR).

Vital parameters of Electricity Supply in Rajasthan

2.1.3 Sale of energy increased from 20036 Million Units (MUs) in 2006-07 to 34449 MUs in 2010-11 registering an increase of 71.94 *per cent* during the five years period 2006-11. As on 31 March 2011, the State had distribution network of 6.33 lakh Circuit Kilometer (CKM) of lines (33/11 KV and LT), 3498 Sub-Stations and 813808 transformers of various categories. The number of consumers was 95.27 lakh as on 31 March 2011. The turnover of DISCOMs was ₹ 21807.49 crore in 2009-10, which was equal to 65.98 *per cent* and 9.92 *per cent* of the turnover of State PSUs and State Gross Domestic Product respectively. The DISCOMs employed 41040 employees as on 31 March 2011.

Performance review on power sector

2.1.4 A comprehensive review on “Transmission and Distribution Losses” was included in the Report of the Comptroller and Auditor General of India (Commercial), Government of Rajasthan for the year ended 31 March 2006. The Report was discussed by COPU in June and August 2008. The recommendations of COPU were awaited (September 2011).

Scope and Methodology of Audit

2.1.5 The present performance audit conducted during February 2011 to June 2011 covers the performance of the JdVVNL during the period from 2006-07 to 2010-11. The review mainly deals with the Network Planning and execution, Implementation of Central Schemes, Operational Efficiency, Financial Management, Consumer Satisfaction, Energy Conservation and Monitoring. The audit examination involved scrutiny of records at the Head Office and three circles[1] out of nine circles selected on the basis of the extent of electrification. Further, 13 sub-divisions[2] out of 52 sub-divisions of three selected circles were selected for detailed analysis.

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 on audit findings with the Management and issue of draft review to the Management for comments.

Audit Objectives

2.1.6 The objectives of the performance audit were to assess whether:

- aims and objectives of National Electricity Policy/Plans were adhered to and distribution reforms were implemented;
- network planning and its execution was adequate and effective;

1 Jodhpur district, Pali and Barmer.

2 Luni, Borunda, Falaudi, Baap (Jodhpur district), CSD-I, CSD-II, Pali (Rural), Pindwara, Abu Road, Rohat (Pali), Jaislamer (Rural), Pachpadra and Balotra (Barmer).

- the central schemes such as, Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) and Revised Accelerated Power Development & Reforms Programme (RAPDRP) were implemented efficiently and effectively;
- operational Efficiency was achieved in meeting the power demand of the consumers in the State;
- Financial Management was effective and the subsidy due from Union/ State Government were released in time;
- Aggregate Revenue Requirement (ARR) and tariff revision petition was submitted timely to ensure adequacy of tariff to cover the cost of operations and cross-subsidisation at prescribed level;
- billing and collection of revenue from consumers was efficient;
- effective system was in place to assess consumers satisfaction and redressal of grievances;
- effective energy conservation measures were undertaken; and
- effective monitoring system was in place and the same was being utilised in review of overall working.

Audit Criteria

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

- National Electricity Plan, Plans and norms concerning distribution network of DISCOMs and Planning criteria fixed by the Rajasthan Electricity Regulatory Commission (RERC);
- Standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- Financial Restructuring Plan (FRP);
- Norms prescribed by various agencies with regard to operational activities;
- Norms of technical and non-technical losses;
- Guidelines/ instructions/ directions of RERC;
- Terms and conditions contained in the Central Scheme Documents;
- Comparison with best performers in the regions/all India averages; and

- Provisions of Electricity Act, 2003.

Audit Findings

2.1.8 An entry conference was held on 10 February 2011 with the State Government and Management of DISCOMs wherein the audit objectives and methodology was discussed. Subsequently, audit findings were reported to the State Government and DISCOMs in July 2011 and discussed in an 'Exit Conference' held on 19 September 2011. The Exit Conference was attended by Energy Secretary (GOR), Chairman and Managing Director (JVVNL) and Managing Director (JdVVNL). The DISCOMs replied to audit findings in September 2011. The views expressed by them have been considered while finalising this review. The audit findings are discussed in the subsequent paragraphs.

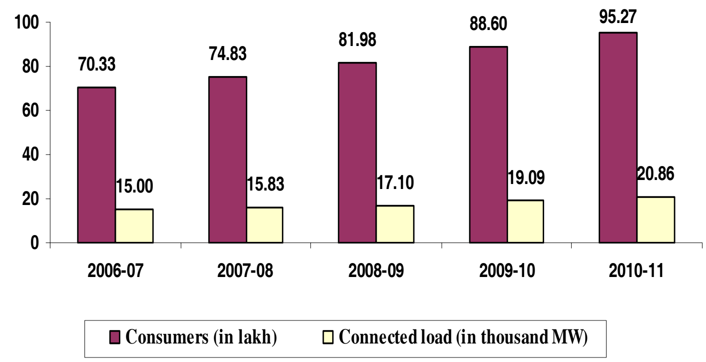
Distribution Network Planning

2.1.9 The National Electricity Policy was evolved with the following aims and objectives to be achieved.

- Access to electricity –Available for all household in next five years from 2005.
- Supply of reliable and quality power of specified standards in an efficient manner and reasonable rates.

To ensure power to all, the Power Distribution Companies in the State are required to prepare long term plan & annual plan for creation of infrastructural facilities for efficient distribution of electricity so as to cover maximum population in the State. Besides the upkeep of the existing network, additions in distribution network are planned keeping in view the demand/ connected load, anticipated new connections and growth in demand based on Electric Power Survey (EPS). Considering physical parameters, Capital Investment Plans are submitted to the State Government/RERC. The major components of the outlay include normal development and system improvement besides rural electrification and strengthening of IT enabled systems.

The particulars of consumers and their connected load during review period is given below in bar chart:



While the system improvement and rural electrification schemes have been dealt with separately under subsequent paragraphs, the particulars of distribution network planned vis-à-vis achievement there against in the State as a whole is depicted in **Annexure -7**.

The increase in distribution capacity could not match the pace of growth in consumer demand.

It may be seen from the annexure that against the planned additions of 1200 sub-stations during 2006-11, only 1142 sub-stations were actually added. Further, as compared to the growth of connected load from 11792 MW as on April 2006 to 20857 MW (equivalent to 16686 MVA at 0.80 Power Factor) as on March 2011 (39.05 *per cent*) as depicted in the graph, the increase in transformer capacity was from 11310 MVA to 15469 MVA only (36.77 *per cent*). Thus, as against the addition of 5858 MW during the period 2006-11, only 4159 MVA were added, and therefore, the increase in distribution capacity could not match the pace of growth in consumer demand. Further, taking into account the connected load of 20857 MW as at the end of March 2011, the requirement of transformers capacity would be 17520 MVA after considering the requirement of spin reserve of five *per cent*. However, this capacity was only 15469 MVA which was not adequate to meet the projected load demand as per 17th report of the Electric Power Survey Committee. This led to overloading of network and consequential rotational cuts in distribution of electricity.

Some of the observations on poor planning are discussed below:

Defective distribution network planning

2.1.10 The JdVVNL prepares annual plans for creation/development of distribution network in JdVVNL on the basis of targets envisaged in five year plans and budget allocated by the State Government. We noticed that distribution network plans were not in accordance with long term/perspective planning keeping in view the growth of demand of electricity and reflected only the numbers of sub-transmission lines/sub-stations in financial terms without identifying the place and details of the project as was done in JVVNL.

The Management stated (September 2011) that five year plans are made on broader perspective of Government policies and actual plans are specific in terms of works, financial tie-up, identified/sanctioned as per the actual pending demand of the area and expected future load growth. The fact remains that the State Government allots budget in accordance with the perspective plans of planning commission in financial terms only for JdVVNL as a whole and the plans prepared by JdVVNL also indicated the likely expenditure in financial terms.

Inadequate transformation capacity

2.1.11 Transformer is a static device installed for stepping up or stepping down voltage in transmission and distribution of electricity. The energy received at high voltage (132 KV, 66 KV, 33 KV) from primary sub-stations of the Transmission Companies is transformed to lower voltage (11 KV) at 33/11 KV sub-stations of the DISCOMs to make it usable by the consumers. In order to cater to the entire connected load, the transformation capacity should be adequate. The ideal ratio of transformation capacity to connected load is considered as 1:1. The table below indicates the details of transformation capacity at 33/11 KV sub-stations, connected load of the consumers and transformation capacity after considering five *per cent* spinning reserve in the State during the period 2006-11.

In MVA

Year	Transformation Capacity	Connected load	Connected load considering five per cent spinning reserve	Gap in Transformation capacity	Ratio of Transformation capacity to connected load
1.	**2.**	**3.**	**4.**	**5. (4-2)**	**6. (2:4)**
2006-07	11310	11999	12599	1289	0.90:1
2007-08	12094	12663	13296	1202	0.91:1
2008-09	13021	13683	14367	1346	0.91:1
2009-10	14403	15274	16038	1635	0.90:1
2010-11	15469	16686	17520	2051	0.88:1

It could be seen from the table above that the ratio of transformation capacity to total connected load ranged between 0.88:1 and 0.91:1 during the 2006-11. This represented a gap of transformation capacity. Gap of transformation capacity led to overloading of the system resulting in frequent tripping and adverse voltage regulation with consequential higher quantum of energy losses.

The Management stated (September 2011) that on an average 80 *per cent* diversity factor can be considered as this results in the ratio of transformation capacity to diversified connected load to more than 1:1. However, the fact remains that the connected load calculated by us is after factoring the diversified factor of 0.80.

Delay in construction of sub-stations and lines

2.1.12 The purpose of erection of 33/11 KV sub-stations was to reduce the line losses in distribution system. Test check of construction of 238 sub-stations under three selected circles of JdVVNL revealed that there was delay ranging between five and 27 months in completion of 28 sub-stations (including six under progress) against scheduled dates of completion in work orders as on 31 March 2011. Delay in construction of sub-stations deprived the JdVVNL of envisaged energy savings of 17.44 MUs valuing ₹ 11.37 crore.

The Management stated (September 2011) that delay was attributed to factors beyond the control of JdVVNL viz. acquisition of land, right of way, availability of labour, material and local resistance. The reasons stated by Management for delay are not correct as in case of sub-stations there are no issues pertaining to acquisition of land, right of way and local resistance and the work orders are awarded only after resolving these issues. The time period for any pending issue is considered at planning stage itself.

Implementation of Centrally Sponsored Schemes

Rural Electrification

2.1.13 The National Electricity Policy states that the key objective of development of the power sector is to supply electricity to all areas including rural areas for which the GOI and the State Governments would jointly endeavour to achieve this objective. Accordingly, the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April 2005, which aimed at providing access to electricity for all households in five years for which the GOI provides 90 *per cent* capital subsidy.

Besides, the GOI notified the Rural Electrification Policy (REP) in August 2006. The REP *inter-alia* aims at providing access to electricity for all households by 2009 and Minimum lifeline consumption of one unit per household per day as a merit good by the year 2012. The other Rural Electrification (RE) schemes viz., Accelerated Electrification of one lakh villages and one crore household and Minimum Needs Programme were merged into RGGVY. The features of the erstwhile 'Kutir Jyoti Programme' were also suitably integrated into this scheme.

As on 31 March 2006, out of 41353 villages in the State (as per 2001 Census), 34815 villages were electrified (84.19 *per cent*). The year-wise target vis-à-vis achievement of electrification under the RGGVY scheme during the review period is shown in the table below:

Year	Electrified at the beginning of the year	Targeted for electrification during the year	Electrified during the year	Electrified at the end of the year	Percentage of achievement against target during the year
2006-07	34815	1051	831	35646	79.07
2007-08	35646	407	479	36125	117.69
2008-09	36125	280	351	36476	125.36
2009-10	36476	1146	747	37223	65.18
2010-11	37223	1733	741	37964	42.75

The pace of rural electrification in the State was not commensurate with the target of the State Government as per MOU (2001) with the GOI to electrify all villages by March 2007 and providing all Rural Households (RHHs) access to electricity by 2009 as the DISCOMs could electrify only 37964 (91.81 *per cent*) villages against the total number of 41353 villages as on March 2011, thereby leaving shortfall of 3389 villages. Further, as may be seen from above table that the DISCOMs could not even achieve the targets of RGGVY of electrification of all villages by 2009 as only 3149 villages were electrified against the target of 4617 villages as on March 2011.

The DISCOMs against the target of electrification of all villages by March 2009 under RGGVY, electrified only 1661 villages out of total 6538 un-electrified villages and further, only 1488 more villages could be electrified by March 2011.

We noticed that the planning of DISCOMs to achieve the targets of RGGVY was ab-inito defective as the targets were fixed on lower side in comparison to the total number of villages remaining un-electrified as on March 2006. The DISCOMs by setting lower targets for electrification has defeated the ultimate objective of RGGVY to electrify all villages by March 2009. As against the planning of 1738 villages to be electrified by March 2009, only 1661 villages were electrified and thereby leaving 4800 villages even under the scanner of planning. Further, the progress of DISCOMs after March 2009 was too dismal as the percentage of achievement against the targets ranged between 65.18 and 45.75 during 2009-11.The shortfall was attributed to reasons as discussed in succeeding paragraphs.

The Management while accepting the facts of delay in achievement of targets stated (September 2011) that targets of RGGVY could not be achieved due to geographical conditions, material availability, slow execution of work by contractors and some unavoidable local circumstances. It further replied that the targets will be achieved during 2011-12.

Planning

2.1.14 The State Government was required to prepare and notify the Rural Electrification Plan (REP) by February 2007 in compliance to Rural Electricity Policy of the GOI. However, the same could be notified in September 2008 with a delay of 18 months. The DISCOMs were to prepare action plan for implementation and achievement of the targets of RGGVY in a manner to electrify 6538 villages by March 2009 but due to delay in notification of REP by State Government, only 4617 villages were planned during the period 2006-11, indicating deficient planning from the very beginning.

State Government delayed the notification of REP by 18 months.

The reply (September 2011) of the management was silent on the issues of delay in notification of REP and low targets of electrification of villages. However, it replied that the works of eleventh plan will be completed by March 2012.

Contract Management

2.1.15 RGGVY envisaged creation of rural electrification distribution backbone, electrification infrastructure and release of connection to below poverty line (BPL) households. The scheme also stipulated management of rural distribution through franchisee and deciding bulk supply tariff for revenue sustainability.

Rural Electrification Corporation (REC) sanctioned 14 projects during the period 2004-2009 under RGGVY in *tenth* and *eleventh* plan to electrify 1742 villages and to release 5.10 lakh connections to BPL/RHHs at an estimated cost of ₹ 444.59 crore.

We observed following deficiencies in implementation of the projects:

Execution of work in violation of provisions of scheme

JdVVNL departmentally executed the projects in violation of the provisions of scheme which resulted into deprival of subsidy of ₹ 2.11 crore for Barmer project and likely deprival of ₹ 19.58 crore for four projects of tenth plan.

2.1.16 As per the guidelines of projects approved by REC under *tenth* plan, projects were to be executed on turnkey basis. We noticed that the JdVVNL executed the Barmer project (₹ 2.34 crore) on departmental basis without prior permission of REC and consequently, REC had withdrawn (October 2008) sanction of ₹ 2.50 crore for the project. The amount of ₹ 75.02 lakh released for tender invitation was adjusted in other three projects. Further, in seven other projects sanctioned by REC under *tenth* plan, the JdVVNL also departmentally executed the work of releasing connections to BPL households at a cost of ₹ 19.58 crore[3] despite knowing the fact of withdrawal of sanction of Barmer project.

Thus, departmental execution of Barmer project in violation of the provisions of scheme without prior permission of REC had resulted in deprival of subsidy of ₹ 2.11 crore (being 90 *per cent* of cost of execution ₹ 2.34 crore) and likely deprival of ₹ 19.58 crore for four projects of tenth plan.

The Management stated (September 2011) that no turnkey contractor turned up even after five times of re-tendering in Barmer district and after withdrawal of the scheme by REC, the works were executed under State Rural Electrification Programme. It further, stated that release of BPL connections in seven projects was made on turnkey basis by the circle Superintending Engineers. The reply is not convincing as JdVVNL did not obtain the prior concurrence of REC for departmental execution which led to withdrawal of subsidy and had to execute the works from borrowed funds. Further, the reply regarding releasing of BPL connections on turnkey basis is factually not correct as the circle offices awarded the work on central labour rate contract.

Delay due to awarding of work to defaulting firms

2.1.17 The JdVVNL invited tenders for turnkey contracts on two part basis *i.e.* technical and price part. Technical analysis included proven track record of satisfactory completion of work by the firm. In the following cases, the JdVVNL failed to analyze the technical part of the bids and did not observe tender parameter which led to awarding of work to defaulting firms and resultantly failure in adherence of scheduled target dates of the scheme.

3 Departmental cost of execution of only four projects as the finalization of three projects was pending (July 2011).

(a) The JdVVNL awarded (June 2008) the work of infrastructure creation/development for Sriganganagar and Hanumangarh projects to KLG Systel Limited (firm) with scheduled date of completion May 2009 and April 2009 respectively. We noticed that the firm was having proven track record of disrepute in earlier contract of 'Loss Diagnostic Study' (December 2001) wherein final notice for termination was issued (August 2007) and the contract was terminated (January 2009) due to non-response and delay in work.

Owing to slow progress in the work of project implementation of rural electrification in Sriganganagar and Hanumangarh, the contract termination notice was served in December 2010 when work amounting to ₹ 16.45 crore (60.93 *per cent*) and ₹ 12.69 crore (43.99 *per cent*) respectively remained unexecuted. The JdVVNL was to recover liquidated damages of ₹ 1.46 crore on both projects at the rate of five *per cent* as per the provisions of work order and general condition of contract. The contract was terminated in January 2011 and the work was awarded (May 2011) to another firm with scheduled completion in November 2011 and consequently, the work was delayed by 30 months.

(b) Similarly, the JdVVNL awarded (August 2010) the work of release of 67000 connections to BPL households in Barmer with schedule of completion by May 2011 to Dee Control Limited (Firm) despite knowing the fact that it did not perform contractual obligations in earlier contract (June 2009) of installation of packaged DTR at Mount Abu sub-division and final contract termination notice was served in May 2010 due to poor progress of work. Further, the performance of the firm was also not satisfactory in implementation of RGGVY awarded (May 2008) to it by JVVNL.

We noticed that the JdVVNL allotted (October 2010) a list of 7784 consumers based on the work done by the Power Grid Corporation of India Limited. However, the firm was able to carry out the work only for 4412 connections upto March 2011. Thereafter, the firm did not turn up for the remaining work and resultantly, the target of 67000 connections by May 2011 could not be achieved by the JdVVNL. The contract was terminated in April 2011 and was re-awarded (June 2011) to another firm with schedule of completion by September 2011. Thus, awarding contract to a firm having poor performance in earlier contract resulted in non-achievement of target.

Certificate of electrification

2.1.18 RGGVY guidelines provided submission of a certificate duly signed by the Sarpanch, Executive of the JdVVNL and the executing agency, witnessed by the domestic consumers of the concerned villages declaring that the village has been electrified as per the definition of the electrification. In addition a photograph of the sign board of the scheme in the electrified villages was also to be provided to REC.

We noticed that out of 698 villages electrified upto 2007-08 in *tenth* plan, certificates for 461 villages were submitted whereas sign-boards in 509 villages could only be installed by January 2011. Similarly, out of 506 villages electrified in *eleventh* plan, certificates submitted and sign-boards were installed in 101 and 11 villages respectively.

Thus, failure of management to ensure the compliance of certificate and sign-boards requirement at the time of the execution of work by the contractor resulted in delay in submission of closure report of the projects.

The Management while accepting the facts stated (September 2011) that GOI had extended the tenth and eleventh plan schemes upto November 2011 and the efforts are being made to obtain pending certificates and install signboards upto scheduled date.

Financial Performance

2.1.19 The JdVVNL received funds under RGGVY for rural electrification. The position of the funds available vis-à-vis utilised under various schemes during the five years ending 31 March 2011 is depicted in the table below.

(₹in crore)

Year	Opening Balance	Funds received during the year	Total funds available	Funds Utilised	Unspent funds at the end of the year
Position of funds received in tenth plan for 10 projects					
2006-07	22.38	11.88	34.26	34.84	(0.58)
2007-08	(0.58)	52.16	51.58	68.04	(16.46)
2008-09	(16.46)	4.01	(12.45)	5.26	(17.71)
2009-10	(17.71)	4.66	(13.05)	Nil	(13.05)
2010-11	(13.05)	Nil	(13.05)	Nil	(13.05)
Position of funds received in eleventh plan for two projects					
2008-09	Nil	12.84	12.84	15.18	(2.34)
2009-10	(2.34)	18.02	15.68	Nil	15.68
2010-11	15.68	5.91	21.59	7.88	13.71

Additional burden of interest of ₹ 3.20 crore on borrowed funds was incurred due to excess expenditure of ₹ 13.05 crore and delay in closure.

It is evident from the above table that the JdVVNL incurred excess expenditure of ₹ 13.05 crore from its own sources which are mainly borrowed funds during tenth plan while funds released by REC under eleventh plan remained unspent due to slow progress of work. The excess expenditure incurred on the projects of tenth plan could not be reimbursed (September 2011) by REC due to failure of JdVVNL in submission of closure certificates. This has cost the JdVVNL ₹ 3.20 crore on account of interest paid on borrowed funds, calculated by us on the basis of minimum prevailing rate of interest.

The Management stated (September 2011) that the excess expenditure of ₹ 13.05 crore represents the last installment of 10 *per cent*, which will be released by the REC after completing the formalities relating to submission of closure certificate and third party inspection. The reply is not convincing as JdVVNL was to adhere the schedule of completion/submission of closure certificate and third party inspection to get the remaining 10 *per cent* subsidy. Undue delay in completion of formalities has burdened JdVVNL in the form of interest on borrowed funds.

Quality control and monitoring issues in implementation of RGGVY

2.1.20 The various deficiencies noticed by us in respect of quality control and monitoring issues are as below:

- Variations of ₹ 1.82 crore in material at site and material verified at Jodhpur District circle was reported (October 2009) by third party inspection agency. However, the JdVVNL did not reconcile the variation till July 2011.

- Despite directions of REC, the JdVVNL did not appoint a nodal officer for overall supervision and effective monitoring of works. Further, circle offices also did not submit reports as regards quality and quantum of work executed by contractors as per REC specification/standards in respect of villages declared electrified, which led to delay in completion of projects.

The Management while accepting the facts stated (September 2011) that the reconciliation work is under progress.

Restructured Accelerated Power Development Reforms Programme

2.1.21 The GOI approved the Accelerated Power Development Reforms Programme (APDRP) to leverage the reforms in power sector through the State Governments. This scheme was implemented by the power sector companies through the State Government with the objective of up-gradation of sub-transmission and distribution system including energy accounting and metering, for which financial support was provided by the GOI.

In order to carry on the reforms further, the GOI launched the Restructured APDRP (R-APDRP) in July 2008 as a Central Sector Scheme for XI Plan. The R-APDRP scheme comprises of Part A and B. Part A was dedicated to establishment of IT enabled system for achieving reliable and verifiable baseline data system in all towns besides installation of SCADA[4]/Distribution Management System. For this, 100 *per cent* loan is provided, and was convertible into grant on completion and verification of same by Third Party independent evaluating agencies. The Part B of the scheme deals with strengthening of regular sub-transmission & distribution system and up-gradation of projects.

Financial Performance

2.1.22 The details of the funds released by the GOI, mobilized from other agencies (including REC/PFC/Commercial Banks), utilisation there against

4 **Supervisory Control And Data Acquisition –** It generally refers to industrial control systems: computer systems that monitor and control industrial, infrastructure or facility-based processes.

and balances in respect of the all DISCOMs in the State are depicted below:

(₹in crore)

Scheme	Year	Fund released by GOI	Fund available	Fund Utilized	Balance	Percentage of balance to fund available
APDRP	Upto March 2006	392.39	392.39	392.39	0	0
	2006-07	48.45	48.45	48.45	0	0
	2007-08	0	0	0	0	0
R-APDRP	2008-09	14.87	14.87	0	14.87	100.00
	2009-10	97.99	112.86	27.60	85.26	75.65
	2010-11	219.19	304.45	44.62	259.83	85.34
	Total	**772.89**		**513.06**		

It may be seen from above table that the GOI released ₹ 772.89 crore (grant and loan funds) for APDRP and R-APDRP up to 2010-11 against which DISCOMs could utilize only ₹ 513.06 crore (66.38 *per cent*).

Expenditure of ₹ 163.62 crore in excess of sanction was disallowed resulting in deprival of subsidy of ₹ 40.91 crore.

The APDRP scheme was closed in March 2009 and our analysis revealed that all the three DISCOMs expended ₹ 1151.73 crore (including counter part funding) by March 2009 against the sanctioned funds of ₹ 1193.20 crore by the GOI/counter part funding from other sources. We noticed that the works of ₹ 163.62 crore executed by DISCOMs did not match the sanctioned list of the GOI under mandatory and non-mandatory item list. Resultantly, the GOI approved the expenditure of only ₹ 988.11 crore and the DISCOMs were deprived of the subsidy portion (25 *per cent*) of ₹ 40.91 crore due to non-adherence/execution of sanctioned work. Further, the DISCOMs did not provide any record to audit of counter part funding managed by them for expenditure on APDRP scheme.

The Management, while accepting (September 2011) the fact of disallowing the expenditure of ₹ 163.62 crore, stated that while practically executing the schemes some extra works and activities not envisaged in DPRs were necessarily taken up for the sake of over all completion and without carrying out them the benefits of the schemes could not be fully achieved. The reason for extra expenditure mentioned in the reply is not convincing as the DPRs were itself prepared by the DISCOMs considering overall practical factors in implementation of the schemes.

Non-achievement of benchmarks of APDRP

2.1.23 The GOI approved seven[5] schemes for implementation by the JdVVNL under APDRP. The detailed project reports (DPRs) of these schemes based on the premise of cost-benefit ratio and capital investment required to achieve the desired parameters envisaged 7.62 to 34.24 *per cent* return on APDRP investment. The DPRs comprises 18 parameters of which nine important parameters were input Vs Metered Energy, Revenue Realization Efficiency, T&D losses, Failure rate of DTRs, ARR on input billed energy, ARR on input energy, Consumer complaint disposal time, Billing efficiency

5 Barmer, Jodhpur city, Pali, Bikaner city, Bikaner rural, Sriganganagar and Jodhpur district.

and Metering efficiency. All the parameters were to be achieved by March 2005. A study of efficiency achievement of these nine important parameters in four circles/town[6] revealed that Revenue realization efficiency was achieved by one circle (Sriganganagar), Consumer complaint disposal time by one circle (Barmer), ARR on billed energy was accomplished by two circles (Pali and Sriganganagar) and ARR input energy was achieved by two circles (Barmer and Sriganganagar). In addition to this, only two parameters of Consumer complaint disposal time (Pali, Bikaner city and Sriganganagar) and ARR on billed energy (Bikaner City) could be achieved by closure of APDRP in 2008-09.

We observed that the JdVVNL failed to implement the scheme effectively as it could not achieve the desired objectives in the form of parameters. Further, there was no monitoring of scheme after 2008-09 to assess the sustainability of improvement. We also observed that there was no mechanism to ensure the recoupment of expenditure as envisaged in DPRs and non-achievement of benchmarks shows that the expenditure was not recouped as was desired from the scheme.

The Management in its reply (September 2011) did not address the issues mentioned in the paragraph and stated that reduction in AT&C losses was sufficient to establish the sustainability of APDRP. However, the fact of reduction in AT&C losses due to rightful implementation of APDRP scheme was also not fully correct as there were other reasons for reduction viz. feeder renovation programme.

Establishment of IT enabled system

2.1.24 Part-A of the R-APDRP scheme is dedicated to establishment of IT enabled system and SCADA/Distribution Management System. It provided for conversion of 100 *per cent* initially disbursed loan funds by the GOI into subsidy on completion and verification of the project by an independent agency within three years from the date of sanction, failing which no conversion of loan into subsidy would be made.

The GOI sanctioned (February 2009) funds of ₹ 100.36 crore for establishment of IT enabled system in 31 towns and ₹ 56.73 crore (April/June 2010) for implementing SCADA in Jodhpur and Bikaner city. The JdVVNL appointed HCL Infosystem (September 2009) as the IT implementing agency for IT enabled system. The agency was to accomplish the target of ‘Go Live’ in respect of Jodhpur city (selected as pilot city) by September 2010 (re-scheduled to December 2010) and for all the 31 towns by March 2011. We noticed that the agency could not even achieve the target (July 2011) of ‘Go Live’ for pilot city. Further, the activity wise milestone submitted (January 2011) to PFC revealed that only 15 activities out of 111 activities have been completed.

Thus, it could be seen that the progress of the work of IT implementing is very slow and in case of non-adherence to the requirement of third party inspection

6 Barmer, Pali, Bikaner city and Sriganganagar.

which was to be undertaken after achieving the target of 'Go Live' in respect of all 31 cities, the possibilities of conversion of loan funds into grant seems remote.

The Management while accepting the facts stated (September 2011) that the project is being monitored at apex level and target date of 24 September 2011 is being given to HCL for achieving the target of 'Go Live' in respect of three pilot towns.

Strengthening of sub-transmission and distribution system

2.1.25 The focus in this part was on reduction of Aggregate Technical & Commercial (AT&C) losses on sustainable basis. 25 *per cent* loan is to be provided and up to 50 *per cent* of scheme cost is convertible to grant depending on extent of maintaining AT&C loss level at 15 *per cent* level for five years. The scheme stipulated that activities under Part-B will commence after ring fencing of project towns and verification of the starting figure of AT&C loss of the project area by independent agency appointed by MOP.

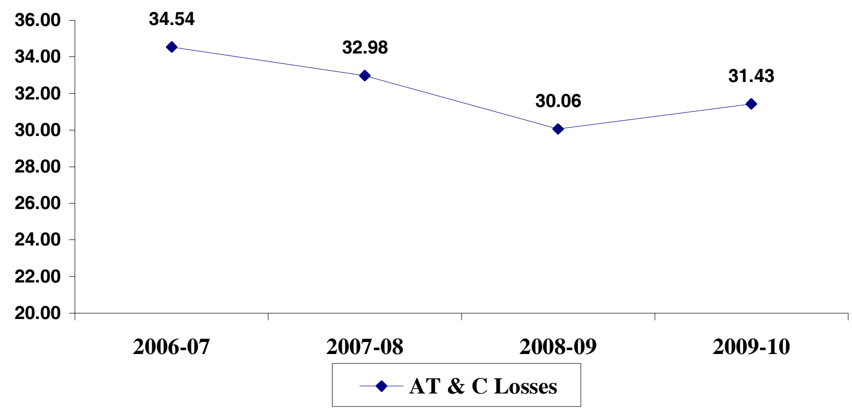
The GOI sanctioned (June/August 2010) ₹ 684.17 crore for implementing works relating to this part in 31 towns. Sixty *per cent* (₹ 102.63 crore) of loan funds was released (June 2010).

We noticed that the JdVVNL could ring fence (September 2011) only 19 towns out of 31 towns as reported by third party inspection and evaluation agency which resulted in undue delay in commencement of activities under this part. It was also noticed that DPRs of the projects were under preparation stage and only ₹ 16.35 crore could be utilized so far (June 2011).

The Management while accepting the facts stated (September 2011) that ring fencing of the remaining towns will be completed by December 2011.

Aggregate Technical & Commercial Losses

2.1.26 One of the prime objectives of R-APDRP scheme was to strengthen the distribution system with the focus on reduction of AT&C losses on sustainable basis. The graph below depicts the AT & C losses during 2006-10 in the JdVVNL.



It may be seen from the above graph that the AT&C losses in the JdVVNL decreased from 34.54 to 30.06 *per cent* during 2006-07 to 2008-09 but again increased to 31.43 *per cent* in 2009-10.

The Management did not accept (September 2011) the AT&C losses and stated the same as 32.37, 31.15, 28.73 and 29.13 *per cent* during 2006-07 to 2009-10 respectively. The reply of the Management does not consider the change in debtors position which is also to be accounted in calculating AT&C losses as prescribed under APDRP/R-APDRP schemes.

Operational efficiency

2.1.27 The operational performance of the DISCOM is judged on the basis of availability of adequate power for distribution, adequacy and reliability of distribution network, minimizing line losses, detection of theft of electricity, *etc*. These aspects have been discussed below:

Purchase of Power

2.1.28 The demand for energy has been increasing year after year in the State due to economic development. Assessment of future demand and requirement of power is assessed on the basis of past consumption trends, present requirement, load growth trends and T & D losses. RERC approves the sources of purchase of power and the purchase cost based on the estimates made in the ARR.

After unbundling (19 July 2000) of erstwhile RSEB into five separate companies, RRVPNL played the role of single buyer for purchase of power in the State. The Electricity Act, 2003 (effective from June 2003) required power trading to be a distinct activity from the State Transmission Utility and State

Load Dispatch Centre within one year. Accordingly, Rajasthan Power Procurement Cell (RPPC) was constituted (April 2004) for purchase of power for the DISCOMs. The RPPC was renamed (April 2009) as Rajasthan Discoms Power Procurement Cell (RDPPC).

We noticed that the co-ordination committee of Rajasthan Power Sector Companies initially decided to manage the function of RPPC by RRVPNL as the DISCOMs were not having experience and expertise to manage the activities of power procurement and thereafter planned independent management and full control of power trading activities by respective DISCOMs from April 2006 onwards. However, RRVPNL continued power procurement activities till March 2009.

We observed that the mandate of the Act was delayed by more than four years resulting in dilution of accountability and responsibility within RPPC due to collective ownership. Further, DISCOMs could not gear up for managing their operations under emerging power market structure.

The Management stated (September 2011) that the work of power purchase and load management was transferred from RRVPNL to DISCOMs, slowly and smoothly to avoid any mismanagement in demand and supply and inconvenience to consumers as the DISCOMs were not fully acquainted with the load management. However, the fact remains that the mandate of Electricity Act, 2003 was delayed by more than four years.

Non-implementation of intra state availability based tariff (ABT)

2.1.29 Considering the limited benefits of inter-state ABT and to overcome the problem of huge peak power shortage experienced by majority of the State utilities, NEP 2005 recommended SERCs to implement intra-state ABT at the State level within one year. Accordingly, RERC issued (August 2006) regulations on intra-state ABT.

We noticed that RRVPNL issued (March 2008) directions for commencement of commercial operations at RPPC on intra-state mechanism after successful mock exercise. However, the directions were not adhered and the Co-ordination Committee deferred (February 2009) operations on intra-state mechanism due to lack of preparation, absence of infrastructure, trained staff *etc.*

The Management while accepting the facts stated (September 2011) that inter DISCOM billing is being done by JVVNL, AVVNL and JdVVNL as per over drawl. However, the reply was silent on the planning and implementation of intra-state ABT.

Quantification of Power Purchased

2.1.30 The details of demand of power assessed for the State based on the 17th Electric Power Survey (EPS), purchase of power approved by RERC and actual power purchased during the period 2006-07 to 2010-11 in respect of the

State as a whole were as under:

(In MUs)

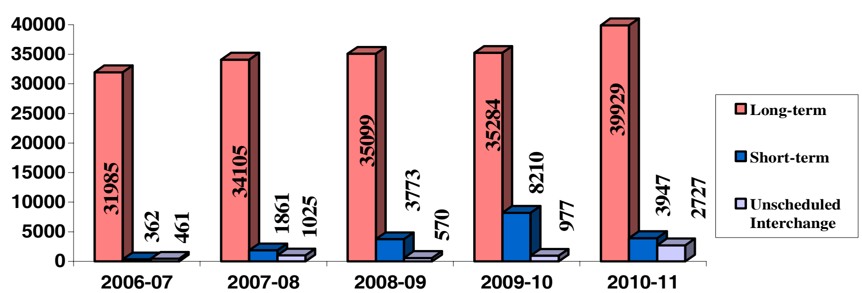
Year	Demand assessed in EPS	Purchases approved by *RERC*	Actual Power purchased[7]	Power Deficit/(Excess)	(Excess)/Shortfall in purchase against approved
(1)	(2)	(3)	(4)	(5) = (2 – 4)	(6) = (3 – 4)
2006-07	34819	30831	32694	2125	(1863)
2007-08	37268	35033	35998	1270	(965)
2008-09	39890	37143	38367	1523	(1224)
2009-10	42697	41019	42934	(237)	(1915)
2010-11	45701	44053	45610	91	(1557)

It may be seen from the above table that the actual power procured by DISCOMs against the demand assessed in EPS was always lower during the review period except 2009-10. The DISCOMs submitted power purchase requirement in ARR after considering scheduled power cuts but the State was facing power deficit during 2006-11 and the actual power purchased was always higher than approved by RERC. The excess power purchase than those approved by RERC during the review period was 7524 MUs.

The Management while accepting the facts stated (September 2011) that power beyond the approval of RERC was purchased as per the directions of State Government.

Purchase of higher cost power

2.1.31 For the above purchases, the DISCOMs entered in Long term and Short term power purchase agreements with various agencies viz., State Generation Companies, Central PSUs, IPPs, *etc*. besides Unscheduled Interchange (UI) purchases on need basis. The break-up of the total power purchased (as mentioned in previous table) into these categories was as below:



It may be seen from the above graph that long term purchases were not enough to fulfill the demand of power in the State despite increase in long-term purchases from 31985 MUs to 39929 MUs (24.84 *per* cent) during the review

7 Data source: Superintending Engineer (Rajasthan DISCOMs power purchase cell). The figures are as per annexure 8. Figures here are not tallied with that of paragraph 2.1.33 and both the figures were provided by the management.

Long-term power purchase agreements were not adequate even to meet the demand approved by RERC and DISCOMs purchased power at high cost through short-term agreements and UI purchases.

period. The shortage was met through short-term and UI purchases which increased from 362 MUs to 3947 MUs (990.33 *per cent*) and 461 MUs to 2727 MUs (491.54 *per cent*) respectively during review period. The power from Short-term and UI purchases was exceptionally high during 2009-10 and 2010-11. This shows increased dependence of the DISCOMs over short term and UI purchases during the review period due to high demand of power in the State.

The source-wise purchase of power during review period is given in **Annexure-8**. It could be seen there from:

- The State Power generating Utilities and Central sector are the major contributors to meet the demand of power in the State. It may be seen that though the contribution of State Utilities and Central Sector increased from 18201.25 MUs to 22839.89 MUs and 13213.25 MUs to 17298.36 MUs respectively during 2006-07 to 2010-11 but the contribution in percentage terms against the total power procured by DISCOMs decreased from 55.67 to 50.08 (State Utilities) and 40.41 to 37.93 (Central Sector) during review period. This has increased the dependence of DISCOMs to procure power from Independent Power Projects (IPPs) and others at higher cost.

- The power purchase cost per unit of DISCOMs increased from ₹ 2.25 to ₹ 3.07 in case of State Utilities while in case of Central Sector it increased from ₹ 1.96 to ₹ 2.23 during 2006-07 to 2010-11. Against it the power procured from IPPs and other sources was at abnormally higher rates ranging between ₹ 8.30 and ₹ 3.21 per unit during the same period.

- The annual average power purchase cost per unit of DISCOMs from long term purchases was ranging between ₹ 1.94 and ₹ 2.88 during 2006-07 to 2010-11 while in case of short-term purchase the same was ranging between ₹ 3.87 and ₹ 7.52 and for UI purchases it was ranging between ₹ 3.65 and ₹ 9.20 during the same period.

- DISCOMs had to bear extra expenditure of ₹ 3868.57 crore due to 17238.05 MUs of unplanned power purchase (cost varying between ₹ 3.65 per unit to ₹ 9.20 per unit during review period) through short-term arrangements (bilateral, energy exchanges and UI purchases) in excess of the actual realization rate during the review period.

The Management stated (September 2011) that demand of power in State varies abnormally in various months from 800 LU per day to 1600 LU per day due to various factors like rain, rabi season, festivals, summer season *etc.* and as such it is not beneficial for the DISCOMs to have long term bilateral purchase. It further replied that the long term power purchase will go waste from July to September during rainy seasons when demand is very low and DISCOMs have to purchase power on short term basis/UI from October to November during rabi season when demand is very high which is generally cheaper. The reply is not convincing as DISCOMs failed to enter into long-term agreement even for the quantity approved by RERC. Further, as the annual average power purchase cost per unit from long term agreements was ranging between ₹ 1.94 and ₹ 2.88 during 2006-07 to 2010-11, it would still be cheaper, even if some power goes waste rather than purchasing under short-term and UI at higher cost which ranged between ₹ 3.87 and ₹ 7.52 and ₹ 3.65 and ₹ 9.20 respectively during the same period.

The DISCOMs should minimise short term and UI purchases.

Grid Violations

2.1.32 As per Central Electricity Regulatory Commission (CERC) regulations, DISCOMs are not permitted drawal of power from Grid below 49.2 HZ to ensure safety of Grid and to prevent system collapse. Test check of the records for 2009-10 and 2010-11 revealed that the DISCOMs violated the Grid Code by overdrawing power below 49.2 HZ in 1717 blocks for which 201 'B' type messages (message indicating violation of Indian Electricity Grid Code and Electricity Act 2003) were issued by Northern Region Load Dispatch Centre (NRLDC).

DISCOMs drew power from Grid below 49.2 HZ despite issue of NRLDC alert messages.

We noticed that NRLDC issued instructions several times to maintain the Grid Code but DISCOMs did not take any effective action to maintain Grid discipline and NRLDC levied (January 2008) penalty of ₹ 14 lakh towards congestion charges. We further noticed that officers at RDPPC control room were reluctant to resort to load shedding even in the event of contingency for which CERC imposed penalty of ₹ 5 lakh.

The Management stated (September 2011) that very few messages were received from State Load Dispatch Centre and no penalty was imposed on DISCOMs. The reply is factually incorrect as NRLDC and CERC had imposed penalty and also called (May 2009) Chairman and Managing Director (RRVPNL) for personal hearing in view of frequent violations.

Sub-transmission & Distribution Losses

2.1.33 The distribution system is an important and essential link between the power generation source and the ultimate consumer of electricity. For efficient functioning of the system, it must be ensured that there are minimum losses in sub-transmission and distributing the power. While energy is carried from the generation source to the consumer, some energy is lost in the network. The losses at 33KV stage are termed as sub-transmission losses while those at 11 KV and below are termed as distribution losses. These are based on the difference between energy received (paid for) by the Distribution Company and energy billed to consumers. The percentage of losses to available power indicates the effectiveness of Distribution system. The losses occur mainly on two counts, *i.e.*, technical and commercial. Technical losses occur due to inherent character of equipment used for transmitting and distributing power and resistance in conductors through which the energy is carried from one place to another. On the other hand, commercial losses occur due to theft of energy, defective meters and drawal of unmetered supply *etc*.

The table below indicates the energy losses for the DISCOMs in the State as a whole for last five years upto 2010-11.

(In Million Units)

S. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Energy purchased[8]	32464	36688	38916	44363	NA
2.	Energy sold	20036	23658	26642	30631	NA
3.	Energy losses (1 – 2)	12428	13030	12274	13732	NA
4.	Percentage of energy losses (*per cent*) {(3/1) x 100}	38.28	35.52	31.54	30.95	NA
5.	Percentage of losses allowed by RERC (*per cent*)	35.63	35.93	31.55	29.77	NA
6.	Excess losses (in MUs)	861	0	0	525	NA
7.	Average cost of supply per unit (in ₹)	4.38	5.05	6.39	7.12	NA
8.	Value of excess losses (₹ in crore) (6 x 7)	377.18	-	-	374.32	NA

The overall Transmission and Distribution losses in DISCOMs were higher than norms of RERC during 2006-07 and 2009-10. The losses cost DISCOMs to the tune of ₹ 751.50 crore.

It would be seen from the above table that energy losses in all the DISCOMs decreased from 38.28 *per cent* to 30.95 *per cent* during 2006-07 to 2009-10. However, the energy losses were in excess than approved by RERC in 2006-07 (861 MUs) and 2009-10 (525 MUs) which were valued at ₹ 751.50 crore.

Reduction in these losses is the most significant step towards making the Company financially self-sustaining. The importance of reducing losses can be gauged from the fact that a one *per cent* decrease in losses could add ₹ 315.86 crore[9] to the profits of DISCOMs annually. The details of energy losses in respect of JdVVNL are given in **Annexure -9**, which revealed that:

- The transmission losses in the JdVVNL were in excess than approved by RERC in 2007-08 (52.80 MUs), 2008-09 (87.69 MUs) and 2009-10 (31.08 MUs) valuing ₹ 98.32 crore due to slow pace of augmentation of transmission infrastructure. The high transmission losses have adversely effected the profits of DISCOMs as these losses are charged to DISCOMs by the RRVPNL.

- The distribution losses in the JdVVNL were always in excess than approved by RERC during the period 2006-07 to 2009-10 (except 2007-08). Against RERC norms (*per cent)* for distribution losses *i.e.* 31.29, 33.00, 26.50 and 25.00 for fours years (2006-10), the corresponding performance of the JdVVNL was 32.47, 28.82, 27.27 and 25.22 which resulted in loss of 219.49 MUs valued at ₹ 115.32 crore.

- The Central Electricity Authority (CEA) (1992) and NEP 2005 stressed upon DISCOMs to determine the losses at all levels (33/11 KV and LT) and to pinpoint the gray area for loss reduction plan. It

---

8 The figures here are as per annual accounts.

9 Energy purchased in 2009-10 x one *per cent* x Average cost of supply in 2009-10 *i.e.* 4436.3 crore units x 1/100 x ₹ 7.12 = ₹ 315.86 crore.

was also insisted by RERC for determination of voltage wise losses, energy supplied and distribution losses at each level. However, we noticed that the JdVVNL made no efforts to determine the losses at each level to segregate the technical and commercial losses. Thus, the directions of CEA/RERC and provisions of NEP remained un-adhered till date.

The JVVNL stated (September 2011) that augmentation of sub-transmission infrastructure is being done on rapid pace to reduce the losses. However, JdVVNL stated (September 2011) that distribution losses are determined by RERC on estimated basis while accepting ARR and after finalisation of accounts, petition for truing up is filed before RERC for accepting the deviations. The JdVVNL had achieved the targets of distribution losses fixed by the State Government in financial restructuring plan (FRP) and there is no relevancy to compare actual losses with those of approved in ARR. The reply of JdVVNL is not convincing as RERC decides/approves the norms/targets on annual basis after considering all factors/parameters which has more relevance than those fixed under FRP.

Reasons of High Energy Losses

2.1.34 The main reasons for such high energy losses were insufficient transformation capacity, inadequate working capacity of capacitor banks, low power factor, heavy quantum of unmetered consumers and theft of electricity *etc*. as discussed in subsequent paragraphs.

Performance of Distribution Transformers

2.1.35 The RERC did not fix the norm of failure of Distribution Transformers (DTRs) in its tariff orders. The details of actual DTRs failed and the expenditure incurred on their repairs by the JdVVNL is depicted in the table below:

S.No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Existing DTRs at the close of the year(in Number)	122727	139729	165026	188012	212132
2.	DTR Failures (in Number)	9806	10358	13110	14490	20028
3.	Percentage of failures	7.99	7.41	7.94	7.71	9.44
4.	Expenditure on repair of failed DTRs (₹ in crore)	7.61	11.19	18.65	28.91	27.09

It may be seen from the above table that DTR failure rate in the JdVVNL increased from 7.99 *per cent* in 2006-07 to 9.44 *per cent* in 2010-11. Expenditure on repairs of failed DTRs increased from ₹ 7760.55 per DTR in 2006-07 to ₹ 19952 per DTR in 2009-10 and again reduced to ₹ 13526 per DTR in 2010-11 despite the fact that there was no major change in the contractual rates of repair during review period.

Failure reports of all the DTRs indicated the reasons on account of internal faults only without categorizing the actual reasons viz. overloading, short circuit, oil leaking, physical damages. In absence of adequate classification of the reasons of failure by the JdVVNL, we could not ascertain the controllable and non-controllable expenditure on repair of transformers by timely preventive maintenance.

The Management stated (September 2011) that during 2010-11 the DTR failure rate is high as it included 3.50 *per cent* on account of meter burnt and remaining towards internal fault. However, the reply was silent as regards high DTR failure rate during 2006-10 and higher expenditure on repairs.

Delay in repair of Distribution Transformers

2.1.36 The JdVVNL undertake repair of damaged transformers through outside agencies. Though the time limit for return of repaired transformers was prescribed as 30 days, delays ranging from 65 to 200 days were observed in the repairs of 194 transformers during test checks of record for the year 2009-10 and 2010-11. Further, as per the general terms and conditions of purchase order, the suppliers were required to guarantee the performance of DTRs for three years from the date of dispatch. These were required to be replaced/ repaired in 45 days in case of other state firm and 90 days in case of local firms from the date of intimation of failure. Our analysis of 2009-10 and 2010-11 revealed that, 15791 DTRs failed within the guarantee period. Out of these, 529 DTRs were sent to the firms with delay ranging from 3 to 371 days, 325 DTRs were repaired/replaced after delay of 1 to 307 days beyond the prescribed period of 45/ 90 days. Besides, 462 DTRs were lying with the firms awaiting repair/ replacement at the end of 2010-11. However, no action was taken by the JdVVNL to avoid the delays. This indicated lack of effective management and control by the JdVVNL.

The Management while accepting the facts stated (September 2011) that penalty is being imposed on contractors for delay as per the rates of work order. However, the fact remains that delay beyond the prescribed period did not compensate the energy losses accruing due to delay in repair/replacement of failed transformers in comparison to insignificant amount of penalty imposed on the contractors.

Capacitors Banks

2.1.37 Capacitor bank improves power factor by regulating the current flow and voltage regulation. In the event of voltage falling below normal, the situation can be set right by providing sufficient capacity of capacitor banks to the system as it improves the voltage profile and reduces dissipation of energy to a great extent thereby saving loss of energy. The position as regards capacitors banks is shown in **Annexure-10**. Scrutiny of records revealed as under:

- The performance of JdVVNL towards installation of 11 KV capacitor banks was highly dismal during the period 2006-07 to 2010-11 as it neither planned (except 2007-08) nor achieved the already laid down targets. As against the planned addition of 196 MVAR to be achieved by March 2006, the same were only achieved by the end of March 2010 and further, the planned addition of 55.60 MVAR during 2007-08 could not be achieved till March 2011. The actual performance against effective targeted capacity was 16 MVAR (15.38 *per cent)* in 2006-07, 22 MVAR (15.32 *per cent)* in 2007-08, 25.2 MVAR (20.72 *per cent)* in 2008-09, 42.4 MVAR (43.98 *per cent)* in 2009-10 and 8.4 MVAR (15.56 *per cent)* in 2010-11. There was, thus, significant shortfall of 45.60 MVAR at the end of 2010-11 which led to loss of envisaged energy saving of 107.08 MUs valuing ₹ 57.49 crore during 2006-11.

Shortfall in addition of capacitor banks and non- repairing of the defective capacitors led to loss of targeted energy saving of 161.47 MUs valued at ₹ 89.59 crore.

Thus, significant shortfall in achievement of targets due to poor planning and execution, continued overloading of feeders/transformers and low power factor resulted in higher distribution losses and poor supply to consumers.

- As on April 2006, the installed capacity of capacitor banks in the JdVVNL was 201.60 MVAR out of which capacitors of 20 MVAR were lying defective. The addition in capacity during 2006-11 was 114 MVAR while capacitors of 125.2 MVAR were lying defective. Thus, the actual effective capacity of capacitor banks was 190.40 MVAR as on March 2011 and hence, effective addition was only 8.80 MVAR. We noticed that the defective capacitors were lying without repair due to non-availability of spare parts with the JdVVNL. Non-repairing of the defective capacitors had deprived the JdVVNL of energy savings of 54.39 MUs valued at ₹ 32.10 crore.

Thus, significant shortfall in addition of capacitor banks and non- repairing of the defective capacitors led to loss of targeted energy saving of 161.47 MUs valued at ₹ 89.59 crore.

The JdVVNL while accepting the fact of defective capacitors stated (September 2011) that LT capacitors installed with super transformers was sufficient to meet the target of Northern Region Power Committee. The reply is not convincing as the LT capacitors were to be installed on DTR on LT side but installation of 33/11 KV capacitor banks were planned to regulate power supply from Extra High Voltage system to sub-transmission system. Further, it may be seen that JdVVNL itself had installed capacitors banks during 2006-11, planned during 2004-06 and 2007-08 which would otherwise had not been installed if LT capacitors were sufficient enough to cater the needs.

Commercial losses

2.1.38 The majority of commercial losses relate to consumer metering and billing besides pilferage of energy. While the metering and billing aspects have been covered under implementation of energy accounting and Billing efficiency, respectively, the other observations relating to commercial losses are discussed below:

Implementation of LT less system

2.1.39 High voltage distribution System is an effective method of reduction of technical losses, prevention of theft, improved voltage profile and better consumer service. The GOI had also stressed (February 2001) the need to adopt LT less system of distribution through replacement of existing LT lines by HT lines to reduce the distribution losses. The HT-LT ratio over the review period of the DISCOMs is given in table below:

(In Lakh CKM)

Year	JdVVNL			AVVNL			JVVNL		
	HT	LT	Ratio	HT	LT	Ratio	HT	LT	Ratio
2006-07	0.81	0.62	1.31:1	0.68	1.04	0.65:1	0.59	0.92	0.64:1
2007-08	0.86	0.60	1.43:1	0.74	1.15	0.64:1	0.64	0.97	0.66:1
2008-09	0.99	0.62	1.60:1	0.78	1.23	0.63:1	0.73	1.04	0.70:1
2009-10	1.08	0.64	1.69:1	0.82	1.28	0.64:1	0.81	1.08	0.75:1
2010-11	1.14	0.64	1.78:1	0.85	1.32	0.64:1	0.86	1.11	0.77:1

It may be seen from the above table that the HT-LT ratio of the JdVVNL during review period was always more than the ideal ratio of 1:1. However, JVVNL and AVVNL need to improve the HT-LT ratio to minimize the distribution losses.

The JVVNL while accepting the fact of low HT-LT ratio stated (September 2011) that continuous efforts are being made to bring this ratio to 1:1 by replacing LT lines with HT lines.

High incidence of theft

2.1.40 Substantial commercial losses are caused due to theft of energy by tampering of meters by the consumers and unauthorized tapping/hooking by the non-consumers. As per section 135 of Electricity Act 2003, theft of energy is an offence punishable under the Act. The targets for number of checking, theft cases detected, assessed amount and amount realised there against in the JdVVNL are given in **Annexure-11.** An analysis of the annexure revealed as under:

- The JdVVNL could not achieve the targets of checking and theft detection during the review period. Achievement against targets of checking ranged between 57.78 *per cent* and 87.42 *per cent* while in theft detection the same was ranging between 53.05 *per cent* and 73 *per cent.*

- The targets of assessment in respect of detected cases fixed by the JdVVNL were on declining trend and were 78.92 *per cent* of 2006-07 in 2010-11. However, despite declining trend it could not achieve the targets except in 2009-10 and 2010-11, which were only due to decrease in targets. It may also be seen that the realization targets in respect of assessment were only 50 *per cent* but the same were also not achieved except in 2009-10 and ranged between 66.95 *per cent* and 103.65 *per cent*.

The Management while accepting the facts stated (September 2011) that the position of assessment and realization of theft cases has been improving regularly since 2009-10. However, the reply was silent on the issue of non-achievement of targets and declining trend in targets in respect of assessment and achievement there against.

Performance of Raid Team

2.1.41 In order to minimise the cases of pilferage/loss of energy and to save the Company from sustaining heavy financial losses on this account, Section 163 of Electricity Act, 2003 provides that the licensee may enter the premises of a consumer for inspection and testing the apparatus. Vigilance team of DISCOM headed by the Officer of the rank of Additional Superintendent of Police at its headquarters was entrusted with the work of conducting raids of checking the premises of the consumers with the assistance of AEN and other departmental officer of the DISCOM concerned. Executive engineers of the concerned divisions were supposed to prepare work plan to conduct raids by identifying such consumers/areas where large scale theft was suspected. Due to lack of coordination between the vigilance wing and the concerned divisions, raids did not yield the desired results.

The position of raids conducted by the JdVVNL during review period is given below:

(Numbers in lakh and amount ₹ in crore)

S. No.	Year	Total number of consumers as on 31 March	Number of consumers checked	Assessed amount	Realised amount	Unrealised amount	Percentage of checking to total nos. of consumer
1	2006-07	21.14	0.50	17.58	10.76	6.82	2.37
2	2007-08	22.69	0.74	24.59	14.35	10.24	3.26
3	2008-09	24.58	0.50	22.94	13.37	9.57	2.03
4	2009-10	26.42	0.65	27.99	13.69	14.30	2.46
5	2010-11	28.37	0.68	26.74	12.36	14.38	2.40

It may be seen from the above table that percentage of checking was insignificant in comparison to total number of consumers and was ranging between 2.03 to 3.26 *per cent* during the review period. Further, non-recovery of the assessed amount shows that the JdVVNL was not vigilant towards recovery of the assessment made by the vigilance team.

The Management stated (September 2011) that the number of consumers checked by vigilance teams and assessment made thereon is increasing over the years. In view of the substantial revenue accruing from the raids conducted, they may intensify the search by increasing the number of consumers covered in raid.

Deficiency in recovery of unrealised amount

2.1.42 The realisation targets in respect of assessment of vigilance and O&M wing fixed by the JdVVNL was only 50 *per cent.* The total assessment of vigilance and O&M wing since the incorporation of the JdVVNL was ₹ 211.54 crore upto March 2011 against which recovery of ₹ 118.12 crore (55.84 *per cent)* was effected. We noticed that the JdVVNL accounted the assessment made by both the wings as sale of respective year but did not keep the track record of un-realised amount of that specific year, amount settled and amount waived off. As such, it could not analyze the position of assessment and realisation of dues pertaining to old period.

In absence of age wise position of unrealised amount and due to inclusion of the entire assessed amount as sale, the effect of unrealised amount on the losses could not ascertained by us.

The Management stated (September 2011) that assessment of vigilance checking is debited promptly in consumer's account and recovered with regular dues. It further, stated that the recovery is watched through control registers maintained at sub-divisions. The reply is not convincing as the amount assessed by vigilance and O&M wing is booked in the sale of respective year and the sub-divisions maintained no records of the actual recovery effected/amount settled.

Financial Management

2.1.43 One of the major objective of the National Electricity Policy, 2005 was ensuring financial turnaround and commercial viability of electricity sector. The financial position of the JdVVNL for the five years ending March 2011 is as under and that of the JVVNL and AVVNL is shown in **Annexure-12.**

(₹in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
A. Liabilities					
Paid up Capital	358.00	438.00	548.00	732.10	NA
Reserves & Surplus[10]	897.10	1031.53	1273.20	115.26[11]	NA
Borrowings					
Secured	2347.52	251.19	334.99	722.33	NA
Unsecured	377.70	3838.13	6104.92	9276.22	NA
Current Liabilities and Provisions	1407.76	1652.58	1766.24	2195.38	NA
Deferred Revenue Income	0	0	0	1182.34	NA
Total	**5388.08**	**7211.43**	**10027.35**	**13041.29**	NA
B. Assets					
Gross Block	2645.49	3156.65	3765.20	4617.64	NA
Less: Depreciation	920.42	925.67	1018.24	1147.36	NA
Net Fixed Assets	1725.07	2230.98	2746.96	3470.28	NA
Capital Works in Progress	220.56	443.14	629.42	541.85	NA
Investments	0	0	0	36.61	NA
Current Assets, Loans and Advances[12]	3431.15	4529.36	6643.11	10162.55	NA
Misc. Expenses	11.30	7.95	7.86	12.33	NA
Accumulated Losses	0	0	0	0	NA
Total	**5388.08**	**7211.43**	**10027.35**	**13041.29**	NA
Debt : Equity	1.12:1	1.35:1	1.65:1	1.69:1	NA
Net Worth	**1243.80**	**1461.58**	**1813.35**	**2017.36**	NA

NA: Not Available

10 Reserves and Surplus includes Capital Grants but excluding Depreciation Reserve.

11 The steep decline in reserves and surplus during 2009-10 was due to change in accounting policy of JdVVNL as consumer contribution was segregated and shown separately under deferred revenue income.

12 Current assets, loans and advances include subsidy receivable from State Government (₹ in crore) 2520.17 (2006-07), 3347.98 (2007-08), 5598.15 (2008-09), 8841.73 (2009-10).

The DISCOMs were preparing financial statements on 'no profit and no loss' basis as per Financial Restructuring Plan (FRP) approved by the State Government. Revenue deficit *i.e*. excess of expenditure over revenue was accounted as subsidy receivable from the State Government, which was not paid at all since the incorporation of the DISCOMs.

The analysis of financial position of the DISCOMs revealed the following:

- The revenue deficit occurred due to adoption of 'no profit and no loss' basis and subsidy on account of minimum charges and tariff was shown by the DISCOMs as subsidy receivable from State Government under the head current assets, loans and advances. The subsidy receivable from State Government increased from ₹ 2520.17 crore to ₹ 8841.73 crore (250.84 *per cent*) during 2006-10 in case of JdVVNL and increase in respect of AVVNL and JVVNL, was 291.04 *per cent* and 414.69 *per cent* respectively during corresponding period.

- The DISCOMs bridged the gap of unfunded subsidy receivable from State Government by availing long term and short term borrowings from various financial institutions. The borrowings of JdVVNL increased by 266.88 *per cent* from ₹ 2725.22 crore in 2006-07 to ₹ 9998.55 crore in 2009-10. In case of AVVNL and JVVNL the borrowings increased by 338 *per cent* and 247 *per cent* respectively during 2006-10.

- Debt equity ratio increased from 1.12:1 to 1.69:1, 1.30:1 to 2.72:1 and 1.41:1 to 2.66:1 during 2006-07 to 2009-10 in respect of JdVVNL, AVVNL and JVVNL respectively. It indicates the dependence on interest bearing loans for bridging the gap between payments and receipts.

The DISCOMs prepared accounts on 'No profit and No Loss basis' and the revenue deficit was shown as receivable from State Government.

- The net worth of the DISCOMs increased from ₹ 3416.35 crore in 2006-07 to ₹ 6262.64 crore in 2009-10 mainly due to revenue deficit shown as subsidy receivable from State Government. This does not reflect the true position of net worth increment as DISCOMs were preparing accounts on 'No profit and No Loss basis'. The net worth would have been negative had revenue deficit receivable was shown separately as accumulated losses.

2.1.44 The particulars of cost of electricity vis-à-vis revenue realization per unit in AVVNL and JVVNL is given in **Annexure-13** while that of JdVVNL is given below:

(₹ in crore)

Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
1.	**Income**					
(i)	Revenue from Sale of Power	1924.96	2139.26	2274.92	2551.98	NA
(ii)	Revenue from subsidy	322.94	374.84	306.81	313.74	NA
(iii)	Subvention for revenue gap	241.74	762.40	2184.86	3168.74	
(iv)	Other income	84.01	89.36	130.59	213.24	NA
	Total Income	**2573.65**	**3365.86**	**4897.18**	**6247.76**	
2.	**Distribution (In MUs)**					
(i)	Total power purchased	9517.85	10809.21	11848.40	13662.87	NA
(ii)	Less: Transmission losses	518.35	664.60	778.45	842.65	NA
(iii)	Net Power available for Sale	8999.50	10144.61	11069.95	12820.22	NA
(iv)	Less: Sub-transmission & distribution losses	2921.83	2923.66	3018.32	3233.88	NA
	Net power sold	**6077.67**	**7220.95**	**8051.63**	**9586.34**	**NA**
3.	**Expenditure on Distribution of Electricity**					
(a)	**Fixed cost**					
(i)	Employees cost	106.10	128.95	370.22	375.61	**NA**
(ii)	Administrative and General expenses	19.22	22.90	26.75	31.18	**NA**
(iii)	Depreciation	132.37	76.17	101.89	133.64	**NA**
(iv)	Interest and finance charges[13]	221.70	331.84	512.73	820.21	**NA**
	Total fixed cost	**479.39**	**559.86**	**1011.59**	**1360.64**	**NA**
(b)	**Variable cost**					
(i)	Purchase of Power	1870.27	2562.34	3561.10	4672.84	**NA**
(ii)	Transmission/ Wheeling Charges	201.84	263.53	218.86	280.63	NA
(iii)	Repairs & Maintenance	24.49	33.12	49.30	56.04	NA
(iv)	Other expenses[14]	(2.35)	(52.99)	56.33	(122.39)	NA
	Total variable cost	**2094.25**	**2806.00**	**3885.59**	**4887.12**	NA
(c)	**Total cost 3(a) + (b)**	**2573.64**	**3365.86**	**4897.18**	**6247.76**	NA
4.	Net Realisation (₹ per unit) (excluding revenue deficit)[15]	3.84	3.61	3.37	3.21	NA
5.	Fixed cost (₹ per unit)	0.79	0.78	1.26	1.42	NA
6.	Variable cost (₹ per unit)	3.45	3.89	4.83	5.10	NA
7.	Total cost per unit (in ₹) (5+6)	4.24	4.67	6.09	6.52	NA
8.	Contribution (4-6) (₹ per unit)	0.39	(0.28)	(1.46)	(1.89)	NA
9.	**Profit (+)/Loss(-) per unit(in ₹) (4-7)**	**(0.40)**	**(1.06)**	**(2.72)**	**(3.31)**	NA

It may be seen from the above table that there was negative correlation between net realisation per unit and total cost per unit. The net realization per unit of JdVVNL decreased from ₹ 3.84 to ₹ 3.21 (16.41 *per cent*) during

13 After adjustment of interest capitalized
14 Other expenses includes prior period income/expenses.
15 Net realization of JdVVNL excluding the revenue deficit shown as receivable from State Government.

2006-10 while the total cost per unit increased from ₹ 4.24 to ₹ 6.52 (53.77 *per cent*) during the corresponding period. Further, the contribution per unit also transformed into negative from surplus of ₹ 0.39 per unit to ₹ 1.89 per unit during same period *i.e.* decreased by 584.62 *per cent*. The main reason for negative contribution was steep increase in revenue deficit receivable from the State Government in comparison to actual revenue realized from sale of power. The revenue deficit during 2006-07 was only 11.16 *per cent* (₹ 214.74 crore) of the actual revenue realized from sale of power but increased to 124.17 *per cent* (₹ 3168.74 crore) by the end of 2009-10.

It may also be seen that purchase of power, interest/finance charges and employees cost constituted the major elements of cost in 2009-10 which represented 74.79, 13.13 and 6.01 *per cent* of the total cost in that year. On the other hand, revenue from sale of power and subsidy & grants constituted the major elements of revenue in 2009-10 which represented 40.85 and 55.74 *per cent* of the total revenue. The implementation of the recommendations of sixth pay commission and increased debt financing in absence of State Government support were the main reasons for significant increase in the employee cost and interest and finance charges.

2.1.45 The financial viability of the DISCOMs are generally influenced by the various factors such as:

- Filing of Aggregate Revenue Requirement (ARR) and revision of tariff.
- Adequacy of tariff to cover the cost of operation.
- Timely release of promised subsidy by the Government
- Cross subsidization policy of the Government and its implementation by the DISCOMs.
- The Fund Management of DISCOMs and
- The Revenue billing and collection efficiency.

Each of these factors are discussed in the following paragraphs.

Filing of ARR

2.1.46 The tariff structure of the DISCOMs are subject to revision by RERC after the objections, if any, received against Aggregate Revenue Requirement (ARR) petition filed by them within the stipulated date. DISCOMs were required to file the ARR for each year in November of the preceding year for the respective year. In case of Multi Year Tariff (MYT), ARR was to be filed by November of the preceding year of the control period. The RERC accepts the application filed by the DISCOMs with such modifications/conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders. The table below shows the due date of filing ARR, actual date of filing and date of approval of ARR.

Year	Due date of filing	Actual date of filing	Delay in days	Date of approval
2006-07	November 2005	31.12.05	31	21.07.06
2007-08 & 2008-09 (MYT)	November 2006	15.01.07	45	31.03.07
2009-10 & 2010-11 (MYT)	November 2008	28.02.09	90	21.12.09

From the above it may be seen that there was delay in filling ARR ranging between 31 and 90 days during 2006-11. We observed that the delay in finalisation of ARR by RERC was due to delay in submission of petition for ARR and compliance of the observations raised by RERC.

The Management while accepting the facts stated (September 2011) that for filing MYT petitions, enormous exercise is required to be done and figures are required to be verified from different wings. Due to these factors, the delay in submission of ARR and MYT was inevitable.

Revision of tariff

JdVVNL did not file tariff petition during review period and supplied power below average cost of supply.

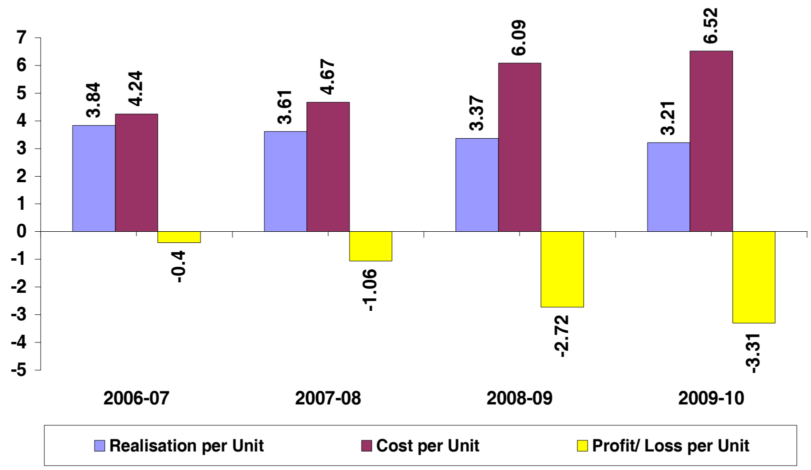
2.1.47 The JdVVNL was supplying energy since January 2005 on the basis of tariff order approved by RERC in December 2004. The JdVVNL did not file tariff petition during the review period despite decrease in realization rate per unit from ₹ 3.84 in 2006-07 to ₹ 3.21 in 2009-10 and increase in average cost of supply from ₹ 4.24 to ₹ 6.52 during the same period. The operational efficiency achieved by the JdVVNL by reducing the distribution losses from 32.47 to 25.22 *per cent* during 2006-10 also did not significantly contribute in bridging the wide gap of average cost of supply and revenue realization.

The Management while accepting the facts stated (September 2011) that any increase in the tariff without consulting the State Government could lead to consumers' unrest. It further stated that JdVVNL desired to file petition for revision in tariff during 2008-09 but the same was denied by the State Government. However, the DISCOMs have filed (January 2011) the petition and RERC has also issued tariff order on 8 September 2011.

The fact remains that the increase in tariff was inadequate and the DISCOMs would not be able to cover the average cost of supply and deficit in subsequent years.

Adequacy of tariff to cover the cost of operation

2.1.48 The cost, realisation and profit and loss per unit of JdVVNL during the last four years ending 31 March 2010 is given in the graph below:



It may be seen from the above graph that JdVVNL could never recover the cost of operations as the realization per unit always remained below the cost per unit which led to increase in loss per unit from ₹ 0.40 to ₹ 3.31 during 2006-07 to 2009-10.

Detailed analysis of the JdVVNL revealed that the extent of tariff was lower than breakeven levels (in percentage terms) of revenue from sale of power at the present level of operations and efficiency for the last four years ending 31 March 2010 as shown in the table below:

(₹in crore)

Year	**Sales (excluding subsidy)**	**Variable costs**	**Fixed costs**	**Contribution**	**Deficit in recovery of fixed and variable cost**	**Deficit as percentage of sales**
(1)	**(2)**	**(3)**	**(4)**	**(5) = (2) – (3)**	**(6) =(2)–(3+4)**	**(7)={(6)/ (2)} X 100**
2006-07	1924.96	2094.25	479.39	-169.29	648.68	33.70
2007-08	2139.26	2806.00	559.86	-666.74	1226.60	57.34
2008-09	2274.92	3885.59	1011.59	-1610.67	2622.26	115.27
2009-10	2551.98	4887.12	1360.64	-2335.14	3695.78	144.82

Non-revision of tariff and non-receipt of tariff subsidy from State Government led to negative contribution and non-recovery of fixed cost.

It could be seen from above table that contribution was always negative and increased from ₹ 169.29 crore to ₹ 2335.14 crore (1279.37 *per cent*) during 2006-10 which resulted into non-recovery of variable and fixed cost. Against 32.57 *per cent* increase in sales during 2006-10, the corresponding increase in variable cost and fixed cost was 133.36 *per cent* and 183.83 *per cent* respectively. The deficit of the JdVVNL towards fixed cost in comparison to sales due to negative contribution increased from 24.90 to 53.32 *per cent* during 2006-10 while overall deficit increased from 33.70 to 144.82 *per cent.* Steep rise in fixed cost was attributable to rise in employee cost (254.02 *per cent)* and finance & interest charges (269.96 *per cent)* while non-revision of tariff and non-receipt of subsidy in terms of tariff from State Government were the major reasons for non-recovery of variable cost.

Disallowance of expenditure and income

2.1.49 Tariff revision is subject to revision approved by RERC against the ARR filed by DISCOMs. Scrutiny of the ARR submitted by the JdVVNL and truing up orders of RERC revealed the following:

- Against the approved cost for purchasing power of ₹ 3.76 per unit from other sources, the JdVVNL purchased power at ₹ 4.24 per unit during 2006-07. Consequently, RERC disallowed (September 2009) the expenditure of ₹ 8.23 crore at the time of truing up due to purchase of power at high cost.

- RERC disallowed the depreciation of ₹ 22.33 crore claimed by the JdVVNL during 2006-07 and 2007-08 on assets created out of the contribution received from consumers.

- RERC Tariff Regulations 2004 and 2009 did not allow interest expenses on short term loans availed by the utility to meet the revenue deficit. Consequently, it disallowed ₹ 317.41 crore during 2006-07 and 2007-08, claimed by the JdVVNL in ARR of these years.

- The JdVVNL accounted the difference of revenue and expenses as revenue subsidy receivable from the State Government. However, RERC disallowed cumulative revenue deficit of ₹ 1022.13 crore in 2006-07 and ₹ 205 crore in 2007-08.

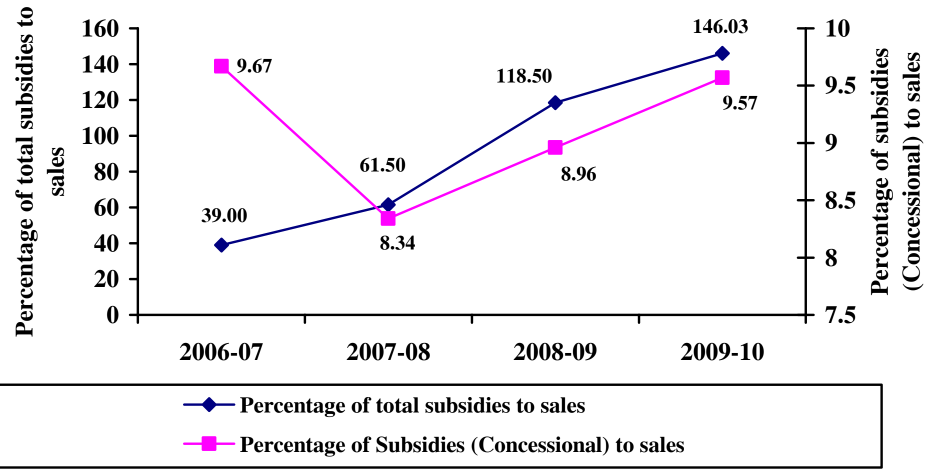
The Management while accepting the facts stated (September 2011) that power was essentially required for agriculture consumers. The reply was however, silent on other issues.

Timely release of promised subsidy by the Government

2.1.50 As per section 65 of Electricity Act, the Government was required to pay in advance the subsidy element to the DISCOMs so that their operation is not financially effected.

The graph below indicates revenue subsidy support from State Government against concessional tariff and total subsidies as a percentage of sales[16] for the last four years ending 31 March 2010 in respect of the JdVVNL.

16 The figures here are excluding revenue subsidy from State Government for concessional tariff.



It is evident from the above that subsidy claims of the JdVVNL towards concessional tariff from the State Government has decreased from 9.67 *per cent* in 2006-07 to 8.34 *per cent* in 2007-08 and again increased to 9.57 *per cent* in 2009-10. The decrease was attributed to increase in overall volume of sale. However, the total subsidy required (including revenue gap) against revenue earned by the JdVVNL to cover the overall gap/deficit has abnormally increased from 39 *per cent* in 2006-07 to 146.03 *per cent* in 2009-10. This is a matter of concern as the overall gap has not been reimbursed by the State Government and subsidy may also be withdrawn over a period of time in a phased manner so that tariff may cover average cost of supply to consumers. Further, against the subsidy claim of ₹ 8488.66 crore during 2006-10 on above account, only ₹ 1715.74 crore was actually paid by the State Government as detailed in the table below:

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
JdVVNL					
Opening balance	2143.01	2504.74	3355.01	5623.22	8915.93
Add: Due from State Government during the year	750.72	1315.69	2695.54	3726.71	NA
Less: Received during the year	388.99	465.42	427.33	434.00	NA
Closing balance	**2504.74**	**3355.01**	**5623.22**	**8915.93**	
AVVNL					
Opening balance	2124.76	2571.23	3891.42	6271.11	10055.34
Add: Due from State Government during the year	922.09	1859.01	2921.70	4285.01	NA
Less: Received during the year	475.62	538.82	542.01	500.78	NA
Closing balance	**2571.23**	**3891.42**	**6271.11**	**10055.34**	
JVVNL					
Opening balance	1528.14	1678.28	2425.89	4662.43	8641.70
Add: Due from State Government during the year	610.08	1297.25	2817.81	4559.18	NA
Less: Received during the year	459.94	549.64	581.27	579.91	NA
Closing balance	**1678.28**	**2425.89**	**4662.43**	**8641.70**	

The subsidy receivable from Sate Government has increased from ₹ 5795.91 crore to ₹ 27612.97 crore during April 2006 to March 2010.

It may be seen from the table above that the closing balance of subsidy receivable from State Government (inclusive of revenue deficit, minimum charges and tariff subsidy) increased from ₹ 5795.91 crore to ₹ 27612.97 crore during April 2006 to March 2010. In JdVVNL it has increased from ₹ 2504.74 crore in 2006-07 to ₹ 8915.93 crore (255.96 *per cent*) in 2009-10 while in AVVNL, it has increased from ₹ 2571.23 crore to ₹ 10055.34 crore (291.07 *per cent* during the same period. Further, in case of JVVNL it has increased from ₹ 1678.28 crore to ₹ 8641.70 crore (414.91 *per cent*) during 2006-10. This indicates that the State Government support to DISCOMs was not adequate enough to overcome the shortfall which not only represents the miserable health of DISCOMs but also bona fide fiscal deficit of the State Government.

In the context of JdVVNL, it was further revealed that:

- The State Government directed (December 2004) DISCOMs to continue to bill agriculture consumers at pre-revised tariff and subsidized supply to certain category of domestic consumer despite approval of tariff (December 2004) by RERC. Against the claim (JdVVNL) of ₹ 687.17 crore during 2006-10 only ₹ 360.16 crore (52.41 *per cent)* was released. Thus, ₹ 315.16 crore on this account was recoverable from the State Government as on 31 March 2010.

Concession of minimum charges to agriculture consumers was continued despite RERC direction for immediate stoppage, unless subsidy was provided.

- DISCOMs discontinued the recovery of minimum charges from agriculture consumers on the directions (October 2002) of State Government. Against the subsidy claims (JdVVNL) of ₹ 219.48 crore (2002-10) only ₹ 37.20 crore was reimbursed by the State Government in 2009-10 on account of the agreement of October 2009. Further, the JdVVNL could not claim ₹ 9.65 crore in 2008-09 due to non-reconciliation of minimum charges data.

- The DISCOMs did not follow the RERC directives (December 2006) for immediate stoppage of any relaxation, being provided by deviating the tariff order (2004) including levy of minimum charges from the agriculture consumers unless subsidy was provided. However, despite the specific directions of RERC, the DISCOMs continued exemption of minimum charges to agriculture consumers.

This would not only adversely affect the financial health of the DISCOMs but also infringes the provisions of Section 65 of the Electricity Act 2003 requiring the State Governments to pay the subsidy in advance. Further, as the financial position of the DISCOMs was not very sound, the same may not get finance from outside agencies also. Therefore, operational viability of the DISCOMs is heavily dependent on the government support.

The JdVVNL stated (September 2011) that MOU with the State Government has been signed to liquidate the receivable amount from the State Government. The reply was however, silent on other issues.

Cross subsidization policy of the Government and its implementation

2.1.51 Section 61 of Electricity Act 2003 stipulates that the tariff should progressively reflect the average cost of supply (ACoS) of electricity and also reduce cross subsidy in a phased manner as specified by the Commission. National Tariff Policy 2006 envisaged that the tariff of all categories of consumer should range within plus or minus 20 *per cent* of the ACoS by the year 2010-11.

The position as regards cross-subsidies in various major sectors in respect of DISCOMs is depicted in the **Annexure-14.**

The DISCOMs supplied power to all categories of consumers from 2008-09 onwards at less than average cost of supply.

It could be observed from the annexure that there always remained a wide gap between average cost of supply and average rate of realization in all the DISCOMs. The supply to agriculture consumers was made at highly subsidized rates during the review period which was mainly cross subsidized from non-domestic and public street light in case of JdVVNL and JVVNL and from non-domestic in AVVNL up to 2006-08. The concept of cross subsidisation in all the DISCOMs eliminated from 2008-09 onwards due to non-recovery of cost from all sectors on account of non-revision of tariff since January 2005.

The Management while accepting the facts stated (September 2011) that tariff revision order has been issued by RERC on 8 September 2011 and efforts are being made to do the complete compliance over a period of time. The fact remains that all the sectors still remained subsidized even after increase in tariff.

Fund Management of DISCOMs

2.1.52 Efficient fund management serves as a tool for decision making for optimum utilisation of available resources and borrowings at favourable terms at appropriate time. In view of inadequate State Government support and non-revision of tariff over the years, the DISCOMs had to rely on borrowed funds to fulfill their financial requirements.

We observed that the DISCOMs incurred cash losses of ₹ 33916.88 crore (JdVVNL-₹ 10442.26 crore, AVVNL-₹ 13030.81 crore, JVVNL-₹ 10443.81 crore) during 2006-07 to 2009-10 which was overcome mainly by increased borrowings in the form of cash credit/loans from commercial banks/financial institutions. The dependence of DISCOMs on borrowed funds increased during 2006-10 as borrowings increased from ₹ 8601.72 crore in 2006-07 to ₹ 32859.51 crore (282.01 *per cent*) at the end of 2009-10. DISCOM wise position of borrowed funds was as below:

(₹ in crore)

DISCOM	Position at the end of 2006-07	Position at the end of 2009-10	Percentage increase
JdVVNL	2725.22	9998.55	266.89
AVVNL	2721.86	11924.32	338.09
JVVNL	3154.64	10936.64	246.68
Total	**8601.72**	**32859.51**	**282.01**

The reasons for huge cash deficits are enumerated as below:

Interest burden

The interest burden on borrowed funds increased from ₹ 694.08 crore to ₹ 2611.69 crore during 2006-10, which was also financed through borrowings.

2.1.53 As a result of increased dependence of DISCOMs on the borrowed funds, the interest burden increased from ₹ 694.08 crore (JdVVNL-₹ 221.70 crore, AVVNL-₹ 245.04 crore, JVVNL-₹ 227.34 crore) in 2006-07 to ₹ 2611.69 crore (JdVVNL-₹ 820.21 crore, AVVNL-₹ 943.39 crore, JVVNL-₹ 848.09 crore) *i.e.* 276.28 *per cent* by the end of 31 March 2010. This also severely affected the financial position of DISCOMs as revenue from sale of power utilized towards interest payment which increased from 10.20 to 28.09 *per cent* during 2006-10 besides the fact that the revenue from sale of power was not sufficient to meet out the cost of power purchase by the end of March 2008. This is evident from the fact that the cost of power purchase in comparison to revenue from sale of power, increased from 94.15 *per cent* to 162.43 *per cent* during the period March 2006-10.

Thus, it can be fairly concluded that in a scenario where the revenue from sale of power was not sufficient enough to meet out the cost of power purchased, the DISCOMs borrowed funds to meet out the interest payment, which adversely affects the financial and operational viability of DISCOMs.

Non-reimbursement of dues for additional power purchases

2.1.54 The DISCOMs are purchasing power on the directions of the State Government. For additional power purchases to meet the demand mainly for agriculture sector, the State Government agreed to bear the burden of such additional power purchases at higher cost. The additional power purchases of DISCOMs increased from 960 MUs (₹ 407 crore) in 2006-07 to 9421 MUs (₹ 5841 crore) in 2009-10 indicating increase by 881.35 *per cent*. The additional power purchase also increased to 36.69 *per cent* in 2009-10 from 5.76 *per cent* in 2006-07 in comparison to total power purchase. We noticed that the State Government support for additional power purchase in the form of subsidy was meager (₹ 343 crore) while interest free loan was also inadequate (₹ 720 crore) during 2006-10 against the cost of ₹ 11396 crore borne by the DISCOMs. Inadequate support of the State Government for additional power purchase despite commitment compelled the DISCOMs to avail short-term and long-term loans which worsened their financial health due to increased burden of interest (*Paragraph no.2.1.53)* and non-reimbursed subsidy amount.

The Management while accepting the facts stated (September 2011) that the State Government support was not adequate to compensate the amount of additional power purchase.

In-conclusive agreement with State Government for liquidation of old dues

2.1.55 The Financial Restructuring Plan (March 2000) approved by the State Government, later on replaced (November 2005) by new FRP was the guiding document for improving all over efficiency. The FRP stipulated preparation of financial accounts on 'no profit and no loss' basis upto 2004-05 and the State

Government will bridge the revenue gap for DISCOMs. As a measure of improving financial efficiency FRP also provided cash support of ₹ 400 crore per year from the State Government and retention of Electricity Duty (ED) by the DISCOMs.

The agreement with the State Government did not provide for early realisation of subsidy receivable, interest burden due to delayed payment of subsidy and deficit occurring 2008-09 onwards.

We noticed that the cash support of ₹ 400 crore from the State Government and retention of ED was not sufficient and the financial health of DISCOMs worsened due to non-revision of tariff, providing power to Flat Rate Agriculture Consumers (FRAC) at fixed rate, nominal rate of metered agricultural consumer and high T&D losses. Further, the commitment of the State Government to bridge the revenue gap was not fulfilled and the deficit of DISCOMs mounted to ₹ 16411 crore (₹ 789 crore for minimum charges and ₹ 15622 crore on account of revenue deficit) by the end of March 2009.

The DISCOMs entered into (October 2009) an agreement with the State Government wherein it agreed to liquidate the deficit of ₹ 16411 crore by paying minimum charges of agriculture consumers in first eight years and thereafter the remaining deficit in next 15 years.

We also observed that agreement of October 2009 was not a concrete solution to improve the financial health of DISCOMs as it did not care for the interest burden on the delayed payment of subsidy and deficit in forthcoming years. This is evident from the fact that deficit of DISCOMs for the year 2009-10 alone was ₹ 10764.46 crore and estimated figure for the year 2010-11 was ₹ 10114 crore.

Thus, it could be seen that neither FRP nor the agreement of October 2009 provided financial safety to DISCOMs as the reasons for deficit remained unattended.

The JVVNL accepted (September 2011) the fact that the terms of the agreement with the State Government were not adequate enough to bring DISCOMs out of the acute financial crisis. It further, stated that the State Government finances are also not in the comfortable position and as such, what the State Government could do, was only to execute this agreement.

Acceptance of outstation cheques

2.1.56 The JdVVNL failed to realise the funds from the consumers due to delay in realisation against the cheques and delay in transfer of funds to the collection account due to lack of monitoring. We noticed that Revenue Manual 2004 of the JdVVNL prohibits acceptance of outstation cheques. Test check in 13 sub-divisions revealed that during 2009-11, 522 outstation cheques (₹ 5.51 crore) were accepted by field offices. Although, the cheques were deposited in the bank on the same day but were credited after delay ranging between one and 127 days due to delay in clearance. Consequently, the JdVVNL was deprived of utilisation of these funds.

The Management stated (September 2011) that outstation cheques were accepted due to oversight for which appropriate action will be taken after due verification.

Revenue billing efficiency and collection efficiency

Billing efficiency

2.1.57 As per procedure prescribed in the Commercial and Revenue Manual, the DISCOMs are required to take the reading of energy consumption of each consumer at the end of the notified billing cycle. After obtaining the meter readings, the Companies issue bill to the consumers for consumption of energy. Sale of energy to metered categories consists of two parts viz., metered and assessed units. The assessed units refer to the units billed to consumers in case meter reading is not available due to meter defects, door lock *etc*. Billing of all the consumers was done at sub-division level. Domestic consumers were being billed bi-monthly basis, while other consumers were generally being billed on monthly basis.

The efficiency in billing of energy lies in distribution/sale of maximum energy by the JdVVNL to its consumers and realization of the revenue there from in time.

(Figures in MUs)

S.No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Energy available for sale	8999.50	10144.61	11069.95	12820.22	NA
2.	Energy billed	6077.67	7220.95	8051.63	9586.34	NA
3.	Energy sold to Flat Rate Agriculture Consumer	1161.58	1232.87	1278.00	1440.70	NA
4.	Metered supply	4916.09	5988.08	6773.63	8145.64	
5.	Energy billed as percentage of total available energy	67.53	71.18	72.73	74.78	NA
6.	Assessed sales (FRAC) as percentage of energy billed.	19.11	17.07	15.87	15.03	NA

Assessed sales due to defective meters, premises locked *etc*. are not being compiled separately by the JdVVNL. However, sales to flat rate (unmetered) agriculture consumers on assessed basis have been taken as assessed sales. It could be seen from the above table that though assessed sales to FRAC as compared to energy billed decreased from 19.11 *per cent* in 2006-07 to 15.03 *per cent* in 2009-10 but the supply to FRAC has increased from 1161.58 MUs to 1440.70 MUs during the same period despite the fact that 9779 FRAC were converted to metered consumers (19.37 *per cent*).

Incorrect estimation of agricultural consumption

2.1.58 The RERC directed (March 2001) to carry out field study for determination of T&D losses and estimated consumption by FRAC. Accordingly, the JdVVNL awarded (December 2001) the work of 'Loss Diagnostic Study' to KLG Systel for final submission of report by January 2005. However, the firm did not adhere the work schedules and the JdVVNL terminated (January 2009) the work order. As such, RERC directives could not be complied and RERC fixed tariff for FRAC on the basis of specific consumption allowed by it which were 1739 units per KW per year for 2006-07 and 1945 units per KW per year from 2007-08 onwards. Following table presents the position of the FRAC during 2006-07 to 2010-11.

Sl no	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	Total consumers (Nos)	50487	48129	45865	44652	40708
2	Converted to metered (Nos)	2358	2264	1213	3944	NA
3.	Sales approved to FRAC (MUs)	1165	1193	1115	1072	NA
4.	Actual sale to FRAC(MUs)	1161.58	1232.87	1278.00	1440.70	NA
5.	Excess units shown sold(MUs)	0	39.87	163	368.70	NA

JdVVNL booked higher sales of 571.57 MUs to FRAC, than RERC approval despite conversion of FRAC into metered category.

It may be seen from the above that RERC reduced the approved sales to FRAC due to non-achievement of their targets of conversion into metered category. However, the JdVVNL booked higher sale against the approval/directions of RERC, which ranged between 39.87 MUs and 368.70 MUs during 2007-10. The plea of the JdVVNL for excess sale to FRAC on the grounds of excess supply on the directives of the State Government was rejected by RERC as there was reduction in number of FRAC due to conversion into metered consumers.

The Management stated (September 2011) that the sales to FRAC was increased due to increase in connected load by the consumers on account of voluntary disclosure schemes and intensive load survey programme and vigilance checking programme. However, the fact remains that JdVVNL booked excess sales in contravention to the directions of RERC which resulted into excess supply at flat rates (concessional rates) and consequently, loss of revenue.

Loss due to inaction against consumers running with low power factor

2.1.59 As per tariff schedule, in case a consumer is billed on KWH basis and its power factor falls below 0.90, the consumer pays for less energy than the energy actually supplied to him. To compensate this loss the tariff makes it obligatory on the part of the consumer to maintain an average power factor of more than 0.90. It further empowers the licensee to disconnect the supply if the power factor falls below 0.70 to avoid energy loss.

Test check of high tension (HT) consumers revealed that power factor was continuously below 0.70 in case of 12 consumers ranging from three months to 45 months. This caused loss to the JdVVNL as the penalty imposed for low power factor was insufficient to compensate the energy losses despite stringent provisions stipulated in the Terms and Conditions of Supply (TCOS) to disconnect the power. Thus, the JdVVNL failed to adhere the provisions of TCOS as it did not disconnect the power supply to such consumers.

The Management while accepting facts stated (September 2011) that all out efforts are being made for pressurizing the consumers to maintain power factor above 0.70.

Revenue collection efficiency

2.1.60 As revenue from sale of energy is the main source of income of the DISCOMs, prompt collection of revenue assumes great significance. The salient features of the collection mechanism being followed by the DISCOMs are as follows:

- Consumers may make payments of the bills by cash, cheques, demand draft, money order and pay order.
- Revenue billed is collected by the revenue cashiers (RC) at sub-divisional office except in some areas where collection work is entrusted to certain private collection agencies. Bills are collected by E-Mitra centres also.
- Consumers are required to pay current charges within 12 days from the date of the bills, failing which the consumers are liable for delayed payment surcharge of two *per cent* on unpaid dues in case of monthly billing and four *per cent* in bi-monthly billings, however, adjustment of two *per cent* is allowed for payment made within 18 days of the due date for payment in cash.

The table below indicates the balance outstanding at the beginning of the year, revenue assessed during the year, revenue collected and the balance outstanding at the end of the year during last five years ending 2010-11 in JdVVNL.

(₹in crore)

S. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	Balance outstanding at the beginning of the year	438.64	470.83	600.40	691.80	906.22
2	Revenue assessed/billed during the year[17]	2067.81	2346.52	2474.72	2799.06	3104.11
3	Total amount due for realisation (1+2)	2506.45	2817.35	3075.12	3490.86	4010.33
4	Amount realised during the year	2035.62	2216.95	2383.32	2584.64	3121.04
5	Balance outstanding at the end of the year	470.83	600.40	691.80	906.22	889.29
6	Percentage of amount realised to total dues (4/3)	81.22	78.69	77.50	74.04	77.83
7	Arrears in terms of No. of months assessment	2.73	3.07	3.35	3.89	3.44
8.	Dues outstanding from PDC*	26.83	25.63	81.66	85.90	109.69

* Permanently disconnected consumers

We observed from the above details that:

- The balance dues outstanding at the end of the year increased from ₹ 470.83 crore in 2006-07 to ₹ 889.29 crore in 2010-11.
- While the total arrear has gone up from ₹ 470.83 crore to ₹ 889.29 crore (88.88 *per cent*), the collection efficiency has gone down from 81.22 to 77.83 *per cent* during 2006-07 to 2010-11.
- Age-wise analysis of above outstanding dues was not prepared by the JdVVNL due to which periodicity cum category of the dues and

17 The figures here may not tally with the figures mentioned in paragraph 2.1.46 as the figures here includes the tariff subsidy and minimum charges receivable from the State Government.

effectiveness of persuasion of old debts could not be ascertained in audit.

- Group-wise analysis of debts outstanding as on 31 March 2011 revealed that dues from PDC increased to ₹ 109.69 crore in 2010-11 from ₹ 26.83 crore of 2006-07.

The Management while accepting the fact of non-availability of age-wise analysis of debtors stated (September 2011) that matter is being taken up with billing agency. It however, stated that the collection efficiency of JdVVNL was ranging between 95 and 101 *per cent* during the review period and there is only minor increase in the dues pertaining to PDC from ₹ 86.47 crore to ₹ 89.47 crore during 2006-07 to 2007-08. The reply as regards collection efficiency is not correct as JdVVNL had not considered the old outstanding recovered during the year while calculating revenue collection efficiency and further, the reply relating to PDC was factually incorrect as we had reported figures as per certified annual accounts.

Misappropriation/embezzlement of revenue

2.1.61 Instances of misappropriation/embezzlement of revenue involving a sum of ₹ 78.71 lakh were noticed during review period. The details are as under:

- Theft of ₹ 0.72 lakh from chest (cupboard) at Gudamalani sub-division was reported during 2009-10 due to inadequate arrangements of safety of chest. The amount remained unrecovered (July 2011).

- The investigating team of the JdVVNL detected an embezzlement of ₹ 46 lakh (April 2007 to November 2009) at Sayla sub-division of Jalore circle wherein the original bills of higher amount were replaced by handwritten fake bills of lower amount. The cheque of higher amount was adjusted against the lower bills and bills of other consumers while the cash received from other consumers was embezzled. The amount was recovered but on further investigation for previous years, the same type of embezzlement was detected involving sum of ₹ 24.86 lakh. We noticed that FIR for this amount was though lodged, recovery was pending (July 2011).

- Embezzlement of ₹ 2.91 lakh by E-Mitra agency was detected during 2008-09 out of which ₹ 2.00 lakh were recovered (2010-11) and recovery for remaining was pending (July 2011).

- For embezzlement of ₹ 4.22 lakh at CSD-II (Jodhpur Circle), Rajasthan High Court gave judgment (August 2010) in favour of the JdVVNL to attach the property of defaulting official for recovery of ₹ 12.44 lakh (including interest). However, the JdVVNL could not execute decree till July 2011.

We observed that the JdVVNL could not monitor the adherence of laid down system and procedures which led to thefts and embezzlement of revenue.

The Management while accepting the facts stated (September 2011) that efforts are being made to ensure compliance of laid down system for cash transaction so that no embezzlement take place.

Consumer Satisfaction

2.1.62 One of the key elements of the Power Sector Reforms was to protect the interest of the consumers and to ensure better quality of service to them. The consumers often face problems relating to supply of power such as non-availability of the distribution system for the release of new connections or extension of connected load, frequent tripping on lines and/ or transformers and improper metering and billing.

The JdVVNL was required to introduce consumer friendly actions like introduction of computerized billing, online bill payment, establishment of customer care centres, *etc*. to enhance satisfaction of consumers and reduce the advent of grievances among them. The billing issues have already been discussed in preceding paragraphs. The redressal of grievances is discussed below:

Redressal of Grievances

2.1.63 The RERC specified (March 2003) the mode and time frame for redressal of grievance in Standard of Performances (Regulations) 2003, renamed (May 2003) as RERC (Guidelines for redressal of grievances) Regulation 2003 (Regulations) in pursuance of section 57 of Electricity Act, 2003. The RERC had also prescribed the Standards of Performance (SOP) for Company in which the time limit for rendering services to the Consumers and compensation payable for not adhering to the same. The nature of services contained in the Standards *inter-alia* include line breakdowns, Distribution Transformer failures, period of load shedding/ scheduled outages, voltage variations, meter complaints, installation of new meters/ connections or shifting thereof, *etc*.

In pursuance to the directions of RERC, the JdVVNL issued (December 2003) detailed instructions to be followed for redressal of consumer grievances which were further elaborated in the Terms and Conditions of Supply (TCOS) 2004. Grievances relating to interruptions in power supply were to be registered at complaint centres/substations, whereas complaints relating to quality of power supply were to be registered at the subdivision office. The JdVVNL awarded (April 2005) the work of handling of “no current” complaints through dedicated IT enabled call centres in urban areas.

To enable the compilation of complaints for assessing the performance on this account, separate registers were to be maintained by the JdVVNL. The overall position as regard to receipt of complaints and their clearances is depicted in the table below:

(in number)

S. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Total complaints received	275719	241997	229242	195823	272782
2.	Complaints redressed within time	239641	212969	210119	177207	224762
3.	Complaints redressed beyond time	35464	28048	17947	17268	46152
4.	Pending complaints	614	980	1176	1348	1868
5.	Percentage of complaints redressed beyond time to total complaints	12.86	11.59	7.83	8.82	16.92
6.	Compensation paid, if any, to Consumers (₹ in lakh)	Nil	Nil	Nil	Nil	Nil

It may be seen from the above table that the total complaints received were on declining trend during 2006-10 but the same increased (0.77 lakh) in 2010-11. The performance of the JdVVNL though improved during 2006-10 as the percentage of complaints redressed within time increased from 86.91 to 90.49 *per cent* but the performance (82.40 *per cent)* during 2010-11 remained all time low during review period.

We however, observed that the figures mentioned above did not reflect the true picture of complaints received and complaints redressed on the basis of detailed analysis of the Units selected in our review which are detailed below:

- In case of registration of the complaints at the sub-stations and AEN office the complaints were not assigned unique number as per the SOP and further, daily summary of the complaints redressed and pending were not prepared.

- Complaint registers were not maintained properly in rural areas.

- The defective meters reported in 2006-07 and 2010-11 were 207106 and 195271 respectively, which were almost equal to the total number of complaints reported by the JdVVNL.

- SOP published by RERC on its website for the public in compliance to section 59 of the Electricity Act 2003 displayed incorrect facts since the reports of registration and redressal of the complaints were incorrect.

The Management while accepting the facts stated (September 2011) that all out efforts are being made to redress consumer grievances within stipulated time. As regards allocation of unique number, it replied that call centres have been directed to assign unique number to individual complainant. Further, as regards defective meters it replied that defective meters are replaced as per the availability of meters.

Energy Conservation

2.1.64 Recognising the fact that efficient use of energy and its conservation is the least-cost option to mitigate the gap between demand and supply, the GOI enacted the Energy Conservation Act, 2001. The conservation of energy being a multi-faceted activity, the Act provides both promotional and regulatory roles on the part of various organisations. The promotional role includes awareness campaigns, education and training, demonstration projects, R & D and feasibility studies. The regulatory role includes framing rules for mandatory audits for large energy consumers, devising norms of energy consumption for various sectors, implementation of standards and provision of fiscal and financial incentives. The shortcomings in implementation/adherence of energy conservation measures/regulations noticed by us in the JdVVNL are as under:

- Terms and Conditions of Supply of Electricity (TCOS) 2004 provides a rebate of 'five paisa' per unit in the energy charges to consumers using 'Solar Water Heating System'. It also introduced (August 2010) a scheme to grant ₹ 500 per HP for installation of at least three star rated pump sets certified by Bureau of Energy Efficiency. However, we noticed that the JdVVNL did not promote usage of 'Solar Energy' and pump sets of more than three star ratings among consumers as only 33 consumers in all the nine circles were provided rebate of 'five paisa' and 27 consumers in Churu circle were provided grant of ₹ 500 during review period.

- The JdVVNL created 'Demand Side Management' (DSM) cell to educate the consumers towards power consumption so as to reduce load during peak hours. It was noticed that the cell remained non-functional since creation and as such was discontinued in 2006.

- The 'Bachat Lamp Yojna' (BLY) launched (May 2007) by the GOI aimed to promote energy efficient lighting was not implemented by the JdVVNL till July 2011 and as such it was deprived of usage of energy saving devices like CFL, electric choke, ISI marked electrical appliances which were envisaged in scheme.

The Management in its reply stated (September 2011) that the response of consumers for 'Solar Water Heating System' was very poor in view of high investment and installation of at least three star rated pump set was purely a voluntary scheme. Further, expression of interest has been floated in July 2010 for implementation of BLY and is under process. The reply is not convincing as the JdVVNL has not implemented the schemes in true spirits and took the shelter of voluntary nature of the schemes. Further, it may be seen that there is no 'Demand Side Management' cell in JdVVNL to promote the energy conservation schemes for mitigating gap between demand and supply as desired by GOI in Energy Conservation Act.

Energy accounting and Audit

2.1.65 A concept of comprehensive energy accounting and audit was put in place with the objective to identifying the areas of energy losses and take steps to reduce the same through system improvements besides accurately accounting for the units purchased/ sold and losses at each level. The main objectives of energy audit are as follows:

- better and more accurate monitoring of the consumption of electricity by consumers;
- elimination of wastages;
- reduction of downtime of equipment;
- massive savings in operational costs and increase in revenue, *etc*.

The JdVVNL did not get conducted the mandatory Energy Audit from 2007 as was required under Energy Conservation Act, 2001. Thus, the efficiency of the JdVVNL towards energy conservation was not measurable. However, some shortcomings noticed in energy accounting during review period are as detailed below:

Feeder metering and accounting

2.1.66 The JdVVNL has been awarding the work of energy accounting to bring the reports relating to supply hours of agricultural feeders, status of feeder meters, breakers and capacitor banks, status of feeder meter equipments, load reports of agricultural feeders, and new commissioned meters. We noticed that the work of consumer indexing and metering of all feeders was not completed in the JdVVNL. We also noticed that there was no provision of installation of meters at the time of construction of feeders and the JdVVNL could not install meters at all feeders (only 92.66 *per cent* feeders were metered as on March 2010) to achieve the objective of energy accounting.

We observed that, this had resulted in non-utilisation/under-utilisation of the energy accounting reports as the feeders are interconnected and in case of disruption of a feeder, supply to consumers was made from other feeder. Similarly, energy accounting of a defective or unmetered feeder was also not possible. Hence, the object of ascertaining T&D loss of an individual feeder was not fulfilled to pinpoint the commercial or technical loss as is evident from the fact that the reports (August 2009 to January 2010) in Jodhpur District Circle reported negative T&D loss at 283 feeders whereas in 113 feeders losses were not worked out.

The Management while accepting the facts stated (September 2011) that there remained a gap in case of feeders on construction of new 33/11KV sub-stations and receipt of matching quantity of 11 KV VCBs. It further stated that due to error in consumer indexing, bifurcation of feeders on construction of new 33/11 KV sub-stations, temporary switching over of feeder load from one feeder to another feeder may cause negative T&D losses on individual feeder. The management also stated that 100 *per cent* indexing of consumers with respective 11 KV feeder is in progress under R-APDRP scheme.

Consumer Metering

2.1.67 Metering of all consumers and timely replacement of defective meters is essential for effective energy accounting, billing of actual supply and real determination of distribution losses. The goal of 100 *per cent* metering was also aimed in the MOU (March 2001) of the State Government & the GOI and the objectives of R-APDRP scheme. Electricity Act, 2003 also stipulates that no supply should be made without meters. As on 31 March 2010, all the consumers except FRAC were metered consumers. Hence, meters were mainly purchased (₹ 207.17 crore during 2006-11) for replacement of defective meters and releasing new connections. We noticed the followings:

(a) RERC directed (March 2001) DISCOMs to convert the 3.97 lakh unmetered FRAC to metered category by 31 March 2004. However, the performance of DISCOMs remained poor and the targets were revised by annual targets. The performance of the JdVVNL was not encouraging and only 32755 unmetered FRAC could be converted into metered category by March 2006 against 81833 in March 2001. Further, it could not adhere the annual targets of conversion and only 9799 FRAC against the target of 20037 were converted into metered category during 2006-10. Thus, the JdVVNL was lagging behind in complying to the directions of RERC and provisions of Act.

The JdVVNL while accepting the fact of non-achievement of RERC targets stated (September 2011) that flat rate agriculture consumers could not be converted into metered category due to resistance of consumers.

Against the RERC directives of two months, 43996 meters were pending for replacement beyond six months and 27443 meters beyond 12 months.

(b) RERC directed (March 2001) for replacement of defective/stopped meters within two months from the date of detection by DISCOMs. The position of defective meters and their replacement by all DISCOMs during last four years ending on March 2010 is given in **Annexure-15**. An analysis of the JdVVNL revealed that though the rate of defective meters against total meters during 2006-10 declined from 10.02 *per cent* to 7.50 *per cent* but the replacement rate declined from 78.37 *per cent* to 53.13 *per cent* during the same period and also the replacement rate in comparison to total reported defective meters declined considerably from 101.93 *per cent* in 2006-07 to 82.37 *per cent* in 2009-10. Test check of records in selected three circles revealed that as on March 2010, 43996[18] meters were pending for replacement beyond six months and 27443[19] meters beyond 12 months against the period of two months prescribed by RERC. Further, during March 2010, 30318[20] three phase consumers out of 138446 consumers and 132414[21] single phase consumers out of 868542 consumers were billed on average basis.

18 43996(Jodhpur district circle 221, Pali 27943 and Barmer 15832).
19 27443(Jodhpur district circle 2, Pali 18581 and Barmer 8860).
20 30318 (Jodhpur district circle 16799, Pali 5748 and Barmer 7771).
21 132414 (Jodhpur district circle 46957, Pali 54158 and Barmer 31299).

Thus, the JdVVNL could not replace the defective meters within scheduled time and resultantly billing on average basis did not reflect the actual consumption of power and possibility of revenue loss cannot be ruled out.

The JdVVNL while accepting the facts stated (September 2011) that best efforts are being made to replace defective meters and to improve the position special campaign is being organized to replace the defective meters within time schedule.

Monitoring by top Management

2.1.68 The DISCOMs play an important role in the State economy. For such a giant organizational setup, to succeed in operating economically, efficiently and effectively, there has to be a Management Information System (MIS) for monitoring by top management. The monthly progress report is prepared after compiling the information collected from all the circles and sections at head office in the form of Demi-Official letter and is submitted to CMD (DISCOMs) for onward submission to Energy Department, GOR and others. Besides the issues are discussed in the Board meetings, DISCOMs Coordination Committee meetings and monthly meetings of the senior officers.

The Management stated (September 2011) that various remedial measures have been taken by the management after discussing the problems in senior officers' meeting as well as on other lower level.

Conclusion

- **Plans for capacity additions were not prepared keeping in view the load growth and hence, gap between connected load and the transformation capacity increased over the years;**
- **The DISCOMs could not achieve the targets/objectives of RGGVY and APDRP/R-APDRP due to deficient planning;**
- **Long-term power purchase agreements were not adequate even to meet the demand approved by RERC and DISCOMs purchased power at high cost through short-term agreements and UI purchases;**
- **Sub-transmission and distribution losses were in excess than approved by RERC;**
- **The targets of vigilance checking and theft detection were not adequate. Age wise analysis of outstanding dues from sale of power and vigilance assessment was not proper in JdVVNL which affected the recovery of debts/old debts;**

- **Non-revision of tariff, inadequate State Government support and supply of power to flat rate agricultural consumers at subsidized rates caused wide gap between revenue realised and cost of power supply which was funded through borrowings from financial institutions;**

- **Even after revision of tariff after a prolonged period of six years, cross subsidy was non-existent and all the categories of consumers were still being supplied power at less than average cost of supply; and**

- **JdVVNL did not get done mandatory energy audit under Energy Conservation Act, 2001 and also could not install meters at all feeders to achieve the objective of energy accounting.**

Recommendations

- **The State Government should provide adequate package in real terms to DISCOMs to sustain their operational and financial viability in the interests of common people at large.**

The DISCOMs needs to:

- **Plan the capacity addition in accordance with the load growth to ensure stable and quality power supply.**

- **Take effective steps to ensure timely completion of schemes to achieve the envisaged benefits.**

- **Enter into long-term power purchase agreements to minimise power purchase from short-term and UI at high cost.**

- **Ensure timely revision of tariff and adhere to the directions of RERC to convert flat rate agriculture consumers into metered category and bring transmission and distribution losses to the approved levels.**

- **Re-assess the targets of vigilance checking and theft detection to prevent theft of power.**

- **Evolve an effective and efficient system for realization of dues.**

- **Ensure energy accounting at all level and energy audit.**

Rajasthan State Industrial Development and Investment Corporation Limited

2.2 Performance Audit on "Industrial Promotion and Infrastructure Activity"

Executive Summary

Rajasthan State Industrial Development and Investment Corporation Limited was renamed (January 1980) to undertake exclusively the activities promoting industrialisation in the State and to achieve the objectives of State Industrial Policy/Policies. The Company is mainly engaged in acquisition of land, building infrastructure and developing industrial areas, financial assistance to industrial projects, and provide concessions as per the policy of the State Government. As on March 2010, the Company developed 322 industrial areas by acquiring about 60395 acres of land wherein 27130 industrial units are established. IPI activity contributed 86 per cent of the total revenue earned during 2005-10, whereas remaining 14 per cent was contributed by investment and other activities.

Implementation of State Industrial Policy

The Company did not plan to develop thrust sectors envisaged in the Industrial Policy i.e. Auto Ancillary at Sitapura (Jaipur), textile at Sitapura and Sanganer (Jaipur) and Jodhpur. Further, the development of wool industry sector and handicrafts sector at Bikaner and Jaisalmer was not achieved (July 2011) even after elapse of 13 years.

Acquisition and development of land

During 2005-10, the Company planned for development of 26 industrial areas on 8986 acre of land. There was significant delay up to 143 months in planning for development of 2445 acre land (12 industrial areas) acquired prior to April 2005. Similarly, 2159 acre of land acquired during 2005-09 was not planned for development at the end of March 2010. Further, the Company also failed to take possession of 2014.04 acres of land despite payment of premium/ compensation of ₹ 117.54 crore. Out of pending possession of 787.08 acre as on April 2005, the Company was able to take possession of only 27.32 acre land during 2005-10.

As on April 2005, 8224 acre of land was lying undeveloped in 68 industrial areas of 24 units. However, while fixing the targets for development of industrial areas this was not considered. Accordingly, the targets set for development were at lower side and not commensurate with total land lying undeveloped at the beginning and acquired during the year.

The Company did not adhere the terms and conditions of allotment of the Government land and did not execute the lease deed for 8536 acre of land. Further, there was delay in mutation of land in revenue records in 21 units for 2532 acre private land acquired during 2005-10.

The land under encroachment/litigation increased from 260.03 acre (₹7.80 crore) in 2004-05 to 651.37 acre (₹83.63 crore) in 2009-10. Further, improper planning and delay in providing information hampered the industrial development and also led to blockage of funds.

Without ensuring physical possession of entire land, approval of lay-out plan of industrial areas delayed the development process. Decision of the Infrastructure Development Committee (IDC) for not providing infrastructure facilities in 'other areas' defeated the very basic objective of industrial development and adversely affected the industrial growth in these areas.

The industrial areas remained deprived from quality services for which the Company paid a bit higher cost than the normal contracts as the Company did not invoke the defect liability clause despite various defects noticed in the works executed at different units.

Allotment of land

The targets for allotment of plots were on lower side (ranged between 11.96 and

23.34 per cent) and not commensurate with the total plots remained un-allotted at the beginning of the year. Despite low targets, the Company could not achieve the same during 2007-10. The Company did not take corrective measures by analysing the reasons of non/slow-allotment of plots in 39 areas where the plots (ranged between 9 and 138) remained un-allotted for more than five years.

The concessions available at the time of initiating land allotment process in new industrial areas were not publicised which led to non-allotment of plot to ex-servicemen/war-widows, women and SC/ST category entrepreneurs in 20, 14 and 17 industrial areas launched during 2005-10. Further, in absence of maximum ceiling, allotment of concessional plots in excess of prescribed limit to SC/ST and women category of entrepreneurs led to loss of ₹27.79 crore during last five years.

The Company sustained loss of ₹ 9.56 crore due to non-adherence to RIICO Disposal of Land Rules in allotment of land and violating the laid down rules/policy. Besides, there were instances of allotment of land without ensuring physical possession of land/allotment before possession.

Central Assisted Schemes

The various Centrally sponsored schemes viz; Integrated Infrastructural Development, Agro Food Park, Growth Centre, Apparel Park for Export, Special Economic Zones etc. implemented by the Company to attain the objectives of promoting industrial growth, removing regional disparities and improving infrastructure in the State, could not be implemented within time schedule and there was delay upto 148 months. Further, improper planning, defective project reports indicate the Company's failure towards achievement of very purpose of the schemes.

Corporate Social Responsibility

The corpus of Village Amenities Development Fund (VADF) and Skill Development Fund (SDF) created as per the State Government directives was not utilised in true spirits to fulfill the objectives of CSR as envisaged in the scheme. Further, the Company could not recover ₹ 4.27 crore towards VADF/SDF due to non-insertion of clause in MOUs executed with six cement companies.

Entrepreneur Satisfaction Survey

Entrepreneur Satisfaction Survey (ESS) conducted by us during the course of performance audit revealed that the unit offices of the Company largely failed to provide basic infrastructural facilities to the entrepreneurs in the industrial areas which had adversely affected the units in production and consequently the pace of industrialisation in the State.

Conclusion and Recommendations

The performance of the Company towards industrial promotion and development in the State was deficient as it did not prepare long term plans for balanced regional development and the acquired land remained undeveloped for long period. The objective of developing thrust sectors at identified places in the State Industrial Policy 1998 was not fully achieved. There were discrepancies in land records and the Company did not adhere to the terms and conditions of Government allotted land and the mutation of private land in revenue records was also not done. Further, improper planning, inadequate site survey caused non-acquisition/partial acquisition of land which hampered the industrial development process besides blockage of funds. Faulty approval of lay out plans due to non-acquisition/obtaining physical possession of entire land caused allotment of un-acquired land. The IDC violated the laid down rules and made decisions on case-to-case basis, which led to undue benefit to some entrepreneurs besides causing loss of revenue. Non-monitoring of centrally sponsored schemes by the apex management led to delay in implementation of the schemes and consequently, the State was deprived of the envisaged benefits of industrial growth. The review contains seven recommendations which includes adherence to the procedure of land acquisition, preparation of long term plans, compliance of rules, regulations and policies, effective monitoring of schemes, providing quality infrastructure facilities etc.

Introduction

2.2.1 To promote environmentally sustainable industrial growth and balanced regional development, catalyzing investments, accelerating economic growth and creating large scale employment opportunities, a supportive institutional environment and infrastructure that facilitates and fosters private sector investment and enterprises is vital.

In Rajasthan, Rajasthan State Industrial and Mineral Development Corporation Limited (RSIMDC) was incorporated in March 1969, as a wholly owned State Government Company to undertake the activities of mineral development and support the industrial framework in the State. RSIMDC was renamed (1 January 1980) as Rajasthan State Industrial Development and Investment Corporation Limited (Company) to exclusively undertake the activities promoting industrialisation in the State and to achieve the objectives of State Industrial Policy/Policies. The Company is mainly engaged in acquisition of land, building infrastructure and developing industrial areas, financial assistance to industrial projects, and provide concessions as per the policy of the State Government. As on March 2010, the Company has developed 322 industrial area by acquiring about 60395 acres of land wherein 27130 industrial units are established.

The Government of Rajasthan announced Industrial Policy 1998 with the principal objective of making Rajasthan, the most preferred State for investment in the identified sectors and to ultimately achieve global competitiveness. The policy laid special emphasis on accelerating the overall pace of industrial growth, increasing employment opportunities, improving productivity, ensuring sustainable development and strengthening the small-scale industries, tiny and cottage industry sector. The industrial policy of 1998 was replaced (2010) by Rajasthan Industrial and Investment Promotion Policy 2010.

The Management of the Company is vested in Board of Directors (BOD) consisting of nine Directors as on 31 March 2010. All the Directors are appointed by the State Government, except one Director to be nominated by the Industrial Development Bank of India. The Chairman and Managing Director/Managing Director is the Chief Executive of the Company and is assisted by an Executive Director, three Advisors (Financial Advisor, Advisor (Infra), Advisor (A&M)) and Chief General Managers/General Managers. The decisions regarding development of industrial area are taken by Infrastructure Development Committee (IDC) comprising of Chairman, Managing Director and four Directors nominated by the Board.

Industrial Promotion and Infrastructure Activity

2.2.2 The industrial sector in Rajasthan experienced an average growth rate of 6.14 *per cent* during 2005-10 as compared to all India growth of 7.60 *per cent.* The industrial sector in the State accounts for about 32.5 *per cent* of the total share of the State's economy.

The infrastructure facilities provided in a State are the corner stone for development of industrial sector. As the Company is a sole agency of the State Government to develop industrial infrastructure and promote industrialisation in Rajasthan, in accordance with the State Government policy/industrial policy, we conducted the performance audit of the 'Industrial Promotion and Infrastructure (IPI) Activity' carried on by the Company during the period 2005-10.

> The Gross Domestic Product (GDP) growth in Rajasthan during 2005-10 was 7.75 *per cent* as against 11.3, 11, 9.6, 8.5, 8.1 and 8.1 *per cent* in Gujarat, Haryana, Bihar, Karnataka, Kerala and Andhra Pradesh respectively. The State GDP remained low as compared to the all India average growth rate of nine *per cent*.

The IPI activity of the Company mainly consists of acquiring land (Government and Private) in different areas of the State for developing industrial sector, developing required infrastructure in those areas, allotment of land to the entrepreneurs and monitoring of the stock of land.

Scope of Audit

2.2.3 A comprehensive review on "Industrial Promotion and Infrastructure activity' appeared in the Audit Report (Commercial) for the year ended 31 March 2004. The review had been discussed by the Committee on Public Undertakings (COPU) on 8 June 2007 and the recommendations of the Committee are awaited (July 2011).

The present review conducted during January 2011 to June 2011 covers 'Industrial Promotion and Infrastructure (IPI) activity' carried by the Company during the period 2005-06 to 2009-10. The audit examination involved scrutiny of records at the Head Office and eight units[1] selected for detailed scrutiny on the basis of their turnover, development expenditure and acquisition of land during 2005-10.

Audit objectives

2.2.4 Performance audit on IPI activity of the Company was carried out to evaluate and to get a reasonable assurance that:

- the IPI activities have been carried out as per the mandate, Industrial Policy of the Government of Rajasthan (GOR);
- the survey of area was carried out properly and effectively before demarcation of land for acquisition to avoid acquisition of encroached land/post acquisition disputes;

1 Ajmer, Balotra, Bhiwadi-I, Bhiwadi-II, Jaipur (North), Jaipur (Rural), Kota and Neemrana.

- the allotments of plots were made as per the RIICO Disposal of Land Rules 1979;
- the Government of India (GOI)/GOR schemes were implemented effectively and efficiently;
- an effective mechanism existed for recovery of dues as per RIICO Disposal of Land Rules, 1979; and
- the entrepreneurs were satisfied with infrastructure facility.

Audit Criteria

2.2.5 The performance audit on IPI activity was assessed against the:

- provisions of the Land Acquisition Act, 1894 and Rajasthan Land Revenue Act, 1956;
- Rajasthan Industrial Policy, 1998 and Rajasthan Investment Promotion Scheme, 2003;
- targets of land acquisition, development and allotment of plots;
- terms and conditions of works executed;
- provisions of the RIICO Disposal of Land Rules, 1979; and
- The GOI guidelines for implementation of Central Assisted Schemes.

Audit methodology

2.2.6 We adopted a mix of the following methodologies during the audit.

- examination of agenda and minutes of BOD and the IDC meeting;
- scrutiny and analysis of survey reports for land acquisition and land acquisition records;
- review of lay out plans for development of different land;
- scrutiny and analysis of different contracts awarded;
- review of records related to administrative sanctions;
- review of records related to allotment of plots;
- analysis of entrepreneur satisfaction survey conducted by us in selected units; and

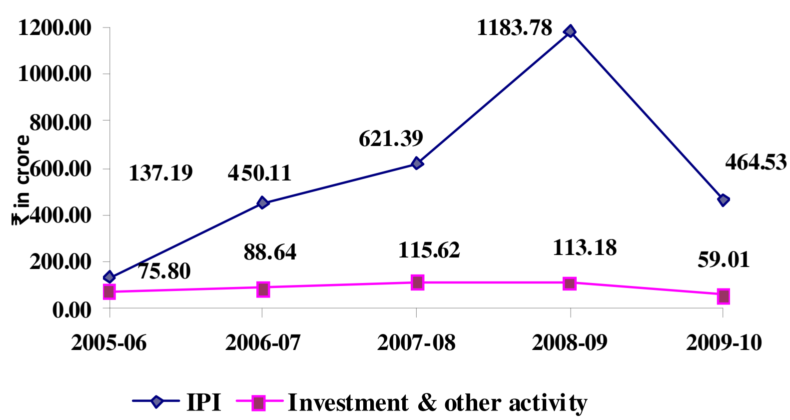
- issue of audit queries and interaction with the management.

Working Results of IPI activity

Share of IPI activity in total revenue

2.2.7 The importance of IPI activity in performance of the Company can be realised from the fact that it contributed 86 *per cent* of the total revenue earned during 2005-10, whereas remaining 14 *per cent* was contributed by investment and other activities.

The year-wise break-up of revenue realised from IPI activity and Investment and Other activities during 2005-06 to 2009-10 is given below in the line chart:



We noticed that the share of IPI activity in the total revenue of the Company had increased from ₹ 137.19 crore to ₹ 1183.78 crore (64 to 91 *per cent)* during 2005-06 to 2008-09 though it marginally decreased to 89 *per cent* in 2009-10.

The details of working results of IPI activity of the Company at the end of the five years up to 31 March 2010 are given below:

(₹in crore)

S. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
(A) Income						
a	Realisation from allotment of developed land	119.28	191.33	324.38	252.94	382.83
b	Increase/(decrease) in stock of land	(38.46)	152.81	(22.88)	618.87	(102.81)
c	Income from allotment of Land (a+b)	80.82	344.14	301.50	871.81	280.02
d	Allotment of un-developed Land	5.77	1.53	164.61	9.14	6.12
e	Others	50.60	104.44	155.28	302.83	178.39
Total Income (c+d+e)		**137.19**	**450.11**	**621.39**	**1183.78**	**464.53**
(B) Expenditure						
a	Expenditure on development of Industrial Areas	52.08	300.48	343.08	791.11	201.47
b	Maintenance of Industrial Areas	17.79	23.50	41.94	31.80	32.29
c	Expenditure on Cluster Development	0.38	0.85	-	-	-
d	Payment to employees	12.95	14.00	15.72	29.74	21.00
e	Other expenses	29.88	62.74	108.11	249.32	74.33
	Expenditure	113.08	401.57	508.85	1101.97	329.09
	Less: Grants/Subsidy	8.33	7.96	17.54	-	-
Total Expenditure		**104.75**	**393.61**	**491.31**	**1101.97**	**329.09**
Profit (+)/Loss (-) (A-B)		**32.44**	**56.49**	**130.07**	**81.81**	**135.44**

It is evident from the above table that profits from IPI activity increased from ₹ 32.44 crore in 2005-06 to ₹ 135.44 crore (317.51 *per cent)* in 2009-10. The decrease in profitability trend during 2008-09 was due to increase in expenditure over development of industrial areas, employee cost and other expenses. Further, decrease in allotment of undeveloped land also significantly effected the profits.

Acknowledgement

2.2.8 An entry conference was held on 9 February 2011, wherein we explained the audit objectives and methodology of the Performance Audit to the Company. The audit findings were reported to the Company/the State Government in July 2011 and discussed in the exit conference held on 15 September 2011 where the State Government was represented by the Deputy Secretary, Industry Department and the Company was represented by the Managing Director. The performance audit has been finalised after considering/incorporating the replies of the Government/Company.

Audit Findings

2.2.9 The audit findings broadly highlight the shortcomings in implementation of the State Industrial Policy and process of developing industrial areas viz. acquisition, development and allotment of land. The performance audit also indicates the deficiencies in implementation of GOI schemes, Company's contribution towards corporate social responsibility. Apart from these, we also assessed the satisfaction level of entrepreneurs and internal control and monitoring mechanism. These findings are discussed in succeeding paragraphs.

Implementation of State Industrial Policy

2.2.10 The State Industrial Policy 1998 envisaged various tasks *i.e.* establishment of business centres, special industrial complexes at identified locations, development of Integrated Industrial Parks (IIPs), proper upkeep and maintenance of the existing industrial areas to be accomplished by the Company.

Establishment of thrust sectors

2.2.11 The Industrial Policy identified 12 thrust sectors to meet out the requirement of specific industries[2] and envisaged development of special industrial complexes at 21 identified locations by the Company for the thrust sectors. Pursuant to the Industrial Policy, the Company developed (between August 1998 and July 2009) these thrust sectors at 15 identified locations only.

During the detailed audit conducted at unit offices, we noticed that out of 12 identified thrust sectors of industrialisation, the Company did not plan to develop the Auto Ancillary sector at Sitapura (Jaipur), textile sector at Sitapura and Sanganer (Jaipur) and Jodhpur. Further, the development of wool industry sector and handicrafts sector at Bikaner and Jaisalmer was not achieved (July 2011) even after elapse of 13 years in absence of any time limit for accomplishment of the tasks from the GOR.

The Government stated (October 2011) that the Company was committed to develop theme based industrial complexes responding to the need of the areas and demand from entrepreneurs. The reply is not convincing as the objectives of industrial policy 1998 remained unachieved and the State Government has declared new industrial policy 2010 with fresh objectives.

Acquisition and development of land

2.2.12 Identification of land in accordance with the prospective planning and its acquisition is of prime importance for development of industrial areas. The Company acquires private land in accordance with the provisions of Land Acquisition Act, 1894. Besides, the State Government also allots government

2 Gems and Jewellery, Hosiery, Auto Ancillary, Ceramics, Software technology, Electronics and Telecom, Textile, Agro Industries, Leather, Wool Industries, Handicrafts and Dimensional Stone.

land to the Company for industrial purpose.

The position of land acquired, developed during 2005-10 and allotted up to March 2011 by the Company is given in **Annexure-16**. During 2005-10, the Company has planned for development of 26 industrial areas on 8986 acre of land. It could be seen from the Annexure that:

During 2005-10, the Company could not take possession of 2014.04 acre land despite payment of ₹ 117.54 crore.

- The Company planned development of 2445.07 acre of land acquired prior to April 2005 after a delay ranging between three months and 143 months. Further, 2158.79 acre land acquired between April 2005 and March 2009 was also not planned for development at the end of March 2010.

- Out of 8986.31 acre land in 26 industrial areas planned for development during 2005-10, the Company was able to allot 3066.92 acre of land.

- Out of total 10446.52 acres land acquired during 2005-10, possession of 2014.04 acres land could not be obtained, though payment of premium/compensation of ₹ 117.54 crore has been made for the same.

Besides, out of pending possession of 787.08 acre land as on April 2005, the Company was able to take possession of 27.32 acre land at the end of March 2010.

The Government while accepting the delay in taking possession stated (October 2011) various reasons *i.e.* unauthorized occupancy/construction on land, non-acceptance of compensation by khatedars, litigation/dispute regarding ownership of land *etc.* due to which possession of land could not be taken. It further stated that now directions have been issued to the unit offices to ensure land free from encroachment before deposition of premium/compensation. The fact remains that a huge amount remained blocked for significant period besides delay in development process.

Planning of undeveloped land

2.2.13 Our analysis of the system of planning adopted by the Company for undeveloped land revealed that out of 8224 acre land in 68 industrial areas of 24 units as on April 2005, it developed only 2201 acre land (26.76 *per cent*) during last five years ending March 2010. The Company against the target of development of 6337 acre land during 2005-10, developed 6049 acre (inclusive of 2201 acre) land.

We observed that the Company did not prepare any long term plan for development of industrial areas to ensure balanced growth of industries in all the parts of the State. Further, the targets set for development were at lower side and the land lying undeveloped prior to 2005 was not considered while making short term plans.

The Government stated (October 2011) that the Company acquires land looking to the future industrial prospective in a particular area and depending upon prevailing economic and industrial scenario, development of industrial area is being done. The reply is not convincing as the Company did not make long term plans and the short term plans too did not include the old acquired undeveloped land keeping in view the balanced industrialisation in the State.

The shortcomings noticed in acquisition and development of land are discussed below:

Discrepancies in land record

2.2.14 We noticed variation in the area of land reported to be in the possession of the Company. While the BOD declared that they have 60394.99 acre in their possession as on 31 March 2010, the MIS reports indicated the possession at 58855.65 acre whereas the information provided to us indicated the same as 58173.97 acre. Further, the Company has no information about the industrial area to which an area of 1540.45 acre land belongs to.

The Government stated (October 2011) that the undeveloped land pertains to industrial area Roopangarh, Palra, Nayagaon, Jhunjhunu, Karni *etc*. The reply is factually incorrect as the land pointed out by us was acquired prior to April 2005 whereas the industrial areas mentioned in reply were acquired between 2005-10.

Execution of lease deed

2.2.15 The terms and conditions of the allotment by the State Government indicate execution of a lease deed between the Government and the Company for the allotted land. As on 31 March 2010, the Company has not executed lease deed for 8536 acres of land allotted by the Government. Without such lease deed, the Company made further allotment by sub-leasing the said land.

On pointing out this deficiency, the Company has instructed (September 2011) the unit offices to execute the lease deed.

Mutation of transfer of property

2.2.16 As per Section 133 of the Rajasthan Land Revenue Act, 1956, mutation in revenue records of the State Government needs to be completed within three months from the date of transfer of property from one person to another.

We noticed that as on March 2011, mutation of 2531.99 acre land was pending out of total 8033.14 acre private land acquired in 21 units of the Company during 2005-10.

The Government while accepting the facts stated (October 2011) that there were clear instructions to the unit offices to complete the mutation work after taking physical possession of the land. The Management further assured (September 2011) to complete the pending mutation work within a period of three months.

Land under encroachment/litigation

2.2.17 The area of land under encroachment/litigation increased from 260.03 acre in 2004-05 to 651.37 acre in 2009-10. The value of land under encroachment/litigation increased from ₹ 7.80 crore to ₹ 83.63 crore in 2009-10. Out of total land under encroachment/litigation, 167.25 acre falls in the National Capital Region (NCR) of Delhi. The Company does not maintain proper records relating to litigated/encroached land as different sources pointed out different areas of land. While the Company's books of accounts maintained it as 651.37 acre, the MIS reports indicated it as 1089.54 acres. The Company has reduced the quantum of land holdings to 651.37 acres in 2009-10, though payments have been made for the same. Despite the availability of rules and regulations for eviction of unauthorised encroachments, the Company is unable to enforce the same effectively.

Payment of land tax

2.2.18 The GOR levied (1 April 2006) land tax on land admeasuring more than four hectares at rates notified from time to time. The Company pays land tax on the saleable stock of developed and un-developed land held by it.

Even after reduction in the land tax rates, payment at pre-revised rate caused excess payment of ₹ 4.22 crore.

We noticed that the rate of land tax was reduced from ₹ 1.50 per sqm to ₹ 0.75 per sqm from April 2009 onwards but the Company paid land tax at the rate of ₹ 1.50 per sqm against the saleable stock during 2009-10 (302.43 lakh sqm) and 2010-11 (259.97 lakh sqm) which led to excess payment of ₹ 4.22 crore.

The Management stated (September 2011) that it was not aware about revision in land tax rates and on receipt of demand from the Additional Collector (Stamps) it paid the land tax for 2009-10 and 2010-11 at the pre-revised rates. The Government stated (October 2011) that the matter is being persued with revenue department to adjust the excess paid land tax against the demand of 2011-12.

Delay in land acquisition process

2.2.19 As per Section 11A of the Land Acquisition Act, 1894 (Act), award should be made within a period of two years from the date of publication of declaration under Section 6 and if no award is made within that period, the entire proceeding for the acquisition of the land shall lapse.

We noticed that notification/declaration under Section 4 and 6 to acquire 3148 Bigha land for expansion of Industrial Area Boranada was issued on 4 August 2005 and 20 June 2006 respectively. We observed that delay in constitution of committee for deciding the rate of award coupled with failure to provide the valuation report of structures, trees *etc*. by the concerned unit office despite repeated reminders (August 2007 to February 2008) by the LAO, the final award for the land could not be declared within the stipulated time period (June 2008) of two years and the whole process of land acquisition has been defeated.

Thus, the industrialisation process was adversely affected as the entire process of land acquisition has become unfruitful.

The Government stated (October 2011) that the land acquisition process was delayed due to status-quo orders of Rajasthan High Court and further, the LAO also could not complete the hearing under section 9(3) to get claims of khatedar due to law and order situation. The reply is not convincing in view of the fact that only eight khatedars (out of total 112 khatedars) filed writ petition which were also disposed off by the High Court in April 2008 itself. Further, provision of the Act provides that the period during which any action or proceedings to be taken in pursuance of the said declaration is stayed by an order of court shall be excluded in computing the period of two years but failure on the part of the Company in providing requisite information *i.e.* valuation reports led to non-acquisition of land.

Improper planning in acquisition of land at industrial area, Manda Bhinda

2.2.20 Based on the report of Site Selection Committee, the Company sent (January 2006) proposal to the District Collector (Jaipur) to set-apart 404.05 hectare government land and acquisition of 9.14 hectare private land falling within the proposed industrial area. The District Collector set-apart (November 2006) 348.31 hectare (two different chunks) and handed over (March 2007) the possession of the land on receipt of premium amounting to ₹ 5.64 crore.

We noticed that the Company could develop only 135.01 hectare land (one chunk) in phase-I out of total 348.31 hectare land. The remaining land planned for development in phase –II could not be developed till July 2011 due to non-acquisition of 170.06 hectare land lying between phase-I and phase-II. The said land between two chunks could not be acquired as there was court stay on 143.18 hectare government land whereas District Collector was not requested for setting-apart 17.74 hectare and non-possession of 9.14 hectare private land despite the fact that the Company had paid compensation of ₹ 2.20 crore for acquisition of private land.

We observed that the development planning of the Company was weak as development of phase–II in near future is not feasible due to non-availability of proper approach road between phase-I and phase-II.

The Government stated (October 2011) that phase-II was planned separately and development would commence after getting environmental clearance. It further stated that the village road would be improved to connect both phases of industrial area. The reply is not convincing as the phase –II could not be developed due to non-acquisition of private land lying between phase-I and II. Further, the requirement of Environment Impact Assessment (EIA) for more than 50 hectare land was applicable from December 2009 only.

Thus, improper planning in acquisition of land not only led to blockage of funds but also hampered the development works.

Development of land/Industrial Area

2.2.21 After taking possession of the land for developing industrial area, the concerned unit offices are required to prepare lay out plan of the IA on the basis of survey of the land and thereafter the same is required to be submitted to the planning cell of Corporate office. The unit offices are also required to submit certain information along with the lay out plan such as location map, khasra map with details of land allotted/to be allotted, actually required, land whose possession has been taken. The planning cell after scrutiny of the information provided by the unit offices and lay out plan submitted by them finalises the lay out plan of the industrial area.

We noticed that the laid down procedure was not followed scrupulously by the unit offices as the unit offices without ensuring physical possession of the entire land sent the proposals to the planning cell for approval of lay out plans. This led to approval of faulty lay out plans of 'Integrated Infrastructure Development' (IID) Khushkhera and industrial area Khushkhera (extension) as the physical possession of entire land was not ensured. As a result, the physical possession of 77 plots in IID and two plots allotted in Khushkhera (extension) allotted to the entrepreneurs between August 2005 and February 2006 could not be given. Subsequently, the entrepreneurs were allotted (between June 2008 and November 2010) alternate plots after modifying the original lay-out of these areas. Similar type of irregularities noticed in selected unit offices are discussed under paragraphs 2.2.35, 2.2.37 (a) and 2.2.38.

We observed that this gross irregularity not only delayed the development process of these areas but also troubled the entrepreneurs to whom alternate plots were allotted after significant delay.

The Government stated (October 2011) that the possession of the land was taken on record but the khatedars opposed while taking physical possession at site. Thereafter, the matter was resolved by allotting alternate plots. It further stated that the Company has now decided not to make allotment in new industrial areas without completion of the development works and demarcation of area.

Infrastructure facilities in other areas

2.2.22 We noticed that the IDC, against the objective of the Company to improve the quality of infrastructure in the existing industrial areas, decided (1996) not to incur any expenditure on the infrastructure facilities in the industrial areas falling under 'other area' category except for repair and maintenance of existing roads, drains, water supply and street lights to make them functional. Our analysis of these industrial areas revealed that only 10 *per cent* units were in operation in three industrial areas, 10 to 30 *percent* in five areas and 30 to 50 *per cent* in six areas. Further, in two industrial areas (Mahuwa Mandawar and Sareh Khurd) no unit was in operation as on 31 December 2010.

We observed that the decision of the IDC for not providing infrastructure facilities was the major reason for non-production by the industrial units set up in these areas and this has defeated the very basic objective of industrialisation in the State.

The Government stated (October 2011) that sometimes the industrialisation in the area did not go as anticipated due to change in the economics/ industrial scenario or some other unforeseen circumstances. It further stated that the slow pace of industrialisation in some of the areas was not because these lacked in basic infrastructure facilities but due to some other reasons. The reply is not acceptable as the Company never reviewed the causes of slow pace of industrialisation in these areas. Further, it is well known fact that the areas where industrialisation does not go as per expectation requires more attention and facilities to bring them at par with the others.

Defects noticed in industrial development

2.2.23 The Company empowered the Sr. Regional Manager/Regional Manager of unit offices to finalise work orders for civil works up to the value of ₹ 30 lakh. Contracts for civil works beyond ₹ 30 lakh were finalised at Head Office.

During review period, various contracts valuing ₹ 571.11 crore were executed. These contracts related to different spheres of activities to develop the industrial areas such as civil works for road, drainage system, water supply scheme, power supply scheme and other miscellaneous works. The deficiencies noticed in this regard are discussed in succeeding paragraphs.

Avoidable extra expenditure

2.2.24 Instances of discrepancies leading to extra expenditure in execution of works in selected units are as under:

a) The Company rejected (October 2007) the bids called for construction of drains and approaches at Neemrana phase-III considering the rates (26.91 *per cent* above G schedule) of the first lowest bidder on higher side in view of rate trends (10 to 15 *per cent* above G schedule) for similar nature of work in the area. On re-invitation bids the rates received were 9.91 *per cent* above G schedule but the same was also considered on higher side and the tender was scrapped. We noticed that the Company re-invited the bids at third occasion but the same was also scrapped in view of higher rates and the contract was finally awarded at the fourth occasion rates which were 23.92 *per cent* above G schedule. This cost the Company an extra expenditure of ₹ 39.34 lakh. Similarly, in another case at Kishangarh phase-V, the Company awarded the work of construction of road and drainage at fourth occasion rates despite reasonable rates having been received at first occasion itself. This caused an extra expenditure of ₹ 30.14 lakh.

Thus, scrapping of tenders despite receiving reasonable rates as per the internal estimates caused an extra expenditure of ₹ 69.48 lakh.

b) The tender finalisation committee (TFC) ignored the recommendations of unit offices to consider the market trend and similar nature work awarded by other unit offices/other institutions at the time of awarding contracts in four cases[3] which caused an extra expenditure of ₹ 1.27 crore.

The Government stated (October 2011) that the TFC had awarded tenders keeping in view the recommendations of unit offices, market trend and previously approved rates for similar nature of works. The reply is not convincing as in reported cases the TFC did not consider the recommendations of the unit office, internal estimates and market trend of the similar nature of works.

Quality assurance

2.2.25 The defect liability clause included in the agreements of the contractors with the intention to get quality civil works executed and to maintain them for substantive period was not invoked by the Company effectively. We noticed that the contractors despite issue of several notices (between August 2008 and December 2010) did not repair the defects in the work of (a) street lights and strengthening of road by paver finish at IPIA Kota and (b) re-carpeting of approach road at Bhiwadi-I till October 2011.

Further, the defects at Industrial Area Bagru (Ext.) Phase- II though reported in September 2006 were removed by the contractor in January 2010 only when the retention money was to be forfeited by the Company. Thus, the industrial areas remained deprived from quality services for a substantive period for which the Company paid a bit higher cost than the normal contracts.

The Management stated (September 2011) that in case of damages during defect liability period, notices are issued failing which the defects are removed at the risk and cost of the concerned contractor. The Government stated (October 2011) that the matter of removal of defects just before completion of defect liability period and non-invoking risk and cost clause were being enquired and necessary action would be taken.

External Development Charges

2.2.26 The Company decided (June 1997) to create a fund for 'External Development Charges' (EDC) by taking two *per cent* of the amount of compensation in respect of all the original development schemes sanctioned on or after 15 July 1997. The fund was to be utilised for strengthening the approach roads, street lights, construction of disposal drains outside the industrial areas *etc.* or to release the amount as Company's contribution to the concerned State Government agency maintaining approach roads, drains *etc.*

We noticed that an amount of ₹ 25 crore (approximately) got accumulated towards EDC by March 2010 but the Company despite its assurance in the exit conference failed to provide us details of expenditure incurred by it on external development of industrial areas. Further, it also did not maintain

3 (1) Strengthening of road with paver finisher at Bagru extension phase-II, (2) Construction of cement concrete road and RCC culvert at Ramganj Mandi (Kota), (3) Strengthening of road with paver finisher at Ranpur and (4) Resurfacing of road by paver finisher at VKIA (Jaipur)

separate account for EDC.

The Government while accepting the audit observation stated (October 2011) that in future, separate account of expenditure incurred against EDC will be maintained.

Allotment of land

2.2.27 In exercise of the powers conferred by Article 93 (xv) of the Articles of Association, the Company made "Disposal of Land Rules, 1979" which are applicable to all the lands transferred to or placed at the disposal of the Company by the State Government and lands purchased or acquired or otherwise held by the Company.

The year-wise targets and achievements there against in respect to plots developed and allotted during the last five years ending March 2010 are given below:

Year	Un-allotted plots at the beginning of the year	Plots developed during the year	Plots Allotment			
			Targets	Percentage of targets to plots lying un-allotted	Achievement	Percentage achievement to targets
2005-06	10450	961	1250	11.96	3141	251.28
2006-07	8590	1339	1375	16.01	4658	338.76
2007-08	5142	659	1200	23.34	599	49.92
2008-09	5311	2383	1200	22.59	735	61.25
2009-10	7367	975	1200	16.29	1103	91.92

It could be seen from the above table that the targets for allotment of plots during the review period were always on lower side and ranged between 11.96 and 23.34 *per cent* which did not commensurate with the total plots remained un-allotted at the beginning of the year. Further, despite low targets of plot allotment, the Company even could not achieve the same during 2007-10 as the allotment against target was ranging between 49.92 and 91.92 *per cent*. Our analysis of vacant plots revealed that plots ranging between 9 and 138 in 39 industrial areas remained un-allotted for more than five years but the Company did not take corrective measures by analysing the reasons of non/slow-allotment of plots in these areas.

The Government stated (October 2011) that the targets of allotment could not be achieved due to recession. The reply was, however, silent on the issue of non/slow allotment of plots in industrial areas.

We noticed that the Company did not adhere to the RIICO Disposal of Land Rules, 1979. The gist of relevant rules is given in **Annexure-17** and the shortcomings are discussed in succeeding paragraphs.

Concession to various categories of entrepreneurs

2.2.28 The Company promotes selected category of entrepreneurs by allowing concession in the rate of development charges in unsaturated industrial areas. The allottee is entitled for the concession upto the plot area or the ceiling limit, whichever is less. No concession is allowed in industrial areas exclusively developed for specific type of industries or for particular category of entrepreneurs. Further, pursuant to the policy package for Micro, Small and Medium Enterprises 2008 of the State Government, a reservation of 30 *per cent* plots for selected category entrepreneurs is required to be kept by the Company in new industrial areas to be developed by it. We noticed that:

- The Company did not publicise the concessions available for selected entrepreneurs at the time of initiating land allotment process in new industrial areas. As a result, no plot could be allotted to ex-servicemen/war-widows, women and SC/ST category entrepreneurs in 20, 14 and 17 industrial areas respectively out of total 25 industrial areas launched during 2005-10.

- The policy of the Company to provide concession to ex-servicemen/war widows, SC/ST and women entrepreneur lacked clarity, as it did not prescribe the maximum ceiling of such concession. In test check of four industrial areas it was revealed that the Company allotted plots ranging between 17.64 *per cent* and 54.78 *per cent* in excess of the prescribed limit to SC/ST and women category of entrepreneurs and thereby sustained a loss of ₹ 27.79 crore during last five years.

- Pursuant to the policy, the concession holder was required to keep the allotted plot for at-least five years after commencement of production. Looking to the impracticality to monitor all such allotment cases, the IDC decided (May 2004) to allow the rebate on completion of 20 *per cent* construction on the plot area. This decision was subsequently modified (April 2007) by allowing rebate on up front fees. This has defeated the very objective of allotment on concessional rates as there remained no mechanism to monitor the construction and production activity of such entrepreneurs.

On being pointed out by us the Government issued (October 2011) directives to mention relevant provisions of rebate in advertisement/press release in future. It further stated that there was no upper ceiling of rebate for any category in the rules. As regards upfront rebate it stated that terms and conditions of allotment letter keeps check on concessional category entrepreneurs and in case of transfer of plot by such entrepreneurs before five years from production date, the rebate was recovered with interest. The reply is not convincing as the basic objective to promote weaker sections of society by making concessional allotment stands defeated as no mechanism exists after allowing upfront rebate to ensure the utilization of land.

Allotment of land to Technical Institute

2.2.29 We noticed that the Company instead of rejecting the bids of all the three[4] bidders and inviting fresh Expression of Interest, allotted (March 2010) land to 'Education Committee of the Maheshwari Samaj', at the reserve price merely on the basis of a power point presentation despite the fact that the committee found all the three bidders technically unfit and ineligible as per the terms and conditions of Rule 3(E) *i.e.* in-sufficient experience to run similar technical institutions in India or abroad.

The Government stated (October 2011) that the Committee after assessing the performance of the applicants on the basis of documents submitted, personal interaction and presentation given selected the most eligible applicant and approved the allotment. The reply is not acceptable as the Committee did not mention specific reasons/merits before deciding the allotment.

Allotment of land to Barmalt (India) Private Limited

2.2.30 We noticed that the committee under Rule 3(W) allotted (10 June 2010), one acre plot to Barmalt (India) Private Limited (entrepreneur) in already saturated Manda Industrial area phase-I at prevailing rate of development charges.

We observed that allotment was not in accordance with the provisions of Rule 3(W) as the proposed investment of ₹ 50 crore on 25 acre land was not ensured and the plant could not be established on one acre land as per the proposal of the entrepreneur. Further, allotment at prevailing rates in already saturated area was also against the policy of allotment in saturated areas as it was to be done through auction.

The Government stated (October 2011) that looking to the prestigious project, the committee decided to allot one acre land in phase-I on prevailing rates and also decided in principle to reserve 25 acre in phase-II and thus, the allotment should not be seen in isolation. The reply does not justify the allotment in view of the fact that upto the date of decision of allotment of land, the entrepreneur did not even submit the project report indicating the project cost and requirement of 25 acre land and hence, the allotment at prevailing rates in saturated industrial area was against the policy of the Company.

Allotment of plot to United Breweries Limited

2.2.31 On the request of the United Breweries Limited (entrepreneur) to allot additional 10 acre land for its ongoing brewery project at Chopanki industrial area (Bhiwadi-II) the Company decided (31 January 2006) to change the use of the land reserved for hospital and park. Accordingly, the Unit office raised (February 2006) a demand of ₹ 82.45 lakh towards 25 *per cent* development charges for allotment of the additional land. The entrepreneur however, did not deposit the amount up to 18 April 2006, the date on which the industrial

4 Shri Balaji Educational & Welfare Trust, Delhi, The Education Committee of the Maheshwari Samaj (Society), Jaipur and Poddar Trust, Jaipur.

area was declared saturated despite reminder (3 April 2006) and subsequently, deposited (22 April 2006) the raised demand. The IDC on the request of the entrepreneur, decided (September 2006) to allot the land at prevailing rate of ₹ 1000 per sqm without treating the plot in saturated category.

The decision to allot 10 acre land at prevailing rates in saturated industrial area caused minimum loss of ₹ 1.36 crore.

We observed that the decision of the IDC to allot plot at prevailing rate in the saturated area was in violation of rules which caused a minimum loss of ₹ 1.36 crore as auction rates received in June 2006 itself ranged between ₹ 1590 and ₹ 1800 per sqm. Further the decision lacked justification as the area was not only reserved for hospital, park and service road but also falls under dark zone category. Allotment of land to brewery industry was also not justified as at the behest of Central Water Pollution Control Board, the Company banned (July 2005) allotment of plots in Bhiwadi industrial area to water polluting industries.

The Government stated (October 2011) that IDC had allowed allotment of additional adjoining land at prevailing rate instead of auction process considering the group profile and circumstances of the entrepreneur. The fact remains that due to violation of rules/policy the Company sustained loss of ₹ 1.36 crore.

Rebate on allotment of larger size industrial plot

2.2.32 a) The Company in violation of Rule 3(C)(b) allowed (July 2007) 10 *per cent* additional rebate on upfront fee to Orient Craft Limited (entrepreneur) without ensuring likely investment of ₹ 50 crore and not recognizing the fact that the entrepreneur had not set-up the infrastructure on the allotted 30 acre land. Further, the unit office also extended undue favour of ₹ 84.99 lakh to the entrepreneur by calculating the upfront rebate on prevailing rate ₹ 2800 per sqm instead of allotment rate of ₹ 2100 per sqm.

Against the laid down rules, the Company allowed upfront rebate/cash incentive and thereby sustained loss of ₹ 1.29 crore.

b) Similarly, the IDC in violation of rules allowed 10 *per cent* additional rebate on upfront fee and two *per cent* cash incentive to Lafarge Boral Gypsum India Private Limited (entrepreneur) at the time of allotting (September 2006) 15 acre land at Khushkhera industrial area. We observed that the entrepreneur was not eligible for two *per cent* cash incentive of ₹ 18.21 lakh as the same was admissible on payment of 100 *per cent* development charges along with application. Further, the unit office also extended undue benefit of ₹ 22.76 lakh by calculating the development charges on the basic prevailing rate rather than the rate after reducing 25 *per cent* rebate under Rule 3(C)(a).

c) The Company also allowed (January 2010) two *per cent* cash incentive to Texsa India Limited despite the fact that it had not deposited 100 *per cent* development charges in one go and thereby sustained a loss of ₹ 3.41 lakh.

The Government stated (October 2011) that considering the profiles of the entrepreneurs, IDC had allowed the rebates to promote industries and investment in the State. The reply is not convincing as the Company suffered losses due to incorrect calculation of rebate.

Thus, the Company by over looking its own laid down rules favoured the entrepreneurs in allotment of these three plots by ₹ 1.29 crore.

Time extension for completion of construction/commencement of production activities

2.2.33 We noticed that the Crew Boss Products Limited (entrepreneur) did not adhere to the requirement of the condition of 20 *per cent* construction under Rule 21(6) during scheduled period (September 2009) and even during the extended period by March 2010 on payment of retention charges. However, the IDC on the request of the entrepreneur further extended (16 December 2010) the time period without levying retention charges of ₹ 1.15 crore (calculated by us).

We observed that the decision of the IDC to provide extension without recoupment of retention charges was in violation of laid down rules as the entrepreneur was having no intention to commence the production activities. This was evident from the fact that no further built up space was added during the extended period allowed by unit office and further the construction activity was not completed till March 2011. Apart from it, the unit office had also extended undue benefit of ₹ 72.85 lakh in recovery of retention charges by calculating the same at old rates of development charges at the first occasion.

We also observed that the project appraisal was weak as the entrepreneur planned only four acre area of the plot for construction and production activities against total 30 acre area allotted to it and further no efforts were made to revert back the unutilised land.

The Government stated (October 2011) that as per orders dated 27 February 2009, for existing allottees, five year time period had been allowed for commencing production without the requirement of observing any intermediate milestones. It further justified the decision of IDC on the grounds of large investment, employment and prestigious export oriented unit. As regards deficient project appraisal, it stated that the entrepreneur is in process of shifting the unit from Haryana to Neemrana and hence the land requirement was justified. The reply was not convincing as the aforesaid orders were not applicable in this case and as per the prevailing rule in case of plot/land allotment in NCR made on or after 19 May 2006, the allottee as a specific provision was required to complete/commence construction/production activities within the stipulated time period from the date of declaration of the area as developed. Further justification given for allotment of 30 acre of land was incorrect as the entrepreneur did not submit such proposal. Moreover, the Company also did not initiate any action against the entrepreneur despite the fact that it did not pay the retention charges for the extension granted beyond January 2011 till date.

Waiver of restoration charges

2.2.34 We noticed that, Moolchand Shalecha (entrepreneur) to whom a plot at industrial area Balotra-III was allotted (March 2009) through auction on 'as is where is basis' did not adhere to the repayment schedule despite issue of several notices and hence, the plot was cancelled (October 2010). Subsequently, on the request of the entrepreneur to restore the allotment, the unit office raised (15 November 2010) the demand of restoration charges of ₹ 26.88 lakh along with lumpsum payment of outstanding dues. We further noticed that the Managing Director on the request of entrepreneur waived (April 2011) the restoration charges and restored the plot on the grounds of non-observance of proper procedure of cancellation/non-providing information of outstanding dues by the unit office and that the plot could not be utilised due to drainage problem.

We observed that the decision of Managing Director was in violation of rules and terms and conditions of allotment letter.

The Government stated (October 2011) that restoration of plot without levy of charges had been allowed due to non-issue of proper show cause notice (SCN) before cancellation order and that the plot could not be utilised by the entrepreneur due to accumulation of water of other factories. The reply is not convincing as the rules clearly provide that restoration of cancelled plot was to be done on payment of outstanding development charges along with interest and additional development charges. Further, the justifications given in reply were also not convincing as a SCN was issued in October 2010 and the plot was auctioned on 'as is where is basis'.

Waiver of interest

2.2.35 We noticed that Alchemy Ventures Private Limited (AVPL) to whom a plot was allotted at industrial area Bagru (extension) Phase-II Jaipur, paid only two instalments and requested (July 2008) the Company to defer the date of construction for one year due to lack of infrastructural facilities in the area. AVPL also intimated (August 2008) that the plot could not be utilised as some Khatedars were creating dispute on the North-West side of the plot. The Company however, did not accept (September 2008) the request of deferring the date of construction but resolved the dispute created by Khatedars by revising the site plan and asked to pay the installment due on 30 June 2008. We further noticed that on subsequent representation (31 December 2008) of AVPL to the Chairman, the waiver committee waived off (July 2009) the interest of ₹ 25.31 lakh on development charges for the disputed period *i.e.* 25 June 2008 to 23 September 2008. After availing these benefits, AVPL again represented (September 2009) to waive off the entire interest of ₹ 74.49 lakh and the same was also waived (January 2010) by the Waiver Committee as per the direction of the Chairman, on the plea that land handed over to AVPL was not free from encumbrances since allotment.

We observed that the decision of the Waiver Committee to waive/adjust the interest charges at second instance was imprudent and lacked justification as it has already waived interest of ₹ 25.31 lakh, considering all the facts and there was no ground to waive the interest of ₹ 74.49 lakh.

The Government stated (October 2011) that the competent committee waived the interest. The reply was not convincing as the committee initially waived the interest after considering all factors and hence re-opening of the case without any fresh development was not justified.

Waiver of transfer fees and retention charges

2.2.36 Pursuant to the Memorandum of Understanding (MOU) executed (May 2007) between the GOR and Honda Siel Cars India Limited (HSCI), the Company allotted 610.68 acre of land for setting up the car project of HSCI. We noticed that out of eight[5] supplier units of HSCI (including HSCI), only three units commenced production on the allotted land. The HSCI requested (December 2009) to transfer 58.77 acre land belonging to four[6] units which did not commence production, to Honda Motorcycles and Scooters India Private Limited (HMSI) to set-up a two-wheeler project and also requested the Company for waiver of applicable transfer fee and retention charges. The request was acceded and the IDC waived (10 February 2010) the entire transfer fee and retention charges recoverable from these four transferor units. Accordingly, the HSCI transferred (May 2010) 58.77 acre land to HMSI.

The Company sustained loss of ₹ 3.67 crore due to waiver of transfer fee/retention charges.

We observed that the decision of the IDC was imprudent and in violation of rules as the HSCI transferred land to HMSI at much higher rates (profit margin ranged between 64 *per cent* and 82 *per cent*). Further, the decision was against the terms and conditions of MOU which clearly stipulated that in case of non-implementation of project, the allotted land was to be reverted back to the Company. Thus, the Company sustained a minimum loss of ₹ 3.67 crore (transfer fee ₹ 3.05 crore and retention charges ₹ 0.62 crore worked out on actual allotment rate).

The Government stated (October 2011) that as per the MOU executed between GOR, HSCI and HMSI on 11 May 2010, the transfer and retention charges of four supplier units were waived and also allowed to transfer their land. The reply was not convincing in view of the fact that IDC waived the charges in February 2010 *i.e.* even before execution of MOU. Further, in case of non-establishment and operation of various parts of the project envisaged in MOU with HSCI, HSCI had to revert the allotted land. Moreover, decision of IDC was not justified as HSCI/supplier units were selling their land at a premium of ₹ 12.62 crore but were not willing to pay transfer and retention charges.

Other irregularities in allotment of land

Hindrances in industrial growth

2.2.37 (a) The Company despite knowing the fact that some portion (three khasras) of the 25 acre land allotted (November 2007) to the Sona Auto Agro Tractors & Components Private Limited (entrepreneur) at industrial area Patherdi was under litigation, handed over (February 2008) physical possession to the entrepreneur without mentioning the fact. The entrepreneur could not carry out the construction activities on the disputed land and as a result, it did not pay the balance amount of development charges. On

5 GAPAI, Bestex, Yutuka, Moriroku UT India (P) Ltd., HSCI Ltd., Yachio India Manufacturing (P) Ltd, Keihin Panalfa Ltd. and TS Tech Sun Rajasthan (P) Ltd.

6 HSCI Ltd. 19.84 acre, Yachio India Manufacturing (P) Ltd 10.98 acre, Keihin Panalfa Ltd. 8.11 acre and TS Tech Sun Rajasthan (P) Ltd. 19.84 acre

approaching (April 2008) the unit office to resolve the issue, the unit office, instead of resolving the dispute, issued (August 2008) a demand notice to deposit ₹ 17.28 crore against outstanding dues with interest up to August 2008. However, the entrepreneur made representation (April 2009) to surrender the land and to refund the already paid development charges of ₹ 5.66 crore including interest and construction cost of boundary wall. The land was finally surrendered (June 2009) by the entrepreneur in view of non-viability of the project. However, the decision to this effect was pending with Advisor Infra (July 2011).

Thus, the Company owing to failure in providing land free from encumbrances deprived the State with likely investment of ₹ 175 crore.

(b) We noticed that the unit office Neemrana kept the building plan of Unique Decor (India) Private Limited (entrepreneur) for approval against the provision of building regulations. Consequently, the entrepreneur could not adhere the time limit (22 May 2008) of completion of construction activity and requested (September 2008) for time extension without retention charges. The request was acceded by the waiver committee (September 2008) and it was directed to conduct preliminary enquiry for withholding the case and not informing the allottee about the provisions of building regulations of the Company in time. We observed that no such enquiry as directed by the committee was done till date (July 2011).

Thus, redundant action of unit office caused delay in implementation schedule of the entrepreneur.

The Government stated (October 2011) that the enquiry against the delinquent officers was still pending and disciplinary action will be taken as per rules.

Improper allotment of plot

2.2.38 We noticed that the Company allotted a plot to TPS Infrastructure Limited (entrepreneur) at Pathredi industrial area without acquiring entire land. Resultantly, the Company had to reduce the size of the allotted plot considering it as fresh allotment. We further noticed that as per new conditions, the entrepreneur was to deposit the entire outstanding principal dues within 60 days from the date of intimation of decision. However, the decision was intimated (January 2010) to the entrepreneur after delay of 57 days by the unit office.

We observed that the unit office failed to follow the laid down procedure of land acquisition which led to allotment of un-acquired portion of land besides causing delay in intimation and further short recovery of interest of ₹ 5.32 lakh.

The Government stated (October 2011) that due to non-availability of correct location of the existing road on the revenue *khasra* map, some land/part land of some *khasras* was left from acquisition. The reply is not convincing as it was the prime necessity to collect all relevant information/revenue map before acquisition of land.

Loss of revenue due to out of court settlement

2.2.39 We noticed that the IDC deviating its earlier decisions (September 2003 and July 2007) taken up at the time of regularising the land of the already existing eight units at Balotra industrial area Phase-III, regularised (February 2010) the land of two units[7] without waiting for court decision at the rate of ₹ 60 per sqm plus 16 *per cent* interest on the directions of the Chairman whereas the land of the six units was regularised (July 2007) at rate of ₹ 250 per sqm.

We observed that the decision of the IDC was unjustified as it did not consider the prevailing rate (₹ 800 per sqm) or the auction rate (₹ 1656 per sqm) and thus sustained a minimum loss of ₹ 14.57 lakh (calculated at the rate of ₹ 250 per sqm). Further, the decision of the IDC as regards interest was incomplete and the Managing Director instead of charging the interest since inception, directed (May 2010) to charge interest from the date of decision of the IDC on the request of one unit (UTM), which in our opinion was not correct as the matter was resolved out of court and it led to short recovery of interest of ₹ 20.11 lakh[8].

The Government stated (October 2011) that the IDC decided the matter considering the facts/merits of the case. Further, the decision of the Management to charge interest from the date of decision of IDC was also ratified by the IDC in February 2011. The reply was not convincing as the present decisions of IDC was altogether different with its earlier decision which may also cause un-necessary litigation from six units.

Allotment/regularisation of excess land

2.2.40 We noticed that the Company neither prescribed any guidelines nor there was any system in vogue at unit offices to ensure the accurate physical demarcation of the plots as carved and approved in the layout plan. Further, the unit offices at the time of handing over the possession of the allotted plot did not ensure actual measurement to maintain the accuracy of the area allotted as per layout plan. This deficiency led to excess occupancy of land by the entrepreneurs as the land reserved for ancillary services was also occupied.

The Company however, launched (February 2009) Amnesty scheme, valid upto 31 March 2010 and subsequently extended in October 2010, for allotment/regularisation of the excess land occupied by the entrepreneurs on the basis of existing prevailing rate wherein 28.41 acre land pertaining to the period as old as July 1972 was regularised. We also noticed serious irregularities on the part of unit offices, as in one instance (Rochees Breweries, Neemrana), one acre land occupied (1994/1995) in excess of total allotted area was not regularised by it. However, on being pointed out by us the Company regularised (June 2011) the excess land by recovering development charges.

---

7 Uttam Textile Mills (UTM) and M K Dyeing Mills (MKDM).

8 ₹ 10.66 lakh from UTM as per direction of M.D. and ₹ 9.45 lakh from MKDM *suo moto* without any direction.

The Government stated (October 2011) that it has now been decided to make allotment after demarcation of plots and providing basic infrastructure in the area to reduce the cases of excess land. The reply was however, deficient as regards existing allotments where the entrepreneurs occupied the excess land.

Delay in complying High Court order for shifting of industrial units

2.2.41 Against the directions (2 April 2004) of the Rajasthan High Court to set up an exclusive industrial area within six months to shift the textile industrial units engaged in printing and dying causing water pollution in the residential areas, the performance of the Company was not satisfactory as only 133 cases were reviewed (total 199 cases) and allotment could be made to 45 units till March 2011. We noticed that the delay was attributed to sending the proposal for land acquisition to the State Government (nine months) and intimating (2 June 2005) the State Government for invoking the provisions of Section 17(4) for acquisition of land in emergent situations. Further, the Company belatedly (after 13 months of land acquisition) applied (July 2007) for obtaining Environmental clearance from Ministry of Environment and Forest (MOEF).

Thus, the Company not only failed to implement the orders of the High Court for re-location of polluting units from residential areas but also the purpose of acquisition of land by invoking urgency clause of Land Acquisition Act was defeated.

The Government stated (October 2011) that after acquisition of land, EIA was got conducted and on receipt of environment clearance, the development scheme was prepared in June 2008. The fact remains that even after elapse of considerable period the Company could not ensure shifting of polluted industries.

Central Assisted Schemes

2.2.42 The Company is nodal agency for implementing various schemes of Central Government. During the period 2005-10, the Company implemented scheme for Integrated Infrastructural Development (IID), Agro Food Park (AFP), Growth Centre, Apparel Park for Export, Special Economic Zones (SEZ) *etc*. to promote industrial growth, remove regional disparities and improve infrastructure in the State. The shortcomings noticed in implementation of these schemes are discussed below:

Integrated Infrastructural Development

2.2.43 The GOI sanctioned nine[9] IID centres between August 1994 and August 2004 for development in the Rajasthan. The status of all the nine IID centres is given in **Annexure-18.** It could be seen from the annexure that:

9 Sangaria (Jodhpur), Gogelao (Nagaur), Newai (Tonk), Kaladwas (Udaipur), Falna (Pali), Hidauncity (Karauli), Baran, Bayana (Bharatpur) and Khushkhera (Alwar).

Delay in completion of works envisaged coupled with deviation from DPRs and GOI guidelines led to non-release of admissible grant of ₹ 2.74 crore.

- The Company could not implement the IID scheme as there was significant delay in completion of all the IID centres ranging between 34 and 148 months. Further, the Company could receive only ₹ 12.09 crore till January 2011 against total admissible GOI grant of ₹ 14.83 crore due to delay in completion of works and deviation from approved DPRs and GOI guidelines.

- The units in production as on December 2010 at IID Tonk, Nagaur, Falna and Alwar were not significant enough to achieve the objectives of the scheme.

The Government stated (October 2011) that slow progress of development and non-establishment of industrial units was due to global recession and famine *etc*. It further stated that GOI had not accepted the claim of overhead, interest and future maintenance expenditure for the purpose of grant. The reply was not convincing as the Company could not implement the scheme within the stipulated time period which defeated the very purpose of GOI scheme. Further, grant was not released by the GOI only due to slow progress and non-completion of the envisaged facilities.

Defective Planning

2.2.44 The IID scheme at Baran failed completely due to ab-initio defective planning of the Company as it did not address the water problem despite knowing the fact that the area was under 'semi-critical' zone as per the report of Ground Water Department, GOR (June 2002) and dismal performance of the already developed industrial area Baran phase-I. Resultantly, no unit was in production as on December 2010 in 58 allotted plots (total 199 plots).

Similarly, the Company did not give cognizance to the critical ground water condition at Dhoinda (Rajasmand) and slow[10] pace of industrial growth at industrial area Dhoinda and got approved (January 2004) the scheme from GOI based on ground water investigation report of 1992. Subsequently, it was decided (June 2005) to terminate the implementation of the project. We also noticed that despite specific directions of the State Government to fix responsibility for approval of the project in absence of water, the same was not done by the Company.

Thus, delay in implementation coupled with defective planning led to non-accomplishment of intended objectives of the scheme of IIDs which resulted in set-back to the process of industrialisation in the State.

The Government while accepting the facts stated (October 2011) that the Baran project would be revived after commissioning of water supply scheme. Further, as regards IID Dhoinda it was replied that the project was turned down with the consent of the State Government. However, the reply was silent on the issue of fixing responsibility as directed by the State Government.

10 Only 55 plots could be allotted upto March 2003 out of total 267 plots developed.

Agro Food Park (AFP)

2.2.45 Pursuant to the Policy, the GOI approved (between November 2002 and April 2007) four proposals for setting up AFP at Ranpur (Kota), Boranada (Jodhpur), Sriganganagar and Alwar. The details of the total project cost, financial assistance sanctioned, grant released till date and expenditure incurred till December 2010 on the project items for which grant was sanctioned is given in **Annexure-19.**

The shortcomings noticed by us in implementation of AFPs are as below:

The Company failed to develop AFP at all the four places within stipulated period of 18 months.

- All the four AFPs, Ranpur, Boranada, Sriganganagar and Alwar were required to be developed within a period of 18 months from the date of approval by the GOI *i.e.* by May 2004, August 2004, July 2005 and October 2008 respectively. However, the works envisaged in the project reports of all AFPs were not completed (July 2011).

- The GOI specifically provided financial assistance of ₹ 1.76 crore towards development of warehouse godowns, mini-market & mandi yard in three AFPs[11] to provide market linkages between agro producers and agro processing enterprises and ₹ 3.44 crore for development of Common Effluent Treatment Plant (CETP) in all AFPs. The Company did not develop these infrastructural facilities in any of the AFP despite their demand except some expenditure (₹ 25.15 lakh) on boundary wall of CETP at Boranada.

- The GOI guidelines envisaged setting up of agro based laboratories in AFPs to ensure quality control in food sector by implementing quality management system through compliance of national food standards and reduction in transportation time of sample analysis. The Company signed MOU with the Central Scientific Instruments Organisation (CSIO) in July 2005 for setting up Agro based laboratories and as per the project proposals, the laboratories were to be commissioned by March 2008 (three AFPs) and January 2009 (Alwar). The laboratories were, however, not fully operationalized (July 2011) for want of installation of some equipments and the Company could expend only ₹ 1.25 crore including construction of building against the sanctioned cost of ₹ 2.21 crore by GOI.

Thus, the Company failed to provide infrastructural facilities to small and medium enterprises despite availability of financial assistance from the GOI and significant delay in development of AFPs has defeated the very purpose of the scheme.

The Government stated (October 2011) that the parks were fully developed and some infrastructure facilities were not provided as the same were not required presently. Further, the management accepted non-operation of laboratories and replied that CSIO was not experienced in implementation of the scheme and made several modifications in the buildings after

11 Boranda, Sriganganagar and Alwar.

constructions. The reply is not convincing as the guidelines and approved DPRs were not adhered to achieve the objectives of the scheme.

Growth Centre Scheme

2.2.46 Pursuant to the decision (June 2001) of the GOI to split such growth centres, where the progress of work was not according to the projections, into other backward areas, the Company applied (January 2002) for splitting up growth centre Chandrawati (Jhalawar) to Palsana (Sikar) and Dholpur Growth Centre to Parbatsar (Nagaur) which was approved by GOI in March 2002. We observed that:

- Even after splitting of these growth centres, the projects were not completed till July 2011. Even basic infrastructural facilities like power, availability of water, drainage system, street lights *etc*. were not completed and resultantly, the industrial growth was three *per cent* at Parbatsar and 17 *per cent* at Palsana (May 2011).

- Despite intimation (9 July 2007) of GOI, not to release any grant beyond 31 March 2009, the Company did not initiate any action to complete the projects within deadline of March 2009 and incurred expenditure of ₹ 4.24 crore after March 2009 on the implementation of Parbatsar projects which was not admissible due to closure of the scheme.

Thus, the Company failed to achieve desired objectives of growth centre scheme to reduce regional imbalance, industrialisation in backward areas and employment generation.

The Government stated (October 2011) that the growth centres were developed in phased manner to avoid blockage of Government fund. It further assured to complete the remaining project works by March 2012. The reply is not convincing as the objectives of the scheme remained unachieved as envisaged by the GOI even after splitting the growth centres.

Apparel Park for Exports Scheme

2.2.47 The GOI formulated (2003) 'Apparel Parks For Exports Scheme' to involve State Governments in promoting investments in apparel sector. The scheme was intended to impart focused thrust to set-up apparel manufacturing units of international standards at potential growth centres and to give fillip to exports to achieve the target of US$ 25 billion by 2010 as envisaged in National Textile Policy 2000. We noticed that the GOI approved (November 2003) the proposal of the Company to implement the scheme at Mahal, Jaipur but the Company could not materialise it due to non-obtaining physical possession of the proposed land. The GOI closed (March 2007) the scheme and intimated (July 2008) the Company that it would not support the project and no further grant would be released. The Company incurred an expenditure of ₹ 3.69 crore upto March 2010 against the GOI grant of ₹ 0.98 crore received in September 2005.

We observed that obtaining physical possession of land was the prime condition for implementation of the scheme but the same was not adhered to which resulted in non-materialisation of the scheme. This not only deprived the State of the intended benefits but also proved set-back to the National Textile policy.

The Government stated (October 2011) that the development of the Apparel Park was taken up looking to the need of industries with or without Government grant but due to one or other dispute it could not be materialized.

Special Economic Zone

2.2.48 The Company developed a Special Economic Zone (SEZ) for handicrafts industry at Boranada (Jodhpur) during September 2003 to June 2006. We noticed that the Company grossly failed to achieve the objectives of setting-up the SEZ as the entrepreneurs at large surrendered the plots due to lack of basic infrastructural facilities (electricity, water supply, security *etc*.) and disadvantageous statutory provisions regarding export incentives, non exemption of VAT *etc*. and as against the envisaged export target of ₹ 300 crore, the export during 2009-10 was merely ₹ 29.32 crore.

We observed that the planning of product specific SEZ was ab-initio defective as the Company did not carry out proper survey of trade and export trend before planning the SEZ. This is evident from the fact that the proposal of the Company for earmarking 54 plots in the SEZ area for setting up of Guargum units was not accepted (November 2004) by the GOI as it was against the provisions of the EXIM Policy and the very concept of SEZ scheme.

The Government stated (October 2011) that during this period there was worldwide recession in handicraft industry. Besides, handicrafts units established outside SEZ were getting more benefits than units established in SEZ and hence, the entrepreneurs dropped the idea for setting units in SEZ. The fact remains that differential trade policies of the State Government led to non-achievement of intended benefits of the SEZ.

Corporate Social Responsibility

2.2.49 Corporate Social responsibility (CSR) represents the contributions of companies to society through social investment, philanthropy programmes and its engagement in public policy. A strong CSR programme is an essential element in achieving good business practices and effective leadership. CSR directly impact the economic, social and environmental landscape and ultimately the relationships with stakeholders, in particular investors, employees, customers, business partners, governments and communities.

Village Amenities Development Fund Scheme and Skill Development Scheme

2.2.50 The GOR emphasised (1995) to create funds under Village Amenities Development Fund Scheme (VADF) and Skill Development Scheme (SDS) to ensure social development of the villages affected by industrialisation. VADF was directed to provide financial assistance for community welfare projects in the villages affected by new industries to create a linkage between development of the local community with the process of industrialisation while SDS was aimed to promote training and skills among persons affected due to industrialisation by preparing a human resource development plan and motivating local engineering colleges, Polytechnics, Industrial Training Institutes *etc.*

Pursuant to this, the Company decided (February 1996) to create and maintain VADF and Skill Development Fund (SDF) by contributing one *per cent* of the cost of acquisition of land for each fund.

We noticed that the Company while issuing administrative sanction to compute development charges for any industrial area included two *per cent* of the land acquisition cost towards VADF and SDF, one *per cent* each. As on 31 March 2010, a fund of ₹ 12.89 crore for VADF and ₹ 12.89 crore for SDF got accumulated with the Company. However, the Company released (between April 1999 and December 2008) only ₹ 4.64 crore to the District Collectors towards activities under VADF while no expenditure was made from the corpus fund of SDF (July 2011).

We further noticed that the corpus of VADF was to be utilised for different spheres of village development activities on the recommendation of the Gram Sabha/Gram Panchayat and the operations were to be reviewed by the IDC once in every six months along with submission of an annual report to the State Government for review. However, the operations of the scheme were neither reviewed by the IDC nor an annual report was submitted by the Company to the State Government. Further, the funds of SDF remain un-utilised due to non-constitution of district level agencies under the chairmanship of District Collector.

We observed that the Company though created VADF and SDF as per the directions of the State Government but the scheme was not implemented in true spirits to fulfill the objectives of CSR as envisaged in the scheme.

The Government stated (October 2011) that the Company faced difficulty to undertake the works under VADF and hence, it was decided to remit the fund to the concerned District Collector to get the works completed. As regards to SDF, it stated that the scheme was to be implemented by a committee constituted under the Chairmanship of District Collector, however, in absence of directions from GOR funds were not released. The fact remains that due to non-pursuance with District Collector/GOR, the very purpose of creating these funds was defeated.

Non-recovery of VADF and SDF

2.2.51 Scrutiny of the records revealed that the Company did not include the provision for recovery of VADF and SDF in the six[12] MOUs executed (between September 2006 and July 2008) with four cement companies and allowed allotment of land on actual acquisition cost *plus* 10 *per cent* administrative charges.

The Company did not recover ₹ 4.27 crore towards VADF/SDF due to non-insertion of clause in six MOUs executed with four cement companies.

We noticed that the recovery of VADF and SDF was omitted in first three MOUs executed between September 2006 and October 2007. The Company despite acknowledging the mistake in February 2008 did not include the provision in other three MOUs executed between April 2008 and July 2008. We further noticed that the Company did not initiate any action despite the directions (February 2009) of the Chairman to recover the two *per cent* charges amounting to ₹ 4.42 crore from cement companies by executing revised MOUs. Subsequently, the Company on the instructions of Principal Secretary Industries (GOR) recovered only half *per cent* charges towards VADF and SDF each from Ambuja Cement Limited for which MOU was executed in October 2007 for establishing plant at Nagaur and thus short recovered ₹ 14.54 lakh.

In absence of any action to recover the VADF and SDF from cement companies despite directions of the Chairman, ₹ 4.27 crore was pending (July 2011) for recovery.

The Government while accepting the audit observation stated (October 2011) that the matter was being persued with the cement companies for recovery.

Entrepreneur Satisfaction Survey

2.2.52 With a view to assess the satisfaction level of the entrepreneurs in the industrial areas developed and maintained by the Company, Entrepreneur Satisfaction Survey (ESS) was conducted by us during the course of performance audit. The broad idea to conduct this survey was to assess and evaluate the level of satisfaction as regards to:

- Basic infrastructural facilities such as road, drainage, water supply, street lights, safety measures *etc.* provided in the industrial area;
- Environmental issues addressed by the Company;
- Development of service complexes in the industrial area; and
- Cordial relation with the entrepreneurs.

12 Ambuja Cement Limited Nagaur (September 2006), J.K. Cement Limited Jaipur (January 2007), Ambuja Cement Limited Nagaur (October 2007) Shree Cement Limited Jhunjhunu (April 2008), The India Cement Limited Jhunjhunu (April 2008) and Shree Cement Limited Jhunjhunu (July 2008).

Coverage and methodology

2.2.53 The survey work was carried out in eight selected units during April 2011. Due cognizance was given in selection of the industrial areas and a sample of both new and old industrial areas *i.e.* industrial areas developed during the review period as well as industrial areas developed prior to April 2005 was taken.

The coverage was as under:

Name of unit	Total industrial areas	Industrial area surveyed	Plots allotted	Units in production		Units surveyed
				In total industrial areas	In industrial areas surveyed	
Ajmer	22	3	3490	2470	1213	127
Balotra	7	2	1352	938	776	85
Bhiwadi-I	3	1	1752	1457	1345	148
Bhiwadi-II	6	2	2510	334	188	19
Jaipur-North	11	2	3254	2552	1516	151
Jaipur-Rural	16	2	1954	1606	394	39
Kota	27	2	3296	2529	1347	140
Neemrana	8	1	1050	589	124	11
Total	**100**	**15**	**18658**	**12475**	**6903**	**720**

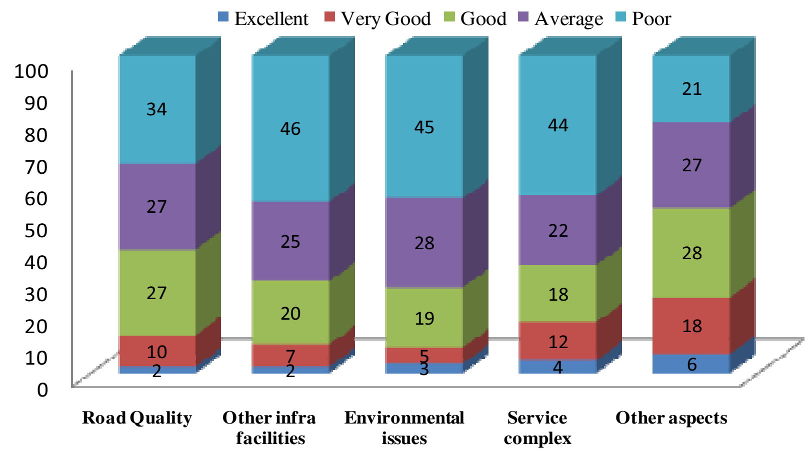
A questionnaire consisting 26 aspects having five levels[13] of satisfaction measurement was provided to the entrepreneurs and our survey teams in person conversed with them to identify and respond the factors directly affecting the conduct of business. The database so created was analysed for the Company as a whole as well for individual units. The entrepreneurs response for any category of facilities provided by the Company were categorised as 'excellent', 'very good' and 'good' was treated, as the entrepreneurs were satisfied and where the response was 'Average' and 'Poor' were treated as unsatisfied. Further, the industrial area was treated as satisfied, where 50 *per cent* or more entrepreneurs were satisfied with the services.

Satisfaction level

2.2.54 The percentage satisfaction level of macro parameters is given in the

13 Excellent, Very Good, Good, Average and Poor.

bar chart below:



It could be seen from above bar-graph that the satisfaction level on major parameters ranged between 27 and 52 *per cent* which is major cause of concern. The unit wise analysis of the satisfaction level of the entrepreneurs is given in **Annexure-20.** It may be seen there from that:

Roads

2.2.55 Our analysis of road services revealed that the unit offices largely failed to provide quality roads and their repair and maintenance as the dissatisfaction level of entrepreneurs was 66 and 68 *per cent* respectively. The entrepreneurs of Neemrana, Jaipur–North and Balotra units were more satisfied than of other units towards road services while the entrepreneurs of Ajmer, Bhiwadi-I and Kota unit were highly dissatisfied with the quality as well as repair and maintenance of roads.

Other infrastructure facilities

2.2.56 Our analysis of other infrastructural facilities provided by the Company revealed the following:

- The entrepreneurs of all the surveyed units except Bhiwadi-II and Neemrana were dissatisfied with the cleanliness and proper drainage system provided in the industrial areas. There was no mechanism in any industrial area for the disposal of solid waste generated by the units.

- The unit offices were highly indifferent in providing safety measures in the industrial areas as no industrial area was satisfied with the arrangements to avoid any untoward accident, fire *etc*.

- The approach of the Company towards maintenance of infrastructural facilities in old industrial areas was not up to the mark as the satisfaction level in newly developed industrial areas (Bhiwadi-II and Neemrana) was higher as compare to old industrial areas.

- Inadequate water supply at Ajmer, Balotra, and Kota adversely affected the industrial growth in the State.

Environmental issues

2.2.57 Our analysis of the awareness of the Company towards environmental aspects revealed that:

- The entrepreneurs were largely dissatisfied with the plantation done by the Company in the industrial areas as well as maintenance of green belt.

- 68 *per cent* entrepreneurs indicated essentiality for setting up of CETP in the industrial areas. The Company has so far installed only two CETPs in the units under survey *i.e.* one at Bhiwadi-I and another at Jaipur-Rural.

Service Complexes

2.2.58 Our analysis of the service facilities provided in industrial areas revealed that:

- Entrepreneurs of all the surveyed units were largely dissatisfied with the Company due to non-developing complex for product display and marketing.

- Entrepreneurs were satisfied with the availability of Bank/Post office provided in the industrial areas.

- Telecommunication facilities were inadequate in all the surveyed units except Balotra and Jaipur-North.

Other aspects

2.2.59 The views of entrepreneurs in surveyed industrial areas regarding behavioural aspects and application of rules and regulations were as follows:

- Entrepreneurs at large except at Ajmer and Kota were of the view that the rules and regulations of the Company were being applied properly and in a transparent manner.

- Only 47 *per cent* of the entrepreneurs were satisfied with the promptness of unit offices in disposal of the problems being faced by them as well as redressal of grievances.

- Entrepreneurs were highly satisfied with the behavior of the Company's personnel.

- 65 *per cent* of the entrepreneurs were dissatisfied with the utilisation of service charges recovered from them on up-keep and maintenance of industrial areas.

Overall opinion

2.2.60 The unit offices of the Company largely failed to provide basic infrastructural facilities to the entrepreneurs in the industrial areas which had adversely affected the units in production and consequently the pace of industrialisation in the State. The Company needs to play an enhanced role towards addressing the issues relating to cleanliness, solid waste management, adequate water supply arrangements and environmental aspects by making proper utilisation of service charges recovered from entrepreneurs to maintain industrial areas and environment sustainability.

Internal Control and Monitoring Mechanism

2.2.61 The internal control and monitoring mechanism that existed in the Company was inadequate in view of the following:

- The unit offices did not carry out proper site survey before acquisition and possession of land. This led to acquisition of land without proper approach roads besides partial acquisition due to encroachment.

- The Company was not vigilant in acquisition of land which led to faulty approval of lay-out plans, allotment of un-acquired land and hindrances in development of industrial area as per original plans.

- The unit offices did not maintain proper land records and also the MIS at head office related to land acquisition, development and allotment was merely generated for the purpose of creating database which was never reconciled with the books of accounts. The MIS was not utilised for decision making process as the same was not presented before the higher management to monitor the infrastructure development activity.

- The apex management did not monitor the progress of centrally assisted schemes which led to delay in implementation of schemes.

- The unit offices did not ensure proper measurement of land which led to allotment of excess land.

Other issues

Appointment of consultant for Human Resource and Management System

2.2.62 We noticed that the bid evaluation committee while evaluating (February 2010) the tenders for appointment of consultant for Human Resource and Management System did not follow the parameters determined in terms of reference and decided (March 2010) to open the financial bid of only Ma-Foi Consulting Solutions Limited (MFCS) among four bidders[14], merely on the basis of presentation given by MFCS to the Managing Director.

We observed that the decision of bid evaluation committee was not justified and lacked transparency as it deviated from the decided (January 2010) procedure of selection of consultant and favoured MFCS only, without specifying any reason for declaring the other three bidders as technically unfit. Further, the committee also ignored the technical evaluation report wherein the Ernst & Young Private Limited (EYPL) was the most technically eligible bidder.

The Government stated (October 2011) that the Committee evaluated the presentation as well as technical bids, requisite parameters, professional contribution and past experience of the bidders and thereafter recommended to open the financial bid of MFCS only, as rest three bidders were not found technically fit. The reply is factually incorrect in view of the fact that as per the analysis/technical bid evaluation report of the Committee itself, MFCS did not have past experience in developing HR policy whereas EYPL was most suited to the requirements of the Company.

Conclusion

The performance of the Company towards industrial promotion and development in the State was deficient as it did not prepare long term plans for balanced regional development and the acquired land remained undeveloped for long period. The objective of developing thrust sectors at identified places in the State Industrial Policy 1998 was not fully achieved. There were discrepancies in land records and the Company did not adhere to the terms and conditions of Government allotted land and the mutation of private land in revenue records was also not done. Further, improper planning, inadequate site survey caused non-acquisition/partial acquisition of land which hampered the industrial development process besides blockage of funds. Faulty approval of lay out plans due to non-acquisition/obtaining physical possession of entire land caused allotment of un-acquired land. The IDC violated the laid down rules and made decisions on case-to-case basis, which led to undue benefit to some entrepreneurs besides causing loss of revenue. Non-monitoring of centrally sponsored schemes by the apex management led to delay in

[14] Transitions, Jaipuria Institute of Management, Ma-Foi Consulting Solutions Limited, and Ernst & Young Private Limited.

implementation of the schemes and consequently, the State was deprived of the envisaged benefits of industrial growth.

Recommendations

The Company should:

- **Follow the acquisition process to ensure physical possession of the land before approving lay-out plan;**
- **Make long-term plan for development of industrial areas to ensure balanced regional development;**
- **Ensure achievement of the objectives of State Industrial Policy;**
- **Recover its legitimate dues as per rules, regulations and policy thereof;**
- **Decide all the cases as per laid down rules, regulations, policy and the provisions of MOU;**
- **Ensure clear title/availability of land to avoid any dispute; and**
- **Ensure effective monitoring at top-level management to accomplish intended benefits and objectives of the schemes.**

Chapter III

3. Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government Companies and Statutory Corporations have been included in this Chapter.

Government Companies

Rajasthan Rajya Vidyut Prasaran Nigam Limited

3.1 Non-adherence of procedure/system

The Company by not following the laid down system continued to make payment at higher rates on the basis of invoices raised by the supplier leading to excess payment of ₹ 2.10 crore which was recovered at the instance of Audit.

As per system in vogue, the Transmission Line Procurement Circle (TLPC) of Rajasthan Rajya Vidyut Prasaran Nigam Limited (Company) places work order for procurement of transmission line material. The TLPC issues dispatch instructions in triplicate to the supplier, consignee office and Centralised Payment Cell (CPC). The payment of invoices raised by the supplier is made by the CPC on the basis of challans/material receipt notes received from unit consignee offices and price variation instructions conveyed by the TLPC.

As per the terms and conditions of purchase order (TN 3649), the Teracom Limited (supplier) was free to raise the invoices with the CPC at purchase order prices after certifying that there had been no reduction in the basic price of aluminium wire rods and galvanized steel wire. However, to claim price variation, the supplier was to furnish documentary evidence in the shape of price circulars (duly authenticated) issued by the Cable and Conductor Manufacturer's Association of India (CACMAI) for approval by TLPC. Further, the supplier was also to furnish undertaking on a non-judicial stamp paper of Government of Rajasthan that in case of decrease in basic prices, the same shall be immediately brought to the notice of the purchaser to revise the prices accordingly.

We noticed that the basic prices of aluminium wire rods and galvanized steel wire started declining from October 2008 but the supplier raised all the invoices at purchase order prices without incorporating the effect of negative price variation and submitted false undertaking that the prices have not gone downward. We further noticed that the intimation dated 29 December 2008 and 29 June 2009 by TLPC to CPC conveying the reduction in prices were not acted upon by CPC while making payments to the supplier. Even the communication dated 4 December 2009 by TLPC seeking confirmation from CPC whether payments were being made at reduced prices did not alert the CPC to check up and recover the excess payments that were being made to the supplier. The Company does not have a system in place to monitor the movement of prices of commodities that were being bought from the supplier to ensure that the reduction in prices were passed on to the Company as per the terms and conditions of the purchase order. Further, the Company does not have a system in place to correlate the prices of same commodities being supplied by yet another supplier. It went on paying the supplier on the original rates on the basis of false certificates and the undertaking by the supplier that the prices were not falling.

However, on being objected to by audit about excess payment of ₹ 2.10 crore as compared to the market prices, the Company recovered the same from the supplier in September 2010.

The Government while accepting the fact of overpayment replied (March 2011) that it was the duty of the supplier to raise bills as per reduced prices and the excess payment was released on submission of false undertaking and false price variation certificates. It further stated that the excess payment have been recovered (September 2010) from the supplier. However, the reply is silent about the fixation of responsibility for not acting upon the advise of TLPC to CPC in December 2008 and June 2009 about the reduction in prices and the issue of investigation about the non-receipt of above intimation by CPC.

Rajasthan Renewable Energy Corporation Limited

3.2 Loss due to excess payment of subsidy

The Company failed to safeguard its financial interests by incorporating a vague condition of providing subsidy in the work order without obtaining concrete concurrence of MNRE and sustained loss of ₹ 92.63 lakh due to excess payment of subsidy.

Rajasthan Renewable Energy Corporation Limited (Company) acts as a nodal agency on behalf of the Government of Rajasthan (GOR) for implementation of centrally sponsored Rural Electrification Programme through installation of Solar Domestic Lighting System as per the guidelines issued by Ministry of New and Renewable Energy (MNRE). The Company implemented Solar Photovoltaic Programme (SPV) in 2003-04 to install Domestic Lightening System (DLS) and Street Light System as per the instructions issued (28 March 2003) by MNRE. In accordance with the instructions of MNRE, the Company awarded (8 August 2003) work orders to REIL and TATA BP (contractors) for installation of 5000 and 2500 DLS. The terms and conditions of work orders for sharing the cost of DLS stipulated that subsidy of ₹ 5500 or as sanctioned by MNRE/GOR per DLS shall be provided by the Company.

The Company enhanced (November 2003) the work order quantity of REIL and TATA BP by 1000 and 1250 DLS respectively on the condition that MNRE sanction was awaited and in case there is any change in targets/subsidy pattern, then financial implications if any, shall be borne by REIL and TATA BP, which was accepted by them.

Our scrutiny of the records revealed that MNRE issued (11 December 2003) guidelines for implementation of SPV programme 2003-04 with revised subsidy pattern, limiting it to ₹ 4550 per DLS instead of ₹ 5500 in 2002-03. It was noticed that the contractors had installed 9750 DLS SPV systems by December 2003 and the Company paid the subsidy portion at the rate of ₹ 4550 per DLS system, as released by MNRE. However, the Contractors claimed the shortfall of ₹ 950 per DLS system on the basis that even if the amount of subsidy has been reduced by the MNRE, then the GOR or the Company was liable to make payment of the reduced portion of subsidy as per work order condition. The Company approached (January 2004) MNRE through GOR for compensation of differential amount of subsidy but the same was rejected (July 2004) on the grounds that this amount was not committed by it.

We further noticed that the Company rejected the claims of contractors (2004-2006) due to rejection by MNRE and GOR. However, on regular pursuance by the contractors during this period, the Company again approached (25 September 2009) GOR for allocation of funds under State Plan of Rural Electrification Programme to settle this liability but the same was refused (November 2009) by Finance Department. On refusal by Finance Department, the matter was placed (December 2009) before Board of Directors (BOD) wherein this liability was admitted and it was resolved to compensate the contractors from the profits of the Company. Accordingly, the Company released (January 2010) the payment of ₹ 92.63 lakh.

Thus, the Company failed to safeguard its financial interests by incorporating a vague condition of providing subsidy in the work order without obtaining concrete concurrence of MNRE and further, by releasing subsidy for enhanced quantity despite clear cut acceptance of the clauses by the contractors.

The Management while accepting the facts stated (October 2011) that the claim of subsidy difference was settled after approval of BOD of the Company.

Rajasthan State Ganganagar Sugar Mills Limited

3.3 Loss due to defective planning in launching heritage liquor

Defective planning in launching heritage liquor led to excessive production as well as procurement of tailor made packing and packaging material without requirement.

The Rajasthan State Ganganagar Sugar Mills Limited (Company) decided (2005) to launch new heritage liquor brands. The Board of Directors (BOD) approved the proposal (June 2005) with the directions to develop one brand as a test case and after exploring the possibilities of its marketing and revenue generation, a detailed project report with cost benefit analysis was to be prepared for launching heritage liquor brands. Accordingly, the Company prepared the feasibility report and it was envisaged to develop five brands of heritage liquor with capital investment of ₹ 78.30 lakh. The actual capital outlay towards infrastructure creation for launching of heritage liquor was ₹ 1.08 crore. The Company commenced the production of eight brands with two to three category for each brand from 2005-06 onwards.

The Company produced 249102[1] bulk litre (BL) of heritage liquor of various brands till the production was stopped in May 2008. The sale of heritage liquor during 2005-06 to 2010-11 was 191269[2] BL. Further, as on 31 March 2011, 47090 BL of heritage liquor valued at ₹ 2.02 crore was lying at Jhotwara distillery and with the Rajasthan State Beverages Corporation Limited on behalf of the Company. The Company also awarded (2005-06) orders for supply of tailor made packing and packaging material for heritage liquor. The whole of the packing and packing material was procured during 2005-08 and the material valuing ₹ 1.03 crore as on 31 March 2011 was lying unused in the stores due to stoppage of production. The Company constituted (2010) an enquiry committee to investigate into the matter of procurement of huge quantity of packing and packaging material without requirement as the sale and production of heritage liquor did not commensurate with the procured packing and packaging material.

We observed that the Company did not follow the BOD directives of developing only one brand as a test case to explore the market demand of heritage liquor and commenced production of eight brands in full swing at one stretch without assessing the demand of heritage liquor among consumer. Further, the Company despite low sale ratio continued production till May 2008 which led to accumulation of inventory, whose value and quality deteriorates with passage of time as the ingredients include blend of various spices.

We further observed that the decision for procurement of huge quantity of packing and packaging material for heritage liquor without requirement and

1 2005-06 – 6220 BL, 2006-07 – 111643 BL, 2007-08 – 128572 BL and 2008-09 – 2667 BL.

2 2005-06 – 288 BL, 2006-07 – 50711 BL, 2007-08 – 46271 BL, 2008-09 – 30942 BL, 2009-10 – 22633 BL and 2010-11 40424 BL

low sale was a sign of gross mismanagement and defective planning as the material was tailor made and could not be used for packing of other country liquor produced by the Company.

Thus, the defective planning in launching heritage liquor led to excessive production as well as procurement of tailor made packing and packaging material without requirement which led not only to blockage of funds to the tune of ₹ 2.02 crore but also idle expenditure of ₹ 1.03 crore invested in packing and packaging material.

The Management stated (July 2011) that private distillers came up with similar brand names with low quality, cheaper products in the market and utilised the demand generated by the Company for its product and thus snatched sales. It further stated that inventory of packing and packaging material was required due to specific design, size and inscription on them regarding Royalty/Kingship and are saleable in the market in case the heritage liquor project is finally closed off. The reply is not convincing as the Company produced eight brands of two to three category for each brand against directions of BOD to produce one brand as test case and further besides knowledge of low market availability due to snatching of sales by the private players, continued production of heritage liquor which led to heavy accumulation of stock and the whole stock could not be disposed off by September 2011. Further, the reply as regards to inventory of packing and packaging material is factually incorrect in view of deterioration/impairment of the material with passage of time and enquiry committee set-up for investigation of this. Further, the packing and packaging material was tailor made specifically for heritage liquor of the Company and could not be used for other purpose or for sale in the market.

Rajasthan State Mines and Minerals Limited

3.4 Non-compliance of statutory requirements led to unproductive expenditure towards land tax and dead rent.

The Company paid dead rent and land tax amounting to ₹ 1.10 crore due to non-compliance of statutory requirements and defective asset management planning.

The Strategic Business Unit and Profit Center-Bikaner (SBU&PC) of Rajasthan State Mines and Minerals Limited (Company), engaged in the mining and marketing of gypsum mineral could not get surrendered the Kaonee and Kundal mines till March 2011 despite the fact that the mines were exhausted in January 2006 itself and paid ₹ 1.10 crore towards dead rent and land tax during the period 2006-11 on these mines.

We noticed that the Kundal mine was not got transferred in the name of the Company after its amalgamation with e-RSMDC (2001) which prevented it from surrendering to the Department of Mines and Geology (DMG), Government of Rajasthan while in case of Kaonee mine, the surrender application (9 January 2009) was not accepted for non-submission of Progressive Mine Closure Plan (PMCP) as required under Mineral Concession Rules 1960 (MCR). The SBU&PC requested (March 2010) DMG for cancellation of Kaonee mine which was accepted in April 2011 while the Kundal mine could not be surrendered for non-compliance of the requirements of MCR 1960.

We observed that the MCR 1960 was amended in April 2003 and accordingly the requirement of PMCP was to be complied within 180 days. However, the Company continued mining operations till January 2006 by violating the rules and as a result the mine could not be surrendered after depletion of reserves. Further, the asset management planning was also deficient as the Company made no efforts to transfer the assets in its name after amalgamation with e-RSMDC.

Thus, the Company was not vigilant towards statutory compliance and incurred unproductive expenditure of ₹ 1.10 crore towards dead rent and land tax on depleted mines.

The Government while accepting the facts stated (September 2011) that the mining lease of Kaonee mine has been cancelled by the DMG after forfeiting the security deposit in April 2011 and the matter of executing mining lease in favour of Company for Kundal mine has been taken up with DMG.

3.5 Unproductive expenditure of premium charges for mines held on agency basis

The Company did not initiate any action to surrender the 12 areas where there was no ab-initio planning to undertake mining operations and incurred unproductive expenditure of ₹ 1.92 crore towards payment of minimum premium charges.

Rajasthan State Mines and Minerals Limited (Company) accepted (April 2005) 27 areas[3] of five *hectare* each from Government of Rajasthan on agency basis for Gypsum excavation in Bikaner, Hanumangarh, Sriganganagar and Nagaur District for a period of five years. The terms and conditions of agency *inter alia* provided that in addition to statutory levies, the Company shall pay ₹ 20 per tonne as premium charges on gypsum dispatched every month subject to minimum monthly premium charges of ₹ 40000 for 2000 MT.

The Company accepted these areas without conducting any preliminary study as to whether it would be able to operate in all the areas with the minimum excavation stipulated in the State Government order. This deficiency was commented in the Report of the Comptroller and Auditor General of India (Commercial) Government of Rajasthan for the year ended 31 March 2006. The matter was discussed (15 May 2008) in Committee on Public Undertakings where the Company supplemented its earlier reply stating that due to sudden closure of other mines, it had no option except to accept the

3 Bikaner district (13 areas), Hanumangarh district (10 areas), Sriganganagar district (3 areas), Nagaur district (one area).

areas and condition of payment of minimum premium charges to fulfil the market demand.

Our scrutiny (January 2011) further revealed that the Company never undertook mining operations in six areas[4] of Bikaner district and even did not take possession of another six areas[5] of Hanumangarh and Sriganganagar district. The Company approached the State Government (May 2007) to withdraw the condition of payment of minimum premium charges for those areas where mining operations were not undertaken by it since award of agency. However, the State Government granted concession (August 2010) in payment of minimum premium charges for first six months only for those areas where the Company neither submitted approved mining plan nor excavated the area, being the minimum time required to commence mining operations as per clause 2 of the agency notification. As the Company neither complied with the terms and conditions of agency nor carried out mining operations, the State Government *suo-moto* cancelled (7 June 2008) the agency on six areas of Bikaner district and issued demand notice (January 2010) for payment of minimum charges on these areas. Demand notice for six other areas of Hanumangarh and Sriganganagar district was also issued in May 2010 and the Company paid (October 2010) dues amounting to ₹ 1.92 crore[6] on account of minimum premium charges on these 12 areas.

We observed that the project management planning of the Company was weak as it neither prepared mining plans nor commenced mining activities in the 12 areas despite knowing the fact that these areas were available only for a limited period of five years. The Company was also apathetic to safeguard its financial interests by not initiating any action to surrender the areas where there was no *ab-initio* planning to undertake mining operations. Further, it continued to rely on the assertion that the State Government will provide relaxation in the condition of payment of minimum premium charges where the Company had not undertaken mining activities.

Thus, weak project planning coupled with defective financial management led to unproductive expenditure of ₹ 1.92 crore towards payment of minimum premium charges without any mining activity on 12 areas.

The Government while accepting the facts stated (September 2011) that the premium charges paid by the Company will ultimately go to the State Government and the Company had got some relief as six areas were cancelled by the Government. The reply is not proper as the Company should have considered its financial interest instead of government exchequer and besides it continued to hold the 12 areas without any *ab-initio* planning to operate and excavate gypsum on these areas.

---

4 Kundal-A, Nursar-A, Jalasar-2, Khinchiya-2, Mehrasar-A, Mehrasar-B.

5 Bhagsar, Mahila Ki Dhani, Khoda, Fogla, Devasar, Gusainsar.

6 ₹ 74.40 lakh for six mines of Hanumangarh and Sriganganagar district and ₹ 1.18 crore for six mines of Bikaner district.

Rajasthan State Road Development and Construction Corporation Limited

3.6 System lapses in processing the tenders for toll collection

The Company could not finalise the tenders for toll collection due to delay in inviting tenders and unrealistic and irrational fixation of reserve price.

Rajasthan State Road Development & Construction Corporation Limited (Company) acts as nodal agency for construction of bridges, buildings and other industrial structures funded by Government of Rajasthan. The Company is also engaged in construction of privately financed infrastructure projects, mainly highways, bridges and rail over bridge on Built Operate and Transfer (BOT) system of funding.

During the period 2007 to 2010, the Company was collecting toll on nine[7] BOT projects with right to recover the investment by levy of user fee (toll) during concession period. The Company collects toll in accordance with Rajasthan Road Development Act, 2002 by inviting tenders through contractors and in absence of any such contract toll collection is being done departmentally through ex-servicemen societies.

The Company implemented new toll policy in March 2007. Audit analysed the system of toll collection keeping in view the toll tax rules and new toll policy framed by the Company.

Delay in finalisation of tenders

The toll tax rules and toll policy of the Company prescribe that notice inviting tender (NIT) for toll collection contract will be issued every year which shall be finalised by a committee. The following deficiency was noticed wherein delay in finalisation of tenders by the Company led to departmental toll collection which was lower than the contractual toll collections.

In case of Sriganganagar-Hanumangarh BOT project, the Company issued NIT on 1 June 2009 for the ongoing toll collection contract, which was going to expire on 1 July 2009 but no response was received from the bidders. A fresh NIT was again issued on 15 June 2009 and the bids were opened on 29 June 2009, wherein it was found that the highest bidder has quoted conditional tender. The Company intimated (30 June 2009) the highest bidder to withdraw the condition but he refused (7 July 2009) and these rates were offered (13 July 2009) to the second highest bidder which was not agreed by him. Consequently, the tender finalisation committee gave (16 July 2009) its recommendations in favour of the second highest bidder but the Company belatedly awarded the contract on 6 August 2009 at the rates quoted by him.

7 1. Massi Bridge, 2. Chala-Neemkathana, 3. Chomu-Ajitgarh, 4. Alwar Bhiwadi, 5. Mangalwar-nimbahera, 6. Banswara-dhaod, 7. Sriganganagr-Hanumangarh, 8. Hanumangarh-Pilibanga-Suratgarh, and 9. Bikaner-Jaiselmar-Sriganganagar.

Thus, it could be seen that the Company delayed in finalisation of tender in favour of second highest bidder after refusal of the highest bidder and further delayed in awarding contract to the second highest bidder at his quoted rates. The Company incurred loss of ₹ 7.12 lakh[8] due to delay in awarding the contract to the second highest bidder after approval of tender committee on the basis of rates finalised in new contract.

We observed that the Company was well aware of the fact of low departmental toll collection and procedural delays in finalisation of tenders, yet the tender for this project was invited when the ongoing contract was going to be expired in a shorter period. This resulted in delay in finalisation of new toll collection contract and loss to the Company due to low departmental toll collection.

The Management accepted (October 2011) the fact of delay and stated that the delay was in the process of finalisation of tenders at various stages which was beyond the control.

Irrational system of reserve price fixation

The toll policy (March 2007) framed by the Company prescribes that reserve price of the bid shall be finalised by a committee based on the traffic census conducted by the Resident Engineer (RE) for seven days.

Our scrutiny revealed that the new toll policy was deficient as regards to the proper system of fixation of reserve price, which resulted into unrealistic and irrational fixation of reserve price and consequently low response from interested parties. The case to case deficiencies noticed by us are as below:

1. The RE in view of substantial completion of newly executed BOT project (Bikaner-Jaisalmer-Sriganganagar) by 20 December 2009, intimated (10 September 2009) to initiate the process of toll collection and submitted (27 October 2009) reserve price of ₹ 5.25 crore on the basis of project report. The project was completed on 31 December 2009 and the Company decided to go for departmental toll collection for first three months and to fix the reserve price on the basis of first one month toll collection. The RE proposed (1 February 2010) reserve price of ₹ 4.30 crore on the basis of highest one day toll collection during first month after considering all weather conditions and the designated committee also approved the same for issue of NIT. However, the Chairman directed (30 March 2010) to review the reserve price considering winter and summer traffic conditions and to continue with departmental collection for another three months. The RE again proposed (21 April 2010) reserve price of ₹ 3.22 crore on the basis of average daily collection of toll from 31 December 2009 to 20 April 2010 covering winter and summer season. The designated committee however, approved (3 May 2010) the previously recommended reserve price of ₹ 4.30 crore and the same was also approved by Chairman for issuing tenders (13 May 2010).The

8 Bid value of new contract ₹ 3 crore X 21/365 days *less* ₹ 17.39 lakh X 21/36 days (net departmental toll collection).

Company issued (18 May 2010) NIT and the contract was awarded in favour of highest bidder (₹ 5.56 crore) on 21 July 2010 for a period of one year.

Thus, irrational system of fixation of reserve price led to extension of departmental collection for next three months and the Company incurred loss of revenue of ₹ 1.10 crore[9] on the basis at which contract was finalised in favour of highest bidder.

The Management stated (October 2011) that the tender was invited after proper assessment of traffic and fixed the reserve price to avoid retendering in case of non-participation of bidders and to avoid un-necessary expenditure on NIT. The reply is not convincing as the designated committee and the Chairman approved the same reserve price as recommended by the RE earlier in February 2010.

2. The toll collection contract on Hanumangarh-Pilibanga-Suratgarh BOT project was expiring on 7 September 2008. The Company invited tenders for four times between 9 July 2008 and 19 November 2008 but no response was received from the bidders. We noticed that the RE recommended the reserve price of ₹ 5.01 crore on the basis of traffic census but the designated committee raised the reserve price to ₹ 5.76 crore on the basis of previous finalised contract. As no bids were received on first two occasions at the approved reserve price, the reserve price was lowered to ₹ 5.01 crore for next two tenders. However, no response from bidders was received even on the reduced reserve price. The Company finally invited tenders (11 February 2009) at reserve price of ₹ 4.60 crore (fixed on the basis of actual toll collection) and the contract was awarded to the highest bidder at ₹ 4.68 crore (11 May 2009).

In the instant case we observed that the rates finalised in the expiring contract (7 September 2008) were abnormally high but the designated committee neither gave cognizance to this very fact nor considered the reserve price recommended by the RE. Thus, unrealistic fixation of reserve price led to loss of revenue ₹ 50 lakh[10] on the basis of rates finalised in new contract.

The Management stated (October 2011) that the delay was due to follow up of the procedures for finalisation of reserve price, NIT and other approval of tender by competent authority.

9 Bid value of finalised contract ₹ 5.56 crore X 112/365 days *less* net departmental toll collection ₹ 60.96 lakh during 1 April 2010 to 21 July 2010.

10 Bid value of new contract ₹ 4.68 crore X 246/365 days *less* net departmental toll collection ₹ 265.45 lakh.

3.7 Imprudent decision led to loss of revenue

The Chairman did not extend the ongoing toll collection contract by three months as per prevailing rules despite knowing the fact of low departmental collection which led to loss of revenue of ₹ 35 lakh.

Rajasthan State Road Development and Construction Corporation Limited (Company) was collecting user fee (Toll) on Chala-Neemkathana Road as per agreement with State Public Works Department (PWD). The concession period was ending on 4 October 2010 and thereafter the road was to be handed over to PWD. The Company collects toll in accordance with Rajasthan Road Development Act 2002 through contractors and in absence of any such contract, toll collection is being done departmentally through ex-serviceman societies.

The Company awarded (24 May 2009) a toll collection contract on the aforesaid road for a period of one year ending on 23 May 2010 at a price bid of ₹ 5.34 crore. As per toll tax rules framed by the Company, the authority higher than the tender accepting committee, in exceptional cases can increase the toll contract for three months by increasing 7.5 *per cent* of the existing tender rate. Since the remaining concession period after expiry of this contract was only four months and 12 days, the Resident Engineer (RE) on request of present contractor recommended (February 2010) for extending the contract for remaining concession period instead of calling fresh tenders. However, the Chairman being the approving authority did not agree (May 2010) to the proposal on the pretext that remaining concession period after expiry of contract is not an exceptional case and toll tax rules allows for three months extension only. He further observed that even after extension for three months, departmental toll collection has to be made for remaining one month and 12 days and, therefore, it would be better to collect the toll departmentally for the whole period after expiry of the existing contract. The net departmental toll collection through ex-servicemen society during 24 May 2010 to 4 October 2010 was ₹ 1.60 crore[11].

We observed that the decision to go for departmental toll collection was not based on the merits of prevailing circumstances and was against the financial interests of the Company as departmental toll collection has always been lower in comparison to contractual earnings. The present contract was an exceptional case as the concession period was going to expire in four months and 12 days after completion of the present contract and the reserve price ₹ 2.01 crore fixed (March 2010) by the Company for inviting fresh bids was also lower than the revenue of ₹ 2.11[12] crore accruing to the Company, in case extension was granted to the existing contractor.

11 ₹ 15979784 (Revenue collected ₹ 17599637 *less* expenditure incurred ₹ 1619853).

12 ₹ 21074712 (₹ 53400000 X 107.5 *per cent* X134 days/365 days).

We further observed that extending the period of contract by three months, which is as per prevailing rules, would have been in financial interests of the Company and would have earned additional revenue of ₹ 34.60[13] lakh.

The Management stated (June 2011) that the decision regarding departmental toll collection was taken by competent authority as per the prevailing rules/practices and due to rainy season during departmental toll collection, the traffic flow on the road was reduced. The reply is not convincing as the Chairman had not implemented the rules in the best financial interest of the Company despite knowing the fact of low departmental collection. Further, the decision to go for departmental toll collection was also not judicious in view of rainy season during May to September as replied by the Company.

Rajasthan State Seeds Corporation Limited

3.8 Imprudent decision of providing subsidy on kernel

The Company provided additional subsidy of ₹ 600 per quintal against the policy of Government of India and sustained loss of ₹ 2.06 crore.

The department of Agriculture and Co-operation, Government of India (GOI) grants subsidy on marketing of certified groundnut seed (Pod) at the rate of 25 *per cent* of the cost of seed or ₹ 600 per quintal whichever is less.

In view of high demand for groundnut GG-20 seed in Kernel (Guli) form and high cost of certified seed, the Rajasthan State Seeds Corporation Limited (Company) decided (21 April 2005) to distribute groundnut seed in kernel (Guli) form to the farmers as truthful seed after getting it tested from the Seed Testing Laboratory (STL). The Company routed the proposal to the GOI through the State Government for providing subsidy on marketing of truthful seed (kernel) for 2008-09. This was accepted by the GOI in view of shortage of groundnut seed, low seed replacement and to enhance the productivity of groundnut seed as a special case.

We noticed that the Company sold 27997 quintal groundnut kernel seed during kharif/Zaid 2009 to the farmers by allowing subsidy of ₹ 1500 per quintal from own funds and ₹ 600 per quintal on the assumption of getting subsidy from the GOI. The Company requested the State Government (January 2009) for recommending to the GOI to grant subsidy on marketing of truthful groundnut seed for the year 2009 on the basis of subsidy received during 2008-09. However, the proposal was turned down by the State Government (March 2010) on the grounds that groundnut seed distributed during kharif 2009 was of sub-standard category and the GOI do not provide subsidy on marketing of truthful seed.

---

13 ₹ 534.00 lakh plus 7.5 *per cent* X 91/365 *less* net departmental toll collection i.e ₹ 159.80 lakh X 91/134.

We further noticed that the Company distributed 6333.20 quintal groundnut seed during Kharif 2010 by allowing subsidy of ₹ 600 per quintal and did not send the proposal for providing subsidy on the same on the grounds of rejection of claims for 2009.

We observed that the decision of the Company to provide additional subsidy of ₹ 600 per quintal to the farmers during kharif/Zaid 2009 was imprudent as it was well aware of the GOI's policy of granting subsidy on certified seed only. Further, allowing subsidy during Kharif 2010 was against financial prudence and lacks justification as the State Government had already turned down the proposal in 2009 itself.

We further observed that the GOI's decision to grant subsidy on groundnut kernel seed during kharif 2008-09 was an exceptional case to motivate the distribution of kernel seed and to enhance the productivity of groundnut due to shortage and low seed replacement. The GOI's decision cannot be considered as policy decision as the subsidy was exceptionally granted for Rajasthan State for the year 2008-09 under the ISOPAM[14] and Seeds Village Programme.

Thus, the decision of the Management to provide additional subsidy due to incorrect interpretation of GOI's order for granting subsidy caused substantial monetary loss of ₹ 2.06[15] crore to the Company.

The Government stated (July 2011) that the seed has already been sold by the time of rejection of subsidy claims by the GOI in 2009 and subsidy during kharif 2010 was allowed in anticipation of getting it under the National Agriculture Development Scheme. The reply is not convincing as the GOI allowed subsidy specifically for 2008-09 as an exceptional case and there was no assurance for subsequent years. It may be seen that the claim of the Company was not even forwarded to GOI by GOR in view of the policy of GOI for not providing subsidy on truthful seed.

3.9 Loss due to negligence in processing of groundnut seed

Negligence in processing of groundnut pods caused abnormal failure of seed and loss of ₹ 42.46 lakh.

Rajasthan State Seeds Corporation Limited (Company) is distributing groundnut seed in kernel (Guli) form since 2006-07 either by purchasing directly from the seed suppliers or by processing groundnut pods[16] into kernel. As the kernel seed is not a certified seed[17], it is sold by the Company as truthful seed[18] after getting it tested from the Seed Testing Laboratory (STL).

The Company purchased 5967.28 quintal groundnut pods from the seed growers during kharif 2009 at its Mohangarh and Mandore units between

14 Integrated scheme of oil seeds, pulses, oil palm and maize.
15 34330.20 quintal X ₹ 600 =₹ 2.06 crore.
16 Groundnut seed with shell.
17 Quality guaranteed by certification agency.
18 Quality guaranteed by producing agency.

November 2009 and January 2010. The pods were processed at Mandore unit for conversion into kernel between April 2010 and June 2010 and 2879.60 quintal kernel was obtained. The lot-wise samples of the kernel seeds were drawn and sent to STL Jodhpur for testing. However, the STL declared (May 2010 and June 2010) 1824.80 quintal seeds as of sub-standard category due to excessive percentage of dead seeds. As the sub-standard seeds could not be sold as truthful seed, the Company decided to auction the failed seeds on the proposal of Regional Manager Mandore unit. Accordingly, tenders were invited (December 2010) and 1812.54 quintal failed seeds were sold (February 2011) at ₹ 3351 per quintal whose procurement and processing cost to the Company was ₹ 5693.70 per quintal.

Our scrutiny of the records revealed that the Company constituted (December 2010) a committee to find out the reasons for abnormal failure of seeds at Mandore unit. The findings of the committee revealed (February 2011) that groundnut pods were processed for the first time at Mandore unit and the officers/staff at the plant were neither trained nor had adequate knowledge of the processing the groundnut pods. The report also mentioned that proper arrangements for spraying water on pods and drying the kernel were not available at the plant.

We observed that the findings of the committee did not highlight the negligence observed by the officers in processing of groundnut pods despite pointing out by the Managing Director and rather it provided a shelter to them on the logic of inadequate knowledge, lack of training and non-availability of proper processing arrangements.

We further observed that spraying of water on groundnut pods and drying of kernel are crucial steps in the processing as excess moisture absorption by the seed begins the germination process by activating its embryo and drying the seed thereafter also dries up the partially activated embryo, thereby converting the seed into a dead seed. However, the officers at Mandore unit overlooked this basic fact and the kernel with excessive moisture was packed which resulted into early germination of the seed and finally causing them into dead seeds.

This has not only resulted in failure of seeds but also deprived the farmers of availability of seeds at economical rate and loss of ₹ 42.46 lakh to the Company due to auction of failed seed at a price below its procurement and processing cost.

The Government stated (September 2011) that the moisture percentage of seed as indicated by STL was within permissible limits which eliminated the possibility of packing of kernels with high moisture content. It further stated that decortication of groundnut seed involves inherent risk and as such, kernels are not granted the status of certified seed by Government of India. The reply of the Government is factually incorrect as the findings of the committee and STL report clearly stated that due to excess absorption of moisture during processing by the seed, led to activation of embryo and its conversion into dead seed on being drying again.

Rajasthan Tourism Development Corporation Limited

3.10 Improper management of closed units created for tourism development

Lack of strategic planning and improper selection of sites led to non-utilisation of assets created for tourism development.

The Government of India (GOI) formulated National Tourism Policy in 2002 to develop tourism in India in a systematic manner, position it as a major engine of economic growth and to harness its direct and multiplier effect on employment and poverty eradication in an environmentally sustainable manner. Before the policy of 2002, the GOI had been framing various schemes in five year plans for promotion of tourism sector in which the land was to be provided by the State Governments free of cost and the cost of construction thereon was to be borne by the GOI. The State Governments were responsible for operation, maintenance and management of the assets so created.

Rajasthan Tourism Development Corporation Limited (Company) is the nodal agency for execution of tourism development project/schemes of GOI along with the operation and maintenance thereof on behalf of the Rajasthan State Government. The project estimates were prepared by the Company and submitted to the State Government for approval from GOI. After approval from GOI, the projects were executed, maintained and operated by the Company unless otherwise decided by the State Government.

As on 31 March 2011, the Company had 22[19] closed units created under various tourism development schemes. Of these 22 units, 16 units were constructed under GOI schemes, five units were transferred by the State Government and one unit was constructed by Company from its own sources as detailed in **Annexure-21**.

We conducted the audit of the system of identification of tourist destinations/sites and operation and maintenance of developed units under tourism development project/schemes to uncover the reasons of non-operation/closure.

Lack of strategic planning

The State Government notified (2 July 1997) the 'Rajasthan Tourism Disposal of Land and Properties by DOT/RTDC Rules 1997' for disposal of land and property by auction, allotment of lease or license or by joint venture agreement. The rules authorised the committee consisting of Managing

19 **(A) Projects constructed under centrally sponsored scheme**- (1) Café Menal, (2) Café Mandawa, (3) Café Mahensar, (4) Hotel Bhilwara, (5) Hotel Hanumangarh, (6) Yatrika Kaila Devi (7) Yatrika Salasar, (8) Motel Baap, (9) Motel Dhechu, (10) Motel Deeg, (11) Motel Deoli, (12) Motel Gogunda, (13) Motel Merta, (14) Motel Osia, (15) Motel Pindawara, and (16) Motel Sikar. **(B) Projects transferred by State Government** -(1) Café Appolo, (2) Hotel Purjan Niwas, (3) Hotel Haldighati, (4) Hotel Jaisamand and (5) Café Talvirach. **(C) Unit constructed by RTDC** (1) Motel Gulabpura.

Director (RTDC), Special Secretary (Revenue), Special Secretary (Finance-Revenue), Special Secretary (GAD) and Director Tourism, to finalise the disposal of properties.

The Company invited tenders to lease out the loss making units at various intervals during the period 2001-10 without conducting any study as regards market potential, tourist traffic or location advantage. However, the response of private parties remained poor and very few units could be given on lease.

The Company while considering the poor response from private parties decided (May 2007) to hire the services of PDCOR Limited for preparation of detailed report covering marketability and to attract the entrepreneurs to participate and develop the properties in order to strengthen the available infrastructure in tourism sector. However, the proposals of PDCOR Limited were not accepted and the Tourism department constituted a new committee (October 2007) to undertake disposal of units. The new Committee appointed (March 2008) Yes Bank Limited (consultant) for undertaking the market assessment and evaluation of Company's properties at a cost of ₹ 51 lakh. On the recommendations of consultant (November 2008), the Company decided (August 2009) to lease out five units having good potential and 12 units with less potential for a lease of 30 years and sent the proposal to the State Government (26 August 2009) for approval which is still awaited. We noticed that the Company was not required to send the proposal to the State Government and the committee constituted under Disposal Land and Properties Rules 1997 was competent to take the decision.

Thus, lack of strategic planning and due to improper selection of sites for construction of these units coupled with inaction on the part of management to implement the recommendations of the consultant, not only a sum of ₹ 3.33 crore remained blocked for a long period but also the company was deprived of revenue from tourism sector.

The Government stated (August 2011) that the Company being nodal agency for execution of tourism development projects on behalf of GOR, selected sites for construction of highway facility/yatrika/hotel where no facility was available and a small set-up can provide some basic facilities to the travellers, to fulfil the moto of promoting the lesser known destinations. It further stated that Company is seriously taking up the leasing out work of various closed and loss making properties as per the recommendations of the consultant. The reply is not convincing as the Company never operated/operated for a short period, most of the units created for providing facilities to travellers/tourists and thus the prime objective of GOI schemes was never fulfilled. Further, the Company had not taken steps (September 2011) to initiate the bidding process for leasing out closed units as per the recommendations of the consultant which were submitted way back in November 2008 and instead convoluted the matter by submitting proposal to the GOR un-necessarily.

Barmer Lignite Mining Company Limited

3.11 Improper financial planning

The Company paid upfront fee without any planning to avail loan from IDFC and instead obtained loan from RWPL and other financial institutions which led to loss of ₹ 1.95 crore.

The Rajasthan Electricity Regulatory Commission approved (19 October 2006) the lignite mining project of Barmer Lignite Mining Company Limited (Company) with a project cost of ₹ 467 crore to be funded in debt-equity mix of 70:30. The land acquisition proceedings for the project at Kaprudi and Jalipa mines were carried on by Rajasthan State Mines and Minerals Limited (RSMML) while subordinate debt for financing the project was being provided by Raj West Power Limited (RWPL), both Joint Venture partners.

The Company approached Infrastructure Development Finance Company Limited (IDFC) to finance the debt portion of the proposed project. The IDFC agreed to finance the project and issued (29 August 2007) letter of intent (LOI) to grant term loan of ₹ 327 crore being 70 *per cent* of the total project cost at an interest rate of 11.70 *percent*, upon payment of non-refundable and non-adjustable upfront fee of 0.50 *per cent* of the loan amount. The pre-disbursement conditions of LOI primarily consist of obtaining all land required for the project free of all encumbrances with transfer of the same to the Company within six months from the first disbursement and obtaining MOEF clearance for Jalipa and Kaprudi mines. However, the Company did not sign the loan agreement with the IDFC and the sanctioned loan was not availed as the land acquisition proceedings at Kaprudi and Jalipa mines was at initial stage.

We noticed that the Company further, approached IDFC (June 2008) for availing the sanctioned loan to finance the land acquisition proceedings (₹ 46.82 crore demanded by RSMML in April 2008) and the same was agreed by IDFC with minor changes in letter of intent already issued in August 2007. Accordingly, the Company paid (July 2008) ₹ 1.95 crore towards upfront fee (₹ 1.84 crore) and legal charges (₹ 0.11 crore) as per the terms and conditions of LOI but did not avail the term loan due to uncertainties in land acquisition and the demand of RSMML for land acquisition was financed (₹ 47 crore in May 2008) by availing subordinate loan from RWPL.

We further noticed that land acquisition for the project remained a very critical issue since inception and faced severe resistance from the landowners due to low compensation. In view of increasing project cost, the Company did not avail loan from IDFC and decided to manage funds upto ₹ 400 crore by availing short-term loan from RWPL which was available at 10 *per cent* per annum (June 2009) and short-term loans (₹ 750 crore) from other banks.

We observed that the financial planning of the Company was not proper and it acted in a hasty manner to obtain loan from IDFC without ensuring fulfillment of pre-disbursement conditions of LOI, increased project cost and easy availability of subordinate loan from RWPL. Further, in view of considerable increase in the project cost (₹ 1783 crore by January 2011) and Company's decision to finance the same through a consortium of banks (Punjab National Bank, UCO Bank and Yes Bank), its understanding with the IDFC to provide term loan of ₹ 327 crore on certain terms and conditions has already been purged as IDFC is not a member of the consortium. We also observed that the adjustability of upfront fee in some new agreement in the changed scenario for requirement of huge funds seems remote as the terms and conditions of letter of intent clearly stipulated that the loan agreement was to be executed within 30 days and the upfront fee was non-adjustable and non-refundable.

Thus, improper financial planning had led to unproductive payment of upfront fee of ₹ 1.95 crore and the Company has lost this amount without any resultant benefit. The Company should have fulfilled the various requirements of IDFC and considered the scenario of increase in the project cost before paying up-front fee and legal charges.

The Government while accepting the facts stated (September 2011) that the Company did not go ahead for execution of loan agreement with IDFC as the land acquisition cost increased substantially which was more than the cost determined by RERC in its tariff order. However, the fact remains that the Company paid up-front fee and legal charges without complying with the pre-disbursement conditions of IDFC and did not give any cognizance to the prevailing factors of increased project cost.

Statutory Corporations

Rajasthan Financial Corporation

3.12 System lapses in recovery of dues as land revenue under section 32-G

The Corporation could not derive the benefits of section 32-G to recover its dues as an arrear of land revenue as there was significant delay in identifying and registering the cases under section 32-G.

The Rajasthan Financial Corporation (Corporation) was constituted (17 January 1955) under the State Financial Corporations (SFCs) Act 1951 to provide medium and long term financial support to small scale and medium scale industries in the State of Rajasthan. As on 31 March 2010, the outstanding term loans to various establishments were ₹ 1010.39 crore. As per the norms for non-performing assets[20] (NPAs) prescribed by Small Industries Development Bank of India for State Finance Corporations, loans amounting to ₹ 307.87 crore were considered as NPAs and were further categorised as sub-standard assets ₹ 84.69 crore, doubtful assets ₹ 99.29 crore and loss assets ₹ 123.89 crore. The ratio of NPA to total loan as on 31 March 2010 was 30.47 *per cent.* The loss assets increased significantly from ₹ 10.76 crore to ₹ 123.89 crore during the period between 2005-06 and 2009-10.

The Corporation till 1985 was empowered and endowed with legal remedies under the provisions of section 29, 31 and 32 of SFCs Act 1951 to recover its dues from the borrower, guarantor or any other surety. Section 29 provided the right to take over the management or possession or both of the industrial concern as well as the right to transfer by way of lease or sale and realise the property pledged, mortgaged, hypothecated or assigned to it. Section 31 and 32 empowers the Corporation for filing of civil suit in case where no action is permissible under the provisions of SFCs Act. The SFCs Act was amended in August 1985 and a new section 32-G was inserted which allowed the Corporation to recover its dues as an arrear of land revenue in the manner prescribed by the State Government.

As there were large number of defaulting units and the Corporation carried huge NPAs, we conducted audit of the debt recovery system for assessing the performance of the Corporation in effecting recovery of dues as land revenue under section 32-G. This audit was also aimed to analyse whether the claims have been lodged with the District Collector in an effective and efficient manner as required under the provisions of section 32-G with subsequent pursuance and recovery thereof.

---

20 Categories of non-performing assets includes (A) Sub-standard i.e where borrower has defaulted in repayment for three months, (B) Doubtful i.e where an asset remains in sub-standard category for 12 months and (C) Loss assets i.e where mortgaged security does not exist in respect of loans and advances.

Our scrutiny of the records/database revealed that the Corporation filed 3166 cases under section 32-G for recovery of dues amounting to ₹ 283.05 crore with the District Collector upto March 2010 and of these, 2398 cases involving recovery of ₹ 239.38 crore were pending for disposal at the end of March 2010. The Corporation was yet to file application for recovery under section 32-G in respect of 1811 eligible cases amounting to ₹ 84.13 crore and further, 701 cases involving recovery of ₹ 53.44 crore were returned by the District Collector for want of property details/whereabouts of promoters/guarantors.

Based on the scrutiny of 286 cases out of 701 cases returned by the District Collector in six[21] units selected for audit, following shortcomings in the debt recovery system of the Corporation under section 32-G were noticed by us:

Delay in issue of notice under section 32-G

Before invoking the provisions of section 32-G, the Corporation was required to issue notice under section 30 to the defaulting unit for making payment of the dues failing which legal recourse under section 32-G would be taken.

We noticed that the management was not swift and there was considerable delay in issuing notice to the defaulters under section 30, which ranged between one and 60 months in 53 *per cent* cases, upto 180 months in 33 *per cent* cases and upto 276 months in 14 *per cent* cases.

The Government while accepting the fact of delay in issue of notices stated (August 2011) that delay was due to non-availability of whereabouts of the promoters/guarantors/properties of the defaulting units.

Delay in registering the case under section 32-G

After non-compliance of notice issued under section 30 by the defaulter unit, the Corporation was required to send requisition in prescribed format along with copies of loan document and notice issued under section 30 to the District Collector for enforcing the provisions of section 32-G and recovering the dues as an arrear of land revenue. The process of registering the cases with the District Collector under section 32-G is being done at the Head Office (HO) of the Corporation on the basis of cases forwarded by the unit offices.

We noticed that even after non-recovery of dues/no response from the defaulting units for notice issued under section 30, the unit offices did not act promptly and forwarded the cases to the HO with a delay ranging between one and 74 months. Further, there was significant delay at HO level ranging between one and 122 months in registering the cases with the District Collector under section 32-G either due to non-furnishing of complete details by the unit offices or lacklustre approach of the HO.

21 Audit selected six units (Alwar, Bhilwara, Jaipur city, Jhunjhunu, Sriganganagar and Udaipur) out of total 41 units including four sub-offices.

The Government while accepting the facts stated (August 2011) that delay in registering the cases at the head office occurred due to incomplete details furnished by unit offices.

Inaction on the cases returned by the District Collector

Our scrutiny of cases returned by the District Collectors revealed that most of the cases were returned due to non-existence of properties of the promoters of defaulting units. In certain cases the District Collectors also asked the Corporation to furnish details as regard to complete/present address of the promoter, assets yet not sold belonging to promoters that could be auctioned, certificate that case is not under litigation, certified copy of loan account along with outstanding loan amount, efforts made to recover the dues along with copies of notices issued to recover the amount outstanding and also the address on which the notice under section 32-G was served with copy of receipt of notice served.

We, however, noticed that despite lapse of considerable period upto 130 months as on March 2010 these details were not provided to the District Collectors.

The Government while accepting the fact of inaction on the cases returned by revenue authorities stated (August 2011) that most of the cases pertains to cluster finance/shilpbadi/loan granted to SC/ST, ex-serviceman/mahila udhyam nidhi schemes etc. sponsored by the State Government/SIDBI where either promoter/guarantor or property or both are not traceable.

The quality of loan assets and an efficient, articulate and developed debt recovery system invariably accompanied by an effective implementation of the laws and established procedures/guidelines is indispensable for maintaining the profitability and basic viability of a financial corporation. However, we observed that the Corporation, despite having the protection of stringent provisions of section 32-G to recover its dues as an arrear of land revenue and defined procedures/guidelines, failed to implement the laid down system. The Corporation could not derive the benefits of section 32-G as there was significant delay in identifying and registering the cases under section 32-G with the District Collector. There was lack of monitoring/inspection of closed/defaulting units which led to non-identification of whereabouts of the promoters/guarantors and non- availability of the mortgaged assets for auction. Further, the Corporation did not provide the details of properties of promoters/guarantors of the defaulting units to the District Collector at the time of registering the cases under section 32-G or the details provided were not correct in absence of which the State Government could not initiate action for recovery of Corporation’s dues as land revenue.

Thus, the slackness in existing procedure for recovery of debts due to the Corporation under section 32-G led to non-registration of 1811 eligible cases as on 31 March 2010 and has blocked a significant portion of funds amounting to ₹ 239.38 crore in unproductive assets, the value of which deteriorates with the passage of time. The Corporation needs to develop a mechanism to verify periodically the whereabouts of property details of borrowers and confirmation of their dues against them in order to safeguard its financial interests.

Rajasthan State Road Transport Corporation

3.13 Loss of revenue due to incorrect interpretation of directions

The Corporation did not provide the buses to the licensee for advertisement after completion of one year operational service due to incorrect interpretation of directions of the apex management and sustained loss of revenue of ₹ 46.92 lakh.

Rajasthan State Road Transport Corporation (Corporation) appoints sole advertising agency (licensee) to earn non-operating income through display of advertisement upon specified space on its blue line buses (ordinary and express). The licensee is authorised to display advertisement on the buses provided by the Corporation and makes payment at an agreed rate on per bus per month basis. The Corporation, however, provides the newly procured buses to the licensee only after elapse of one year from their date of allotment to the depots as per the directions of the apex management so that the beauty of buses may not be marred due to advertisements.

The Corporation invited tenders (March 2008) for appointment of sole licensee to display advertisements upon specified space on its ordinary and express buses for a period of three years. Only one offer from Proactive In & Out Advertising Private Limited, Jaipur (licensee) was received (21 April 2008) who quoted the license fee of ₹ 441 per bus per month. The firm revised the offer (16 May 2008) at its own to ₹ 451 per bus per month, which was approved by the Corporation and accordingly the firm was appointed (29 May 2008) licensee for a period of three years (2 June 2008 to 1 June 2011) on the condition of 10 *per cent* compound increase in the rate of previous year for every next year[22].

We noticed that the Corporation procured and allotted 1120 new blue line buses to various depots between June 2008 and August 2009 but made them available to the licensee for displaying advertisement in September 2010 only.

We further observed that the time period of one year reckoned by the Corporation from August 2009 on the basis of allotment of last lot of buses to the depots was not based on the correct interpretation of directions and clauses of appointment letter issued to the licensee. It was clearly stipulated that the licensee was authorised to display advertisement on newly procured buses after one year from the date of their allotment to the depots. It may be seen that the buses allotted to the depots were put to operation immediately after their allotment and as such the buses allotted between June 2008 and July

22 Rate for second year (2 June 2009 to 1 June 2010) was ₹ 496.10 being 110 *per cent* of ₹ 451 and rate for third year (2 June 2010 to 1 June 2011) was ₹ 545.71 being 110 *per cent* of ₹ 496.10.

2009 had already completed operational service beyond one year ranging from 1 to 14 months.

Had the first lot of buses allotted to depots in June 2008 to ply on road and subsequent lots allotted thereafter in phased manner till August 2009 were made available to the licensee immediately after completion of one year from their allotment, the Corporation could have earned ₹ 46.92 lakh as non-operational revenue by way of display of advertisement.

Thus, the Corporation sustained loss of revenue of ₹ 46.92 lakh by not providing the buses to the licensee after completion of one year operational service due to incorrect interpretation of directions of the apex management.

The Government stated (July 2011) that it was directed (13 April 2009) not to display advertisement on newly procured buses and disciplinary action would be taken for non-compliance of the same. The reply is not justifiable as the apex management issued directions not to display advertisement on newly procured buses upto one year from the date of their allotment to depots, which was misinterpreted by the depots as the buses were allotted to depots from June 2008 onwards in phased manner.

The Corporation should implement the decisions of the apex management in true spirit to safeguard their financial interest in order to earn non-operational revenue.

General Paragraph

3.14 Follow-up action on Audit Reports

3.14.1 Replies outstanding

The Report of the Comptroller and Auditor General of India represents the culmination of the process of audit scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance Department, Government of Rajasthan issued (July 2002) instructions to all Administrative Departments to submit replies, duly vetted by Audit, indicating the corrective/remedial action taken or proposed to be taken on paragraphs and performance audit included in the Audit Reports within three months of their presentation to the Legislature.

Though the Audit Report for the year 2009-10 was presented to State Legislature in March 2011, in respect of one performance audit and one draft paragraph out of three performance audit and 16 draft paragraphs, which were commented in the Audit Report, two[23] departments had not submitted explanatory notes up to September 2011.

3.14.2 Response to Inspection Reports, Draft Paras and Performance Audit

Audit observations noticed during audit and not settled on the spot are communicated though Inspection Reports (IRs) to the Heads of respective Public Sector Undertakings (PSUs) and concerned departments of the State Government. The Heads of PSUs are required to furnish replies to the IRs through the respective Heads of the departments within a period of six weeks. A half yearly report is sent to Principal Secretary/Secretary of the department in respect of pending IRs to facilitate monitoring of the audit observations contained in those IRs.

Inspection Reports issued up to March 2011 pertaining to 23 PSUs disclosed that 2368 paragraphs relating to 651 IRs involving monetary value of ₹ 1838.01 crore remained outstanding at the end of September 2011. Even initial replies were not received in respect of 262 paragraphs of 13 PSUs. Department-wise break up of IRs and audit observations as on 30 September 2011 is given in **Annexure-22**. In order to expedite settlement of outstanding paragraphs, Audit Committees were constituted in 14 out of 42 PSUs. 25 Audit Committee meetings were held during 2010-11 wherein position of outstanding paragraphs was discussed with executive/administrative departments to ensure accountability and responsiveness.

Similarly, draft paragraphs and report on performance audit on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. We, however, observed that four draft paragraphs and one performance audit

23 Energy (one draft paragraph) and Mines and Petroleum (one performance audit).

report forwarded to various departments between June 2011 and October 2011, as detailed in **Annexure-23** had not been replied to so far (October 2011).

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

JAIPUR **(H.K. DHARMADARSHI)**
The 14 February 2012 Accountant General
(Commercial and Receipt Audit), Rajasthan

Countersigned

NEW DELHI **(VINOD RAI)**
The 17 February 2012 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 2011 in respect of Government companies and Statutory corporations

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees as on 31.3.2011)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
A. Working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Seeds Corporation Limited	Agriculture	28-Mar-1978	6.33	1.04	0.21	7.58	-	-	-	-	-	240
Sector wise total				**6.33**	**1.04**	**0.21**	**7.58**	**-**	**-**	**-**	**-**	**-**	**240**
FINANCE SECTOR													
2	Rajasthan Small Industries Corporation Limited	Industries	3-Jun-1961	6.64	0.27	0.05	6.96	0.26	-	5.66	5.92	0.85:1 (1.25:1)	263
3	Rajasthan State Handloom Development Corporation Limited	Industries	3-Mar-1984	5.60	-	0.55	6.15	15.60	-	1.87	17.47	2.84:1 (2.80:1)	NA
Sector wise total				**12.24**	**0.27**	**0.60**	**13.11**	**15.86**	**-**	**7.53**	**23.39**		**263**
INFRASTRUCTURE SECTOR													
4	Rajasthan State Industrial Development and Investment Corporation Limited	Industries	28-Mar-1969	210.19	-	-	210.19	5.69	-	5.16	10.85	0.05:1 (0.07:1)	1053
5	Rajasthan State Road Development and Construction Corporation Limited	Public Works Department	8-Feb-1979	20.00	-	-	20.00	-	-	244.48	244.48	12.22:1 (1.50:1)	204
6	Rajasthan Urban Infrastructure Finance and Development Corporation Limited	Local Self Government	1-Dec-2004	33.00	-	-	33.00	-	-	-	-	-	28
Sector wise total				**263.19**	**-**	**-**	**263.19**	**5.69**	**-**	**249.64**	**255.33**	**-**	**1285**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
MANUFACTURE SECTOR													
7	Barmer Lignite Mining Company Limited (subsidiary Joint Company of Sl. No. A(10))	Mines	19-Jan-2007	-	-	20.00	20.00	-	-	961.10	961.10	48.06:1 (15.08:1)	NA
8	Rajasthan State Beverages Corporation Limited	Finance	24-Feb-2005	2.00	-	-	2.00	-	-	-	-	-	108
9	Rajasthan State Ganganagar Sugar Mills Limited	Finance	1-Jul-1956	18.60	-	0.05	18.65	-	-	-	-	-	NA
10	Rajasthan State Mines and Minerals Limited (Government company since December 1974)	Mines	7-May-1947	77.54	-	0.01	77.55	-	-	3.26	3.26	0.04:1	1873
11	Rajasthan State Petroleum Corporation Ltd. (subsidiary of Sl No. A(10))	Mining and Petroleum	10-Jul-2008	-	-	0.10	0.10	-	-	-	-	-	NA
Sector wise total				**98.14**	**-**	**20.16**	**118.30**	**-**	**-**	**964.36**	**964.36**	**-**	**1981**
POWER SECTOR													
12	Ajmer Vidyut Vitran Nigam Limited	Energy	19-Jun-2000	987.79	-	-	987.79	579.05	113.28	6348.46	7040.79	7.13:1 (6.28:1)	13077
13	Banswara Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	7-Aug-2008	-	-	0.05	0.05	-	-	-	-	-	-
14	Barmer Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	5-Jul-2010	-	-	0.05	0.05	-	-	-	-	-	-
15	Chhabra Power Limited (Subsidiary of Sl. A (25))	Energy	22-Nov-2006	-	-	0.05	0.05	-	-	-	-	-	-
16	Dholpur Gas Power Limited (Subsidiary of Sl. A (25))	Energy	22-Nov-2006	-	-	0.05	0.05	-	-	-	-	-	-
17	Giral Lignite Power Limited (Subsidiary of Sl. A (25))	Energy	23-Nov-2006	-	-	200.00	200.00	-	-	428.25	428.25	2.14:1	201

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
18	Gurha Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	16-Apr-2009	-	-	0.05	0.05	-	-	-	-	-	-
19	Jaipur Vidyut Vitran Nigam Limited	Energy	19-Jun-2000	1153.00	-	-	1153.00	644.38	-	8006.17	8650.55	7.50:1 (6.81:1)	17716
20	Jodhpur Vidyut Vitran Nigam Limited	Energy	19-Jun-2000	950.00	-	-	950.00	496.26	149.76	3413.51	4059.53	4.27:1 (5.07:1)	12120
21	Keshoraipatan Gas Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	17-Sep-2010	-	-	0.05	0.05	-	-	-	-	-	-
22	Lake City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	Energy	6-Jan-2011	-	-	0.05	0.05	-	-	-	-	-	-
23	Pink City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	Energy	6-Jan-2011	-	-	0.05	0.05	-	-	-	-	-	-
24	Rajasthan Rajya Vidyut Prasaran Nigam Limited	Energy	19-Jun-2000	1744.00	-	-	1744.00	204.42	-	4894.28	5098.70	2.92:1 (2.90:1)	11259
25	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Energy	19-Jun-2000	4808.59	-	-	4808.59	138.07	-	8273.78	8411.85	1.75:1 (1.52:1)	3566
26	Rajasthan Renewable Energy Corporation Limited	Energy	6-Apr-1995	12.94	-	-	12.94	-	-	70.78	70.78	5.47:1 (5.27:1)	NA
27	Shekhawati Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	Energy	17-Jun-2009	-	-	0.05	0.05	-	-	-	-	-	-
Sector wise total				**9656.32**	**-**	**200.45**	**9856.77**	**2062.18**	**263.04**	**31435.23**	**33760.45**	**-**	**57939**
SERVICE SECTOR													
28	Bikaner City Transport Services Limited	Local Self Government	7-May-2008	-	-	0.30	0.30	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
29	Jaipur City Transport Services Limited	Local Self Government	6-Feb-2008	-	-	6.50	6.50	-	-	12.00	12.00	1.85:1	-
30	Jaipur Metro Rail Corporation Limited	Urban Development and Housing	1-Jan-2010	179.05	-	14.16	193.21	-	-	-	-	-	26
31	Kota City Transport Services Limited	Local Self Government	22-Dec-2006	-	-	0.10	0.10	-	-	-	-	-	-
32	Raj COMP Info Services Limited	Information, Technology & Communication	27-Oct-2010	5.00	-	-	5.00	-	-	-	-	-	27
33	Rajasthan Civil Aviation Corporation Limited	General Administrative and Civil Aviation	20-Dec-2006	1.87	-	-	1.87	-	-	0.01	0.01	0.01:1 (0.005:1)	15
34	Rajasthan Mission on Skill and Livelihoods	Labour and Employment	17-Aug-2010	-	-	-	-	-	-	-	-	-	-
35	Rajasthan State Food & Civil Supplies Corporation Limited	Food, Civil Supplies and Consumer Affairs	8-Dec-2010	50.00	-	-	50.00	-	-	-	-	-	13
36	Rajasthan State Hotels Corporation Limited	Tourism	7-Jun-1965	1.62	-	-	1.62	0.10	-	-	0.10	0.06:1 (0.06:1)	78
37	Rajasthan Tourism Development Corporation Limited	Tourism	24-Nov-1978	18.45	-	-	18.45	-	-	10.00	10.00	0.54:1 (0.72:1)	1151

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
38	Udaipur City Transport Services Limited	Local Self Government	8-Jan-2007	-	-	0.30	0.30	-	-	-	-	-	-
Sector wise total				**255.99**	**-**	**21.36**	**277.35**	**0.10**	**-**	**22.01**	**22.11**	**-**	**1310**
MISC. SECTOR													
39	Rajasthan Jal Vikas Nigam Limited	Ground Water Department	25-Jan-1984	1.27	-	-	1.27	-	-	-	-	-	27
Sector wise total				**1.27**	**-**	**-**	**1.27**	**-**	**-**	**-**	**-**	**-**	**27**
Total A (All sector wise working Government companies)				**10293.48**	**1.31**	**242.78**	**10537.57**	**2083.83**	**263.04**	**32678.77**	**35025.64**	**-**	**63045**
B. Working Statutory corporations													
FINANCE SECTOR													
1	Rajasthan Financial Corporation	Industries	17-Jan-1955	77.66	-	32.42	110.08	16.15	-	749.59	765.74	6.96:1 (7.08:1)	839
Sector wise total				**77.66**	**-**	**32.42**	**110.08**	**16.15**	**-**	**749.59**	**765.74**		**839**
SERVICE SECTOR													
2	Rajasthan State Road Transport Corporation	Transport	1-Oct-1964	193.23	26.83	-	220.06	-	-	453.48	453.48	2.06:1 (1.23:1)	20486
3	Rajasthan State Warehousing Corporation	Agriculture	30-Dec-1957	3.93	-	3.92	7.85	-	-	-	-	-	472
Sector wise total				**197.16**	**26.83**	**3.92**	**227.91**	**-**	**-**	**453.48**	**453.48**	**-**	**20958**
Total B (All sector wise working Statutory corporations)				**274.82**	**26.83**	**36.34**	**337.99**	**16.15**	**-**	**1203.07**	**1219.22**	**-**	**21797**
Grand Total (A + B)				**10568.30**	**28.14**	**279.12**	**10875.56**	**2099.98**	**263.04**	**33881.84**	**36244.86**	**-**	**84842**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
C. Non working Government companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Agro Industries Corp. Limited	Agriculture	1-Aug-1969	6.01	-	-	6.01	15.11	-	-	15.11	2.51:1 (6.27:1)	-
2	Rajasthan State Dairy Development Corp. Limited	Dairy	31-Mar-1975	0.16	2.72	-	2.88	-	-	-	-	-	-
Sector wise total				**6.17**	**2.72**	**-**	**8.89**	**15.11**	**-**	**-**	**15.11**	**-**	**-**
MANUFACTURE SECTOR													
3	Hi-Tech Precision Glass Limited	Finance	18-Mar-1963	0.08	-	-	0.08	0.11	-	-	0.11	1.38:1 (1.38:1)	-
Sector wise total				**0.08**	**-**	**-**	**0.08**	**0.11**	**-**	**-**	**0.11**		**-**
Total C (All sector wise non working Government Companies)				**6.25**	**2.72**	**-**	**8.97**	**15.22**	**-**	**-**	**15.22**	**-**	**-**
Grand Total (A + B + C)				**10574.55**	**30.86**	**279.12**	**10884.53**	**2115.20**	**263.04**	**33881.84**	**36260.08**	**-**	**84842**

Above includes Section 619-B companies at Sl. No A-28, A-29, A-31 & A-38 and Section 25 Company at Sl. No. A-34

$ Paid-up capital includes share application money

** Loans outstanding at the close of 2010-11 represent long-term loans only

Annexure – 2
(Referred to in paragraphs 1.15 and 1.26)

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

(₹ 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	Interest	Depreciation	Net Profit /Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
A. Working Government Companies														
AGRICULTURE & ALLIED SECTOR														
1	Rajasthan State Seeds Corporation Limited	2010-11	2011-12	12.33	0.86	1.71	9.76	197.33	Decrease in profit by ₹ 4.97 crore	7.58	52.04	69.12	10.62	15.36
Sector wise total				**12.33**	**0.86**	**1.71**	**9.76**	**197.33**		**7.58**	**52.04**	**69.12**	**10.62**	**-**
FINANCE SECTOR														
2	Rajasthan Small Industries Corporation Limited	2009-10	2010-11	-12.88	0.64	0.66	-14.18	43.95	Increase in loss by ₹ 0.49 crore	5.46	-17.56	2.48	-13.54	-544.76
3	Rajasthan State Handloom Development Corporation Limited	2010-11	2011-12	0.12	2.03	0.02	-1.93	8.67	-	6.15	-53.49	-29.64	0.10	-
Sector wise total				**-12.76**	**2.67**	**0.68**	**-16.11**	**52.62**		**11.61**	**-71.05**	**-27.16**	**-13.44**	**-**
INFRASTRUCTURE SECTOR														
4	Rajasthan State Industrial Development and Investment Corporation Limited	2010-11	2011-12	293.45	0.84	0.43	292.18	721.36	Increase in profit by ₹ 0.56 crore	210.19	466.24	942.16	293.02	31.10
5	Rajasthan State Road Development and Construction Corporation Limited	2010-11	2011-12	23.57	5.14	12.73	5.70	54.14	-	20.00	37.44	299.86	10.84	3.62
6	Rajasthan Urban Infrastructure Finance and Development Corporation Limited	2009-10	2010-11	0.09	-	0.02	0.07	0.35	-	8.00	0.42	8.43	0.07	0.83
Sector wise total				**317.11**	**5.98**	**13.18**	**297.95**	**775.85**		**238.19**	**504.10**	**1250.45**	**303.93**	**-**
MANUFACTURE SECTOR														
7	Barmer Lignite Mining Company Limited (Susidiary Joint Company of Sl. No. A(10)	2010-11	2011-12	-0.35	-	-	-0.35	-	-	20.00	-0.49	980.51	-0.35	-0.04

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	Interest	Depreciation	Net Profit /Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
8	Rajasthan State Beverages Corporation Limited	2010-11	2011-12	5.67	-	0.29	5.38	1842.29	Increase in profit by ₹ 0.43 crore	2.00	4.51	6.58	5.38	81.76
9	Rajasthan State Ganganagar Sugar Mills Limited	2010-11	2011-12	5.35	-	1.04	4.31	410.90	-	18.65	8.76	33.98	4.31	12.68
10	Rajasthan State Mines and Minerals Limited	2009-10	2010-11	200.85	0.27	57.04	143.54	914.13	Decrease in profit by ₹ 22.18 crore	77.55	676.61	847.11	143.81	16.98
11	Rajasthan State Petroleum Corporation Ltd. (subsidiary of Sl No. A(10))	2009-10	2010-11	-0.23	-	-	-0.23	-	-	0.10	-0.23	-0.13	-0.23	-
Sector wise total				**211.29**	**0.27**	**58.37**	**152.65**	**3167.32**		**118.30**	**689.16**	**1868.05**	**152.92**	**-**
POWER SECTOR														
12	Ajmer Vidyut Vitran Nigam Limited	2009-10	2010-11	1074.98	931.34	143.64	#	3119.43	Increase in loss by ₹ 3702.03 crore	795.50	-	4091.87	931.34	22.76
13	Banswara Thermal Power Company Limited (Subsidiary of Sl. A (24))	2010-11	2011-12	-0.14	-	-	-0.14	-	Decrease in loss by ₹ 0.06 crore	0.05	-7.29	-7.25	-0.14	-
14	Barmer Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	2010-11	2011-12	-3.86	-	-	-3.86	-	Increase in loss by ₹ 1.19 crore	0.05	-3.86	-3.81	-3.86	-
15	Chhabra Power Limited (Subsidiary of Sl. A (25))	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.03	-	-
16	Dholpur Gas Power Limited (Subsidiary of Sl. A (25))	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.03	-	-
17	Giral Lignite Power Limited (Subsidiary of Sl. A (25))	2007-08	2008-09	-	-	-	-	-	-	0.05	-	0.03	-	-
18	Gurha Thermal Power Company Limited (Subsidiary of Sl. A (24))	2010-11	2011-12	-0.51	-	-	-0.51	-	-	0.05	-2.96	-2.91	-0.51	-
19	Jaipur Vidyut Vitran Nigam Limited	2009-10	2011-12	1035.74	832.70	203.04	#	8344.82	Increase in loss by ₹ 4131.84 crore	984.80	-	13510.57	832.70	6.16

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	Interest	Depreciation	Net Profit /Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
20	Jodhpur Vidyut Vitran Nigam Limited	2009-10	2011-12	938.11	804.47	133.64	#	6034.52	Increase in loss by ₹ 3680.15 crore	732.10	-	12040.07	804.47	6.68
21	Keshoraipatan Gas Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	2010-11	2011-12	-1.93	-	-	-1.93	-	-	0.05	-1.93	-1.89	-1.93	-
22	Lake City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	-	-	-	-	-	-	-	-	0.05	-	-	-	-
23	Pink City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	-	-	-	-	-	-	-	-	0.05	-	-	-	-
24	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2009-10	2010-11	-305.16	344.57	166.21	-815.94	1358.13	Decrease in loss by ₹ 36.89 crore	1344.00	-1676.71	5193.86	-471.37	-9.08
25	Rajasthan Rajya Vidyut Utpadan Nigam Limited	2009-10	2011-12	997.33	513.30	496.21	-12.18	5620.97	Increase in loss by ₹ 124.34 crore	4472.59	-507.72	13944.28	501.12	3.59
26	Rajasthan Renewable Energy Corporation Limited	2010-11	2011-12	48.75	2.69	12.11	33.95	25.48	Decrease in profit by ₹ 0.70 crore	12.94	64.45	178.26	36.64	20.55
27	Shekhawati Transmission Service Company Limited (Subsidiary of Sl. A (24))	2010-11	2011-12	-0.01	-	-	-0.01	-	-	0.05	-0.03	0.01	-0.01	-100.00
Sector wise total				**3783.30**	**3429.07**	**1154.85**	**-800.62**	**24503.35**		**8342.43**	**-2136.05**	**48943.15**	**2628.45**	**-**
SERVICE SECTOR														
28	Bikaner City Transport Services Limited	2010-11	2011-12	0.01	-	-	0.01	-	-	0.30	0.04	0.02	0.01	50.00
29	Jaipur City Transport Services Limited	2010-11	2011-12	-21.00	0.13	3.30	-24.43	31.58	Increase in loss by ₹ 8.71 crore	6.50	-24.56	37.70	-24.30	-64.46

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	Interest	Depreciation	Net Profit /Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
30	Jaipur Metro Rail Corporation Limited	2010-11	2011-12	-	-	-	-	-	-	193.21	-	246.01	-	-
31	Kota City Transport Services Limited	First accounts not received since inception.		-	-	-	-	-	-	0.10	-	-	-	-
32	Raj COMP Info Services Limited	2010-11	2011-12	-0.39	-	-	-0.39	-	-	5.00	-0.39	4.61	-0.39	-8.46
33	Rajasthan Civil Aviation Corporation Limited	2009-10	2010-11	-1.97	-	0.01	-1.98	3.55	Decrease in loss by ₹ 0.08 crore	1.87	-1.79	0.03	-1.98	-6600
34	Rajasthan Mission on Skill and Livelihoods	2010-11	2011-12	-	-	-	-	2.12	-	-	-	-	-	-
35	Rajasthan State Food & Civil Supplies Corporation Limited	2010-11	2011-12	-0.43	-	-	-0.43	-	-	50.00	-0.43	49.16	-0.43	-0.87
36	Rajasthan State Hotels Corporation Limited	2009-10	2011-12	-0.33	0.06	0.18	-0.57	2.12	Decrease in loss by ₹ 0.26 crore	1.62	-3.38	-0.02	-0.51	-
37	Rajasthan Tourism Development Corporation Limited	2009-10	2011-12	-5.48	1.72	3.96	-11.16	68.00	Increase in loss by ₹ 20.26 crore	18.45	-18.33	33.15	-9.44	-28.48
38	Udaipur City Transport Services Limited	2007-08	2011-12	0.02	-	-	0.02	0.14	-	0.30	0.01	0.31	0.02	6.45
Sector wise total				**-29.57**	**1.91**	**7.45**	**-38.93**	**107.51**		**277.35**	**-48.83**	**370.97**	**-37.02**	**-**
MISC SECTOR														
39	Rajasthan Jal Vikas Nigam Limited	2010-11	2011-12	-0.76	-	-	-0.76	2.48	Increase in loss by ₹ 0.18 crore	1.27	-0.77	0.65	-0.76	-116.92
Sector wise total				**-0.76**	**-**	**-**	**-0.76**	**2.48**		**1.27**	**-0.77**	**0.65**	**-0.76**	**-**

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	Interest	Depreciation	Net Profit /Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
Total A (All sector wise working Government companies)				**4280.94**	**3440.76**	**1236.24**	**-396.06**	**28806.46**		**8996.73**	**-1011.40**	**52475.23**	**3044.70**	**-**
B. Working Statutory corporations														
FINANCE SECTOR														
1	Rajasthan Financial Corporation	2010-11	2011-12	114.56	69.58	20.52	24.46	131.86	Increase in profit by ₹ 0.59 crore	110.08	-135.67	882.48	94.04	10.66
Sector wise total				**114.56**	**69.58**	**20.52**	**24.46**	**131.86**		**110.08**	**-135.67**	**882.48**	**94.04**	
SERVICE SECTOR														
2	Rajasthan State Road Transport Corporation	2010-11	2011-12	-47.89	39.65	99.30	-186.84	1180.22	-	220.06	-873.39	-181.67	-147.19	-
3	Rajasthan State Warehousing Corporation	2010-11	2011-12	12.95	0.07	2.58	10.30	33.70	-	7.85	0.25	77.46	10.37	13.39
Sector wise total				**-34.94**	**39.72**	**101.88**	**-176.54**	**1213.92**		**227.91**	**-873.14**	**-104.21**	**-136.82**	
Total B (All sector wise working Statutory corporations)				**79.62**	**109.30**	**122.40**	**-152.08**	**1345.78**		**337.99**	**-1008.81**	**778.27**	**-42.78**	**-**
Grand Total (A + B)				**4360.56**	**3550.06**	**1358.64**	**-548.14**	**30152.24**		**9334.72**	**-2020.21**	**53253.50**	**3001.92**	**-**
C. Non working Government companies														
AGRICULTURE & ALLIED SECTOR														
1	Rajasthan State Agro Industries Corp. Limited	2008-09	2009-10	-0.13	1.22	-	-1.35	-	Increase in loss by ₹ 0.10 crore	6.01	-46.10	-2.19	-0.13	-
2	Rajasthan State Dairy Development Corp. Limited	2009-10	2010-11	-	-	-	-	-	-	2.88	-0.20	2.68	-	-
Sector wise total				**-0.13**	**1.22**	**-**	**-1.35**	**-**		**8.89**	**-46.30**	**0.49**	**-0.13**	**-**
MANUFACTURE SECTOR														
3	Hi-Tech Precision Glass Limited	2010-11	2011-12	0.02	0.01	-	0.01	-	-	0.08	-0.18	-	0.02	-
Sector wise total				**0.02**	**0.01**	**-**	**0.01**	**-**	**-**	**0.08**	**-0.18**	**-**	**0.02**	**-**
Total C (All sector wise non working Government Companies)				**-0.11**	**1.23**	**-**	**-1.34**	**-**	**-**	**8.97**	**-46.48**	**0.49**	**-0.11**	**-**
Grand Total (A + B + C)				**4360.45**	**3551.29**	**1358.64**	**-549.48**	**30152.24**		**9343.69**	**-2066.69**	**53253.99**	**3001.81**	**5.64**

¥ Includes the net impact of comments of Statutory Auditors and C&AG.

\# Accounts are prepared on no profit no loss basis.

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 2011

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

Sl.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Seeds Corporation Limited	-	-	-	45.16	-	45.16	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**45.16**	**-**	**45.16**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCE SECTOR													
2	Rajasthan Small Industries Corporation Limited	1.50	-	2.42	0.71	-	3.13	-	-	-	-	-	-
3	Rajasthan State Handloom Development Corporation Limited	-	0.22	0.03	0.03	0.20	0.26	-	-	-	-	-	-
Sector wise total		**1.50**	**0.22**	**2.45**	**0.74**	**0.20**	**3.39**	**-**	**-**	**-**	**-**	**-**	**-**
INFRASTRUCTURE SECTOR													
4	Rajasthan State Industrial Development and Investment Corporation Limited	-	-	30.72	5.00	-	35.72	-	3.86	-	-	-	-
5	Rajasthan State Road Development and Construction Corporation Limited	10.00	-	-	81.75	-	81.75	232.00	232.00	-	-	-	-
6	Rajasthan Urban Infrastructure Finance and Development Corporation Limited	25.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**35.00**	**-**	**30.72**	**86.75**	**-**	**117.47**	**232.00**	**235.86**	**-**	**-**	**-**	**-**

Sl.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	**2**	**3 (a)**	**3 (b)**	**4 (a)**	**4 (b)**	**4 (c)**	**4 (d)**	**5 (a)**	**5 (b)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**
MANUFACTURE SECTOR													
7	Rajasthan State Ganganagar Sugar Mills Limited	15.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**15.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
POWER SECTOR													
8	Ajmer Vidyut Vitran Nigam Limited	192.29	-	25.81	622.70	-	648.51	6519.20	14267.62	-	-	-	-
9	Jaipur Vidyut Vitran Nigam Limited	168.20	-	-	465.33	-	465.33	5736.80	12932.21	-	-	-	-
10	Jodhpur Vidyut Vitran Nigam Limited	217.90	-	-	655.02	-	655.02	6238.74	12384.28	-	-	-	-
11	Rajasthan Rajya Vidyut Prasaran Nigam Limited	400.00	-	-	3.14	-	3.14	5154.92	5363.30	-	-	-	-
12	Rajasthan Rajya Vidyut Utpadan Nigam Limited	336.00	-	-	0.04	-	0.04	900.00	2829.97	-	-	-	-
13	Rajasthan Renewable Energy Corporation Limited	-	-	16.92	1.00	2.36	20.28	-	-	-	-	-	-
Sector wise total		**1314.39**	**-**	**42.73**	**1747.23**	**2.36**	**1792.32**	**24549.66**	**47777.38**	**-**	**-**	**-**	**-**
SERVICE SECTOR													
14	Jaipur City Transport Services Limited	-	-	35.70	14.28	-	49.98	-	-	-	-	-	-
15	Jaipur Metro Rail Corporation Limited	179.00	-	-	-	45.00	45.00	-	-	-	-	-	-
16	Rajasthan State Food & Civil Supplies Corporation Limited	50.00	-	-	-	-	-	-	-	-	-	-	-
17	Rajasthan Tourism Development Corporation Limited	-	-	6.60	2.56	-	9.16	-	-	-	-	-	-

Sl.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
18	Raj COMP Info Services Limited	5.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**234.00**	**-**	**42.30**	**16.84**	**45.00**	**104.14**	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government companies)		**1599.89**	**0.22**	**118.20**	**1896.72**	**47.56**	**2062.48**	**24781.66**	**48013.24**	**-**	**-**	**-**	**-**
B. Working Statutory corporations													
FINANCE SECTOR													
1	Rajasthan Financial Corporation	-	-	-	-	-	-	-	74.95	-	-	-	-
Sector wise total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**74.95**	**-**	**-**	**-**	**-**
SERVICE SECTOR													
2	Rajasthan State Road Transport Corporation	-	-	-	49.82	-	49.82	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**49.82**	**-**	**49.82**	**-**	**-**	**-**	**-**	**-**	**-**
Total B (All sector wise working Statutory corporations)		**-**	**-**	**-**	**49.82**	**-**	**49.82**	**-**	**74.95**	**-**	**-**	**-**	**-**
Grand Total (A + B)		**1599.89**	**0.22**	**118.20**	**1946.54**	**47.56**	**2112.30**	**24781.66**	**48088.19**	**-**	**-**	**-**	**-**
C. Non working Government companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Agro Industries Corporation Limited	-	0.17	-	-	-	-	-	-	-	-	-	-
Sector wise total		**-**	**0.17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total C (All sector wise non working Government Companies)		**-**	**0.17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B + C)		**1599.89**	**0.39**	**118.20**	**1946.54**	**47.56**	**2112.30**	**24781.66**	**48088.19**	**-**	**-**	**-**	**-**

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

Annexure – 4
(Referred to in paragraph 1.28)

Statement showing investments made by State Government in PSUs accounts of which are in arrear

(₹ in crore)

S. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest accounts finalised	Investment made by State Government during the year 2010-11 for which accounts are in arrears				Total
				Equity	Loans	Subsidy	Other to be specified	
1	Ajmer Vidyut Vitran Nigam Limited	2009-10	795.50	192.29	-	622.70	-	814.99
2	Jaipur Vidyut Vitran Nigam Limited	2009-10	984.80	168.20	-	465.33	-	633.53
3	Jodhpur Vidyut Vitran Nigam Limited	2009-10	732.10	217.90	-	655.02	-	872.92
4	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2009-10	1344.00	400.00	-	3.14	-	403.14
5	Rajasthan Rajya Vidyut Utpadan Nigam Limited	2009-10	4472.59	336.00	-	0.04	-	336.04
6	Rajasthan Small Industries Corporation Limited	2009-10	5.46	1.50	-	0.71	-	2.21
7	Rajasthan Tourism Development Corporation Limited	2009-10	18.45	-	-	2.56	-	2.56
8	Rajasthan Urban Infrastructure Finance and Development Corporation Limited	2009-10	8.00	25.00	-	-	-	25.00
	Total		**8360.90**	**1340.89**	**-**	**1749.50**	**0.00**	**3090.39**

Annexure-5
(Referred to in paragraph 1.15)

Statement showing financial position of Statutory Corporations

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2008-09**	**2009-10**	**2010-11**
1	**Rajasthan State Road Transport Corporation**			
A.	**Liabilities**			
	Capital (including capital loan and equity capital)	220.06	220.06	220.06
	Borrowings:			
	(Government)	-	-	-
	(Others)	210.24	270.50	453.88
	Fund[*]	5.11	5.21	5.26
	Trade dues and other current liabilities (including provisions)	487.34	511.38	547.44
	Total A	**922.75**	**1007.15**	**1226.64**
B.	**Assets**			
	Gross Block	586.93	580.19	602.88
	Less: Depreciation	310.01	310.65	317.36
	Net fixed assets	276.92	269.54	285.52
	Capital works-in-progress (including cost of chassis)	0.02	-	-
	Investment	0.48	0.48	2.48
	Current assets, loans and advances	42.82	50.57	65.25
	Accumulated losses	602.51	686.56	873.39
	Total B	**922.75**	**1007.15**	**1226.64**
C.	**Capital employed**[**]	**(-)155.58**	**(-)177.55**	**(-)181.67**

[*] Excluding Depreciation Fund.

[**] Capital employed represents net fixed assets (including works-in-progress) plus working capital (Excluding provision for gratuity and pension)

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2008-09**	**2009-10**	**2010-11**
2	**Rajasthan Financial Corporation**			
A.	**<u>Liabilities</u>**			
	Paid-up-capital	86.52	110.08	110.08
	Share application money	-	-	-
	Reserve fund and other reserves and surplus	60.70	60.70	61.70
	Borrowings:			
	(i) Bonds and debentures	124.80	111.88	74.95
	(ii) Fixed deposits	-	-	-
	(iii) Industrial Development Bank of India and Small Industries Development Bank of India	572.37	555.10	570.98
	(iv) Reserve Bank of India	-	-	-
	(v) Loan towards Share capital:			
	(a) State Government	13.95	-	-
	(b) Industrial Development Bank of India	9.60	-	-
	(vi) Others (including State Government)	68.98	111.98	119.81
	Other liabilities and provisions (including Deposits)	280.71	289.40	307.41
	Total A	**1217.63**	**1239.14**	**1244.93**
B.	**<u>Assets</u>**			
	Cash and Bank balances	57.33	54.45	72.84
	Investment	1.16	1.10	1.10
	Loans and advances	998.74	917.15	924.27
	Net fixed assets	3.34	3.20	3.16
	Other assets	103.48	105.11	107.89
	Accumulated Losses	53.58	158.13	135.67
	Total B	**1217.63**	**1239.14**	**1244.93**
C.	**Capital employed**[@]	**858.05**	**882.68**	**882.48**

[@] Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investment outside), bonds deposits and borrowings (including refinance). The free reserves and surplus have been reduced to the extent of debit balance of profit and loss account.

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2008-09**	**2009-10**	**2010-11**
3	**Rajasthan State Warehousing Corporation**			
A.	**Liabilities**			
	Paid-up-capital	7.85	7.85	7.85
	Reserves and Surplus	60.27	63.42	64.65
	Borrowings:			
	(Government)	-	-	-
	(Others)	-	-	3.65
	Trade dues and other current liabilities (including provisions)	65.30	69.17	80.34
	Total A	**133.42**	**140.44**	**156.49**
B.	**Assets**			
	Gross Block	77.18	80.92	88.44
	Less: Depreciation	29.51	31.94	34.49
	Net fixed assets	47.67	48.98	53.95
	Capital works-in-progress	0.62	1.20	0.83
	Current assets, loans and advances	85.13	90.26	101.71
	Profit and loss account	-	-	-
	Total B	**133.42**	**140.44**	**156.49**
C.	**Capital employed**[@]	**70.24**	**73.07**	**77.46**

[@] Capital employed represents net fixed assets (including works-in-progress) plus working capital (excluding provision for gratuity ₹ 1.02 crore for 2010-11).

Annexure-6
(Referred to in paragraph 1.15)

Statement showing working results of Statutory Corporations

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2008-09**	**2009-10**	**2010-11**
1	**<u>Rajasthan State Road Transport Corporation</u>**			
1	Operating:			
(a)	Revenue	1054.65	1121.61	1180.22
(b)	Expenditure	1266.12	1240.98	1412.86
(c)	Surplus(+)/deficit(-)	-211.47	-119.37	-232.64
2	Non-operating:			
(a)	Revenue	27.24	41.45	46.23
(b)	Expenditure*	-	-	-
(c)	Surplus(+)/deficit(-)	27.24	41.45	46.23
3	Total:			
(a)	Revenue	1081.89	1163.06	1226.45
(b)	Expenditure	1266.12	1240.98	1412.86
(c)	Profit(+)/loss(-) before Prior Period Adjustment	-184.23	-77.92	-186.41
(d)	Add(+)/Less(-): Prior period adjustment	-	-1.04	-0.43
(e)	Net Profit (+)/ Loss (-)	**-184.23**	**-78.96**	**-186.84**
4	Interest on Capital and loans	20.00	27.13	39.65
5	**Total return on capital employed**	**-164.23**	**-51.83**	**-147.19**

* In the accounts of RSRTC operating and non-operating expenditure is not shown separately.

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2008-09**	**2009-10**	**2010-11**
2	**Rajasthan Financial Corporation**			
1	Income:			
(a)	Interest on loans	118.67	128.76	131.86
(b)	Other Income	8.97	5.13	6.60
	Total Income	**127.64**	**133.89**	**138.46**
2	Expenses:			
(a)	Interest on long term loans	76.46	72.80	69.58
(b)	Other expenses	42.34	58.88	55.90
	Total Expenditure	**118.80**	**131.68**	**125.48**
3	Profit before tax	8.84	2.21	12.98
4	Provision for tax	0.33	-0.16	-1.01
5	Other appropriations	6.15	-106.59	11.48
6	Amount available for dividend	2.36	-	23.45
7	Dividend	-	-	-
8	Total return on capital employed	79.16	-31.76	94.04
9	Percentage of return on capital employed	9.23	-	10.66

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2008-09**	**2009-10**	**2010-11**
3	**<u>Rajasthan State Warehousing Corporation</u>**			
1	Income:			
(a)	Warehousing charges	20.30	30.72	32.34
(b)	Other income	5.15	5.15	6.27
	Total Income	**25.45**	**35.87**	**38.61**
2	Expenses:			
(a)	Establishment charges	18.49	22.12	22.03
(b)	Other expenses	5.96	7.00	6.56
	Total Expenditure	**24.45**	**29.12**	**28.59**
3	Profit(+)/loss(-) before tax (1-2)	1.00	6.75	10.02
4	Other appropriations	2.05	4.89	7.93
5	Amount available for dividend	-	0.79	2.09
6	Dividend for the year	-	0.79	1.57
7	Total return on capital employed	0.82	4.17	10.37
8	Percentage of return on capital employed	1.17	5.71	13.39

Annexure-7
(Referred to in paragraph 2.1.9)
Statement showing particulars of distribution network planned vis-à-vis achievement there against in the State as a whole during 2006-07 to 2010-11

S.No.	Description	Years				
		2006-07	2007-08	2008-09	2009-10	2010-11
(A)	**No. of Substation (33/11 KV sub-station)**					
(i)	At the beginning of the year	2356	2546	2747	2971	3242
(ii)	Additions planned for the year	180	180	180	240	420
(iii)	Additions made during the year	190	201	224	271	256
(iv)	At the end of year	2546	2747	2971	3242	3498
(v)	Shortage in addition (ii-iii)	0	0	0	0	164
(B)	**11/0.40 KV transformer**					
(i)	At the beginning of the year	359074	403417	516919	645948	730898
(ii)	Additions planned for the year	0	0	0	0	0
(iii)	Additions made during the year	44343	113502	129029	84950	82910
(iv)	At the end of year	403417	516919	645948	730898	813808
(v)	Shortage in addition (ii-iii)					
(C)	**HT Lines 33 KV (CKM)**					
(i)	At the beginning of the year	31257.89	33098.94	34737.37	36934.78	38668.72
(ii)	Additions planned for the year	1269	1180	1161	1146	2380
(iii)	Additions made during the year	1841.05	1638.43	2197.41	1733.94	1854.09
(iv)	At the end of year	33098.94	34737.37	36934.78	38668.72	40522.81
(v)	Shortage in addition (ii-iii)	0	0	0	0	525.91
(D)	**HT Lines 11 KV (CKM)**					
(i)	At the beginning of the year	199852.37	208438.94	224008.1	250258.58	270685.33
(ii)	Additions planned for the year	0	0	0	0	0
(iii)	Additions made during the year	8586.57	15569.16	26250.48	20426.75	15047.78
(iv)	At the end of year	208438.94	224008.1	250258.58	270685.33	285733.11
(v)	Shortage in addition (ii-iii)	0	0	0	0	0
(E)	**LT Lines (in CKM)**					
(i)	At the beginning of the year	243519.49	257811.89	272876.32	288491.85	299289.92
(ii)	Additions planned for the year	0	0	0	0	0
(iii)	Additions made during the year	14292.4	15064.43	15615.53	10798.07	7785.58
(iv)	At the end of year	257811.89	272876.32	288491.85	299289.92	307075.50
(v)	Shortage in addition (ii-iii)	0	0	0	0	0
(F)	**Transformer Capacity 33/11 KV sub-station (in MVA)**					
(i)	At the beginning of the year	10530.95	11309.55	12093.8	13021.2	14402.65
(ii)	Additions planned for the year	200	187.7	142.5	290.2	472.5
(iii)	Additions made during the year	778.6	784.25	927.4	1381.45	1066.25
(iv)	At the end of year	11309.55	12093.8	13021.2	14402.65	15468.9
(v)	Shortage in addition (ii-iii)	0	0	0	0	0
(G)	**Transformer Capacity 11/0.4 KV sub-station (in MVA)**					
(i)	At the beginning of the year	15684.55	17221.28	19809.77	24129.63	26298.11
(ii)	Additions planned for the year	0	0	0	0	0
(iii)	Additions made during the year	1536.73	2588.49	4319.86	2168.48	2494.07
(iv)	At the end of year	17221.28	19809.77	24129.63	26298.11	28792.18
(v)	Shortage in addition (ii-iii)	0	0	0	0	0

Annexure-8
(Referred to in paragraph 2.1.31)

Statement showing source wise purchase of power during 2006-11

(In Million Units/average cost per unit in ₹)

Year	Unit	State Generation PSUs	Central Sector	IPPs	Others	Total
2006-07	MUs	18201.25	13213.25	405.55	874.33	32694.38
	AC/unit	2.25	1.96	3.66	8.30	2.31
2007-08	MUs	19167.59	14916.34	563.10	1350.85	35997.88
	AC/unit	2.44	2.13	3.72	6.34	2.48
2008-09	MUs	20587.47	14883.94	711.89	2183.27	38366.57
	AC/unit	2.94	2.66	3.82	7.12	3.09
2009-10	MUs	21156.97	14736.14	960.45	6080.51	42934.07
	AC/unit	3.08	3.26	3.89	6.41	3.63
2010-11	MUs	22839.89	17298.36	1227.17	4244.72	45610.14
	AC/unit	3.07	2.23	4.11	3.21	2.79
Total	**MUs**	**101953.17**	**75048.03**	**3868.16**	**14733.68**	**195603.04**
	AC/unit	**2.78**	**2.45**	**3.90**	**5.70**	**2.90**

Annexure-9
(Referred to in paragraph 2.1.33)

Statement showing transmission and distribution Losses in JdVVNL

S. No.	Particulars	2006-07	2007-08	2008-09	2009-10
1.	Energy purchased (MUs)	9517.85	10809.21	11848.4	13662.87
2.	Transmission losses (MUs)	518.35	664.6	778.45	842.65
3.	Transmission losses (*per cent*)	5.45	6.15	6.57	6.17
4.	Transmission loss allowed by RERC (*per cent)*	5.84	5.66	5.83	5.94
5.	Transmission losses allowed by RERC (MUs) (1) X (4)/100	555.84	611.80	690.76	811.57
6.	Excess Transmission loss (MUs) (1) X (3-4)/100	(37.49)	52.80	87.69	31.08
7.	Energy available (MUs) (1) – (2)	8999.50	10144.61	11069.95	12820.22
8.	Energy sold (Mus)	6077.67	7220.95	8051.63	9586.34
9.	Distribution losses (Mus)	2921.83	2923.66	3018.32	3233.88
10.	Distribution losses (*per cent)*	32.47	28.82	27.27	25.22
11.	Distribution losses allowed by RERC (*per cent*)	31.29	33.00	26.50	25.00
12.	Distribution losses allowed by RERC (MUs) (8) X (11)/100	2815.94	3347.72	2933.54	3205.06
13.	Excess distribution losses (MUs) (8) X (10-11)/100	105.89	(424.06)	84.78	28.82
14.	Aggregate transmission and distribution losses (MUs) (2) +(9)	3440.18	3588.26	3796.77	4076.53
15.	Aggregate transmission and distribution losses (*per* cent) {(2) +(9)}/(1) X 100	36.14	33.20	32.04	29.84
16.	Transmission and Distribution losses allowed by RERC (*per cent*)	35.30	36.80	30.78	29.45
17.	Transmission and Distribution losses allowed by RERC (MUs)	3359.80	3977.79	3646.94	4023.72
18.	Excess Transmission and Distribution losses (MUs)	80.38	(389.53)	149.83	52.81
19.	Average Cost per unit	4.24	4.67	6.09	6.52
20.	Loss on account of excess transmission and distribution losses (₹ crore)	34.08	0.00	91.25	34.43
21.	Loss due to excess transmission losses (₹ crore)	0.00	24.66	53.40	20.26
22.	Loss due to excess distribution losses (₹ crore)	44.90	0.00	51.63	18.79

Annexure-10
(Referred to in paragraph 2.1.37)

Statement showing progress of installation of 11 KV capacitor banks by JdVVNL and consequential loss of envisaged energy savings

Year	Installed capacity at the beginning of the year (In MVAR)	Targeted addition during the year (In MVAR)	Carried forward from previous year	Effective targeted addition during the year (In MVAR)	Actual addition during the year (In MVAR)	Installed capacity at the close of the year (In MVAR)	Shortfall of target (in MVAR)	Loss of energy saving on shortfall (MUs)	Average cost / ₹ per unit	Loss (₹ in crore)
2004-05	109.60	140.00	-	140.00	50.00	159.60	90.00	-	-	-
2005-06	159.60	56.00	90.00	146.00	42.00	201.60	104.00	-	-	-
Performance during 2006-07 to 2010-11										
2006-07	201.60	-	104.00	104.00	16.00	217.60	88.00	23.23	4.24	9.85
2007-08	217.60	55.60	88.00	143.60	22.00	239.60	121.60	32.10	4.67	14.99
2008-09	239.60	-	121.60	121.60	25.20	264.80	96.40	25.45	6.09	15.50
2009-10	264.80	-	96.40	96.40	42.40	307.20	54.00	14.26	6.52	9.30
2010-11	307.20	-	54.00	54.00	8.40	315.60	45.60	12.04	6.52*	7.85
Total		**55.60**			**114.00**			**107.08**		**57.49**

*** In absence of financial data for the year 2010-11, the average cost per unit for the year 2010-11 has been taken as that of 2009-10.**

Annexure-11
(Referred to in paragraph 2.1.40)

Statement showing targets & actual performance of checking, theft cases detected, assessment made and amount realised for the five years ending 31 March 2011

Year	No. of Checking			Theft Cases			Assessed Amount (₹ In lakh)			Amount Realised (₹ In lakh)		
	Targets	Actual	Percentage achievement	Targets	Actual	Percentage achievement	Targets	Actual	Percentage achievement	Targets	Actual	Percentage achievement
2006-07	17280	9950	57.78	8160	4329	53.05	1224.00	653.11	53.36	612	409.73	66.95
2007-08	12569	10766	85.66	5902	4068	68.93	881.64	740.10	83.95	440.82	426.50	96.75
2008-09	14806	12200	82.40	6989	5102	73.00	1047.82	906.58	86.52	523.91	481.56	91.92
2009-10	13520	10782	79.75	6320	4054	64.15	948.00	1014.18	106.98	474	491.31	103.65
2010-11	13680	11959	87.42	6450	4134	64.09	966.00	1014.98	105.07	483	476.56	98.67

Annexure-12
(Referred to in paragraph 2.1.43)

Statement showing financial position of JVVNL and AVVNL for the year 2006-07 to 2010-11

(₹in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
JVVNL					
A. Liabilities					
Paid up Capital	398.00	478.00	713.00	943.00	NA
Reserves & Surplus (including Capital Grants but excluding Depreciation Reserve)	792.25	1072.9	1277.49	1474.15	NA
Borrowings (Loan Funds)					
Secured	2643.79	4231.7	880.36	391.88	NA
Unsecured	510.85	556.08	6286.20	10544.76	NA
Current Liabilities & Provisions	1535.85	1774.28	2728.93	3953.13	NA
Total	**5880.74**	**8112.96**	**11885.98**	**17306.92**	NA
B. Assets					
Gross Block	3224.70	4389.85	5172.89	6953.98	NA
Less: Depreciation	1041.91	1020.34	1109.44	1272.54	NA
Net Fixed Assets	2182.79	3369.51	4063.45	5681.45	NA
Capital works-in-progress	500.31	722.42	1404.06	896.1	NA
Investments	0.66	0.45	0.45	0.45	NA
Current Assets, Loans and Advances	3185.45	4011.03	6412.85	10722.02	NA
Misc. Exp.	11.53	9.56	5.16	6.91	NA
Accumulated losses	0	0	0	0	NA
Total	**5880.74**	**8112.97**	**11885.97**	**17306.93**	NA
Debt : Equity	**1.41:1**	**1.68:1**	**2.23:1**	**2.66:1**	NA
Net Worth	**1190.25**	**1550.90**	**1990.49**	**2417.15**	NA
*** Data for four years as accounts for the year 2010-11 not finalised.**					

(₹in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
AVVNL					
A. Liabilities					
Paid up Capital	395.50	515.50	635.50	795.50	NA
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	596.84	661.03	901.15	1032.63	NA
Borrowings (Loan Funds)					
Secured	316.36	477.5	768.96	1261.44	NA
Unsecured	2405.50	4270.13	7072.18	10662.88	NA
Current Liabilities & Provisions	2274.81	2299.3	2953.24	3381.47	NA
Total	**5989.01**	**8223.46**	**12331.03**	**17133.92**	NA
B. Assets					
Gross Block	2810.26	3622.32	4632.52	5284.37	NA
Less: Depreciation	1002.46	932.98	1005.98	1121.61	NA
Net Fixed Assets	1807.80	2689.35	3626.53	4162.76	NA
Capital works-in-progress	189.71	698.13	856.05	1123.78	NA
Investments	0.00	0	0	0	NA
Current Assets, Loans and Advances	3981.46	4829.25	7848.45	11847.38	NA
Misc. Exp.	10.04	6.73	0	0	NA
Accumulated losses	0.00	0	0	0	NA
Total	**5989.01**	**8223.46**	**12331.03**	**17133.92**	NA
Debt : Equity	1.30	1.59	1.92	2.72	NA
Net Worth	**982.30**	**1169.80**	**1536.65**	**1828.13**	NA
*** Data for four years as accounts for the year 2010-11 not finalised.**					

Annexure-13
(Referred to in paragraph 2.1.44)

Statement showing cost of electricity vis-à-vis revenue realisation per unit in AVVNL and JVVNL for the year 2006-07 to 2010-11

(₹in crore)

Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
AVVNL						
1	**Income**					
(i)	Revenue from Sale of Power	2111.89	2430.38	2594.35	2766.33	NA
(ii)	Revenue subsidy	337.63	418.47	329.72	353.09	NA
(iii)	Subvention for revenue gap	404.13	1099.17	2397.30	3681.36	NA
(iv)	Other income	71.92	195.45	115.31	194.57	NA
	Total Income	**2925.57**	**4143.47**	**5436.68**	**6995.35**	
2	**Distribution (In MUs)**					
(i)	Total power purchased	10687.90	12036.30	11855.28	13343.46	NA
(ii)	Less: Transmission losses	598.47	763.63	810.78	998.50	NA
(iii)	Net Power available for Sale	10089.43	11272.67	11044.50	12344.96	NA
(iv)	Less: Sub-transmission & distribution losses	3801.91	3961.74	3130.69	3787.00	NA
	Net power sold	**6287.52**	**7310.93**	**7913.81**	**8557.96**	
3	**Expenditure on Distribution of Electricity**					
(a)	**Fixed cost**					
(i)	Employees cost	130.52	420.38	824.66	1059.79	NA
(ii)	Administrative and General expenses	21.91	24.87	32.23	40.64	NA
(iii)	Depreciation	122.42	87.10	120.14	143.64	NA
(iv)	Interest and finance charges	245.04	269.71	432.55	943.39	NA
(v)	Other Expenses	3.83	215.32	(4.32)	21.38	NA
	Total fixed cost	**523.72**	**1017.38**	**1405.26**	**2208.84**	
(b)	**Variable cost**					
(i)	Purchase of Power	2081.92	2925.34	3666.38	4563.28	NA
(ii)	Transmission/ Wheeling Charges	233.57	297.93	362.12	404.85	NA
(iii)	Repairs & Maintenance	34.77	34.50	54.80	63.75	NA
(iv)	Other expenses	51.59	(131.68)	(58.88)	(218.37)	NA
	Total variable cost	**2401.85**	**3126.09**	**4031.42**	**4786.51**	
(c)	**Total cost 3(a) + 3(b)**	**2925.57**	**4143.47**	**5436.68**	**6995.35**	
4.	Realisation (₹ per unit) (excluding revenue subsidy)	4.01	4.16	3.84	3.87	NA
5.	Fixed cost (₹ per unit)	0.83	1.39	1.78	2.58	NA
6.	Variable cost (₹ per unit)	3.82	4.28	5.09	5.59	NA
7.	Total cost per unit (in ₹) (5+6)	4.65	5.67	6.87	8.17	NA
8.	Contribution (4-6) (₹ per unit)	0.19	(0.11)	(1.25)	(1.72)	NA
9.	**Profit (+)/Loss(-) per unit(in ₹) (4-7)**	**(0.64)**	**(1.50)**	**(3.03)**	**(4.30)**	

(₹in crore)

Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
JVVNL						
1.	**Income**					
(i)	Revenue from Sale of Power	2764.95	3200.58	3540.16	3980.43	NA
(ii)	Revenue from subsidy	434.09	1146.63	2647.69	4356.86	NA
	Subvention for revenue gap	760.70	693.87	2191.54	3913.36	NA
(iii)	Other income	74.21	93.06	497.78	227.38	NA
	Total Income	**3273.25**	**4440.27**	**6685.63**	**8564.67**	
2	Distribution (In MUs)					
(i)	Total power purchased	12258.23	13842.87	15410.58	17366.13	NA
(ii)	Less Sale of energy through exchange	0.00	0.00	197.92	9.21	NA
(iii)	Less: Transmission losses,	686.46	775.20	1034.62	1070.51	NA
(iv)	Net Power available for Sale	11571.77	13067.67	14178.04	16286.41	NA
(v)	Less: Sub-transmission & distribution losses	3900.24	3941.76	3501.98	3800.13	NA
	Net power sold	**7671.53**	**9125.91**	**10676.06**	**12486.28**	
3	**Expenditure on Distribution of Electricity**					
(a)	**Fixed cost**					
(i)	Employees cost	167.90	193.48	645.89	1027.98	NA
(ii)	Administrative and General expenses	24.84	22.12	36.24	41.70	NA
(iii)	Depreciation	156.25	120.43	165.69	203.04	NA
(iv)	Interest and finance charges	227.34	345.01	517.28	848.09	NA
(v)	Other Expenses	13.51	20.79	28.38	26.30	NA
	Total fixed cost	**589.84**	**701.83**	**1393.48**	**2147.11**	
(b)	Variable cost					
(i)	Purchase of Power	2451.55	3412.21	4842.26	5895.13	NA
(ii)	Transmission/ Wheeling Charges	232.64	281.23	383.77	462.59	NA
(iii)	Repairs & Maintenance	23.74	22.50	48.27	54.14	NA
(iv)	Other expenses	(24.52)	22.50	17.85	5.70	NA
	Total variable cost	**2683.41**	**3738.44**	**5292.15**	**6417.56**	
(c)	**Total cost 3(a) + (b)**	**3273.25**	**4440.27**	**6685.63**	**8564.67**	
4.	Realisation (₹ per unit) (excluding revenue subsidy)	4.17	4.11	4.21	3.73	NA
5.	Fixed cost (₹ per unit)	0.77	0.77	1.13	1.72	NA
6.	Variable cost (₹ per unit)	3.50	4.10	4.96	5.14	NA
7.	Total cost per unit (in ₹) (5+6)	4.27	4.87	6.27	6.86	NA
8.	Contribution (4-6) (₹ per unit)	0.67	0.01	(0.75)	(1.41)	NA
9.	**Profit (+)/Loss(-) per unit(in ₹) (4-7)**	**(0.10)**	**(0.76)**	**(2.05)**	**(3.13)**	

Annexure-14
(Referred to in paragraph 2.1.51)

Statement showing average cost of supply (ACoS) and average rate of realisation (ARR) from different categories of consumers in JdVVNL, AVVNL and JVVNL

JdVVNL										
Particulars	**2006-07**		**2007-08**		**2008-09**		**2009-10**		**2010-11**	
ACos (₹) per unit	**4.24**		**4.67**		**6.09**		**6.52**		**6.52**	
Category	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**
Domestic	4.03	95.05	3.81	81.58	3.93	64.53	3.93	60.28	3.86	59.20
Non-Domestic	5.69	134.20	5.31	113.70	5.44	89.33	5.47	83.90	5.42	83.13
Public Street Light	7.29	171.93	6.07	129.98	5.26	86.37	5.61	86.04	3.91	59.97
Agriculture (Metered)	1.74	41.04	1.43	30.62	1.35	22.17	1.23	18.87	1.27	19.48
Agriculture (Flat)	1.28	30.19	1.20	25.70	1.20	19.70	1.08	16.56	1.16	17.79
Agriculture (Nursery)	4.45	104.95	3.40	72.81	4.29	70.44	4.34	66.56	2.18	33.44
Agriculture (P)	3.06	72.17	3.03	64.88	2.75	45.16	2.87	44.02	3.09	47.39
Industrial (SIP)	4.39	103.54	4.14	88.65	3.92	64.37	4.09	62.73	4.01	61.50
Industrial (MIP)	4.36	102.83	4.60	98.50	4.22	69.29	4.31	66.10	4.19	64.26
Industrial (HT)	4.17	98.35	4.19	89.72	4.19	68.80	4.35	66.72	4.03	61.81
Water Works (SIP)	3.80	89.62	3.53	75.59	3.30	54.19	3.57	54.75	3.48	53.37
Water Works (MIP)	3.93	92.69	3.92	83.94	4.15	68.14	4.60	70.55	5.99	91.87
Water Works (HT)	4.39	103.54	4.40	94.22	4.34	71.26	4.30	65.95	4.23	64.88
Bulk Supply	3.74	88.21	3.97	85.01	3.93	64.53	4.10	62.88	3.99	61.20

AVVNL										
Particulars	**2006-07**		**2007-08**		**2008-09**		**2009-10**		**2010-11**	
ACos (₹) per unit	**4.65**		**5.67**		**6.87**		**8.17**		**8.17**	
Category	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**
Domestic	4.12	88.60	4.01	70.72	3.99	58.08	3.98	48.71	3.91	47.86
Non-Domestic	5.90	126.88	6.46	113.93	5.64	82.10	5.62	68.79	8.45	103.43
Public Street Light	3.89	83.66	3.95	69.67	3.81	55.46	3.81	46.63	3.73	45.65
Agriculture (Metered)	2.11	45.38	1.79	31.57	1.65	24.02	1.56	19.09	1.53	18.73
Agriculture (Flat)	1.27	27.31	1.23	21.69	1.24	18.05	1.24	15.18	1.24	15.18
Agriculture (Nursery)	2.18	46.88	4.16	73.37	4.09	59.53	4.16	50.92	4.68	57.28
Agriculture (P)	3.31	71.18	2.98	52.56	3.18	46.29	3.00	36.72	2.72	33.29
Industrial (SIP)	4.58	98.49	4.37	77.07	4.22	61.43	4.16	50.92	4.19	51.29
Industrial (MIP)	4.34	93.33	4.31	76.01	4.30	62.59	4.35	53.24	4.44	54.35
Industrial (HT)	4.32	92.90	4.37	77.07	4.22	61.43	4.40	53.86	4.19	51.29
Water Works (SIP)	3.99	85.81	3.92	69.14	3.74	54.44	3.83	46.88	3.68	45.04
Water Works (MIP)	4.34	93.33	4.11	72.49	4.17	60.70	4.21	51.53	4.05	49.57
Water Works (HT)	4.47	96.13	4.16	73.37	4.15	60.41	4.23	51.77	4.26	52.14
Bulk Supply	4.06	87.31	3.75	66.14	4.19	60.99	4.18	51.16	4.17	51.04

JVVNL										
Particulars	**2006-07**		**2007-08**		**2008-09**		**2009-10**		**2010-11**	
ACos (₹) per unit	**4.27**		**4.87**		**6.27**		**6.86**		**6.86**	
Category	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**	**ARR ₹ per unit**	**Per cent of ACoS**
Domestic	3.90	91.33	3.79	77.82	3.71	59.17	3.48	50.73	3.39	49.42
Non-Domestic	5.64	132.08	5.53	113.55	5.41	86.28	5.34	77.84	5.17	75.36
Public Street Light	4.74	111.01	4.56	93.63	4.58	73.05	5.39	78.57	4.83	70.41
Agriculture (Metered)	2.13	49.88	1.64	33.68	1.34	21.37	1.23	17.93	1.22	17.78
Agriculture (Flat)	1.25	29.27	1.11	22.79	0.90	14.35	0.79	11.52	0.84	12.24
Agriculture (Nursery)	3.85	90.16	3.12	64.07	2.98	47.53	3.59	52.33	1.69	24.64
Agriculture (P)	3.66	85.71	3.54	72.69	3.06	48.80	3.19	46.50	1.79	26.09
Industrial (SIP)	4.39	102.81	4.23	86.86	3.94	62.84	3.98	58.02	3.72	54.23
Industrial (MIP)	4.44	103.98	5.04	103.49	4.69	74.80	4.68	68.22	4.33	63.12
Industrial (HT)	4.17	97.66	4.17	85.63	4.14	66.03	4.20	61.22	4.11	59.91
Water Works (SIP)	3.68	86.18	4.78	98.15	3.63	57.89	3.66	53.35	3.62	52.77
Water Works (MIP)	4.21	98.59	4.27	87.68	4.31	68.74	4.56	66.47	4.19	61.08
Water Works (HT)	4.32	101.17	4.24	87.06	4.24	67.62	4.28	62.39	4.40	64.14
Bulk Supply	4.04	94.61	4.09	83.98	4.01	63.96	4.05	59.04	4.10	59.77

Annexure-15
(Referred to in paragraph 2.1.67)

Statement showing the position of the replacement of stopped and defective meters by DISCOMs during 2006-07 to 2009-10

DISCOM	Year	Total metered consumers	Opening balance of stopped/ defective meters	Stopped/ defective meters reported	Total stopped/defective meters	Stopped/ defective meters replaced	Closing balance	Percentage of defective meters to total consumers	Percentage Pendency of total defects
JVVNL	2006-07	2514809	88205	271853	360058	190282	169776	10.81	47.15
	2007-08	2648190	169776	327929	497705	306156	191549	12.38	38.49
	2008-09	2934514	191549	355385	546934	355063	191871	12.11	35.08
	2009-10	3189663	191871	447362	639233	364526	274707	14.03	42.97
AVVNL	2006-07	2316724	62251	257933	320184	219449	100735	11.13	31.46
	2007-08	2479807	100735	266090	366825	256293	110532	10.73	30.13
	2008-09	2722294	110532	431253	541785	319341	222444	15.84	41.06
	2009-10	2943593	222444	454809	677253	344844	332409	15.45	49.08
JdVVNL	2006-07	2067511	62268	207106	269374	211111	58263	10.02	21.63
	2007-08	2224739	58263	254056	312319	238038	74281	11.42	23.78
	2008-09	2414563	74281	232169	306450	199005	107445	9.62	35.06
	2009-10	2602928	107445	195271	302716	160842	141874	7.50	46.87

Annexure-16

(Referred to in Paragraph 2.2.12)

Statement showing status of land acquired, land planned for development during 2005-10 and land allotted upto March 2011

Sl. No .	Name of unit office	Name of industrial area	Month and year of acquisition/ allotment	Land acquired /allotted (in acre)	Compensation/ Premium paid (₹ in crore)	Land taken in possession upto March 2010 (in acre)	Month and year of development plan	Land Allotted upto March 2011 (in acre)	Delay in development plan since acquisition (in months)
1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**	**9.**	**10.**
Land acquired/allotted prior to April 2005 but planned for development during 2005-10									
1.	Bhiwadi-II	IID Khushkhera	November 1995	151.77	N.A.	100.58	July 2003	87.33	92
2.	Bikaner	Karni Extension	February 2003	163.16	N.A.	171.90	October 2005	-	32
			March 2005	210.04	N.A.				7
3.	Jaipur North	Badarna	March 1998	11.10	N.A.	11.10	January 2002	7.25	46
4.	Kota	Agro Food Park-II, Ranpur	September 2000	99.50	N.A.	99.50	August 2005	41.59	59
		Kuber Ranpur Extension	September 2000	136.00	N.A.	136.00	January 2007	37.66	76
		Institutional Area, Ranpur	September 2000	102.45	N.A.	102.45	October 2005	65.20	61
5.	Nagaur	Parbatsar Growth Centre Extension	March 2003	284.82	N.A.	284.82	June 2006	28.44	39
6.	Neemrana	Neemrana Phase-II	January 2004	314.58	N.A.	303.13	September 2005	223.89	20
7.	Pali	Punayata	March 2005	228.04	N.A.	228.04	June 2005	118.83	3
		Nayagaon	January 1997	312.10	N.A.	312.10	December 2008	0.50	143
8.	Sikar	Palsana Phase-II	February 2005	309.88	N.A.	309.88	January 2007	23.85	23
9.	Swai Madhopur	Newai Phase-II	August 1998	121.63	N.A.	104.35	June 2006	18.06	94
	Total (A)			**2445.07**		**2163.85**		**652.60**	
Land acquired/allotted during 2005-09 and planned for development during 2005-10									
1.	Ajmer	Kishangarh Phase-V	September 2006	130.52	25.05	129.51	January 2007	84.11	4
		Rupangarh	November 2007	36.04	26.32	36.04	July 2009	-	20
		Palra	November 2006	197.40	164.45	197.40	February 2007	124.35	3
			August 2008	146.50	907.98	136.02			-
2.	Balotra	Balotra Phase IV	February 2006	391.07	447.59	391.07	July 2006	103.68	5
3.	Bharatpur	Stone Park Dholpur	December 2006	132.08	26.00	132.08	June 2007	1.16	6
4.	Bhilwara	Soniyana	February 2006	300.57	239.32	300.57	June 2006	-	4
5.	Bhiwadi-I	Kahrani	July 2008	1161.86	47949.35	1065.20	November 2008	449.69	4
6.	Bhiwadi-II	Pathredi	December 2006	518.89	9496.17	518.89	April 2007	285.01	4
		Tapukada	March 2007	765.33	18809.50	765.33	May 2007	673.04	2
7.	Bikaner	Nokha Extension	May 2004	183.25	476.63	83.18	July 2007	49.19	38

Sl. No.	Name of unit office	Name of industrial area	Month and year of acquisition/ allotment	Land acquired /allotted (in acre)	Compensation/ Premium paid (₹ in crore)	Land taken in possession upto March 2010 (in acre)	Month and year of development plan	Land Allotted upto March 2011 (in acre)	Delay in development plan since acquisition (in months)
1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**	**9.**	**10.**
8.	EPIP Sitapura	Ramchandrapura	September 2008	487.00	27609.57	475.71	July 2006	129.32	-
9.	Jaipur North	Manda	February 2007	860.72	565.00	860.72	November 2007	118.57	9
			March 2009	37.14	219.77	9.98			-
10.	Jaipur Rural	Kant-Kalwar (Extension)	March 2006	126.59	320.06	126.59	November 2006	52.00	8
11.	Neemrana	New Industrial Complex, Majrakath	April 2006	1066.28	11626.22	1057.87	May 2006	344.20	1
	Total (B)			**6541.24**	**118908.98**	**6286.16**		**2414.32**	
Land acquired/allotted during 2005-09 but not taken up for development upto March 2010									
1.	Ajmer	Kishangarh Dumping yard	April 2008	212.54	1170.70	212.54	Undeveloped	212.54	-
2.	Alwar	Ruddhuninath	December 2006	21.37	5.34	21.37	-	-	39
3.	Bhiwadi-II	Khushkeda Extension	June 2007	11.73	179.82	11.73	-	-	33
4.	Boranada	Kishanghat	December 2008	73.86	69.24	73.86	-	-	15
5.	EPIP Sitapura	Prahladpura	March 2009	271.00	6857.28	166.00	-	-	12
6.	Jaipur Rural	Kukas Extension	October 2005	264.60	4227.11	264.60	-	-	53
		Dahmi Khurd	June 2008	8.01	431.70	8.01	-	-	21
7.	Jaipur South	Dholkabad Khokabas	January 2007	50.66	81.55	0	-	-	38
		Girdharpura Sikandra	March 2007	39.65	175.00	0	-	-	36
		Devnagar	March 2009	235.99	256.87	0	-	-	12
8.	Jhalawar	Growth Centre	February 2005	20.00	19.4	20.00	-	-	-
9.	Jhunjhunu	Ramsara, Churu	May 2008	181.43	173.61	0	-	-	22
			October 2008	2.18	1.05	0	-	-	17
10.	Jodhpur	Stone Park Mandore	May 2006	49.40	40.07	49.40	-	27.44	46
11.	Pali	Punayata	February 2006	18.44	1.21	0	-	-	49
12.	Nagaur	Mundwa (ACL)	May 2007	481.45	1501.76	481.45	Undeveloped	481.45	-
13.	Udaipur	Amberi	July 2008	96.67	1332.15	0	-	-	20
14.		Others	2005-09	119.81	605.28	67.00	-	-	-
	Total (C)			**2158.79**	**17129.14**	**1375.96**		**721.43**	
Land acquired/allotted during 2009-10									
1.	Ajmer	Srinagar	February 2010	81.12	126.76	81.12	-	-	1
2.	Alwar	Ruddhuninath	January 2010	24.51	32.84	0			2
		Dumeda	January 2010	86.49	73.79	86.49	-	-	2
3.	Bhiwadi-II	Rabadka, Dhamawas, Karmsiwas	July 2009	89.03	1194.24	89.03	-	-	8

Sl. No.	Name of unit office	Name of industrial area	Month and year of acquisition/ allotment	Land acquired /allotted (in acre)	Compensation/ Premium paid (₹ in crore)	Land taken in possession upto March 2010 (in acre)	Month and year of development plan	Land Allotted upto March 2011 (in acre)	Delay in development plan since acquisition (in months)
1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**	**9.**	**10.**
4.	Jhalawar	Dhanodi	July 2009	27.31	14.95	0	-	-	8
			March 2010	114.06	26.74	114.06		-	0
5.	Jhunjhunu	Ramsara, Churu	May 2009	23.28	59.65	0	-	-	10
6.	Jodhpur	Daejar	July 2009	56.44	35.28	0	-	-	8
		Osian	July 2009	62.54	3.95	0	-	-	8
7.	Nagaur	Rupasar-Bhadana	May 2009	624.47	1453.67	399.66	-	-	10
8.	Udaipur	Dakankotada	May 2009	557.24	1283.43	0	-	-	10
	Total (D)			**1746.49**	**4305.3**	**770.36**		**-**	
Land planned during 2005-10:Total (A)+(B)				**8986.31**	**118908.98**	**8450.01**		**3066.92**	
Land acquired during 2005-09:Total (B)+(C)				**8700.03**	**136038.12**	**7662.12**		**3135.75**	
Land acquired during 2005-10:Total (B)+(C)+(D)				**10446.52**	**140343.42**	**8432.48**		**3135.75**	
Grand total:(A)+ (B)+(C)+(D)				**12891.59**	**140343.42**	**10596.33**		**3788.35**	

Annexure-17
(Referred to in paragraph 2.2.27)

Statement showing gist of relevant provisions of RIICO Disposal of Land Rules, 1979 not followed in allotment process

Rule	Provision of rule
3 (iii)	Security deposit and 25 per cent development charges for the land area applied for at the prevailing rates, in cash or through demand draft payable to "RIICO Ltd." However, if the applicant pays 100 per cent development charges for allotment of plots in non-saturated industrial areas, a rebate of 2 per cent in the allotment rate would be allowed as cash incentive.
3 (C)	***Rebate on allotment of larger size industrial plot*** For setting up an industry in non-saturated industrial areas, 10 *per cent* rebate in the rate of development charges on industrial plot measuring 10,000 sqm and an additional rebate of 0.5 *per cent* per 1,000 sqm over and above 10,000 sqm shall be allowed subject to maximum rebate of 25 *per cent*. Further, an additional 10 per cent rebate in the rate may be allowed by way of reimbursement to those who makes ₹ 50 crore minimum investment for setting up a industrial project or ₹ 25 crore minimum investment for setting up power plant within 5 years period from the allotment date on minimum 20,000 sqm plot.
3 (E) 1	***Allotment of land to Technical Institutes/Training Institutes-Engineering/Medical/Dental and other Technical Institutes*** The interested agency/consortium should have sufficient experience to run similar technical institution in India or abroad. Those having collaboration/franchise arrangement with the institution of National/International repute would be given due weightage. The proposed Institutes should have the approval of the State Government and affiliation with the All India Council of Technical Education/University as the case may be.
3 (W)	***Industrial land allotment on 'on going basis' in certain special cases in the industrial areas located in Jaipur and NCR.*** Industrial land in Industrial Areas falling in Jaipur and NCR will be allotted on 'on going basis' in the following cases by dispensing with the requirement of inviting expression of interest through advertisement in newspapers: (i) projects having investment of ₹ 20 crore or above, (ii) projects being set up by NRIs, (iii) projects with 33 per cent or more foreign direct investment (iv) allotment of land for IT industry (manufacturing and software development). The powers for allotment of plots to particular category of entrepreneurs, as mentioned above, will vest with an in-house committee of RIICO which will be headed by the MD and the Financial Advisor, Advisor (Infra), Advisor (A&M), General Manager (BP) and concerned unit head.
18(b)	***Transfer fee*** (iii) In case of transfer of vacant plots the chargeable transfer fee will be 15 per cent of the prevailing development charges of the industrial area concerned for the plots allotted for industrial, educational institutions and supportive services purposes. However, for residential and commercial plots the said transfer fee (transfer of vacant plots) will be 1.5 and 2 times the above fee, respectively. (v) In case where in transfer of a vacant plot is being made by a defaulter allottee then the chargeable fee in such cases will be 1.25 times the transfer fee as applicable for the regular cases and as mentioned at S.No. (iii) above.
21	***Time period for commencement and completion of construction activities and commencement of production activities*** 1. As a general provision, an allottee would be required to have construction activities completed within a period of two years and production activities started within a period of three years from the date of possession or from the date of lease deed execution, whichever is earlier. 2. In case of plot/land allotments in NCR made on or after 19.5.2006 the allottees as a

<table>
<tr><td></td><td>specific provision would be required to commence construction activities within 6 months, complete the construction activities within 18 months and start production within 24 months respectively from the above dates.
3. In case of plot/land allotments made prior to 2.6.2004, allottees as a specific provision would be required to commence production activities within a period of five years from the above dates which is the then provisions of the rules.
5. Commencement of construction activities would mean concrete laid in foundation trenches for the structure covering at least 20 per cent of the plot area.
6. For this purpose the completion of construction would mean coverage of atleast 20 per cent of the plot area with a pucca structure where roof has been built up.</td></tr>
<tr><td>23-C</td><td>Time extension for delay in commencement of production activity or activity for which the plot is allotted
9. In case of land allotment made after 9.5.2005 time extension in category A industrial area would be considered on payment of retention charges at prescribed rates, as under:
<table>
<tr><td>Competent Authority</td><td>Time extension from stipulated date for completion of construction activity and commencement of production activity.</td><td>Rate of retention charges</td></tr>
<tr><td>Regional Unit Head</td><td>Maximum one year</td><td>0.75% and 0.50% respectively of the rate of prevailing development charges in the area per sqm per quarter.</td></tr>
<tr><td>ED RIICO</td><td>Further extension of maximum two years</td><td>1% and 0.75% respectively of prevailing development charges per sqm. per quarter.</td></tr>
<tr><td colspan="3">No further extension beyond this period was to be granted and if the condition has not been met during such extended period, the plot would be liable for cancellation</td></tr>
</table></td></tr>
<tr><td></td><td>Building Regulation 3(a)(i) provides for a self certification from the allottees of industrial plots up to 40,000 sqm, specifying that the plans submitted by them are as per norms prescribed by the Company and for such plots normal approval of plans from the Company is not necessary.</td></tr>
</table>

Annexure-18
(Referred to in paragraph 2.2.43)

Statement showing status of Integrated Infrastructural Development (IID) Scheme in Rajasthan as on 31 December 2010

(₹in lakh)

S. No	Particulars	IIDs developed under the scheme								
		Sangaria (Jodhpur)	**Gogelao (Nagaur)**	**Newai (Tonk)**	**Kaladwas (Udaipur)**	**Falna (Pali)**	**Hindaun City (Karuli)**	**Baran (Baran)**	**Bayana Bharatpur**	**Khushkheda (Alwar)**
1	Date of sanction by GOI	August 1994	March 1997	March 1998	November 1998	July 2003	July 2003	November 2003	February 2004	August 2004
2	Target date of completion as per sanction	July 1996	September 1997	September 1998	November 1999	July 2005	July 2005	December 2004	December 2005	August 2005
3	Actual date of completion	November 2008	November 2008	November 2008	September 2008	September 2010	March 2009	March 2009	October 2008	September 2008
4	Delay period (in Months)	148	134	122	106	62	44	51	34	37
5	Total area to be developed (acre)	103.72	80.00	155.44	171.09	128.95	72.37	99.00	66.72	151.77
6	Saleable area (acre)	57.17	44.64	63.23	72.86	61.30	42.00	63.20	45.02	99.50
7	No. of plots:									
	Planned	597	265	250	245	302	132	199	168	479
	Allotted	592	255	245	244	165	118	56	148	383
	Under construction	54	48	55	25	-	19	01	20	170
	Under production	538	158	81	178	-	44	-	80	149
	Percentage of plots under production to total plots planned	90.12	59.62	32.40	72.65	-	33.33	-	47.62	31.11
8	Total project cost sanctioned by GOI excluding land cost	492.50	501.74	500.06	500.00	455.13	372.17	463.94	379.87	729.22
9	Administrative sanction approved by the Company	578.33	334.37	623.53	664.37	512.34	790.86	1110.33	975.24	1585.56
10	Total expenditure excluding land cost as on November 2010	505.56	278.46	427.40	482.54	360.78	413.12	778.27	328.92	836.36
11	Amount of Grant									
	Sanctioned	197	200	200	200	182.05	148.87	185.58	151.95	200
	Received	197	100	160.79	125	111.64	106.52	117.33	100.44	190
12	Admissible grant	197	111.38	170.96	193.02	144.31	148.87	185.58	131.57	200
13	Unreleased grant (12-11(b))	-	11.38	10.17	68.02	32.67	42.35	68.25	31.13	10

Annexure-19
(Referred to in paragraph 2.2.45)

Statement showing approved Project Cost, Sanctioned financial assistance and grant released by Government of India and expenditure incurred by RIICO upto December 2010

(₹in lakh)

Agro Food Park	Total Project Cost	Date of approval of the project by GOI	Scheduled period of completion	Financial Assistance sanctioned						Grant released till December 2010	Expenditure incurred till December 2010					
				PSS	WSS	CETP	WG/MM & MY	QCL	Total		PSS	WSS	CETP	WG/MM & MY	QCL	Total
Ranpur-I	1133.94	12 November 2002	18 months	48.90	112.60	75.90	-	46.30	**283.70**	141.85	34.76	101.74	-	-	27.09	**163.59**
Boranada-I	1366.43	6 March 2003	18 months	67.32	137.86	92.73	43.56	46.30	**387.77**	147.20	74.05	38.75	25.15	-	47.19	**185.14**
Sriganganagar	911.56	21 January 2004	18 months	50.04	106.51	95.23	90.83	48.91	**227.89***	100.00	41.03	51.36	-	-	28.00	**120.39**
Alwar	1713.98	30 April 2007	18 months	85.72	64.64	80.00	41.95	79.67	**351.98**	87.99	100.49	61.92	-	-	23.15	**185.56**

Note: *Restricted to 25 *per cent* of the cost.
PSS (Power Supply Scheme),
WSS (Water Supply Scheme),
CETP (Common Effluent Treatment Plant),
WG (Warehousing Godown),
MM & MY (Mini Market & Mandi Yard),
QCL (Quality Control Lab)

Annexure-20
(Referred to in paragraph 2.2.54)

Statement showing unit wise results of the entrepreneur satisfaction survey

(Unit wise satisfaction level in percentage)

Roads

Unit under survey	Quality of road	Availability of approach road	Repair and maintenance
Ajmer	6	29	5
Balotra	55	56	54
Bhiwadi-I	34	45	29
Bhiwadi-II	47	53	47
Jaipur-North	60	68	53
Jaipur-Rural	44	56	44
Kota	14	41	17
Neemrana	82	82	73
Company	**34**	**49**	**32**

Other infrastructural facilities

Unit under survey	Drainage	Adequacy of water supply	Street lights	Safety measures	Cleanliness/ Solid waste management
Ajmer	6	4	26	11	18
Balotra	46	28	75	5	51
Bhiwadi-I	14	34	33	26	27
Bhiwadi-II	58	53	66	47	58
Jaipur-North	37	36	57	44	33
Jaipur-Rural	37	56	45	26	10
Kota	13	15	21	5	11
Neemrana	50	45	64	59	55
Company	**24**	**27**	**41**	**22**	**27**

Environmental issues

Unit under survey	Plantation	Maintenance of green belt	CETP availability	Requirement of CETP
Ajmer	26	19	-	45
Balotra	33	16	4	72
Bhiwadi-I	38	29	1	76
Bhiwadi-II	79	79	-	95
Jaipur-North	35	27	-	72
Jaipur-Rural	18	18	1	41
Kota	11	9	-	76
Neemrana	73	64	-	100
Company	**30**	**23**	**6**	**68**

Service Complexes

Unit under survey	Product display/ marketing complex	Bank/Post office	Telecommunication facilities	Public Health Centre
Ajmer	19	77	33	43
Balotra	6	89	89	14
Bhiwadi-I	26	93	45	52
Bhiwadi-II	21	53	32	84
Jaipur-North	16	82	81	74
Jaipur-Rural	3	10	10	18
Kota	4	67	47	9
Neemrana	18	64	36	18
Company	**15**	**76**	**54**	**41**

Other aspects

Unit under survey	Applicability/ transparency of rules and regulations	Promptness	Redressal of grievance	Behavior of staff
Ajmer	24	16	18	34
Balotra	82	69	71	92
Bhiwadi-I	61	46	46	74
Bhiwadi-II	79	89	95	100
Jaipur-North	69	74	76	79
Jaipur-Rural	49	56	59	79
Kota	23	21	20	31
Neemrana	45	64	82	91
Company	**51**	**46**	**48**	**63**

Annexure-21
(Referred to in Paragraph 3.10)

Statement showing the status of closed units of RTDC and their performance during the period 2000-2010

Sr. No.	Name of Unit	Year of construction/ transfer	Cost of construction (₹ in lakh)				Status	Income/Expenditure (from 2000-2010) in ₹ lakh		Present Status
			GOI	GOR	RTDC	Total		Income	Expenditure	
(A) Units constructed under central Sponsored Scheme										
1.	Café Menal	March 1992	3.72	1.20	1.80	6.72	Operated through lease during 2000-2010 but vacant in 2010	2.78	-	Closed
2.	Café Mandawa	September 1989	0.65	-	0.76	1.41	Never operated	-	-	Closed
3.	Café Mahensar	November 1989	2.06	-	0.68	2.74	Never operated	-	-	Closed
4.	Hotel Bhilwara	December 2003	18.76	9.16	13.19	41.11	Never operated	-	-	Closed
5.	Hotel Hanumangarh	March 1998	18.76	9.16	13.41	41.33	Operated through lease during 2000-02.	1.57	2.11	Closed
6.	Yatrika Kaila Devi	January 1999	20.24	6.17	-	26.41	Never operated	-	-	Closed
7.	Yatrika Salasar	December 1996	4.74	33.49	-	38.23	Never operated (except 2000-01)	1.39	0.15	Closed
8.	Motel Baap	February 1996	10.92	6.98	-	17.90	Never operated (except 2000-01)	0.44	0.35	Closed
9.	Motel Dhechu	December 1996	4.74	8.04	-	12.78	Operated during 2000-01 and 2003-04.	0.59	2.99	Closed
10.	Motel Deeg	June 1993	4.08	5.68	15.89	25.65	Operated upto 2005-06	5.61	2.81	Closed
11.	Motel Deoli	September 1995	6.61	2.95	10.27	19.83	Operated during 2000-03 and 2004-06.	0.61	4.49	Closed
12.	Motel Gogunda	December 1992	3.12	2.27	8.06	13.45	Operated during 2000-02.	2.38	-	Closed
13.	Motel Merta	December 1998	11.95	5.63	0.43	18.01	Operated during 2002-05.	0.50	0.32	Closed
14.	Motel Osia	June 1998	5.68	4.70	-	10.38	Operated during 2000-02.	0.97	-	Closed
15.	Motel Pindwara	March 1998	7.38	2.24	0.42	10.04	Never operated (except 2006-07)	0.20	-	Closed
16.	Motel Sikar	1995	4.74	2.52	4.13	11.39	Never operated	-	-	Closed
(B) Units transferred by the State Government to RTDC										
1.	Café Apollo	April 1979	-	2.25	2.86	5.11	Matter is sub-judicial	-	-	-
2.	Purjan Niwas	April 1979	-	15.30	-	15.30	Closed since 1992	-	-	Closed
3.	Rest House Haldighati	April 1979	-	5.96	-	5.96	Operated during 2000-04.	1.38	2.38	Closed
4.	Hotel Jaisamand	April 1979	-	8.91	-	8.91	Operated during 2002-04 and 2006-07.	2.84	-	Closed
5.	Café Talvriksha	July 1998	-	-	-	-	Operated during 2000-06.	3.09	-	Closed
(C) Units constructed by RTDC										
1.	Motel Gulabpura	July 1984	-	-	9.30	9.30	Vacant since 2007	0.94	7.59	Closed

Annexure-22
(Referred to in Paragraph 3.14.2)

Statement showing lack of responsiveness to Inspection Reports

Sl. No.	Name of Sector	Outstanding Inspection Reports and Paragraphs				1st compliance not received				Compliance not received for more than two years			
		No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (₹. in crore)	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (₹ in crore)	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (₹ in crore)
1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**	**9.**	**10.**	**11.**	**12.**	**13.**	**14.**
(A)	**Government companies**												
1.	Agriculture and allied sector	1	19	68	20.90	-	-	-	-	-	-	-	-
2.	Finance sector	2	29	92	23.67	1	3	11	0.33	1	1	5	0.14
3.	Infrastructure sector	3	106	373	234.26	2	13	83	26.94	-	-	-	-
4.	Manufacture sector	4	24	109	127.44	1	2	29	28.10	-	-	-	-
5.	Power sector	6	280	1303	943.07	6	19	123	93.26	-	-	-	-
6.	Service sector	3	50	130	16.28	2	5	13	1.02	-	-	-	-
7.	Miscellaneous sector	1	1	3	2.01	1	1	3	2.01	-	-	-	-
	Total (A)	**20**	**509**	**2078**	**1367.63**	**13**	**43**	**262**	**151.66**	**1**	**1**	**5**	**0.14**
(B)	**Statutory corporations**												
1.	Finance sector	1	65	122	413.69	-	-	-	-	-	-	-	-
2.	Service sector	2	77	168	56.69	-	-	-	-	-	-	-	-
	Total (B)	**3**	**142**	**290**	**470.38**	**-**	-	-	-	-	-	-	-
Grand Total (A+B)		**23**	**651**	**2368**	**1838.01**	**13**	**43**	**262**	**151.66**	**1**	**1**	**5**	**0.14**

Annexure-23
(Referred to in Paragraph 3.14.2)

Statement showing the department wise draft paragraphs/performance audit replies to which were awaited

Sl. No.	Name of the Department	No. of Performance reviews	No. of draft paragraphs	Period/date of issue
1.	Energy	1	1	July 2011 to October 2011
2.	Public Works Department	-	2	June 2011to August 2011
3.	Finance	-	1	October 2011
	Total	**1**	**4**	