Preface

Government commercial enterprises, 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.

This Report deals with the results of audit in respect of Government companies and Statutory corporations and has been prepared for submission to the Government of Madhya Pradesh under Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2008 (Civil)- Government of Madhya Pradesh.

Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956. In respect of Madhya Pradesh Road Transport Corporation and Madhya Pradesh State Electricity Board which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. As per the State Financial Corporations (Amendment) Act 2000, CAG has the right to conduct the audit of accounts of Madhya Pradesh Financial Corporation in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Madhya Pradesh Warehousing and Logistics Corporation, CAG has the right to conduct the audit of its accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Madhya Pradesh Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations are forwarded separately to the State Government.

The cases mentioned in this Report are those which came to notice in the course of audit during the year 2007-08 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 2007-08 have also been included, wherever necessary.

Audit have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

1. Overview of Government companies and Statutory corporations

As on 31 March 2008, the State had 44 Public Sector Undertakings (PSUs) comprising 40 Government companies and four Statutory corporations. Out of 40 Government companies, 31 were working and nine were non-working. All the four Statutory corporations were working. In addition, there were four deemed Government companies under Section 619-B of the Companies Act, 1956. Of these, three were working companies and one was non-working.

(Paragraphs 1.1 and 1.30)

The total investment in working PSUs decreased from Rs. 20,308.37 crore as on 31 March 2007 to Rs. 16,236.19 crore as on 31 March 2008. The total investment in non-working PSUs increased from Rs. 228.98 crore to Rs. 236.47 crore during the same period.

(Paragraphs 1.2 and 1.16)

The budgetary support in the form of capital, loans and grants /subsidy disbursed to the working PSUs increased from Rs. 1,474.20 crore in 2006-07 to Rs. 3,644.58 crore in 2007-08. The State Government guaranteed loans aggregating Rs. 153.43 crore during 2007-08. The total amount of outstanding loans guaranteed by the State Government decreased from Rs. 3,044.29 crore as on 31 March 2007 to Rs. 618.04 crore as on 31 March 2008.

(Paragraph 1.5)

Seven working Government companies and three Statutory corporations had finalised their accounts for the year 2007-08. The accounts of 24 working Government companies and one Statutory corporation were in arrears for periods ranging from one to seven years as on 30 September 2008. Five, out of nine, non-working Government companies were under liquidation and remaining four were defunct. One defunct company had finalised its accounts for the year 2007-08. Accounts of three defunct companies were in arrears for periods ranging from two to 13 years as on 30 September 2008.

(Paragraphs 1.6 and 1.19)

According to the latest finalised accounts, 13 working PSUs (12 Government companies and one Statutory corporation) incurred aggregate loss of Rs. 1,865.67 crore. 20 working PSUs (17 Government companies and three Statutory corporations) earned aggregate profit of Rs. 197.02 crore as per their latest finalised accounts. Five loss incurring working Government companies had accumulated losses of Rs. 4,179.93 crore, which exceeded their paid-up capital of Rs. 1,930.68 crore. Similarly one Statutory corporation had accumulated loss of Rs. 1,024.52 crore which was more than their paid up capital of Rs. 141.81 crore.

(Paragraphs 1.7, 1.9 and 1.11)

Review relating to a Government Company

Madhya Pradesh Laghu Udyog Nigam Limited

2. Operational Performance

The Company was incorporated in December 1961 for promotion and protection of small scale industries (SSIs) by providing marketing, financial, technical and managerial assistance. Presently, activities of the Company include supply of articles to Government, arranging procurement of raw material required by the SSIs, selling handloom and handicraft items, construction of buildings of Government Organizations etc. Despite 46 years of existence the company could not render assistance even to one percent of SSIs of the State. Some of the important audit findings are given below:

- Due to lack of appropriate analysis of the cost of drug kits by the Company, the State Government Department had to incur extra expenditure of Rs. 2.85 crore.

- Failure of the Company to ensure the payment of statutory dues by the contractors resulted in liability of Rs. 1.53 crore towards EPF dues.

- The State Industrial Policy 2004 envisaged providing linkage between the SSIs and industrial units in the Industrial Growth Centers and creation of Research and Development facilities. However, the Company had not initiated any action so far in this regard.

- Despite COPU's recommendation to transfer the staff and work of the estate and construction division to other agencies, the Company continued to retain the division.

(Chapter 2)

Review relating to Statutory Corporation

3. Implementation of Restructuring of Power Sector in the State

Alarmed by the fast deteriorating financial position of the Madhya Pradesh Electricity Board (Board), the State Government initiated (May 2000) the process of implementing the restructuring of the power sector in the State for restoration of financial viability of the Board. Accordingly, the Board was restructured and unbundled into five companies in accordance with Madhya Pradesh Vidyut Sudhar Adhiniyam 2000 (Reform Act, 2000). For bulk power trading function of the

Board, M P Power Trading Company was constituted in June 2006. Despite restructuring power sector in the State, the Board continued incurring losses since 2001-02, due to supply of power to agricultural consumers at subsidised rates, unremunerative tariff and excessive transmission and distribution (T&D) losses etc. Accordingly, functioning of the Board and its six companies was reviewed to assess the impact of restructuring of the power sector in the State for the period 2003-04 to 2007-08. Some of the important audit findings are given below:

- The financial restructuring plan (FRP) aimed at gradual transformation of M P Power sector submitted initially in December 2003 and revised from time to time, had not been approved so far by the State Government.

- The Board had not done valuation of assets and liabilities amounting to Rs. 13,124.48 crore before transferring them to the successor entities. The item-wise details of the fixed assets transferred were not provided to the successor entities.

- The stated objectives of restructuring the power sector in the State could not be achieved due to high incidence of Transmission and Distribution losses, slow meterisation of consumers and cross subsidisation. Restructuring did not have perceptible improvement on these aspects.

- The staff related liabilities amounting to Rs. 4,494 crore and leave encashment liability amounting to Rs. 263 crore remained unfunded.

(Chapter 3)

4. Transaction Audit Observations

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

- Infructuous, avoidable and extra expenditure of Rs. 2.40 crore was incurred in two cases.

(Paragraphs 4.2 and 4.4)

- Revenue forgone in six cases was Rs. 27.98 crore.

(Paragraphs 4.1, 4.3, 4.5, 4.6, 4.7 and 4.8)

Gist of some important observations is given below:

Incorrect estimation of Income Tax by **Madhya Pradesh State Civil Supplies Corporation Limited** resulted in avoidable payment of interest of Rs. 2.18 crore during 2001-02 to 2005-06.

(Paragraph 4.2)

Madhya Pradesh Audyogik Kendra Vikas Nigam (Bhopal, Indore) Limited & Industrial Infrastructure Development Corporation Limited, Gwalior did not charge transfer fee in accordance with the Government directives and the State Government suffered loss of Rs. 24.64 crore during May 2000 to January 2008.

(Paragraph 4.3)

Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited delayed raising of bills and did not collect revenue in time resulting in blockage of funds of Rs. 3.53 crore and loss of surcharge of Rs. 62 lakh on delayed payments during November 2006 to November 2007.

(Paragraph 4.5)

Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited did not enforce Madhya Pradesh Electricity Regulatory Commission's orders which resulted in loss of revenue of Rs. 1.15 crore during 2002-03 to 2006-07.

(Paragraph 4.6)

Chapter-I

Overview of Government companies and Statutory corporations

Introduction

1.1 As on 31 March 2008, there were 40 Government companies (31 working and nine non-working companies[1]) and four Statutory corporations (all working), as against the same number of Government companies and Statutory corporations as on 31 March 2007, under the control of the State Government. The accounts of Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors appointed by the CAG under the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit by the CAG under Section 619 of the Companies Act, 1956. The audit arrangements of the Statutory corporations are given below:

Sl. No.	Name of the corporation	Authority for audit by the Comptroller and Auditor General of India	Audit arrangement
1.	Madhya Pradesh State Electricity Board (MPSEB)	Rule 14 of the Electricity Supply (Annual Accounts) Rules, 1985 read with Section 172(a) and 185(2) (d) of the Electricity Act, 2003	Sole audit by the CAG
2.	Madhya Pradesh Road Transport Corporation (MPRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	
3.	Madhya Pradesh Financial Corporation (MPFC)	Section 37(6) of the State Financial Corporations Act, 1951	Audit by Chartered Accountants and supplementary audit by the CAG
4.	Madhya Pradesh Warehousing and Logistics Corporation (MPWLC)	Section 31(8) of the State Warehousing Corporations Act, 1962	

In addition, the State Government had formed (February 1999) Madhya Pradesh Electricity Regulatory Commission (MPERC) and its audit is also entrusted to the CAG under Section 104(2) of the Electricity Act, 2003[2].

1 *Non-working companies are those which are under process of liquidation, closure, merger etc.*

2 *Erstwhile Electricity Regulatory Commission Act, 1998 had been replaced by the Electricity Act, 2003.*

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

1.2 The total investment in 35 working PSUs (31 Government companies and four Statutory corporations) at the end of March 2007 and March 2008 was as follows:

(Rupees in crore)

Year	Number of working PSUs	Investment in working PSUs			
		Equity capital	Share application money	Loans	Total
2006-07	35	4,871.72	616.31	14,820.34	20,308.37
2007-08	35	5,717.58	1,525.11	8,993.50	16,236.19[3]

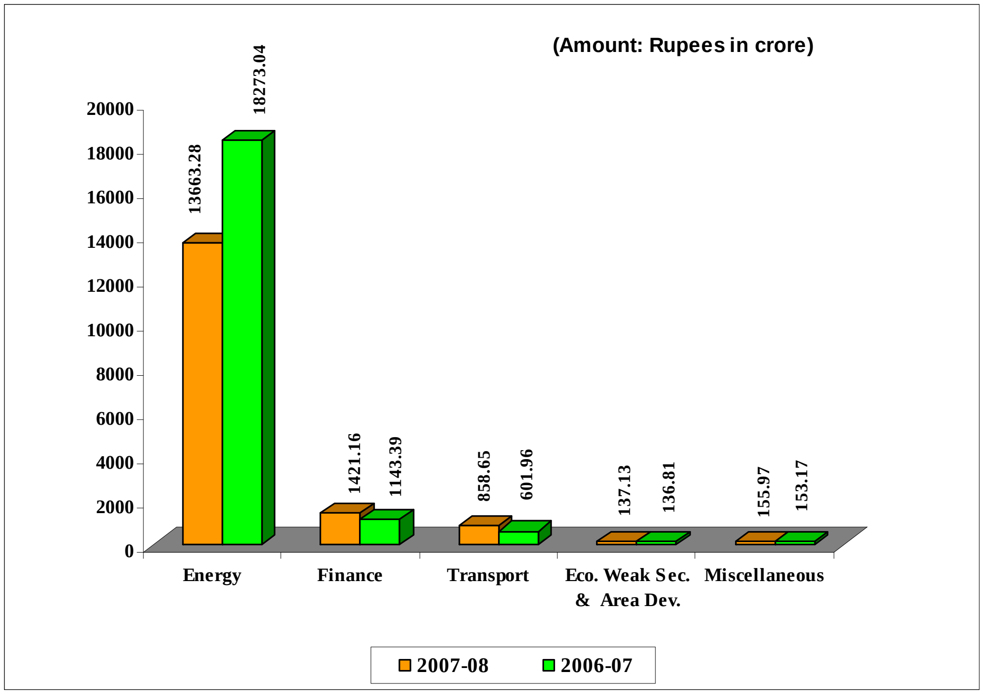
Source: Information furnished by companies/corporations

As on 31 March 2008, the total investment in working Government companies and Statutory corporations comprised 44.61 *per cent* of equity capital including share application money and 55.39 *per cent* of loans, compared to 27.02 *per cent* and 72.98 *per cent* of equity capital and loans respectively as on 31 March 2007. An analysis of the investment in PSUs is given in the following paragraphs.

Sector-wise investment in working Government companies and Statutory corporations

The investment (equity and long-term loans) in various sectors and percentages thereof at the end of 31 March 2008 and 31 March 2007 are indicated below in the bar charts:

[3] *State Government's investment in working PSUs was Rs. 9,102.55 crore (others Rs. 7,133.64 crore). The figure as per Finance Accounts is Rs. 6283.99 crore. The difference is under reconciliation.*



Working Government companies

1.3 Total investment in the working Government companies at the end of March 2007 and March 2008 was as follows.

(Rupees in crore)

Year	Number of working Government companies	Investment in working Government companies			
		Equity capital	Share application money	Loans	Total
2006-07	31	3,825.18	526.06	5,492.94	9,844.18
2007-08	31	4,845.06	1,434.86	7,811.03	14,090.95

Source: Information furnished by companies

The summarised position of Government investment in the working Government companies in the form of equity and loans is detailed in ***Annexure-1.***

As on 31 March 2008, the total investment in the working Government companies comprised 44.57 *per cent* of equity capital including share application money and 55.43 *per cent* of loans as against 44.20 *per cent* and 55.80 *per cent* respectively, as on 31 March 2007.

Due to increase in equity in power sector, the debt-equity ratio of the working Government companies decreased from 1.26:1 in 2006-07 to 1.24:1 in 2007-08.

Working Statutory corporations

1.4 The total investment in the four working Statutory corporations at the end of March 2007 and March 2008 was as follows:

(Rupees in crore)

Name of corporation	2006-07		2007-08	
	Capital	Loans	Capital	Loans
Madhya Pradesh State Electricity Board	718.63	8,351.93	479.61[4]	2.31[4]
Madhya Pradesh Road Transport Corporation	141.81	460.15	141.81	716.84
Madhya Pradesh Financial Corporation	268.29	510.48	333.29	460.09
Madhya Pradesh Warehousing and Logistics Corporation	8.06	4.83	8.06	3.23
Total	**1,136.79**	**9,327.39**	**962.77**	**1,182.47**

Source: Information furnished by the corporations

The summarised position of Government investment in the working Statutory corporations in the form of equity and loans is detailed in ***Annexure-1.***

As on 31 March 2008, the total investment in working Statutory corporations comprised 44.88 *per cent* of equity capital and 55.12 *per cent* of loans as against 10.86 and 89.14 *per cent* respectively as on 31 March 2007. The debt-equity ratio decreased from 8.21:1 in 2006-07 to 1.23:1 in 2007-08 due to transfer of loan in MPSEB to new power sector companies as a part of the reform process.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.5 The details of the budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government relating to working Government companies and working Statutory corporations are given in ***Annexures 1*** and ***3***.

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to the working Government companies and working Statutory corporations for three years up to 2007-08 are given below:

[4] *The information supplied by the Board in October 2008 as on March 2006.*

(Rupees in crore)

	2005-06				2006-07				2007-08			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity capital outgo from budget	7	2,857.29	2	404.00	6	794.61	1	189.00	6	1476.19	1	65.00
Loans given from budget	3	91.16	3	651.31	4	102.76	1	94.03	5	509.79	1	128.92
Other grants/subsidy	9	32.43	1	495.69	11	292.80	1	1.00	13	1464.64	1	0.04
Total outgo [5]	**16**	**2,980.88**	**3**	**1,551.00**	**18**	**1,190.17**	**2**	**284.03**	**17**	**3,450.62**	**2**	**193.96**

Source: Information furnished by companies/corporations

During the year 2007-08, the Government had guaranteed loans aggregating Rs. 153.43 crore obtained by seven working Government companies (Rs. 103.43 crore) and one working Statutory corporation (Rs. 50 crore). At the end of the year, guarantees amounting to Rs. 618.04 crore in respect of eight[6] working Government companies (Rs. 397.39 crore) and two working Statutory corporations (Rs. 220.65 crore) were outstanding as against Rs. 3,044.29 crore in respect of seven working Government companies and two Statutory corporations at the end of the previous year. The guarantee commission payable to the Government by the Government companies and Statutory corporations at the end of March 2008 was Rs. 3.58 crore and Rs. 1.07 crore respectively.

During 2007-08, the State Government had repaid a loan of Rs. 2.92 crore, which was guaranteed by it, on behalf of M.P. State Industrial Development Corporation Limited.

Finalisation of accounts by the working PSUs

1.6 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 read with section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year. Similarly, in the case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective statutes.

However, as could be seen from ***Annexure-2***, out of 31 working Government companies and four Statutory corporations, only seven companies and three corporations had finalised their accounts for the year 2007-08 within the stipulated period. During the period from October 2007 to September 2008, 22 working Government companies finalised 24 accounts for previous years.

5 Numbers of companies/corporations shown are the actual number of companies/ corporation which had received budgetary support in the form of equity, loans, grant and subsidies from the State Government during the respective years.

6 M P Power Generating Company Limited did not furnish the guarantee amount outstanding at the end of 2007-08.

Similarly, during this period, three working Statutory corporations finalised three accounts for previous years.

The accounts of 24 working Government companies and one Statutory corporation were in arrears for periods ranging from one to seven years as on 30 September 2008 as detailed below:

Sl. No.	Number of working companies/ corporations		Period for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to serial No. of Annexure 2	
	Government companies	Statutory corporations			Government companies	Statutory corporations
1.	1	--	2001-02 to 2007-08	7	A-18	--
2.	1	--	2002-03 to 2007-08	6	A-19	--
3.	1	--	2004-05 to 2007-08	4	A-7	--
4.	4	1	2005-06 to2007-08	3	A-6, 13, 17, 21,	B-1
5	6	--	2006-07 to 2007-08	2	A-1, 2, 11, 16, 22, 31	--
6	11	--	2007-08	1	A-3, 4, 5, 8, 10, 12, 14, 15, 23, 24, 30	--
	24	**1**				

Source: Annual accounts of companies/corporations

The State Government had invested Rs. 1,214.18 crore (Equity: Rs. 27.52 crore; loans: Rs. 74.35 crore; subsidy: Rs. 952.35 crore and grant: Rs. 159.96 crore) in 15 working PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 4***. In the absence of finalisation of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments of the Government were apprised quarterly by the Principal Accountant General regarding arrears in finalisation of accounts, adequate measures had not been taken by the Government and as a result, the net worth of these PSUs could not be assessed in audit.

Financial position and working results of working PSUs

1.7 The summarised financial results of working PSUs (Government companies and Statutory corporations) as per their latest finalised accounts are given in ***Annexure-2.*** Besides, the financial position and working results of the individual working Statutory corporations for the latest three years for which accounts have been finalised are given in ***Annexures-5*** and ***6*** respectively.

According to the latest finalised accounts of 31 working Government companies and four working Statutory corporations, 12 companies and one corporation had incurred aggregate loss of Rs. 1,852.05 crore and Rs. 13.62 crore respectively and 17 companies and three corporations earned aggregate profit of Rs. 95.71 crore and Rs. 101.31 crore respectively. One company[7] had not commenced its activities and hence not prepared Profit and Loss Account. One more company had not yet finalised its first accounts (Sl. No. 31 of ***Annexure 2***).

Working Government companies

Profit earning working Government companies and dividend

1.8 Out of seven[8] working Government companies, which finalised their accounts for 2007-08 by 30 September 2008, three (Sl. No. A-9, 20 & 28 of ***Annexure-2***) companies, earned an aggregate profit of Rs. 53.59 crore and only two[9] companies declared dividend aggregating Rs. 7.51 crore. The dividend as a percentage of share capital in the above two profit making companies worked out to 70.38 *per cent* in these companies. The remaining one company did not declare any dividend. The total return by way of above dividend of Rs. 7.51 crore worked out to 0.12 *per cent* on the total equity investment of Rs. 6,232.36 crore by the State Government in all the Government companies as per their latest finalised accounts. The State Government had formulated (July 1998) a dividend policy for payment of minimum dividend of 12 *per cent* on equity, subsequently revised (July 2005) to 20 p*er cent* on profit after tax. However, these guidelines were not complied with by one company (viz. Pithampur Auto Cluster Limited, Indore).

Similarly, out of 23 working Government companies, which finalised their accounts for previous years by September 2008, 14 companies earned an aggregate profit of Rs. 42.11 crore. Of these, 11 companies earned profit for two or more successive years. Out of these 14 companies, three[10] companies declared dividend of Rs. 2.41 crore.

Loss incurring working Government companies

1.9 Of the 12 loss incurring working Government companies, five companies (Sl. No. A-1, 23, 26, 27 and 29 of ***Annexure-2***) had accumulated losses aggregating to Rs. 4,179.93 crore, which exceeded their aggregate paid up capital of Rs. 1,930.68 crore. Despite poor performance, the State Government continued to provide financial support to these companies in the form of contribution towards equity, loans, subsidy, grants, etc. According to the available information, financial support so provided by the State Government by way of equity, loans, grants and subsidies, etc. during 2007-08 to these five companies amounted to Rs. 956.92 crore.

7 *Crystal I T Park Indore Limited.*

8 *These include five companies, which finalised their previous year's accounts also.*

9 *M P State Civil Supplies Corporation Limited and M P State Mining Corporation Limited.*

10 *Pithampur Auto Cluster Limited Indore, M P Rajya Van Vikas Nigam Limited and M P Laghu Udyog Nigam Limited.*

Working Statutory corporations

Profit earning Statutory corporations and dividend

1.10 Out of three working Statutory corporations which finalised their accounts for 2007-08 by September 2008, two corporations earned an aggregate profit of Rs. 7.32 crore and only one corporation (Sl.No.B-4 of ***Annexure-2***) declared dividend of Rs. 0.30 crore. The dividend as a percentage of share capital of the above profit making corporation worked out to 3.72 *per cent*. The other profit making corporation did not declare any dividend.

Similarly, the only Statutory corporation which finalised its accounts for previous years (Sl. No. B-1[11] of ***Annexure-2***), earned a profit of Rs. 93.99 crore but did not declare any dividend.

Loss incurring Statutory corporations

1.11 The only loss incurring Statutory corporation viz. Madhya Pradesh Road Transport Corporation had accumulated loss aggregating Rs. 1,024.52 crore which exceeded its paid up capital of Rs. 141.81 crore.

Despite poor performance, the State Government provided financial support to this corporation in the form of loans amounting to Rs. 128.92 crore during 2007-08.

Operational performance of the working Statutory corporations

1.12 The operational performance of the working Statutory corporations is given in ***Annexure-7***. Analysis of the operational performance of these corporations revealed the following:

Madhya Pradesh Road Transport Corporation

- The average number of vehicles on road decreased from 925 in 2004-05 to 19 in 2006-07[12] and number of operating depots went down from 42 to 32 during the same period.

- Gross kilometers operated reduced from 1,264.61 lakh kms in 2004-05 to 57.68 lakh kms in 2006-07.

Madhya Pradesh Financial Corporation

- Applications sanctioned for loan reduced from 558 in 2005-06 to 306 in 2007-08 though there was a marginal increase in the loan amount

11 The Corporation (MPSEB) has prepared its accounts for 2005-06 in two phases (viz. April 2005 to May 2005 and June 2005 to March 2006) but accounts for the period from June 2005 to March 2006 have not been submitted for audit.

12 Figures for 2007-08 not available.

sanctioned during 2007-08 (Rs. 168.45 crore) as against 2005-06 (Rs. 167.72 crore).

Madhya Pradesh Warehousing and Logistics Corporation

- Average capacity utilisation reduced from 9.05 lakh tonnes in 2005-06 to 8.91 lakh tonnes in 2007-08.

Return on capital employed

1.13 As per the latest finalised accounts (up to September 2008) of 31 working companies, the capital employed[13] worked out to Rs. 1,811.86 crore and total return[14] thereon amounted to Rs.(-)701.44 crore as compared to total return of Rs.(-)245.59 crore in the previous year. Similarly, the capital employed and total return thereon, in case of the working Statutory corporations as per their latest finalised accounts worked out to Rs. 10,497.52 crore and Rs.256.91 crore (2.45 *per cent*) respectively, against the total return of Rs. 1,531.80 crore in the previous year (11.97 *per cent*). The details of capital employed and the total return on capital employed in case of the working Government companies and Statutory corporations are given in ***Annexure-2.***

Reforms in power sector

Status of implementation of MOU between the State Government and the Government of India

1.14 A Memorandum of Understanding (MOU) was signed (May 2000) between the Government of Madhya Pradesh (GOMP) and Government of India (GOI) as a joint commitment for implementation of reforms programme in power sector with identified milestones. Commitments as per MOU and status thereon has been reviewed by the audit during 2007-08 and the audit findings thereon have been incorporated in Chapter 3 of this Report.

As a part of the reforms process, the Madhya Pradesh State Electricity Board (MPSEB) was unbundled (September 2000) into six Government companies. Out of these, only five[15] companies were registered in November 2001 and

[13] *Capital employed represents net fixed assets (including capital works-in-progress) plus working capital, except in finance companies and corporations where it represents the mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).*

[14] *For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the Profit and Loss Account.*

[15] *Madhya Pradesh Power Generating Company Limited (MPPGCL), Madhya Pradesh Power Transmission Company Limited (MPPTCL), Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited and Madhya Pradesh Poorva Kshetra Vidyut Vitran Company Limited (DISCOMs).*

May 2002 and these continued to function under an agreement with MPSEB till 31 May 2005. Independent status was granted to these companies from 1 June 2005 with revenue sharing, based on laid down cash flow mechanism. Three agreements, viz. (i) power purchase agreement between MPSEB and MPPGCL, (ii) transmission service agreement between MPSEB and MPPTCL and three DISCOMs and (iii) bulk supply agreement between MPSEB and three DISCOMs were executed on 17 June 2005.

A new Government company Madhya Pradesh Power Trading Company Limited (MPPTCL) was incorporated on 2 May 2006 for inter/intra state power trading. For the purpose of long term power purchase, Shahpura Thermal Power Company Limited., a shell company of MPPTCL was incorporated on 5 February 2007.

Madhya Pradesh Electricity Regulatory Commission

1.15 Madhya Pradesh Electricity Regulatory Commission (Commission) was formed in August 1998 under Section 17 of Electricity Regulatory Commission Act, 1998[16] with the objective of determining electricity tariff, advising in matters relating to electricity generation, transmission, distribution, *etc*. in the State. It started functioning from February 1999. The Commission is a body corporate and comprises three members including a Chairman, who are appointed by the State Government. The audit of the accounts of the Commission has been entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003. The Commission finalised its accounts up to 2006-07 (September 2008).

Non-working PSUs

Investment in non-working PSUs

1.16 The total investment in nine non-working Government companies at the end of March 2007 and 2008 was as follows:

(Rupees in crore)

Year	Number of non-working PSUs	Investment in non-working PSUs			
		Equity	Share application money	Loans	Total
2006-07	9	59.44	0.16	169.38	228.98
2007-08	9	59.45	0.16	176.86	236.47[17]

Source: Information furnished by companies

The classification of non-working PSUs was as follows:

[16] *Since replaced by the Electricity Act, 2003.*

[17] *State Government investment in non-working PSUs was Rs. 172.05 crore (others Rs. 64.42 crore). The figure as per Finance Accounts is Rs. 45.24 crore. The difference is under reconciliation.*

(Rupees in crore)

Sl. No.	Status of non-working PSUs	Number of companies	Investment in non-working PSUs	
			Equity[18]	Long term loans
(i)	Under liquidation	5[19]	12.12	--
(ii)	Under closure	4[20]	47.49	176.86
Total		**9**	**59.61**	**176.86**

Source: Information furnished by the companies

All the above nine non-working Government companies were under liquidation or closure under Section 560 of the Companies Act, 1956, for periods ranging from one to 24 years. Substantial investment of Rs. 236.47 crore was involved in these companies. Effective steps need to be taken for their expeditious liquidation.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.17 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government in respect of non-working Government companies are given in ***Annexure-1 and 3***. During the year State Government provided budgetary support by way of grant to one company viz. MP Leather Development Corporation amounting to Rs. 18.93 lakh. The State Government did not waive off any loan or convert any loan into equity during the year in respect of non- working companies.

1.18 Total establishment expenditure on non-working PSUs

The year-wise details of the total establishment expenditure of the non-working PSUs (Government companies) and the sources of financing it during the last three years up to 2007-08 are given below:

(Rupees in lakh)

Year	Number of Government companies	Total establishment expenditure	Disposal of investments/ assets	Financed by		
				Government by way of		Others[21]
				Loans	Grants	
2005-06	9	124.07	--	---	40.00	84.07
2006-07	9	2.80[22]	--	--	--	2.80
2007-08	9	152.20	14.50	--	18.93	118.77
Total	**--**	**279.07**	**14.50**		**58.93**	**205.64**

Source: Information furnished by companies

18 *Equity includes share application money of Rs. 1.03 crore in respect of one company.*

19 *M P Lift Irrigation Corporation Limited, M P State Dairy Development Corporation Limited, M P Film Development Corporation Limited, M P Rajya Setu Nirman Nigam Limited and M P Panchayati Raj Vitta Evam Vikas Nigam Limited.*

20 *M P Leather Development Corporation Limited, M P State Industries Corporation Limited, Optel Telecommunication Limited and M P State Textile Corporation Limited.*

21 *The other sources of finance are interest received from banks, proceeds from sale of stock and financial support from holding company.*

22 *Relates to one Company only.*

During 2005-08, Rs. 2.79 crore had been spent towards establishment expenses by nine non-working companies. Expeditious action is necessary for winding up of these companies to avoid further unproductive expenditure.

Finalisation of accounts by non-working PSUs

1.19 Five out of nine non-working Government companies were under liquidation and remaining four companies were defunct. The accounts of three out of four defunct companies were in arrears for periods ranging from two to 13 years as on 30 September 2008 as could be seen from ***Annexure-2.***

Financial position and working results of non-working PSUs

1.20 The summarised financial results of non-working Government companies as per their latest finalised accounts are given in ***Annexure-2.***

The equity investment in nine non-working Government companies as per their finalised accounts aggregated Rs. 58.78[23] crore. These companies had been incurring losses with aggregate cash loss of Rs. 11.57 crore and negative net worth of Rs. 138.41 crore. The accumulated loss of Rs. 242.08 crore of these companies as per their latest finalised accounts exceeded their paid up capital by more than four times.

Status of placement of Separate Audit Reports of Statutory corporations in Legislature

1.21 The Separate Audit Reports on the accounts of the Madhya Pradesh State Electricity Board (2004-05), Madhya Pradesh Road Transport Corporation (2005-06), Madhya Pradesh Financial Corporation (2006-07) and Madhya Pradesh Warehousing and Logistics Corporation (2006-07) issued to the State Government during October 2007 to September 2008 have since been placed before the State Legislature.

Disinvestments, privatisation and restructuring of the PSUs

1.22 The State Government did not undertake any disinvestment, privatisation or restructuring of any of its PSUs during 2007-08.

[23] *Figure of equity investment is as per the latest finalised accounts of the non-working companies and does not include additions in subsequent years.*

Results of Audit of accounts of PSUs

1.23 Some of the important comments made by the Statuary Auditors appointed by the Comptroller and Auditor General of India (CAG) under Section 619 of the Companies Act, 1956 in their audit reports on the accounts of the companies finalised during the period from October 2007 to September 2008 are given below:

Madhya Pradesh Power Generating Company Limited (2007-08)

- Fuel shortages of Rs. 32.78 crore and excess of Rs. 0.23 crore pertaining to earlier years were not written off/ adjusted.
- Sale of power of Rs. 29.59 crore was not accounted for.

Madhya Pradesh State Civil Supplies Corporation Limited (2007-08)

- Without having adequate documents, Rs. 1.76 crore payable on price differential (wheat) and Rs. 83.20 crore payable to State Government (margin) accounted for in the profit and loss account.

Madhya Pradesh Paschim Kshetra Vidyut Vittran Company, Indore (2006-07)

- Capital works valued at Rs. 615.36 crore, which were completed and transferred from the erstwhile Electricity Board, were not capitalized.
- Excess physical inventory of Rs. 46.19 crore was not accounted.

1.24 During October 2007 to September 2008, the accounts of 26 Government companies (23 working and three non-working) and four Statutory corporations were selected for audit. The net impact of the important audit observations as a result of audit is as follows:

Sl. No.	Details	Number of accounts			(Amount: Rupees in crore)		
		Government companies		Statutory corporations	Government companies		Statutory corporations
		Working	Non-working	Working	Working	Non-working	Working
1	Decrease in profit	5	--	1	3.58	--	2.06
2	Increase in profit	1	--	1	0.07	-	0.15
3	Increase in loss	5	1	1	51.19	1.94	893.16
4	Decrease in loss	2	--	1	0.34	--	0.23
5	Non disclosure of material facts	9	--	1	31.37	--	867.00
6	Errors of classification	3	--	2	7.48	--	87.16

1.25 ***Important comments arising from supplementary audit in case of working Government companies***

Some of the major errors and omissions noticed during the supplementary audit in case of the working Government companies are tabulated below:

Sl. No.	Name of the Company	Year of accounts	Errors/omissions	Rupees in lakh
1.	Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited	2006-07	Statutory charges collected by the company neither remitted to Government nor provided for in the accounts.	21.78
2.	Madhya Pradesh Power Generating Company Limited	2006-07	Over capitalization of interest resulted in understatement of loss.	0.32
3.	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	2006-07	Non-provision of liability towards leave encashment of retiring employees resulted in understatement of provision and loss.	835.08
4.	Madhya Pradesh State Industrial Development Corporation Limited	2005-06	Interest paid on unsecured loan deducted from principal resulted in under statement of interest and unsecured loan.	10.00
5.	Madhya Pradesh Agro Industries development Corporation limited	2005-06	Misappropriation of cash by DGM, Mechanized Agro Farm, Babai had not been disclosed.	0.69

1.26 *Important comments raised by the Statuary Auditors in case of Statutory Corporation*

Madhya Pradesh Warehousing and Logistics Corporation (2007-08)

- Provisions made towards interest payable on shareholders fund of Rs. 0.52 crore were not permitted under Warehousing Corporation Act, 1962.
- Against the matching contribution of share capital of Rs. one crore, CWC contributed only Rs. 0.50 crore.

1.27 *Important comments arising from Sole/Supplementary audit in case of Statutory corporations*

Madhya Pradesh Financial Corporation (2007-08)	**Rs. in crore**
• Provision of group gratuity demanded by LIC was not made.	1.43
• The subsidy receivable from GOI through the State Government pertaining to periods prior to 1999-2000 had very remote chances of receipt in absence of any details.	0.63
• Excess provision of interest on Government loan.	0.16
Madhya Pradesh Road Transport Corporation (2005-06)	
• Expenditure incurred on repairs/replacement of items in various workshop of revenue nature charged to WIP.	1.80
• Statutory dues recovered from the salary were not deposited/ remitted to the respective department.	1.59
• Cash book was not maintained by Gwalior unit for one year.	--

Internal audit/ internal control

1.28 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on the various aspects including the internal control and internal audit system in the companies audited by them in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which need improvement. Directions/sub-directions under the Act, *ibid*, were issued to the Statutory Auditors in respect of 35 Government companies between October 2007 and September 2008. In pursuance of the directions so issued, reports of the Statutory Auditors of 11 Government companies were received (September 2008).

Major recommendations/comments on possible improvements in the internal audit/ internal control systems of the State Government companies as suggested by the Statutory Auditors are indicated below:

Sl. No.	Nature of the recommendations/comments made by the Statutory auditors	No. of companies to which recommendations/ comments pertain	Reference to serial numbers of Annexure-2
1.	Accounting manuals not prepared	2	A-21,24,
2.	Computerisation of accounts not done	4	A- 11,21,24,25,
3.	Non recovery/adjustment of outstanding dues	3	A-21,23,27,
4.	Accounting Standards were not adhered to	2	A-25,27,
5.	Bank reconciliation was not done	2	A-21,23,
6.	Non maintenance of store /fixed assets registers	5	A-8,17,21,23,26
7.	Ineffective Internal Audit/Internal control	7	A-8,17,21,22,23,24,25
8.	Non-preparation of cost account	4	A-8,17,21,22

Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

1.29 The following table indicates the details regarding number of reviews/ paragraphs discussed by the COPU by the end of September 2008.

Audit Report for the year	Number of reviews and paragraphs featured in the Audit Report		Number of reviews/paragraphs discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
2004-05	03	22	02	08
2005-06	05	20	01	08
2006-07	05	19	Nil	Nil
Total	**13**	**61**	**03**	**16**

During the year 2007-08, the COPU conducted 21 meetings and discussed four reviews and 39 draft paragraphs contained in Audit Report (Commercial) for the years 2002-03 to 2004-05.

619-B companies

1.30 There were four companies falling within the purview of Section 619-B of the Companies Act, 1956 of which three companies were working. ***Annexures-8*** gives the details of paid up capital and summarized working results of these companies based on their latest finalised accounts.

Chapter-II

Performance review relating to a Government Company

Madhya Pradesh Laghu Udyog Nigam Limited

2. Operational Performance

Highlights

Despite 46 years of existence, the Company did not render assistance to even one *per cent* of SSIs in the State.

(Paragraph 2.8)

Due to lack of appropriate analysis of the cost of drug kits by the Company, the State Government departments had to incur extra expenditure of Rs.2.85 crore.

(Paragraph 2.12)

The State Industrial Policy 2004 envisaged providing linkage between the SSIs and industrial units in the Industrial Growth Centers and creation of Research and Development facilities. However, the Company had not initiated any action so far in this regard.

(Paragraph 2.13)

Despite COPU's recommendation to transfer the staff and work of the estate and construction division to other agencies, the Company continued to retain them.

(Paragraph 2.18)

Failure of the Company to ensure payment of EPF dues by the contractors resulted in liability of Rs. 1.53 crore.

(Paragraph 2.20)

Introduction

2.1 Madhya Pradesh Laghu Udyog Nigam Limited (Company) was incorporated in December 1961 for promotion and protection of small scale industries (SSIs) by providing marketing, financial, technical and managerial assistance. Activities of the Company include supply of articles to Government, extending testing facilities for the products, arranging procurement of raw material required by the SSIs, selling handloom and handicraft items, construction of buildings of Government Organizations etc. To ensure growth of the Company, the State Government every year fixes targets for various activities of the Company and signs a Memorandum of Understanding (MOU). The Management of the Company is vested in a Board of Directors (BOD) consisting of eleven Directors (March 2008) including a Chairman and a Managing Director appointed by the State Government. The Managing Director is the Chief Executive officer and is assisted by five Chief General Managers (Finance and Accounts, Emporiam, Estate and Construction, Marketing and Coordination). The Company has three Marketing Offices, four Raw material depots, ten Emporia (including five located outside the State, viz., New Delhi, Kolkata (two), Jaipur and Udaipur), five Estate and Construction Divisions and two Testing Laboratories.

During the period of five years ending 2007-08, five Managing Directors held the charge ranging from nine to 24 months. Frequent changes at the top management level adversely affected the long term planning of the Company**.**

The activities of the Company were last reviewed and included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Commercial) Government of Madhya Pradesh. The Audit findings were discussed by the Committee on Public Undertakings (COPU) in December 2005. The COPU recommended, *inter alia*, strengthening of emporia and transfer of staff and work of the estate and construction division to other agency for maximum utilisation. Its follow up has been discussed in respective paragraphs subsequently.

Scope of Audit

2.2 The present review covered the activities of the Company for the period from 2003-04 to 2007-08. The records of Head Office located at Bhopal and 17 field units[24] out of 24 units were examined in audit.

[24] *1. Regional Marketing Office - Indore, Gwalior and Jabalpur, 2. Testing Labs - Jabalpur and Indore, 3. Raw Material Depots - Indore, Jabalpur, Gwalior and Bhopal, 4. Emporia -Bhopal, Indore, Gwalior and Jabalpur, 5. Estate and Construction divisions - Bhopal, Indore, Gwalior and Jabalpur.*

Audit objectives

2.3 This performance review was undertaken to assess whether:

- marketing assistance to SSIs was adequate;
- raw-material and technical services were provided efficiently and effectively;
- the services rendered to artisans and weavers were to their benefit;
- the rationale of continuing construction activities was examined; and
- resources were utilised efficiently.

Audit Criteria

2.4 Audit criteria adopted for assessing the achievement of audit objectives were:

- State purchase rules and purchase policy of the Company regarding assistance to SSI units;
- Provisions contained in the MOU with the State Government;
- Projections/estimates of the Company for various activities undertaken;
- General principles of contract as well as provisions of State and Central Public Works Department manuals;
- Recommendations of COPU; and
- State Industrial Policy 2004, as amended up to 2007, with regard to development of SSI and other industries.

Audit Methodology

2.5 A mix of the following methodologies was adopted:

- Examination of agenda and minutes of Board meetings;
- Scrutiny of periodical returns and other documents submitted by the Company to the State Government;
- Detailed examination of files on selection basis *viz* 65 files of high value items with a turnover of Rs. five crore and above in marketing assistance and 28 files of construction contracts valued at Rs. 25 lakh and above; and
- Examination of files relating to purchase of bicycles, drug kits, etc., and allocation of steel, iron, cement and coal to SSI units.

Audit findings

The Audit findings were reported to the Management/Government in July 2008. The Management submitted their views on the audit findings in the Audit Review Committee on Public Sector Enterprises (ARCPSE) meeting held on 5 November 2008. During the meeting formal replies to the audit findings were also submitted and have been considered while finalising the performance review. The audit findings are discussed in the succeeding paragraphs.

Financial Position

2.6 The financial position and working results of the Company for the period from 2003-04 to 2006-07[25] are given in ***Annexure-9.***

It is observed from the annexure that there had been increasing trend in the business activities of the company over a period of four years ending 2006-07. The net profit increased from Rs. 1.85 crore in 2003-04 to Rs. 11.85 crore in 2006-07 indicating marked improvement in the functioning of the company. The particulars of turnover and net profit for the years 2003-04 to 2006-07 are tabulated below:

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07
Turnover	32.86	72.80	93.24	102.87
Net profit	1.85	3.70	9.65	11.85

Failure to transfer cash balance ranging from Rs. 0.07 crore to Rs. 1.60 crore by Regional offices.

The Company prescribed (July 1998) maintenance of two bank accounts for all the Regional Marketing Offices, one for transfer of their receipts to the Head Office (collection account) and the other for receipt of funds transferred by Head Office for expenses. The balance to be maintained in collection account was limited to a maximum of Rs. 5,000 and any surplus was to be transferred to the Head office account. Verification of the bank balances of Indore and Jabalpur Regional Marketing Offices revealed that the balances at the end of the month in the collection account ranged from Rs. 7.13 lakh to Rs. 71.94 lakh and Rs. 35.85 lakh to Rs. 1.60 crore respectively during November 2007 to February 2008. Had this amount been transferred to Head office account, the same could have been utilised for its operations. This indicated poor cash management at Regional Marketing offices level.

The Company stated (November 2008) that funds were not transferred due to malfunctioning of the computers of the banks. The banks have been requested to make good the loss of interest suffered by the Company. However, the banks have not paid the interest so far (November 2008).

[25] *Annual accounts for the year 2007-08 were in arrears.*

Physical performance

2.7 The Company prepares its annual plan indicating the target for business activities in various segments and submits the same to the State Government in June/July every year. In turn, State Government signs a MOU specifying the target for each activity. The particular of targets (overall) in terms of turnover *vis-a-vis* achievements there against and percentages thereof are given below for the period 2003-04 to 2007-08:

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
Targets	260.00	203.00	231.20	445.00	721.32
Achievements	260.54	371.98	583.20	675.61	1195.77
Percentage	100	183	252	152	166

(The achievements represent overall business undertaken by the Company and will not match with turnover at paragraph 2.6 as the latter includes only the commission on direct business.)

The targets and achievements of the Company in various segments of its activities for five years ending 31 March 2008 are given in ***Annexure-10***.

It is observed from the annexure that achievements in various activities of the Company except emporia for all the years (except 2003-04) were higher than the targets fixed in MOU. This was due to fixing of targets without taking into account the achievements of the previous year leaving a little scope for improvement and needed to be re-looked. Thus, the overall targets fixed for the Company were not realistic.

Fixation of unrealistic targets.

The Company stated (November 2008) that the business done by it comprised of both reserved and non-reserved items and could not be estimated as business on account of non-reserved items could not be anticipated and business relating to reserved items was shared by sister concerns like Consumer Federation, MP State Industrial Federation, Khadi Board, etc.

The reply is not acceptable as the volume of business done in reserved items, though shared by sister concerns, was steadily increasing and could be estimated based on the past experience and budget allocations made to the departments and the business of non-reserved items were only in respect of Government schemes having definite budget estimates. On the basis of the estimates the targets could be fixed.

Marketing assistance

2.8 Store Purchase Rules (SPR) prescribe that requirements (indents) of reserved[26] items for use in the Government Departments (Departments) are to be received by the Company, who shall arrange supply of these items from

[26] *149 articles manufactured by SSIs of MP which can be purchased only through the Company and classified as reserved items in the Store Purchase Rules (SPR).*

SSIs registered with them. For this purpose the Company finalises rate contracts for reserved items, which are valid for one year. An element of commission (ranging from two to four *per cent*) receivable by the Company is also included in the rates. The finalised rates of various products are circulated for the benefit of the buying departments and are notified on the web site of the Company. To keep pace with time, the Company introduced (August 2006) e-tendering system. Inspection of the ordered items is also arranged by the Company. The Company also deals in procurement of unreserved items following the same procedure.

2.8.1 The total number of SSIs registered with the Director of Industries *vis a vis* the number of SSIs assisted by the Company during the period from 2003-04 to 2007-08 are given below:

Year	Registered with Department of Industries	Assisted by the Company	Percentage of assistance
2003-04	3,24,023	1,636	0.50
2004-05	3,39,896	1,551	0.46
2005-06	3,54,841	1,494	0.42
2006-07	3,71,574	1,637	0.44
2007-08	3,78,114	872	0.23

(Source: Data supplied by Department of Industries& Commerce and the Company)

Despite 46 years of existence the SSIs assistance remained less than 0.50 *per cent*.

In spite of 46 years of existence, the percentage of SSIs availing the marketing assistance remained at 0.5 *per cent* and below. Thus, the Company did not broad base its marketing activities and rendered assistance only to those SSIs which approached them.

The Company stated (November 2008) that it would be more appropriate to compare the number of SSI units manufacturing reserved items and units under rate contract. It further added that the all efforts were being taken to attract SSIs for participation in the rate contracts.

The fact remains that the Company is dealing in reserved as well as unreserved items manufactured by SSIs indicated above. Further, the Company did not analyse reasons for poor participation of SSIs.

2.8.2 The performance of the Company indicating indents[27] received, volume of business undertaken and commission earned during the last five years ending 2007-08 was as under:

[27] *These are purchase requisitions for materials received from various departments of the State Government.*

(Rupees in crore)

Year	No. of indents	Business done	No of SSIs	Commission earned
2003-04	17,892	187.63	1,497	3.72
2004-05	24,557	250.36	1,344	4.96
2005-06	49,049	403.79	1,351	7.98
2006-07	51,372	452.27	1,294	8.76
2007-08	19,133	838.62	872	19.56

(Source: Data furnished by the Company)

The increase in business of the Company was due to the entrustment of Government schemes whereas the decrease in number of beneficiary SSIs was due to factors like improper management and belated receipt of indents, besides direct purchases effected by Government departments as discussed in succeeding paragraphs. During 2007-08 indents of the Health department were received from their head office including those of their branches. Therefore, there was decrease in receipt of indents.

Improper management of indents

2.9 SPR 14 provides for direct placing of orders by the indenting Departments on the Company for supply of reserved units. However, the Company accepted the indents brought by the SSI units and placed supply orders on them. This practice deprived equitable distribution of the business/ supply orders among the SSIs and was against the spirit of the SPR, resulting in enrichment of few SSIs. The particulars of total indents received, number of indents brought by the SSIs *vis a vis* received directly by the Company for last five years ending 2007-08 are given below:

Year	Total indents	Indents brought by SSIs		Indents received directly from Departments	
		Number	Percentage	Number	Percentage
2003-04	17,892	13,944	78	3,948	22
2004-05	24,557	20,764	85	3,793	15
2005-06	49,049	42,192	86	6,857	14
2006-07	51,372	44,727	87	6,645	13
2007-08	19,133	13,716	72	5,417	28

(Source: Data furnished by the Company)

The indents received did not indicate the value of the products. Hence, the value of the indents brought by SSI units and value of the indents received directly from the Department could not be ascertained. The State Government introduced (October 2007) electronic indenting system to make the receipt of the indents and issue of supply orders more transparent. The Company, however, continued to accept manual indents by post and through messenger also till date (October 2008).

Despite instruction of Lok Ayukt the Company accepted indents brought by SSIs.

The practice of obtaining indents by SSIs directly was also objected by the Lok Ayukt (February 2000) who directed the Company to phase out this practice in three years time. Accordingly, the Company issued (April 2000 and March 2001) instructions to its marketing divisions for phasing out this practice.

The Company stated (November 2008) that Lok Ayukt office did not object Company's request (July 2002 & October 2002) for continuing the practice of bringing indents by SSI units. It was further stated (November 2008) that it had to accept such indents as electronic media were not available at the Government offices located in remote places and small towns. The fact remains that the Company did not follow Lok Ayukt orders as well as the provisions of SPR and continued the practice of collecting indents through interested SSIs from Government Departments.

Belated receipt of indents

Extra expenditure of Rs. 18.06 lakh due to belated receipt of indents.

2.10 The SSIs, after getting the indents from the Departments, retained the same and submitted to the Company for issue of supply orders after finalisation of the rates for the next year to avail the benefit of increased rates. On a test check, it was observed that in 37 supply orders (April 2006 to July 2007) valued at Rs.1.12 crore, the Departments incurred extra expenditure of Rs. 18.06 lakh as indents were held for periods ranging from 30 to 330[28] days by the SSIs till the rate contracts were finalised for the succeeding year. The Company did not take any penal action for holding the indents by SSIs to their favour. Thus, suppliers by using speculation and unfair approach, enriched themselves at the expense of State exchequer.

The Company stated (November 2008) that indents were received at the fag end of the rate contract period or when the rates for subsequent year were under finalisation. It was also stated that conditional supply orders for supply at old rates were issued. The fact remains that in these 37 cases conditional supply orders were not issued.

Direct purchase by Departments

Loss of revenue of Rs. 68.64 lakh due to direct purchase of reserved items by Departments.

2.11 While the SPR provisions stipulate purchase of reserved items through the Company only, neither the Company nor the State Government evolved any mechanism to monitor the procedure followed by the Departments for purchases made during the year. Several Government Departments/Authorities like, Narmada Valley Development Authority, Public works Department, Public Health Engineering, Rural Engineering Services etc., were purchasing reserved items directly. The Company came to know of the instances of direct purchases only through public advertisements. During the Audit scrutiny it was noticed that in nine cases, the value of direct purchases made (from

[28] *30-75 days -6; 76-100 days-19; 101-200 days-7; 201-300 days-4 and 301 days and above-1.*

December 2004 to September 2007) was Rs. 4.71 crore[29] and the loss of revenue to the Company worked out to Rs. 9.42 lakh at two *per cent* commission receivable.

The purchases expected during the year 2004-05 from Public Health Engineering Department by the Company was Rs. 70 crore. However, Public Health Engineering Department purchased items only worth Rs. 40.39 crore. The remaining items were purchased by the Department directly. This resulted in loss of revenue Rs. 59.22 lakh to the Company in the form of commission foregone. Thus, failure to evolve a suitable monitoring system to ensure that the Departments follow the provisions of SPR, resulted in loss of revenue of Rs.68.64 lakh. Further, by not giving opportunity to SSIs for supplying the reserved items, the concerned departments ignored the interest of the SSI units and the Company did not intervene in the matter.

While agreeing to the audit observation, the Company stated (November 2008) that the State Government would be requested to explore the possibility of ensuring that the purchase rules are strictly followed by its Departments.

Purchase of drug kits

Extra expenditure of Rs. 2.85 crore due to failure to estimate cost.

2.12 The Company invited open tenders from Central Public Sector Enterprises and their subsidiaries (drug manufacturers) for supply of drug kits (containing drugs ranging from six to forty numbers) to Primary Health Centres in the State for the year 2006-07 and finalised (November 2006) the bid submitted by Karnataka Antibiotics Limited. The kits were priced on the basis of drugs kept in them. The rates finalised among various kits were Rs. 1,422 for Asha and Rs.49,980 for RTI[30]/STI[31]. Earlier the individual rates for constituent drugs were finalised (June 2006) by the Company under regular rate contract. The cost of drug kit "Asha" with the rates of individual drugs contained in the Kit, was analysed in audit and it was observed that the cost of the kit worked out to Rs.870.60. The Company arranged supply of 50,000 drug kits during 2006-07 at a cost of Rs. 7.11 crore causing extra expenditure to the extent of Rs. 2.75 crore to the Government. Similarly, on comparing the rates of individual drugs (Rs.27,556) with the rate of drug kit (RTI/STI), the extra expenditure worked out to Rs. 10.31 lakh for supply of 46 drug kits. Thus, the Company failed to arrive at the cost of the drug kits considering the cost of individual drugs already available with them.

The Company stated (November 2008) that Health Department was requested not to release payment till the entire issue was re-examined. The matter is placed before the Purchase Committee for appropriate decision and reply from the Department was awaited.

[29] *RCC hume pipes; RCC fencing poles; Barbed wire.*
[30] *Reproductive tract infection.*
[31] *Sexual tract infection.*

Non-fulfilling the assigned role

2.13 The State Industrial Policy 2004 envisaged the Company to function as a nodal agency for establishing and providing linkage between the SSIs and other Industrial units in the Industrial Growth Centers and strengthen Research and Development Institutions in the state to provide technical guidance to specific industries and industrial clusters. The Company did not take any initiative in these directions and the Company failed in its role as a State agency established for transformation of the State Policy into activities and under technical assistance to SSIs.

The Company stated (November 2008) that it had organised (January 2008) an Expotech 2008, an exhibition-cum-buyer-seller meet at Gwalior for providing marketing assistance to weavers and artisans and proposed to conduct one more in the year 2009.

However, the Company did not elaborate the reasons for not taking initiative to establish linkage between SSIs and the buyers of their products located in industrial growth centers as directed by the State Government.

Performance of Raw material Depots

2.14 The activities of the Company include assistance to SSIs in procurement of raw material also. The main raw materials dealt by the Company are cement, coal, iron and steel. In addition, the department handles the supply of footbridges to the departments. The total business taken up and profit earned for procurement and distribution of raw material to SSI Units for last five years ending 2007-08 are given in ***Annexure-10***.

Extra expenditure of Rs. 9.85 lakh to departments due to delay in acceptance of indents.

During the scrutiny of records of the depots, it was noticed that in 32 cases for supply of cement (a non-reserved item), the indents obtained from the Departments were retained (for periods ranging from 45 days to 112 days) by the suppliers till the rates were revised upwards and submitted for issue of supply orders during April to June 2007 resulting in payment of extra expenditure of Rs.9.85 lakh by the Department. The acceptance of the indents belatedly by the Company after effecting revision of rates went to encourage unfair business practices adopted by the suppliers, which resulted in delay in receipt of the material and avoidable expenditure to the Departments.

Performance of Emporia

2.15 The Company operates ten emporia (Bhopal, Gwalior, Indore, Jabalpur, Jaipur, Kolkata, Kolkatta-Avanti, New Delhi, Rewa and Udaipur) engaged in sale of handloom and handicraft items and also supply some reserved items. The handloom items are purchased from the local markets and the selling prices are fixed by increasing the purchase price by 60 *per cent.* The emporia normally allow discount of 20 *per cent*. Besides, additional discount of 10 *per cent* is extended to select customers. The business done, gross income and profit/loss of the emporia during the five years upto 2007-08 are given in ***Annexure-10***.

Analysis of the profitability of the emporia revealed that the profits from 2005-06 to 2007-08 were arrived at after inclusion of commission from marketing of reserved items and rental receipts (Rs. 30.34 lakh in 2005-06, Rs. 40.64 lakh in 2006-07 and Rs. 51.84 lakh in 2007-08) indicating that the main activities of the emporia continued to incur losses by Rs. 9.83 lakh in 2005-06, Rs. 5.38 lakh in 2006-07 and Rs. 14.70 lakh in 2007-08. Scrutiny of records of emporia revealed that Gwalior, Udaipur and Jaipur emporia were incurring losses continuously for more than five years ending 2007-08. The COPU in its recommendation (March 2006) directed the Company to periodically review the performance of these emporia and take corrective actions to improve their performance. However, the Company did not evolve any plan to make these three emporia viable after investigating reasons for continued loss.

The Company stated (November 2008) that it had taken measures to cut down the running cost of the Jaipur emporium and renovated the emporia at Gwalior and Udaipur to facilitate more business and better results.

Inventory

2.16 The position of inventory held by emporia at the end of each year during the last five years ending 2007-08 is given below:

(Rupees in crore)

Year	Sales	Closing stock	Stock in term of month sales
2003-04	2.84	3.03	12.80
2004-05	3.32	3.08	11.13
2005-06	4.15	3.22	9.31
2006.07	4.85	3.57	8.83
2007-08	6.25	3.61	6.93

(Source: Data furnished by the Company)

Continuous holding of higher inventory.

It was observed in audit that stock held in terms of monthly sales had decreased considerably over a period of five years ending 2007-08. However, the closing stock was still on higher side and remained over rupees three crore throughout this period.

The Company stated (November 2008) that high inventory level was due to maintaining the stock for meeting demand during rainy season and inclusion of fabrics kept for further processing. However, the Company did not furnish any data in support of its contention so that its impact on total inventory could be ascertained.

Holding of trade fairs

2.17 The Company participated in six national and six international fairs during the period under review and sold articles worth Rs. 9.85 lakh only. For participation in the fairs, the Company received grant from Central/State Government.

The grant received, expenditure incurred and income earned through sales during the last five years ending 2007-08 were as under:-

(Rupees in lakh)

Year	Expenditure incurred	Grant received	Net expenditure	Income earned
2003-04	3.71	1.60	2.11	4.00
2004-05	NIL	NIL	NIL	NIL
2005-06	43.63	37.64	5.99	3.12
2006-07	36.66	33.92	2.74	0.22
2007-08	4.15	3.06	1.09	2.50

(Source: Data supplied by the Company)

The earning during 2005-06 and 2006-07 did not meet even the expenditure incurred by the Company for participation in the fairs. During the years 2005-06 and 2006-07 the Company participated in international trade fairs but did not earn any export orders.

The Company stated (November 2008) that its participation in the Trade Fair was only to provide an exposure to the weavers and artisans so that design and quality of the products developed by them would be improved considering the demand of the foreign market. Earning profit was not the main objective. However, the Company did not furnish any data regarding enquiries/orders received from foreign markets where fairs were conducted for five years. Hence the benefit derived by the Company was not ascertainable.

The State Industrial Policy 2004 envisaged that the Company should arrange buyer-seller meet and Urban Haats at Indore and other places to achieve buyer-seller linkage as a measure of marketing assistance. But the Company had not organised any meet in this regard.

The Company stated (November 2008) that an Expotech-Reverse Buyer Seller Meet was conducted at Gwalior in January 2008 to assist the SSIs engaged in export business as a measure of export promotion. Further Company added that Urban Haats were organised by other Government agencies viz., Hasta Shilpa Vikas Nigam, Khadi and Village Industries Board etc. However, the Company did not elaborate reasons for not organising any meeting of SSIs and other industries located in the industrial growth centers for marketing and display of SSIs products as envisaged in the State Industrial Policy 2004.

Performance of Estate and Construction Division

2.18 The objectives of the Company include construction, maintenance and administration of industrial estates/areas for SSI units, which needed special construction procedure/methods. In order to fulfill this objective, a construction division was established. A scrutiny of the works undertaken by the division for the period from 2003-04 to 2007-08 revealed that the Company deviated from its objective and constructed buildings for schools, hostels etc., for Government Departments/ Bodies and did not construct any industrial structure.

Non-adherence to COPU's recommendation.

The COPU recommended (March 2006) that the Estate and Construction Division of the Company with staff and work be transferred to other agencies. The Company intimated (March 2007) COPU that being a profit-earning centre, the division was retained. However, the fact remains that the works taken up by the Company did in no way relate to SSIs.

The Company stated (November 2008) that staff of estate and construction division was not transferred considering the efficient performance of the estate and construction division. The Company added further that the transfer of staff to other agencies would affect the service conditions and seniority. The Company had already requested the COPU to reconsider their earlier directions.

Performance of Construction Division

2.19 The Company undertook 306 works valued at Rs. 86.69 crore through its four divisions (Bhopal, Indore, Jabalpur and Gwalior) as deposit works during the review period and completed 164 works valued at Rs. 43.27 crore. The balance 142 works valuing Rs. 43.42 crore were under progress (February 2008). The details of total business done by Estate and Construction divisions and profit earned are given in ***Annexure-10***.

Payment of EPF dues of the contractor

2.20 The contractors of the Company are liable to pay the monthly provident fund contributions recovered from the wages of the workers employed by them together with an equivalent amount of management contribution to the Employees Provident Fund Organisation (EPFO). Any failure in payment by the contractors would make the Company liable to pay the EPF dues in their capacity as Principal Employer.

Liability of Rs. 1.53 crore due to contractors' default.

The Enforcement Officer (EO) of the EPF, after verification of the Company's records for the period from August 1998 to August 2005, assessed (July 2006) the dues payable by the contractors of the Company as Rs. 1.53 crore and raised a demand against the Company (the principal employer) for payment of the amount. In response, the Company appealed (October 2006) to the Provident Fund Commissioner, Bhopal. The Assistant Provident Fund commissioner (AC-PF) who heard the appeal confirmed (December 2006) the demand raised by the EO and appropriated (January 2007) Rs. 65.48 lakh available in the Company's bank account. The Company again filed (January 2007) an appeal with the Appellate Tribunal, New Delhi. The Appellate Authority stayed (January 2007) further appropriation of the Company's bank accounts. Further proceedings by the Appellate authority were in progress.

Thus, due to failure of the Company, as the Principal employer in the works contract, to ensure payment of statutory dues by the contractors either by incorporating suitable clause in the contract to verify the payments or by effecting necessary deductions in the bills of the contractors, resulted in punitive action from EPFO.

The Company stated (November.2008) that a clause insisting on furnishing registration number of contractors with EPF authorities has been included in the tender conditions. The reply is not acceptable as it would not safeguard the interest of the Company and an enabling clause in the agreement to verify the payment details would meet the requirement.

Conclusion

The Company did not achieve its primary objective of promoting and protecting SSIs by rendering marketing assistance as it failed to attract more SSIs under rate contracts for offering their products. It did not increase the supplier base and continued to accept the indents brought by the SSIs from the Departments leading to inequitable distribution of supply orders. The Company took no efforts for establishing Research and Development facilities for the benefit of SSIs as envisaged in State Industrial Policy. The Company did not act on the recommendations of COPU with regard to transferring the activities and staff of Estate and Construction Division to other agencies.

Recommendations

The Company should:

- **create awareness among the SSIs about the services extended by the Company by adopting suitable media techniques;**
- **prevail upon the Government departments to send the indents directly to the Company through electronic media;**
- **establish linkage between SSIs and other Industries; and**
- **provide Research and Development support and Technological assistance to the SSIs for improving the quality of their product.**

Chapter-III

Performance review relating to Statutory Corporation

3. Implementation of Restructuring of Power Sector in Madhya Pradesh

Highlights

The 'Financial Restructuring Plan' aimed at gradual transformation of Power sector, submitted initially in December 2003 and revised from time to time, had not been approved so far by the State Government.

(Paragraph 3.7)

Failure to implement "no profit no loss" based tariff till the turnaround was achieved by the Discoms, resulted in avoidable payment of income tax amounting to Rs. 19.06 crore by the companies (Transco and Genco).

(Paragraph 3.7.4)

The Board had not resorted to valuation of assets and liabilities amounting to Rs. 13,124.48 crore before transferring the same to the successor entities. Moreover, item-wise details of the fixed assets transferred were also not provided to the successor entities.

(Paragraph 3.8)

Lack of financial autonomy to the successor entities and continuation of cash flow mechanism by residual Board, left a little scope and freedom for the successor entities to improve their performance.

(Paragraphs 3.9 & 3.14)

The stated objectives of restructuring the power sector in the State could not be achieved due to high incidence of Transmission and Distribution losses, slow meterisation of consumers and cross subsidisation. Restructuring did not have perceptible improvement on these aspects.

(Paragraph 3.10)

The staff related liabilities amounting to Rs. 4,494 crore and leave encashment liability amounting to Rs. 263 crore still remained unfunded.

(Paragraph 3.13.2)

Introduction

3.1 Madhya Pradesh Electricity Board (Board) was set up in April 1957 under the provision of the Electricity (Supply) Act, 1948 with the basic objective of promoting coordinated development of generation, transmission and distribution of electricity in an efficient and economic manner in the State of Madhya Pradesh (M P). After the formation of Chhattisgarh State, separate Electricity Board namely Chhattisgarh State Electricity Board came into existence with effect from 14 April 2001.

The financial position of the Board started deteriorating as it was not able to generate sufficient funds internally or raise the required funds from the State Government for investment in generation and upgradation of Transmission and Distribution Systems. The State Government as well, could not provide funds to augment generating capacity of the Board.

Alarmed by the fast deteriorating financial position of the Board, the State Government signed (May 2000) a Memorandum of Understanding (MOU) with the Government of India (GOI) as a measure of joint commitment to undertake power sector reforms in a time bound manner. The State Government was committed to promote and develop an efficient, commercially viable and competitive power supply industry which would provide reliable and quality power at competitive prices to all consumers in the State and help the process of industrialisation. Accordingly, the State Government initiated the process of implementing the restructuring of the power sector in the State for restoration of financial viability of the Board. The commitments made by the State Government, *inter alia*, included reorganisation of M P Electricity Board, 100 *per cent* electrification of villages, undertaking energy audit at all levels, rationalisation of tariff etc. Accordingly, the Board was restructured and unbundled into five companies (Genco, Transco and three Discoms) in July 2002 namely M P Power Generation Company Limited Jabalpur, M P Power Transmission Company Limited Jabalpur, M P Poorva Kshetra Vidyut Vitaran Company Limited Jabalpur, M P Madhya Kshetra Vidyut Vitaran Company Limited Bhopal and M P Paschim Kshetra Vidyut Vitaran Company Limited Indore in accordance with Madhya Pradesh Vidyut Sudhar Adhiniyam 2000 (Reform Act 2000). For bulk power trading function of the Board, M P Power Trading Company was constituted in June 2006.

Scope of Audit

3.2 A review on power sector reforms - implementation of the terms of Memorandum of Understanding was included in the report of the Comptroller & Auditor General of India (Commercial), Government of Madhya Pradesh for the year ended 31 March 2002.

Despite restructuring power sector in the State, perceptible improvement was not noticed towards increasing the generating capacity of the power houses/ creation of new power houses or inviting Independent Power Producers (IPPs). The Board continued incurring losses since 2001-02, due to supply of power to agricultural consumers at subsidised rates, unremunerative tariff and excessive transmission and distribution (T&D) losses etc. Continued losses adversely affected the 'ways and means' position of the Board and also jeopardised its developmental activities.

Accordingly, functioning of the Board and its six companies was reviewed to assess the impact of restructuring of the power sector in the State for the period 2003-04 to 2007-08. The results of the review are brought out in succeeding paragraphs.

Audit Objectives

3.3 The objectives of the performance audit were to examine:

- impact of restructuring on the efficiency and commercial viability of successor entities;
- efficiency in allocation and utilization of funds;
- development and deployment of human resources;
- administrative issues/measures affecting the reform process; and
- progress achieved against the stated objectives.

Audit Criteria

3.4 Implementation of restructuring plan in the power sector companies, with regard to the stated objectives, was assessed against the following criteria:

- M P Vidyut Sudhar Adhiniyam, 2000 with regard to re-organisation of Board and transfer of the assets and personnel;
- Central Electricity Act, 2003;
- Transfer Scheme Rules, 2003;
- Notifications issued by the State Government dated 31 May 2005 and 12 June 2008;
- Directives of Madhya Pradesh Electricity Regulatory Commission (MPERC)/ Central Electricity Regulatory Commission (CERC), and

Government of India (GOI) relating to the reforms in the power sector; and

- Reports of various consultants engaged by the State Government for implementation of restructuring plan.

Audit methodology

3.5 The performance audit was conducted using the following methodology:

- Examination of records pertaining to financial restructuring, cash flow mechanism, transfer scheme, transfer of manpower;
- Scrutiny of the process of valuation and transfer of assets and liabilities;
- Review of minutes of monitoring committee and follow up reports; and
- Interaction with the Management.

Organizational Set-up

3.6 The Corporate Planning Group (CPG) of the Board headed by the Executive Director was formed to initiate the implementation of restructuring plan. The process was monitored by the Principal Secretary, Energy Department, Government of Madhya Pradesh. Besides, Chairman-cum Managing Director (CMD) of each company functions as the Chief Executive and overall in charge of the respective company. In discharging the functions, the CMD is assisted by Executive Directors, Chief Engineers, Additional Chief Engineers, Superintending Engineers and other supporting technical/ non-technical staff. The assistance of national and international consultants (Ernst & Young and KPMG) was also obtained by CPG.

Audit Findings

The Audit findings were reported to the Government/ Board in August 2008. The Audit Review Committee on Public Sector Enterprises (ARCPSE) meeting was held on 10 November 2008 at Bhopal for discussing the draft report. The response of the State Government and the auditee have been considered while finalising the performance report. The audit findings are discussed in the succeeding paragraphs.

Restructuring Plan

Financial Restructuring Plan was not approved by the State Government till date.

3.7 The Board proposed Financial Restructuring Plan (FRP) in December 2003 for financial viability of power sector with the following objectives:

- Financial viability of successor entities;
- Improving the quality and reliability of supply of power to the consumers; and
- Limiting the role of the State Government to the broad policy directives, overall planning and coordination.

The FRP contained restructuring of the Balance Sheet of the Board with an appropriate capital structure and set a basis for restoring credit-worthiness. During the period from May 2004 to April 2007, the Board submitted three revised FRPs but none of the FRPs had been approved by the State Government till date. Pending formal approval of State Government on FRP, the following financial restructuring measures had materialized so far.

The State Government stated (November 2008) that FRP was not a part of reform process. The reply was not acceptable since drawing of a financial road map was a prerequisite for evaluating the progress achieved in the reforms.

3.7.1 State Government took over outstanding power purchase and fuel related liabilities of MPSEB amounting to Rs. 2,749 crore (September 2003) by issue of interest free MSA Bonds. Later on these bonds were converted into equity by State Government (March 2006). State Government withdrew equity capital amounting to Rs. 1,354.42 crore (Rs. 539.64 crore in 2004-05 and Rs. 814.78 crore in 2005-06) against waiver of free electricity claim of sale of power to single point connection and 5 HP connection to agricultural consumers.

3.7.2 State Government adjusted (May 2003) loan amounting to Rs. 1,414 crore in respect of Rural Electrification Corporation Limited (REC) against free electricity supply claims. Thus, by doing so the State Government did not provide any cash support to the successor entities and resorted to book adjustment only.

3.7.3 The Reform Transition Period for achieving turnaround by the successor entities was proposed to be up to 2012 with effect from June 2004 in FRP submitted during December 2003. It was noticed in audit that during this period the cash support requirement along with FRP was not approved by the State Government, which indicated lack of commitment at State Government level.

Return on Equity

Claiming of return on equity led to avoidable payment of Income tax amounting to Rs. 19.06 crore.

3.7.4 During transition period or until all the successor entities achieved a turnaround, Return on Equity (ROE) claimed by GENCO and TRANSCO was not in the financial interest of Discoms who were running into losses. However, it was observed in audit that all the successor entities (GENCO, TRANSCO and three Discoms) were claiming Return on Equity at the rate of 14 *per cent* since transfer of functional autonomy (1 June 2005). As a result, Income Tax amounting to Rs. 19.06 crore (GENCO-Rs. 8.58 crore and TRANSCO-Rs. 10.48 crore) was paid during the year 2005-06 and 2006-07. It was also noticed that in Rajasthan State Electricity Board (RSEB), the State Government while approving FRPs favoured no profit no loss system till specific period of turnaround was achieved by the Discoms.

Had the companies worked on 'no profit and no loss' basis till all the Discoms achieved a turnaround, the payment of income tax of Rs. 19.06 crore could have been avoided.

The management stated (November 2008) that the matter was under examination to avoid such payments.

Transfer of assets and liabilities to successor entities

Delay in final transfer of assets and liabilities of Rs. 13,124.48 crore to the successor entities.

3.8 After the final transfer of assets and liabilities of Rs. 13,124.48 crore to the five successor entities with retrospective effect from 1 June 2005 the residual Board still had liabilities of Rs. 2,369.99 crore, as on 12 June 2008.

As per stipulation of the Electricity Act 2003 the final transfer was to take place within one year of provisional transfer. While notifying (12 June 2008) the final opening Balance Sheet of the successor entities, the State Government had neither approved the FRP nor proposed any business plan as part of overall reform programme of State power sector.

The table given below indicates the debt and equity transferred to successor entities as on 1 June 2005:

(Rupees in crore)

Particulars	GENCO	TRANSCO	East Zone	West Zone	Central Zone
Equity	1,915.08	730.43	284.08	246.55	351.88
Debt Capital liabilities	1,875.04	572.26	358.65	431.83	322.17
State Government Loan	3.04	473.05	168.16	262.37	244.59
Payment due on Capital Liabilities	124.03	267.90	123.77	134.70	130.28
Total Debt	2,002.11	1,313.21	650.58	828.90	697.04
Debt Equity Ratio	1.05:1	1.80:1	2.29:1	3.36:1	1.98:1

Injudicious transfer of loans liability to the Discoms led to out go of huge cash by way of interest liability.

- The debt equity ratio in three Discoms varied from 1.98:1 to 3.36:1. High quantum of debt led to huge outgo of funds by way of interest liability. The Discoms inherited this burden and suffered losses by way of interest liability on loans. Thus, non conversion of loan into equity to the new formed successor entities also resulted in making the financial position of Discoms unviable.

- The Board transferred additional liability of Rs. 586 crore (GPF Trust Rs. 251 crore and REC Rs. 335 crore) and contingent liabilities amounting to Rs. 560.71 crore to the newly formed successor entities, which should have been discharged by the State Government considering the precarious financial position of the successor entities.

- The valuation of assets and liabilities was not done by the Board before the final transfer of asset and liabilities in June 2008. The item wise details of the fixed assets transferred were not provided to successor entities, due to which the correct position of depreciation could not be depicted in accounts of the successor Companies.

The State Government stated (November 2008) that delay in transfer of assets and liabilities to the successor entities was on account of non finalisation of the annual accounts by the Board in respect of 2004-05 and 2005-06 (up to May 2005).

Functional and financial autonomy

Financial autonomy to the successor entities provided by the State Government was not effective.

3.9 The main objective of restructuring power sector was to provide operational, managerial, functional and financial autonomy to successor entities to enable them to operate on commercial lines. In order to achieve this, operation and maintenance (O&M) agreement were entered (July 2002) between the Board and the newly incorporated five companies, stipulating and delineating the role, rights and obligation of successor entities. By virtue of the provisional transfer of assets and liabilities of erstwhile Board, the functional autonomy was given to the successor entities with the condition that all the revenue of successor companies shall be retained by the residual Board and the same will be utilised in the manner as described in the Cash Flow Mechanism notified by State Government (May 2005). Thus, financial autonomy provided by the State Government left a little scope and freedom for the successor entities to improve their performance.

Commercial viability of Power Sector

Commercial viability could not be achieved by the Discoms.

3.10 Rapid and self sustaining growth of power sector with financial viability was essential for socio-economic development of the State. The commercial viability of the power sector rests upon the distribution companies. Commercial viability of the Discoms mainly depended on the funds available at their disposal, for which, it was imperative that at the time of restructuring, loan and interest there upon could have been waived by the State Government and not passed on to the successor entities. However, this was not done as has already been discussed in paragraph 3.8.

The particulars of losses incurred, interest payable and percentage of interest to the loss over a period of three years ending 2007-08 in respect of all the three Discoms are given below:-

(Rupees in crore)

Particulars	East Zone			West Zone			Central Zone		
Years	**2005-06**	**2006-07**	**2007-08**	**2005-06**	**2006-07**	**2007-08**	**2005-06**	**2006-07**	**2007-08**
Loss	238.65	304.42	613.77	200.42	153.80	679.80	304.60	523.72	494.22
Interest	35.65	45.80	90.05	51.07	78.14	101.34	27.99	40.85	47.96
Percentage of interest to loss	14.94	15.05	14.67	25.48	50.81	14.91	9.19	7.80	9.70

It is evident from above that during the last three years ending March 2008, the losses of the Discoms were on the rise despite functional autonomy and the element of interest during the same period ending 2007-08 increased steadily from Rs. 35.65 crore (2005-06) to Rs. 90.05 crore (2007-08) in respect of East Zone, Rs. 51.07 crore (2005-06) to Rs. 101.34 crore (2007-08) in respect of West Zone and Rs. 27.99 crore (2005-06) to Rs. 47.96 crore (2007-08) in respect of Central Zone companies. Thus, the Discoms had been rendered commercially unviable due to heavy interest burden. Had the loans been converted into equity interest burden could have been avoided and loss would have been reduced to that extent, thereby improving the commercial viability of the Discoms.

To achieve turnaround in Power Sector, the State Government did not evolve any broad roadmap for distribution companies. However, the following goals were envisaged in various legislations and policy documents issued by the Central Government/ Commission from time to time:

- Reduction in distribution losses;
- Promoting private participation in distribution of electricity;
- Ensuring efficient revenue realisation; and
- Meterisation of consumers.

Performance against aforesaid objectives is discussed in the succeeding paragraphs:

Reduction in Distribution Losses

Targets for reduction in distribution losses could not be achieved by the Discoms.

3.10.1 The power sector in the State had been reporting Transmission and Distribution losses at around 43-44 *per cent* in the years from 2002-03 to 2005-06. These T&D losses were not sustainable and remained on higher side as compared to the norm of 15.5 *per cent* fixed by the Central Electricity Authority.

The particulars of generation and sale of power, T&D losses etc. for the period 2002-03 to 2005-06 i.e. up to transfer of functional autonomy to the successor entities are given in ***Annexure-11.***

Distribution companies could be viable only after cutting down distribution losses. The Commission had set (March 2006) target for gradual reduction of distribution losses for each Discom and gave following directives for taking measures for reducing distribution losses for the Discoms:

- Installation of High Voltage Distribution System (HVDS) in high loss area;
- Segregation of technical and commercial losses;
- Developing road map for reduction of loss level so as to bring it at par with international level by 2012; and
- Prior approval of the Commission for additional purchase of power (short term).

The above directives except installation of HVDS system had not been complied with by Discoms. The Commission had prescribed road map for reduction in distribution losses for the period up to 2008-09. The particulars of targets of distribution losses fixed by the Commission *vis-à-vis* actuals thereagainst are given below:

(Distribution loss in *per cent*)

Year	East Zone		West Zone		Central Zone	
	Target	Actual	Target	Actual	Target	Actual
2006-07	32.5	36	30	32	37	42
2007-08	29.5	37	27.5	34	32	41
2008-09	26.5	NA	25	NA	27.5	NA

It would be seen from above that Discoms could not achieve the desired level of reduction in distribution losses in any of the years. Strengthening of the sub-transmission and distribution system plays a vital role in reduction of distribution losses, for which the GOI/State Government launched various schemes *viz.* Accelerated Power Development Reform Programme (APDRP) and works were undertaken with financial assistance of Asian Development Bank (ADB). The Audit findings relating to these schemes appeared in the report of Comptroller and Auditor General of India (Commercial) for the year ended March 2006- Government of Madhya Pradesh.

It was observed that over a period of five years a sum of Rs. 665.06 crore was allotted under APDRP scheme of which only Rs. 399.22 crore could be utilised up to March 2008. Similarly, in ADB assisted work, the entire amount of Rs. 495.41 crore was utilised for procurement of material from 2002-03 to

2006-07 and execution of related works was to be taken up by the respective Discoms which was under progress.

It is observed from above that the fund could not be utilised optimally under APDRP as utilisation of fund was 60 *per cent*. Had the allotted funds utilised to the extent possible within the stipulated time frame, the distribution loss would have been reduced to a sizable extent.

The State Government stated (November 2008) that efforts for reducing distribution losses were being made.

Promoting private participation in distribution sector

3.10.2 Policy directives or any business plan with specific time schedule were not prepared to attract private participation in distribution sector. Discoms were unable to attract private sector participation during the last five years of functional autonomy (July 2002 to March 2007).

Ensuring efficient revenue realisation

Billing efficiency remained in the range of 57 to 69 *per cent* of the power available for sale.

3.10.3 One of the objectives of the restructuring of the Board was to ensure that Distribution companies increase their realisation of revenue by increasing their billing and collection efficiency.

The billing efficiency of the Board prior to restructuring was around 56 *per cent.* After reorganisation, slight improvement in the billing efficiency of Discoms was noticed. The details of billing and collection efficiency in respect of Discoms for the period 2005-06 to 2007-08 are given below:

(Figures in percentage)

Sl no.	Performance parameter	East Zone			West Zone			Central Zone		
		2005-06	2006-07	2007-08	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
1	Billing efficiency[32]	63	64	58	68	69	66	57	58	58
2	Collection efficiency[33]	92	89	91	93	92	92	83	88	94

It is apparent from the above table that the gap between the energy billed and energy released was still very wide. It is also observed that while the billing efficiency in West Zone was in the range of 66 to 69 *per cent* the same remained 57 to 58 *per cent* in Central Zone and 58 to 64 *per cent* in East Zone. Thus, there was ample scope of improvement in billing efficiency in East and Central Zone. The poor billing indicated widespread leakage and theft of power.

The Management of Central Zone stated (November 2008) that a policy on franchising low revenue earning areas would be evolved for generating surplus.

[32] *It represent the percentage of energy billed to total input of energy in units.*

[33] *It represents the percentage of revenue collected to revenue billed.*

Meterisation of consumers

Slow pace of meterisation of domestic and agriculture consumers.

3.10.4 As per rule 55 of Electricity Act, 2003, all categories of consumers should be metered within the time period as prescribed by the State Electricity Regulatory Commission. As per the road map provided by the licensees (three Discoms) and approved by the Commission, all unmetered connections in domestic category shall be metered by March 2010. The licensees have further committed that all Distribution Transformers (DTRs) predominantly supplying to agriculture consumers shall be metered by March 2011. The table given below indicates the details of consumers meterised during the year 2005-06 to 2007-08:

(In percentage)

Category	East Zone			West Zone			Central Zone		
	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
Domestic	78	79	68	89	80	77	89	93	89
Agriculture	43	48	52	N.A.	N.A.	N.A.	30	33	39
Distribution transformers	-	5	6	2	9	18	2	3	4

It is evident from above that meterisation of agriculture consumers was very low and ranged between 30 and 39 *per cent* in Central Zone and 43 and 52 *per cent* in East Zone. There was no progress in meterisation of domestic consumers and it rather decreased during 2007-08 indicating that despite increase in domestic consumers, pace of meterisation was very slow. The meterisation of distribution transformers (DTRs) was also very low reflecting poor status of energy audit on 11 KV feeder.

The State Government stated (November 2008) that practical difficulties were being faced for meterisation of agricultural consumers. The fact remains that meterisation was essential to have an effective control on revenue leakage.

Short term power purchase at higher cost

3.10.5 Under transitional provision of Section 172 of the Electricity Act, 2003, the Board continued to function as trading licensee for a period of about one year (1 June 2005 to 9 June 2006). After unbundling of the Board, the bulk power trading function was transferred to a newly formed company namely Madhya Pradesh Power Trading Company Limited (TRADECO) with effect from June 2006.

The annual power purchase requirement of the Discoms is determined by the Commission in their tariff order. In case power purchase by Discoms exceeds over and above the projected annual requirement, it is termed as unregulated additional purchase of power. In addition, Discoms overdraw power from the system which creates load on the grid, for which a penalty is imposed by the Grid Management. It is observed that Discoms purchased power over and above the annual power requirement. Such purchases were not accepted by the Commission at the time of fixation of tariff.

The table given below indicates the details of additional purchase of power made by TRADECO during the year 2005-06, 2006-07 and 2007-08 in addition to its annual power requirement approved by the Commission.

Sl. No.	Particulars	2005-06	2006-07	2007-08	Total
1	Power purchase - Qty.(MUs)	2,246.45	1,327.02	419.91	3,993.38
	Amount (Rs.in crore.)	777.71	722.33	274.29	1,774.33
2	Over drawal of Power - Qty.(MUs)	416.28	Nil	369.39	785.67
	Amount (Rs. in crore.)	154.81	Nil	315.09	469.90

As a result of short term purchase and overdrawal of power from grid, the expenditure was on higher side as compared to normal purchases. While the average rate of purchase of power during the year 2006-07 and 2007-08 was Rs. 1.53 and Rs. 1.65 per unit respectively, the rate worked out to Rs. 5.44 (2006-07) and Rs. 6.53 (2007-08) per unit in respect of additional purchases and Rs. 8.53 per unit in respect of overdrawal of power during the same period. As a result, it led to increase in the deficit of the Discoms, since this element of cost was not considered for inclusion by the Commission in the tariff of the Discoms.

Efficiency in allocation and utilization of funds

Financial support from State Government

3.11 The State Government provided financial support to the Power Sector, in the shape of Tariff subsidy amounting to Rs. 4,690 crore from 2001-02 to 2007-08 and short term working capital loan amounting to Rs. 1,240 crore from 2005-06 to 2007-08 after providing functional autonomy to successor entities. Audit scrutiny revealed that instead of providing subsidy, the State Government had made book adjustments such as ‘subsidy receivable’ was adjusted with the ‘interest due’ on State Government loan without involving any cash transaction. Similar adjustments were also made against the equity while settling/ waiving arrears of electricity in respect of different categories of consumers.

Thus, in fact, there was no remittance of subsidy from State Government in the form of cash flow. Therefore, power sector was not financed in an effective manner.

Rationalisation of Tariff

3.12 The clause (g) of 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 manner as specified by the Commission.

Accordingly, National Tariff Policy envisaged that the tariff of all categories of consumer should range between 80 to 120 *per cent* of the ACOS by 2010-2011. The Commission also recognized that the consumer tariff should reflect the cost of supply to bring about reduction in cross subsidy.

The details of tariff of various categories of consumers and ACOS of power are given in ***Annexure-12***.

A comparison of tariff *vis-à-vis* ACOS revealed that during 2006-07 and 2007-08, out of 13 categories of consumers, the average realisation in respect of two categories of consumers (Domestic & agriculture) was below 80 *per cent* of ACOS and in respect of the five categories of consumers (industrial and non industrial, coal mines, railway, L.T. industries and non domestic) realisation was more than 120 *per cent* of ACOS. The reason for higher tariff and non achievement in reduction of cross subsidy was attributed to high T&D losses and low billing efficiency. The Discoms have not initiated any steps to reduce cross subsidization.

Deployment of human resources

Human Resources

3.13.1 During the functional unbundling of the Board, the staff was transferred to successor entities on "as is where is basis" subject to finalisation of terms and conditions of service which had not been finalised so far. The cadre controlling authority still rests with the residual Board and had not been transferred to successor entities so far.

It was observed in Audit that the manpower requirement and Human Resource Development Policy relating to successor entities especially for Discoms, were not formulated by the Board before providing functional autonomy. The Companies did not formulate such policies even after lapse of more than three years since their formation (June 2005). The Commission also observed that no clear-cut demarcation of duties and responsibilities was made and there was lack of technical expertise.

Liabilities related to staff

3.13.2 The liabilities toward gratuity, pension and family pension were assessed at Rs. 4,494 crore as on March 2005 which remained unfunded till date (October 2008). Successor entities were not making any contribution towards the funding of Terminal Benefit Trust (TBT) which was operationalised in April 2006. In addition, the leave encashment liability of Rs. 263 crore as on 31 May 2005 also remained unfunded so far.

The Management accepted (November 2008) the audit observation but expressed their inability to resolve the issue.

Functions retained by residual Board

3.14 As per unbundling plan the residual Board was entrusted with the following functions:

- Cash flow management and debt servicing on behalf of all companies; and
- Cadre control and personal matters of the employees.

The main theme of the Cash Flow Mechanism (CFM) was the centralisation of the cash management function across all the companies with residual Board till such time the cash deficit in the Power Sector was resolved or the State Government decided for the same. In the cash deficit situation, the cash received by the Discoms was to be controlled by the residual Board and a payment mechanism was to be evolved to release the payments/funds to various agencies and the companies.

It was observed in audit that even after expiry of more than three years, the CFM remained with Residual Board. Thus, the Discoms lacked flexibility. This has adversely impacted the day to day operations and discharge of short term commitments. Moreover, companies could not chalk out their developmental schemes. As required in Transfer Scheme Rule 2003, presently, the three distribution companies neither have full control over their revenues nor over the power procurement process.

The State Government apprehended (November 2008) that in the event of delegation of CFM functions, payment crisis might arise. The fact remains that the Board should have a definite action plan to dispense with the present system and enable the successor entities to become independent to chalk out their own strategies.

Increase in generating capacity

3.15.1 The table given below indicates the details of installed capacity of generation in the State and purchase of power from outside during the years from 2002-03 to 2007-08:

Particulars	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
Installed capacity of						
M P Genco (MW)	2,990.50	2,990.50	2,990.50	3,050.50	3,050.50	3,064.70
Joint Venture (MW)	--	--	--	--	1,826.50	1,826.50
Total (MW)	**2,990.50**	**2,990.50**	**2,990.50**	**3,050.50**	**4,877.00**	**4,891.20**
Peak power demand (MW)	4,471	4,800	5,049	5,588	NA	NA
Energy shortage (MW) with reference to capacity	1,480.50	1,809.50	2,058.50	2,537.50	NA	NA
Own generation (MU)	14,252	14,493	14,420	13,952	14,999	14,550
Purchase of power from outside source (MU)	12,926	14,000	16,206	17,696	18,270	20,447
Purchase of power (Amount Rs. in crore)	2,354.38	2,742.05	3,068.60	3,359.19	3,535.82	4,404.29

It is evident from above that during the past three years ending 2007-08 there was addition of 1900 MW only toward the total generating capacity, as compared with the rising demand of power in the State, resulting in increased dependence upon power purchase from outside source. The Board on its own could add only 60 MW (3x20) in hydel plant at Madhikheda during the year 2006-07. A 500 MW (1x500) thermal plant at Birsinghpur was also commissioned in August 2008.

Under Joint Venture Project of GOI and GOMP, the addition of 1826.50 MW hydel power (Indira Sagar 1000 MW and Sardar Sarovar 826.50 MW) was made during the year 2006-07. As regard future capacity addition, the following thermal power projects were proposed for commissioning during 11th Plan period (2007-2011).

- Amarkantak Extension Unit No.5 (1x210 MW) at Chachai.
- Satpura Extension Unit No.10 & 11 (2x250 MW) at Sarni.
- Malwa TPP (2x600 MW) at Purni Khandwa.

Thus, on its own, the State was far lagging behind in the addition of generating capacity and largely depended on purchase of power from outside source.

3.15.2 Several Independent Power Producers (16 IPPs between the period from July 1993 to January 1995 and 23 IPPs between January 2007 to March 2008) have entered into power purchase agreements with the State Government. However, none of IPPs could add to the generation capacity so far (October 2008).

Thus, the implementation of the power sector reform was unable to attract any fresh investment toward the addition of generating capacity in the form of IPPs which clearly indicated the lack of any concrete plan to promote private participation.

Introduction of "Open Access" in Transmission & Distribution System

3.16 Section 39 (2) (d), 40 (c) and 42 (2,3) of Electricity Act 2003 stipulates 'Open Access' in transmission and distribution to encourage private participation in generation and also to promote competition in bulk power supply and retail electricity market. An 'Open Access' is the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the Appropriate Commission. The State Commission notified the regulations for intra state access in the State from 24 June 2005. The long term/short term Open Access customers having contracted demand of one MW and above situated anywhere in State may now obtain Open Access in transmission and distribution system from June 2005 onwards.

As per Electricity Act, 2003 besides cost of generation, the open access consumers had to bear the surcharge levied by State Government to compensate the distribution licensee for loss of the cross subsidy element and additional surcharge for meeting the fixed cost of the distribution licensee. It was also envisaged that the amount of surcharge and additional surcharge levied on consumers arising out of his obligation to supply under open access should not become so burdensome so as to eliminate competition that was intended to promote generation and supply of power directly to consumer under open access. Thus, it was essential to reduce the surcharge progressively with the reduction of cross subsidy. It was however, observed that even after a lapse of three years since the introduction of Intra State Open Access Regulation in the State, no private customer had availed this facility due to absence of assured supply of power and high tariff projected in the open access system. Thus, the introduction of Open Access in the State since June 2005, could not promote competition in bulk power supply and retail electricity Market.

Conclusion

Madhya Pradesh State Electricity Board was unbundled into six successor entities (MPPTCL, MPPGCL, TRADECO and three Discoms) to provide functional autonomy to constituent units for improving their performance in efficient generation, transmission and distribution of power to benefit the consumers by reducing cost of operation. To achieve turnaround in Power Sector, the State Government did not evolve any broad roadmap for distribution companies. The goals, envisaged in various policy documents, with regard to reduction in distribution losses and meterisation of agriculture consumers were not achieved. While the distribution losses remained in the range of 32 to 42 *per cent*, the meterisation of agriculture consumers remained from 30 to 52 *per cent* of

the total agriculture consumers even after restructuring. The staff related liabilities and other additional liabilities remained un-settled. Even after a lapse of more than six years since the formation of five Companies many staff related matters like cadre management remain unresolved.

Recommendations

- **The State Government should consider approval of Financial Restructuring Plans for Reforms and financial support.**

- **The Board should consider providing financial autonomy to Discoms to achieve better results.**

- **The Discoms should take concrete measures to reduce T&D losses, plug loopholes in theft, pilferage and un-metered supply of electricity and achieve efficiency in realization of revenue.**

Chapter-IV

Transaction Audit Observations

Important audit findings arising out of test check of transactions carried out by the State Government companies and Statutory corporations are included in this Chapter.

Government companies

Madhya Pradesh State Mining Corporation Limited

4.1 Mining and marketing activities

4.1.1 The Company is engaged in acquiring mining leases, raising and selling minerals and acting as intermediary for trading of minerals. As on 31 March 2008, the Company had nine leases for five major minerals (Bauxite-three, Dolomite-one, Diaspore/ Pyrophylite-one, Rock-phosphate-four), 16 leases for minor minerals (Granite-13, stone-three) and 431 sand quarrying rights. The Company raised minerals by subcontracting the mines. The Company was allotted (October 2006) 10 coal blocks by the Ministry of Coal (MOC) for which the lease order was yet to be received from the State Government.

The activities of the Company with regard to mining of minerals, marketing of products and acquisition of unviable quarries were examined in audit during July 2008 and important audit findings are discussed in the succeeding paragraphs.

Mining activities

Failure to take advantage of the market condition

4.1.2 The Company proposed (September 2004) a mining scheme for raising 1.22 lakh MT of metal grade bauxite out of minable reserve of 3.33 lakh MTs from their Naro hills mines for the period from April 2004 to June 2007. The mines were to be surrendered to the Government in June 2007 on expiry of lease. In June 2007 the mines were handed over to the Government after raising total quantity of 1.04 lakh MT of metal grade bauxite during August 2003 to June 2007.

It was observed in Audit that in July 2004, the Company entered into a tripartite agreement with Katni Bauxite Private Limited and Hindalco Industries Limited for supply of one lakh MT of mineral per annum from Chachandih mines. It was seen that production from Chachandih mines started only in December 2006. In order to meet the requirement of Hindalco, for the period from July 2004 to November 2006, JVC could have made use of the mineral available in Naro hills. The Company, however, failed to take advantage of the mine by suitably modifying the scheme for meeting the provisions of tripartite agreement and prepared mining plan/schemes for lesser quantity and raised 1.04 lakh MTs only from August 2003 to June 2007.

The Management stated (March 2008) that the JVC excavated mineral according to their needs. The reply does not explain the reasons for not utilising the available mineral reserve to meet the market demand by suitably modifying the mining schemes. Thus, failure of the Company to extract mineral as per mining plan and to exploit the advantageous market situation resulted in loss of commission of Rs. 12.90 lakh[34].

Marketing of Minerals

Non revision of selling price

4.1.3 The Company was selling low grade Rock phosphate raised from its mines at Meghnagar and Hirapur areas. The selling prices of the minerals were fixed by the Company on the basis of the price of similar product produced by the Rajasthan State Mining and Minerals Corporation (RSMMC).

The selling prices were fixed in December 2000 (Hirapur) and April 2001 (Meghnagar) which were revised only in April 2006. During 2003-04 to 2005-06, Rock Phosphate rates were Rs. 228.57 and Rs. 142.86 per MT in respect of Meghnagar and Hirapur mines respectively. During this period rates fixed by RSMMC was Rs. 800 per MT. The price of Meghnagar/Hirapur products was again revised by the Company in November 2006/December 2006 on the basis of the highest rates quoted in the open tenders invited. Audit observed that there was steady increase in the volume of sale from 2004-05. While the sales of Meghnagar increased from 9,401 MT (2003-04) to 64,449 MT (2005-06), it rose from 668 MT (2003-04) to 56,264 MT (2005-06) in respect of Hirapur. Thus, considering the phenomenal increase in rates, the Company should have revised the prices upwards in April 2005 itself.

On being pointed out, the Company stated (April 2008) that there was no stability in sales. The reply is not consistent with the fact that increase in sale

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[34] *122000-103841 = 18159 MTs @ Rs. 71 per MT = Rs. 12.90 lakh.*

was evidenced by steady growth in the sale volume of the product of both units in 2004-05. Besides, selling price of the similar product of RSMMC during 2004-05 and 2005-06 was much higher than the rates finalised on tender basis subsequently in April and December 2006. Thus, non-revision of the selling prices in April 2005 itself resulted in loss of Rs. 57.48 lakh on the quantity sold during 2005-06 when compared with the price quoted in the open tender in April 2006.

Advance payment of royalty

4.1.4 The Company deposits royalty in advance with the mining branch of the respective Collectorates based on the previous month's production and obtains transit pass books. These passes are issued to each vehicle transporting the mineral. Any excess or shortages are adjusted at the time of assessment of royalty by Collectorate. The assessment has not been completed (period from which assessment is pending is not known). The year-wise opening balance, amount deposited and royalty due for the last five years ending 31 March 2008 were as under:

(Rupees in lakh)

Year	Opening Balance	Advance Royalty Paid	Royalty Due on Sales	Closing Balance	Excess royalty paid (in terms of months production)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)=(5/4*12)**
2003-04	102.60	763.36	690.08	175.88	3
2004-05	175.88	1043.36	911.18	308.06	4
2005-06	308.06	1435.80	1358.39	385.47	3
2006-07	385.47	1735.96	1658.98	462.45	3
2007-08	462.45	1635.23	1597.34	500.34	4

From the above, it would be seen that the advance royalty paid to the Department was always more than the royalty due which indicated that there was no proper system for estimating the royalty to be paid in advance. This has resulted in locking up of Company's funds without any benefit.

The Management stated (April 2008) that the main reason for the depiction of higher amount was non-assessment of royalty by the concerned collectors. The reply was not acceptable as the assessment by collectors is only to finalise the amount due to them. The fact remains that Company could have avoided payment of excess advance royalty by proper monitoring of the production and sale of the mineral.

The matter was reported (September 2008) to the Government: their reply was awaited (November 2008).

Madhya Pradesh State Civil Supplies Corporation Limited

4.2 Avoidable payment of interest

Incorrect estimation of Income Tax liability resulted in payment of interest of Rs. 2.18 crore during 2001-02 to 2005-06.

Under Section 208 read with section 210 of the Income Tax Act, 1961 (Act), it is obligatory for an assessee to pay Advance Income Tax (AIT) during the financial year in case the estimated amount of income tax payable exceeds Rs.5000. The AIT on the current income is to be paid in four quarterly installments during the financial year. If the amount of AIT falls short by more than 10 *per cent* of the assessed tax, the assessee is liable to pay simple interest for default in payment of balance tax at the rate of one *per cent* per month (1.25 *per cent* till 2003-04) under Section 234B of the Act on the amount by which the advance tax paid falls short of the assessed income tax. Further, interest at the rate of one *per cent* per month (1.25 *per cent* till 2003-04) for deferment of AIT under section 234C of the Act is also payable if the total AIT fell short of total tax liability.

A scrutiny of records of Company revealed that the Company failed to estimate its taxable income in a fairly reasonable manner. As a result, advance tax paid by the Company fell short of assessed income tax during 2001-02 to 2005-06. Consequently, the Company paid Rs. 2.18 crore towards interest on short payment of advance tax under section 234B and 234C of the Act during the financial years from 2002-03 to 2006-07.

Audit analysis further revealed that:

- The shortfall in payment of advance tax was 51.73 and 46.05 *per cent* during 2002-03 and 2003-04 respectively, indicating that estimation process during these two years was defective.
- The Company had not paid advance tax due on 15 June 2002 and 15 September 2002 despite estimating profit during the year.
- Payment of advance tax on due dates was generally made by the Company on the basis of estimated profit earned before due date but without taking into account the profit likely to be earned up to the end of quarter.

Thus, avoidable payment of interest of Rs. 2.18 crore was made due to its failure in assessing the income with reasonable accuracy.

Madhya Pradesh Audyogik Kendra Vikas Nigam (Bhopal, Indore) Limited & Industrial Infrastructure Development Corporation Limited, Gwalior

4.3 Loss of revenue

Loss of revenue of Rs. 24.64 crore due to non-charging of transfer fee in accordance with Government directives during May 2000 to January 2008.

The Madhya Pradesh Audyogik Kendra Vikas Nigams (Indore, Bhopal) Limited and Industrial Infrastructure Development Corporation Limited Gwalior – (Companies), the subsidiaries of Madhya Pradesh State Industrial Development Corporation Limited (MPSIDC) are responsible for development of industrial infrastructure within their jurisdictions. As per orders of the State Government issued at the time of formation of these Companies in 1981, these Companies enjoy the same rights for allotment of land for industrial use in industrial estates within their jurisdiction as are vested with the State Government and all basic terms and conditions, as amended from time to time, laid down by the State Government in this behalf are applicable to allotments made by these Companies. These companies fixed their charges for premium, lease rent etc. as per the rates fixed by the State Government from time to time in M.P. Industrial (Shed, Plot and Land Allotment) Act, 1974. The plots and sheds are transferable between parties on payment of transfer fee. The transfer fee, being a percentage of the premium, is fixed by the State Government from time to time and collected by the Companies on behalf of the Government.

The State Government amended the “MP Industrial (Shed, Plot and Land Allotment) Act, 1974” on 1 April 1999 enhancing the transfer fee to 100 *per cent* of the premium. However, the Companies did not take any cognizance of the revision of rates and continued to charge transfer fee at twenty *per cent* of the premium. This resulted into short collection of premium of Rs. 24.64 crore in respect of 184 transfer cases finalised during May 2000 to January 2008.

The Management stated (September 2008) that the rate of transfer fees was not changed from 20 to 100 *per cent* by the holding Company (MPSIDC). They further added that they were bound to follow the directions of the holding company as per the Articles of Association of these companies. The replies of the Companies were contrary to their formation orders which stipulated that all basic terms and conditions laid down by the State Government, were applicable to the Companies. Therefore, the holding company (MPSIDC) should have issued necessary instructions in this regard to its subsidiary companies.

Thus, due to non-implementation of the Government order, by the Companies, the Government suffered loss of Rs. 24.64 crore and the transferees got an undue benefit to that extent.

Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited

4.4 Avoidable payment of interest

The Company paid avoidable interest of Rs. 22.29 lakh on the loans borrowed at higher costs during February 2006 to August 2007.

In order to meet the project cost for establishing a Software Technology Park (STP) and a Gems and Jewellary Park (GJP), the Company entered into a loan agreement (June 2004) for Rs. 40 crore from HUDCO at the rate of 8.25 *per cent* (floating) repayable in thirty five quarterly installments. The Company received Rs. 6.05 crore and Rs. four crore in September 2004 and September 2005 respectively. Meanwhile, the Board of Directors (Board) of the Company in its meeting, held in November 2004, observed that Bank of Punjab was lending loans at a comparatively lesser rate of 6.50 *per cent* and directed the Managing Director to explore the possibilities for obtaining loan at a reduced rate so as to repay the high cost borrowings of HUDCO. The Company, however, ignoring the directions of the Board, obtained (October 2005) a loan from State Bank of Indore at a rate of 7.30 *per cent* (fixed interest) after a lapse of 10 months and repaid (November 2005) the loan received from HUDCO. As against a loan of Rs. 40 crore sanctioned by State Bank of Indore, the Company drew Rs. 18.96 crore during the period from February 2006 to July 2006 and foreclosed (August 2007) the loan.

It was noticed in Audit that the Company did not fully explore the possibilities of availing the loan at competitive rates of interest from other Banks including the Bank of Punjab as directed (November 2004) by the Board. By borrowing from the State Bank of Indore at 7.30 *per cent*, the Company paid an avoidable interest of Rs. 22.29 lakh.

Thus due to failure in taking loan at cheaper rates from Bank of Punjab, as directed by its Board, the Company incurred an avoidable payment of interest of Rs. 22.29 lakh.

The matter was reported (June 2008) to the Company and the Government and their reply was awaited. (October 2008).

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited

4.5 Blockage of funds

Delay in issue of bills to franchisees and failure to collect outstanding amount from the franchisees resulted in blockage of funds of Rs. 3.53 crore and loss of surcharge of Rs. 62 lakh during November 2006 to November 2007.

In order to improve revenue collection and reduce arrears, the Company entered into Distribution Agreement (October and November 2006) for one year with three franchisees[35] for distribution of electricity to low tension consumers in Rural Distribution Centres, Dewas (Tonkkala, Tonk kurd and Gandarvpuri).

As per the terms and conditions of the contract/order, the Company was required to issue monthly bills to the franchisee within three days from the date of joint reading of interface meter. The franchisees were required to settle the bills by paying the amount within the due date and in case of default, a surcharge at the rate of two *per cent* per month on diminishing balance was recoverable for every day of delay from the franchisees.

It was, noticed in audit that the Company failed to issue bills to franchisees up to July 2007 and the bills for the period from November 2006 to July 2007 amounting to Rs. 7.11 crore were issued only in August 2007. It was further observed that franchisees did not make the payment of entire billed amount within the due dates. As against Rs. 11.02 crore, billed during August to November 2007 for the period from November 2006 to November 2007, only Rs. 7.19 crore were paid by the franchisees and an amount of Rs. 3.83 crore (Tonk kalan Rs.1.48 crore, Tonk kurd Rs. 1.16 crore and Gandharvpuri Rs. 1.19 crore) was outstanding against the franchisees (September 2008). The Company did not take any concrete action to recover the amount except forfeiting the bank guarantee of Rs. 30 lakh provided by the franchisees.

Thus, failure of the Company to issue bills on time and not taking prompt recovery action resulted in short receipt of revenue by Rs. 3.53 crore after taking into account the forfeited Bank Guarantee of Rs. 30 lakh. Further, due to non issue of bills in time, the Company was deprived of surcharge of Rs. 62 lakh on delayed payments by the franchisees which otherwise, the Company would have been entitled to recover in terms of the Distribution Agreement with the franchisees.

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[35] *(1) M/s Ashirwad Electrical & Construction Services, (2) M/s Narendra Singh Rajput, (3) M/s Raghuveer Singh Baghel.*

The Company accepted (June 2008) the fact and stated that action under Debt Recovery Act had been initiated. The fact remains that outstanding amount of Rs. 3.53 crore had not been recovered so far (October 2008).

The matter was reported to the Government (May 2008) and their reply was awaited (October 2008).

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited

4.6 Loss of revenue due to short billing

Failure to bill the short drawal of power, in violation of the orders of MPERC, resulted in loss of revenue of Rs. 1.15 crore during 2002-03 to 2006-07.

GAIL India Limited (GAIL), Vijaipur (Guna district), a HT consumer (Consumer) with a contracted demand of 5500 KVA on 132 KV supply line, applied (February 2002) for permission to Madhya Pradesh Electricity Regularity Commission (MPERC) for installation of 9000 KVA co-generation plant (waste heat recovery) at its premises in Vijaipur, to be commissioned in March 2004. The consumer was already in possession of three captive power plants with an installed capacity of 6.75 MW[36] in Vijaipur complex as of that date.

MPERC granted permission (May 2002) to GAIL for installation and commissioning of 9000 KVA generator for five years from the date of commissioning. While granting permission, MPERC converted existing captive power plants of GAIL as permitted power plants with the condition to purchase at least 50 *per cent* of monthly power requirement from Company's system. In case of any shortfall, the consumer (GAIL) was liable to pay the Company, for minimum of 50 *per cent* of its actual monthly consumption.

On scrutiny of records in Audit, it was observed (February 2008) that despite MPERC order, the consumer failed to use 50 *per cent* of the total monthly consumption from the Company's system and the Company also did not bill for the short drawn units during the periods when the actual consumption was less than 50 *per cent*. This resulted in short billing of Rs. 1.15 crore for the period from 2002-03 to 2006-07.

The Government stated (June 2008) that necessary instructions had been issued to the Company to issue revised bills for recovery. Further progress was awaited (October 2008).

[36] *2x2.7 MW natural gas based and 1x1.35 MW diesel based.*

Madhya Pradesh Power Trading Company Limited

4.7 Undue benefit to a power supplier

Undue benefit of Rs. 57.04 lakh was extended to a power supplier during 2005-06 due to non deduction of penalty as per letter of intent.

In response to a request made (August 2005) by the erstwhile Madhya Pradesh State Electricity Board for supply of power to the State during the quarter October to December 2005, Adani Exports Limited (Supplier) agreed (August 2005) to supply energy stipulating payment of compensation at 50 paise per KWH for the quantum of power that fell short of 70 *per cent* of the contracted supply. Accordingly, the Company issued orders (LOI 2599 dt 2 September 2005) for supply of power, followed by letters of intents (LOI no. 2718 dated 15 September 2005 and LOI no.2758 dated 19 September 2005) on the same terms and conditions for supply of power up to December 2005.

Audit observed that the quantity of power supplied in respect of LOIs 2758 and 2718 was 8.91 and 6.14 million units, which was short of 70 *per cent* of the agreed quantity and the Company deducted Rs. 21.61 lakh in respect of LOI no. 2758 and Rs. 35.43 lakh in respect of LOI no. 2718 towards short supply. However, the Company, without citing any reasons on records, did not deduct Rs. 57.04 lakh on account of short supply against LOI 2599 and extended undue benefit to supplier.

The Company stated (April 2008) that the offers received from the supplier did not contain default clause for payment of compensation. However, the Board on its own included the default clause with the intention to pressurise the trader to make best effort to supply maximum power against such LOIs. Therefore, the Board could not enforce the same unilaterally.

Reply of the Management was not based on facts as the offer of the supplier of August 2005 included a clause for compensation for shortfall in supply, and this condition was withdrawn by the supplier on 23 November 2005 i.e. after supplying the power against LOI 2718 and 2758. Therefore, the withdrawal of condition after effecting the supplies was not acceptable. Hence, non recovery of Rs. 57.04 lakh, was unjustified.

The matter was reported to the Government (July 2008); their reply was awaited (October 2008).

Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited

4.8 Undue favour to a contractor

Extension of delivery period with price variation clause on the request of the supplier resulted in undue benefit of Rs. 29.91 lakh during 2007-08.

The Company placed an order (March 2006) on Hi Tek Powercon Limited, Bhubaneswar for supply of 2900 Kms AAA conductors at a total cost of Rs. 5.70 crore (ex-works excluding taxes) with price variation clause.

As per delivery schedule, the supply of the conductor was to commence within one month from the date of receipt of the order and the entire quantity was to be supplied at 550 Kms per month, i.e. supply of first lot was to commence by 8 May 2006 and entire quantity to be supplied by 8 November 2006. The Company amended (4 July 2006) the delivery clause on the request of the supplier, thereby modifying the commencement of supply as ‘within one month’ from the date of issue of this amendment. The extension was allowed with price variation and without levy of penalty.

It was noticed in audit that as against the ordered quantity of 2900 Kms the firm supplied only 1554.891 Kms of conductors till January 2007 and no supply was made after January 2007. It was also observed that Rs. 29.91 lakh was paid towards price escalation for the quantity supplied during extended period.

Thus, extension of delivery period with price variation clause on the request of the supplier resulted in undue favour of Rs. 29.91 lakh to the supplier. Further, no penal action has been taken by the Company so far (October 2008) against the supplier for short supply of material.

The Company stated (May 2008) that the action would be initiated for non-supplying of balance quantity as per the provisions of the contract. It was also stated that delivery period was extended due to non-availability of aluminum raw material in the market because of scarcity. However, extension of delivery period with price escalation was unwarranted.

General

Follow-up action on Audit Reports

Explanatory notes outstanding

4.9.1 The Comptroller and Auditor General of India’s Audit Reports represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices of Public

Sector Undertakings and Departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Chief Secretary, Government of Madhya Pradesh had issued instructions (November 1994) to all Administrative Departments to submit explanatory notes indicating corrective/remedial action taken or proposed to be taken on the paragraphs and reviews included in the Audit Reports within three months of their presentation to the Legislature, without waiting for any notice or call from the Committee on Public Undertaking (COPU).

The Audit Report for the year 2006-07 was presented to the State Legislature in March 2008. The position of paragraphs for which explanatory notes were not received up to September 2008 is indicated in the table below:

Year of Audit Report (Commercial)	Total number of paragraphs/reviews in the Audit Report	Number of paragraphs/reviews for which explanatory notes were not received
2006-07	21	16

Department-wise analysis is given in the ***Annexure-13***.

Compliance to the Reports of Committee on Public Undertakings (COPU)

4.9.2 The replies to recommendations of the Committee on Public Undertakings (COPU), as contained in its Reports, are required to be furnished within six months from the date of presentation of the Report by the COPU to the State Legislature.

On the basis of recommendations of the COPU, Action Taken Notes (ATNs) for 94 paragraphs relating to the period for 1983-84 to 2004-05 were received during 2007-08. The COPU had verified and settled 85 ATNs.

Response to Inspection Reports, Draft Paragraphs and Reviews

4.10 Audit observations noticed during audit and not settled on the spot are communicated to the heads of the PSUs and the administrative departments concerned of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through the respective heads of administrative departments within a period of six weeks. Inspection reports issued up to March 2008 pertaining to 35 PSUs showed that 4,954 paragraphs relating to 2,009 inspection reports remained outstanding at the end of September 2008. Of these, 1890 inspection reports containing 4,525 paragraphs had not been replied to for one to 22 years. Department-wise breakup of inspection reports and audit observations outstanding as on 30 September 2008 is given in ***Annexure-14***.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, noticed that replies to one review and nine draft paragraphs forwarded to various departments between May 2008 to September 2008 as detailed in ***Annexure-15***, had not been received (October 2008)**.**

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

Gwalior	**(Sanat Kumar Mishra)**
The	**Principal Accountant General**
	(Civil and Commercial Audit)
	Madhya Pradesh

Countersigned

New Delhi	**(Vinod Rai)**
The	**Comptroller and Auditor General of India**

ANNEXURE 1

(Referred to in paragraphs 1.3, 1.4, 1.5 and 1.17)

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 2008 in respect of Government companies and Statutory corporations

(Figures in column 3(a) to 4(f) are Rupees in lakh)

Sl. No.	Sector and name of the company/corporation	Paid-up capital at the end of the current year (including share application money)[C]					Equity/ loans received out of Budget during the year		Other loans received during the year@	Loans** outstanding at the close of 2007-08			Debt-equity ratio for 2007-08 (Previous year) 4f/3e
		State Government	Central Government	Holding company	Others	Total	Equity	Loans		Govt.	Others	Total	
1.	**2.**	**3 (a)**	**3 (b)**	**3 (c)**	**3 (d)**	**3 (e)**	**4 (a)**	**4 (b)**	**4 (c)**	**4 (d)**	**4 (e)**	**4 (f)**	**5**
A.	**Working Government Companies**												
	Agriculture and Allied												
1.	M.P.State Agro Industries Development Corporation Ltd.	209.50	120.00	--	--	329.50	--	--	--	197.16	--	197.16	0.60:1 (0.60:1)
	Total	**209.50**	**120.00**	**--**	**--**	**329.50**	**--**	**--**	**--**	**197.16**	**--**	**197.16**	**0.60:1 (0.60:1)**
	Industries												
2.	M.P. Trade and Investment Facilitation Corporation Ltd.	80.25	--	--	--	80.25	--	--	--	--	--	--	--
3.	M.P.Laghu Udyog Nigam Ltd.	267.75	15.00	--	--	282.75	--	--	--	--	--	--	--
4.	Pithampur Auto Cluster Pvt. Ltd.	--	--	80.50	517.50 (400.00)	598.00 (400.00)	--	--	--	--	110.00	110.00	0.11:1 (0.18:1)
	Total	**348.00**	**15.00**	**80.50**	**517.50** (400.00)	**961.00** (400.00)	**--**	**--**	**--**	**--**	**110.00**	**110.00**	**0.08:1 (0.11:1)**
	Electronics												
5.	M.P. State Electronics Development Corporation Ltd.	2191.25	--	--	--	2191.25	--	--	--	--	--	--	--
6.	Crystal I.T. Park Indore Limited, Indore	--	--	5.01	--	5.01	--	--	--	--	--	--	--
	Total	**2191.25**	**--**	**5.01**	**--**	**2196.26**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
	Handlooms and Handicrafts												
7..	M.P.Hastha Shilp Evam Hath Kargha Vikas Nigam Limited	1.70	52.00	72.46	--	126.16	--	--		12.52	212.75	225.27	1.79:1 (2.26:1)
	Total	**1.70**	**52.00**	**72.46**	**--**	**126.16**	**--**	**--**		**12.52**	**212.75**	**225.27**	**1.79:1 (2.26:1)**
	Forest												
8.	M.P.Rajya Van Vikas Nigam Ltd.	3793.16	138.60	--	--	3931.76	--	--	200.00	--	200.00	200.00	0.05:1 (0.05:1)
	Total	**3793.16**	**138.60**	**--**	**--**	**3931.76**	**--**	**--**	**200.00**	**--**	**200.00**	**200.00**	**0.05:1 (0.05:1)**
	Mining												
9.	M.P.State Mining Corporation Ltd.	219.59	--	--	--	219.59	--	--	--	--	--	--	--
	Total	**219.59**	**--**	**--**	**--**	**219.59**	**--**	**--**	**--**	**--**	**--**	**--**	**--**

1.	2.	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
	Construction												
10.	M.P. Police Housing Corporation Limited.	457.50	--	--	--	457.50	--		--	--	--	--	-- (-)
11.	M.P. Road Development Corporation Limited	1150.00 (550.00)	--	--	--	1150.00 (550.00)	100.00	--	--	--	--	--	-- --
	Total	**1607.50 (550.00)**	**--**	**--**	**--**	**1607.50 (550.00)**	**100.00**		**--**	**--**	**---**	**--**	**-- (-)**
	Area Development												
12	M.P.A.K.V.N. (Bhopal) Ltd.	--	--	135.01	--	135.01	-	--	--	--	--	--	-- (-)
13.	M.P.A.K.V.N. (Indore) Ltd.	--	--	165.00	--	165.00	--	--	--	--	1041.00	1041.00	6.31:1 (6.31:1)
14.	M.P.A.K.V.N. (Jabalpur) Ltd.	--	--	133.11	0.01	133.12	--	--	--	--	--	--	-- (-)
15.	M.P.A.K.V.N. (Rewa) Ltd.	--	--	80.00	--	80.00	--	--	--	108.79	--	108.79	1.36:1 (1.36:1)
16.	Industrial Infrastructure Development Corporation (Gwalior) Limited.	--	--	75.00	--	75.00	--	--	--	--	--	--	-- (--)
17.	SEZ Indore Limited	--	--	2697.39	0.01	2697.40		--	--	--	--	--	-- (-)
	Total	**--**	**--**	**3285.51**	**0.02**	**3285.53**	**--**	**--**	**--**	**108.79**	**1041.00**	**1149.79**	**0.35:1 (0.35:1)**
	Development of Economically Weaker Sections												
18.	M.P.Pichhada Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Ltd.	704.85	--	--	--	704.85	--	--	--	57.80	3211.48	3269.28	4.64:1 (4.59:1)
19.	M.P.Adivasi Vitta Evam Vikas Nigam Limited.	1867.00	69.00	--	--	1936.00	--		--	--	3367.99	3367.99	1.74:1 (1.74:1)
`	**Total**	**2571.85**	**69.00**	**--**	**--**	**2640.85**	**--**	**--**	**--**	**57.80**	**6579.47**	**6637.27**	**2.51:1 (2.50:1)**
	Public Distribution												
20.	M.P.State Civil Supplies Corporation Limited.	847.44	--	--	--	847.44	--	--	--	--	--	--	-- --
	Total	**847.44**	**--**	**--**	**--**	**847.44**	**--**	**--**	**--**	**--**	**--**	**--**	**-- --**
	Tourism												
21.	M.P.State Tourism Development Corporation Limited.	2497.29	--	--	--	2497.29	--	--	--	--	--	--	--
	Total	**2497.29**	**--**	**--**	**--**	**2497.29**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
	Financing												
22.	The Provident Investment Company Limited.	49.26	--	--	0.40	49.66	--	--	--	--	--	--	--
23.	M. P .State Industrial Development Corporation Ltd.	8109.18	--	--	--	8109.18	--	7435.00	--	10467.27	44152.01	54619.28	6.74:1 (3.49:1)
	Total	**8158.44**	**--**	**--**	**0.40**	**8158.84**	**--**	**7435.00**	**--**	**10467.27**	**44152.01**	**54619.28**	**6.69:1 (3.47:1)**
	Miscellaneous												
24.	M. P. Urja Vikas Nigam Ltd.	68.92	--	--	--	68.92	--	--	--	--	--	--	-- (-)
	Total	**68.92**	**--**	**--**	**--**	**68.92**	**--**	**--**	**--**	**--**	**--**	**--**	**-- (-)**

1.	2.	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
	Energy												
25.	M. P. Power Transmission Company Limited	90183.03 (24730.03)	--	--	--	90183.03 (24730.03)	10375.35	37887.69	19303.12	75877.59	83295.49	159173.08	1.39:1 (1.49:1)
26.	M. P. Poorv Kshetra Vidyut Vitaran Company Limited.*	41704.34 (7630.00)	--	--	--	41704.34 (7630.00)	7630.00	4496.84	17311.16	24114.93	59264.63	83379.56	1.69:1 (-)
27.	M. P. Paschim Kshetra Vidyut Vitaran Company Limited.	78858.13	--	---	--	78858.13	15126.75	18.07	1700.37	14183.04	62734.88	76917.92	0.98:1 (1.28:1)
28.	M. P. Power Generating Company Limited.	191897.01 (106726.63)	--	--	--	191897.01 (106726.63)	96170.63	1141.00	41709.17	939.29	277490.77	278430.06	0.93:1 (1.36:1)
29.	M. P. Madhya Kshetra Vidyut Vitaran Company Limited.	52988.05 (3449.00)	--	--	--	52988.05 (3449.00)	18216.37	--	14726.00		120063.42	120063.42	2.13:1 (-)
30.	Shahpura Thermal Power Company Limited	5.01	--	--	--	5.01	--	--	--	--	--	--	-- (-)
31.	M. P. Power Trading Company Limited	2000.00	--	--	--	2000.00		--	--	--	--	--	-- (-)
	Total	**457635.57 (142535.66)**	**--**	**--**	**--**	**457635.57 (142535.66)**	**147519.10**	**43543.60**	**94749.82**	**115114.85**	**602849.19**	**717964.04**	**1.20:1 (1.26:1)**
	TOTAL – A	**480150.21 (143085.66)**	**394.60**	**3443.48**	**517.92 (400.00)**	**484506.21 (143485.66)**	**147619.10**	**50978.60**	**94949.82**	**125958.39**	**655144.42**	**781102.81**	**1.24:1 (1.26:1)**
B.	**Statutory corporations**												
	Energy												
1.	Madhya Pradesh State* Electricity Board	47961.44	--	--	--	47961.44	--	--	-		231.00	231.00	-- (11.62:1)
	Transport												
2.	M.P. Road Transport Corporation	5093.55 (5901.98)	717.88 (2467.47)	--	--	5811.43 (8369.45)	--	12892.00	--	70304.87	1378.84	71683.71	5.05:1 (3.24:1)
	Finance												
3.	Madhya Pradesh Financial Corporation	31227.84	--	--	2101.15	33328.99	6500.00	--	9263.16	142.65	45866.56	46009.21	1.38:1 (1.90:1)
	Agriculture & Allied												
4.	M.P.Warehousing and Logistics Corporation	100.00 (328.08)	--	--	50.00 (328.08)	150.00 (656.16)	--	--	543.70	--	322.60	322.60	0.40:1 (0.60:1)
	Total – B	**84382.83 (6230.06)**	**717.88 (2467.47)**	**--**	**2151.15 (328.08)**	**87251.86 (9025.61)**	**6500.00**	**12892.00**	**9806.86**	**70447.52**	**47799.00**	**118246.52**	**1.23:1 (8.21:1)**
	Total – A+B	**564533.04 (149315.72)**	**1112.48 (2467.47)**	**3443.48**	**2669.07 (728.08)**	**571758.07 (152511.27)**	**154119.10**	**63870.60**	**104756.68**	**196405.91**	**702943.42**	**899349.33**	**1.24:1 (2.70:1)**
C	**Non-working Government companies**												
	Agriculture and Allied												
1.	M.P.Lift Irrigation Corporation Limited.	592.29	--	--	--	592.29	--	--	--	--	--	--	--
2.	M.P.State Dairy Development Corporation Limited.	--	--	--	--	--	--	--	--	--	--	--	--
	Total	**592.29**	**--**	**--**	**--**	**592.29**	**--**	**--**	**--**	**--**	**--**	**--**	**-- (-)**
	Industries												
3.	M.P.Leather Development Corporation Limited.	154.29	--	--	--	154.29	--	--	--	--	--	--	-- (1.16:1)
4.	M.P.Film Development Corporation Limited.	103.84	--	--	--	103.84	--	--	--	--	--	--	--

1.	2.	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
5.	M.P. State Industries Corporation Limited.	1511.67	--	--	--	1511.67	--	--	--	3254.46	986.55	4241.01	2.81:1 (2.15:1)
	Total	**1769.80**	**--**	**--**	**--**	**1769.80**	**--**	**--**	**--**	**3254.46**	**986.55**	**4241.01**	**2.40:1 (1.94:1)**
	Electronics												
6.	Optel Telecommunication Ltd.	--	--	1500.00	896.71 (0.01)	2396.71 (0.01)	--	--	---	1712.45	2948.10	4660.55	1.94:1 (1.97:1)
	Total	**--**	**--**	**1500.00**	**896.71 (0.01)**	**2396.71 (0.01)**	**--**	**--**	**---**	**1712.45**	**2948.10**	**4660.55**	**1.94:1 (1.97:1)**
	Textile												
7.	M.P. State Textile Corporation Limited.	685.95	--	--	--	685.95	--	--	--	8674.44	110.20	8784.64	12.81:1 (12.81:1)
	Total	**685.95**	**--**	**--**	**--**	**685.95**	**--**	**--**	**--**	**8674.44**	**110.20**	**8784.64**	**12.81:1 (12.81:1)**
	Construction												
8.	M.P.Rajya Setu Nirman Nigam Limited.	500.00	--	--	--	500.00	--	--	--	--	--	--	--
	Total	**500.00**	**--**	**--**	**--**	**500.00**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
	Financing												
9.	M.P.Panchayati Raj Vitta* Evam Gramin Vikas Nigam Limited.	-- (15.60)	--	--	--	-- (15.60)	--	--	--	--	--	--	--
	Total	**(15.60)**	**--**	**--**	**--**	**(15.60)**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
	Grand Total- C	**3548.04 (15.60)**	**--**	**1500.00**	**896.71 (0.01)**	**5944.75 (15.61)**	**--**	**--**	**-**	**13641.35**	**4044.85**	**17686.20**	**2.97:1 (2.84:1)**
GRAND TOTAL (A+B+C)##		**568081.08 (149331.32)**	**1112.48 (2467.47)**	**4943.48**	**3565.78 (728.09)**	**577702.82 (152526.88)**	**154119.10**	**63870.60**	**104756.68**	**210047.26**	**706988.27**	**917035.53**	**1.26:1 (2.70:1)**

Notes: *Except in respect of companies/corporations, which finalised their accounts for the year 2007-08 (Serial number A-9,20,25,26,27,28,29, B-2,3,4 and C-4) the figures are provisional and as provided by the companies/corporations.*

@ *Includes bonds, debentures, inter-corporate deposits, etc.*

******* *Loans outstanding at the close of 2007-08 represent long-term loans only and do not include interest accrued and due.*

******* *As the company/corporation did not furnish figures for the year 2007-08, previous year's figures have been adopted for the current year also.*

*State Government investment in all PSUs was Rs.9274.60 (Others Rs. 7198.06). The figure as per Finance Accounts was Rs.6329.23crore. The difference was under reconciliation.*

C *Figures in bracket indicate share application money.*

ANNEXURE 2

(Referred to in paragraphs 1.6, 1.7, 1.8, 1.9, 1.10, 1.13, 1.19 and 1.20)

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

(Figures in columns 7 to 12 and 15 are Rupees in lakh)

Sl. No.	Sector and name of Company	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)	Net impact of audit comments	Paid-up capital	Accumulated Profit (+) /Loss(-)	Capital employed (A)	Total return on capital employed (B)	Percentage of total return on capital employed	Arrears in accounts in terms of years	Turn-over	Manpower
1.	2.	3.	4.	5.	6.	7.	8.	9.	10	11	12	13.	14.	15	16
A.	**Working Government companies**														
	Agriculture and Allied														
1.	M.P.State Agro industries Development Corporation Limited	Fruit processing and Horticulture	21-03-1969	2005-06	2007-08	(-) 340.04	(-)7.48	329.50	(-)914.50	142.01	(-) 321.15	--	02	15071.66	476
	TOTAL					**(-)340.04**	**--**	**329.50**	**(-) 914.50**	**142.01**	**(-) 321.15**	**--**	**--**	**15071.66**	**476**
	Industries														
2.	M.P. Trade and Investment Facilitation Corporation Limited	Commerce & Industries	14-02-1977	2005-06	2007-08	(+)3.59	--	80.25	(+) 536.21	752.93	(+) 3.59	0.48	02	5253.34	21
3.	M.P. Laghu Udyog Nigam Limited.	Commerce & Industries	28-12-1961	2006-07	2008-09	(+)1177.39	--	282.75	(+)2326.68	2556.80	(+)1177.39	46.05	01	10041.15	368
4.	Pithampur Auto Cluster Pvt. Ltd.	Commerce & Industries	27.12.2004	2006-07	2007-08	(+)110.88	--	598.00	(+)65.55	4147.58	(+) 119.23	2.87	01	5.39	01
	TOTAL					**(+)1291.86**	**--**	**961.00**	**(+) 2928.44**	**7457.31**	**(+) 1300.21**	**17.44**	**--**	**15299.88**	**390**
	Electronics														
5.	M.P.State Electronics Development Corporation Limited.	Commerce & Industries	18-11-1983	2006-07	2008-09	(-)0.25	-	2191.25	(-)1000.82	7287.06	(-)0.25	-	01	432.18	**60**
6.	Crystal I.T. Park Indore Limited	Commerce & Industries	16.09.2004	2004-05	2006-07	---	---	5.01	--	(-) 0.13	--	--	03	--	--
	TOTAL					**(-) 0.25**	**-**	**2196.26**	**(-)1000.82**	**7286.93**	**(-)0.25**	**--**	**--**	**432.18**	**60**
	Handlooms & Handicrafts														
7.	M.P. Hasthashilp Evam Hath Kargha Vikas Nigam Limited.	Gram Udyog Department	28-11-1981	2003-04	2007-08	(+)8.85	--	126.16	(-) 6.03	2555.61	(+)30.50	1.19	04	2393.87	253
	TOTAL					**(+)8.85**	**--**	**126.16**	**(-) 6.03**	**2555.61**	**(+) 30.50**	**1.19**	**--**	**2393.87**	**253**
	Forest														
8.	M.P. Rajya Van Vikas Nigam Limited.	Forest	24-07-1975	2006-07	2007-08	(+) 593.47	--	3931.76	(+) 1517.25	6444.16	(+) 593.47	9.21	01	2616.95	1140
	TOTAL					**(+) 593.47**	--	**3931.76**	**(+) 1517.25**	**6444.16**	**(+) 593.47**	**9.21**	**--**	**2616.95**	**1140**
	Mining														
9.	M.P. State Mining Corporation Limited.	Mineral Resources Department	19-01-1962	2007-08	2008-09	(+)1909.96	--	219.59	(+)5760.32	4975.77	(+)1909.96	38.39	--	5625.44	442
	TOTAL					**(+) 1909.96**	--	**219.59**	**(+) 5760.32**	**4975.77**	**(+) 1909.96**	**38.39**	**--**	**5625.44**	**442**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10	11	12	13.	14.	15	16
	Construction														
10.	M.P. Police Housing Corporation Limited.	Home (Police)	31-03-1981	2006-07	2008-09	(+) 1013.78	--	457.50	(+) 1189.78	1802.28	(+)1013.78	56.25	01	1258.52	141
11.	M.P. Road Development Corporation Limited	PWD	14.07.2004	2005-06	2007-08	(+)519.61	--	1500.00	(+)317.65	1872.31	(+)519.61	27.75	02	225.89	120
	TOTAL					**(+) 1533.39**	**--**	**1957.50**	**(+) 1507.43**	**3674.59**	**(+) 1533.39**	**41.73**	**--**	**1484.41**	**262**
	Area Development														
12.	M.P.A.K.V.N. (Bhopal) Limited	Commerce & Industries	16-10-1987	2006-07	2007-08	(+) 69.47	--	135.01	(+) 224.91	427.31	(+) 116.47	27.26	01	483.61	275
13.	M.P.A.K.V.N. (Indore) Limited.	--do--	16-11-1981	2004-05	2007-08	(-) 135.10	--	165.00	(+) 363.82	7545.69	(-) 128.64	--	03	686.21	216
14.	M.P.A.K.V.N. (Jabalpur) Limited.	--do--	16-11-1981	2006-07	2007-08	(+) 23.21	--	133.12	(+) 676.54	795.12	(+) 23.21	2.92	01	25.83	74
15.	M.P.A.K.V.N. (Rewa) Ltd.	--do--	16-11-1981	2006-07	2007-08	(+) 17.14	--	80.00	(-) 28.55	270.57	(+) 33.16	12.26	01	42.53	93
16.	Industrial Infrastructure Development Corporation (Gwalior) Limited.	--do--	28-05-1985	2005-06	2007-08	(-)13.52	--	75.00	(+) 126.09	231.17	(-)12.61	--	02	18.99	156
17.	SEZ Indore Limited	-do-	20.02.2003	2004-05	2007-08	(-)65.17	--	3139.41	(-)107.02	3410.06	(-)65.17	--	03	80.73	03
	TOTAL					**(-) 103.97**	**--**	**3727.54**	**(+)1255.79**	**12679.92**	**(-) 33.58**	**--**	**--**	**1337.90**	**817**
	Department of Economically Weaker Section														
18.	M.P. Pichhra Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited.	Picchda Varg Kalyan Vibhag	29-09-1994	2000-01	2008-09	(+) 25.58	(-) 94.46	443.17	(+)28.53	2451.24	(+)109.90	4.48	07	130.53	21
19.	M.P. Adivasi Vitta Evam Vikas Nigam Limited.	Schedule Tribe Welfare Department	29-09-1994	2001-02	2007-08	(+)98.54	--	1577.00	(+) 170.83	4412.67	(+)219.28	4.97	06	436.02	114
	TOTAL					**(+)124.12**	**(-) 94.46**	**2020.17**	(+) **199.36**	**6863.91**	**(+) 329.18**	**4.80**	**--**	**566.55**	**135**
	Public Distribution														
20.	M.P. State Civil Supplies Corporation Limited.	Food, Civil Supplies & Consumer Protection	03-04-1974	2007-08	2008-09	(+)2932.10	--	847.44	(+)12961.29	13711.84	(+)2932.10	21.38	--	108965.84	1016
	TOTAL					**(+) 2932.10**	**--**	**847.44**	**(+) 12961.29**	**13711.84**	**(+) 2932.10**	**21.38**	**--**	**108965.84**	**1016**
	Tourism														
21.	M.P. State Tourism Development Corporation Limited.	Tourism	24-05-1978	2004-05	2007-08	(+)183.95	--	2497.29	(-)1071.68	6694.35	(+)183.95	2.74	03	1625.50	707
	TOTAL					**(+)183.95**	**--**	**2497.29**	**(-) 1071.68**	**6694.35**	**(+)183.95**	**2.74**	**--**	**1625.50**	**707**
	Financing														
22.	The Provident Investment Company Limited.	Finance	04-12-1926	2005-06	2007-08	(+) 365.81	--	49.66	(+) 787.91	971.27	(+) 365.81	37.66	02	501.40	20
23.	M.P. State Industrial Development Corporation Limited.	Commerce & Industry	13-09-1965	2006-07	2007-08	(-)1762.89	--	8109.18	(-) 65735.93	198.47	(+) 1021.98	514.93	01	534.64	103
	TOTAL					**(-)1397.08**	**--**	**8158.84**	**(-) 64948.02**	**1169.74**	(+) **1387.79**	**118.64**	**--**	**1036.04**	**123**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10	11	12	13.	14.	15	16
	Miscellaneous														
24.	M.P. Urja Vikas Nigam Limited.	Energy Department	25-08-1982	2006-07	2007-08	(-)110.24	--	68.92	--	190.02	(-)110.24	--	01	12.27	232
	TOTAL					**(-) 110.24**	**--**	**68.92**	**--**	**190.02**	**(-) 110.24**	**--**	**--**	**12.27**	**232**
	Energy														
25.	M. P. Power Transmission Company Limited.	Energy	22-11-2001	2007-08	2008-09	(-) 3993.83	--	114913.06	(-)974.22	322325.91	(+)16237.00	5.04	--	79246.41	5110
26.	M. P. Poorv Kshetra Vidyut Vitaran Company Limited.	-do-	31-05-2002	2007-08	2008-09	(-)61377.70	--	49334.34	(-)115685.18	36363.55	(-)52373.19	--	--	203189.75	14335
27.	M. P. Paschim Kshetra Vidyut Vitaran Company Limited.	-do-	31-05-2002	2007-08	2008-09	(-)67980.32		78858.13	(-)103402.45	81034.20	(-)8949.86	--	--	254860.47	--
28.	M. P. Power Generating Company Limited.	-do-	22-11-2001	2007-08	2008-09	(+) 517.19	--	298623.64	(-)2766.57	584650.91	(+)9836.93	1.68	--	230076.46	6962
29.	M. P. Madhya Kshetra Vidyut Vitaran Company Limited.	-do-	31-05-2002	2007-08	2008-09	(-) 49422.36	--	56437.05	(-) 132254.74	49025.83	(-) 44626.59	--		217474.66	--
30.	Shahpura Thermal Power Company Limited	-do-	5-2-2007	2006-07	2007-08	(-)3.41	--	5.01	(-)3.42	2.40	(-)3.41	-	01	-	8
31.	M.P. Power Trading Company Limited	-do-	2-5-2006	---	---	--	--	**First accounts has not yet finalised**					02	--	123
	TOTAL					**(-) 182260.43**	**--**	**598171.23**	**(-) 355086.58**	**107340.28**	**(-)79879.12**	**--**	**--**	**984847.75**	**26538**
	TOTAL – A					**(-)175634.31**	**--**	**625213.20**	**(-)396897.75**	**181186.44**	**(-)70143.79**	**--**	**--**	**1141316.24**	**32591**
B.	**Statutory Corporations**														
	Energy														
1.	Madhya Pradesh State Electricity Board	Energy	01-04-1957	2005-06*	2007-08	(+) 9399.33	--	47961.44	(-)86341.07	972557.12	(+) 18690.21	1.92	03	106442.07	NA
	Transport														
2.	M.P. Road Transport Corporation	Transport	21-05-1962	2007-08	2008-09	(-) 1362.37	--	14180.88	(-) 102451.89	(-)14479.33	(-)352.71	--	--	21005.29	1361
	Finance														
3.	Madhya Pradesh Financial Corporation	Finance	30-06-1955	2007-08	2008-09	(+) 330.23	--	33328.99	(-) 24128.75	81226.64	(+) 6155.00	7.58	--	7802.55	252
	Agriculture and allied														
4.	Madhya Pradesh Warehousing and Logistics Corporation	Food, Civil Supplies & Consumer Protection	19-02-1958	2007-08	2008-09	(+)401.83	--	806.16	(+) 6573.15	10447.25	(+)493.40	4.72	--	3507.12	1471
	TOTAL --B					**(+)8769.02**		**96277.47**	**(-)206348.56**	**1049751.68**	**(+)25691.32**	**2.44**	**--**	**138757.03**	**3084**
	GRAND TOTAL (A+B)					**(-)166865.29**	**--**	**721490.67**	**(-)603246.31**	**1230938.12**	**(-)44452.47**	**--**	**--**	**1280073.27**	**35675**
C	**Non-working Government Companies**														
	Agriculture														
1.	M.P.Lift Irrigation Corporation Limited.	Water resources Deptt.	13-07-1976	1999-2000	2008-09	(-)0.75	--	592.29	(-)635.38	(-)3.89	(-)0.75	--	--	**Under liquidation**	
2	M.P.State Dairy Development Corporation Limited.	Agriculture	22-03-1975	2001-02	2002-03								--	**Under liquidation**	
Total						**(-)0.75**	**--**	**592.29**	**(-)635.38**	**(-)3.89**	**(-)0.75**	**--**	**--**	**--**	**--**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10	11	12	13.	14.	15	16
	Industries														
3.	M.P. Leather Development Corporation Limited.	Rural Industries Department	25-11-1981	1994-95	2002-03	(+)2.54	(-)0.54	71.79	(+)34.54	(+)717.68	(+)2.85	0.40	13	65.11	--
4.	M.P.Film Development Corporation Limited.	Department of Culture	16-12-1981	2007-08	2008-09	--	--	103.84	--	(+)101.70	--	--	--	**Under liquidation**	
5.	M.P. State Industries Corporation Limited.	Commerce and Industries	11-04-1961	2004-05	2008-09	(-)61.89	--	1511.67	(-)5057.64	(+)698.84	(-)27.06	--	03	152.86	--
	Total					**(-)59.35**	--	**1687.30**	**(-)5023.10**	**(+)1518.22**	**(-)24.21**	-	--	**217.97**	--
	Electronics														
6.	Optel Telecommunication Limited	Commerce and Industries	23-12-1988	2005-06	2007-08	(-)293.26	--	2396.71	(-)7862.89	(+)1659.67	(-)248.47	--	02	--	35
	Total					**(-)293.26**	**--**	**2396.71**	**(-)7862.89**	**(+)1659.67**	**(-)248.47**	**--**	**--**	**--**	**35**
	Textiles														
7.	M.P. State Textile Corporation Limited.	Commerce and Industries	27-11-1970	2004-05	2006-07	(-)452.37	--	685.95	(-)10473.60	(-)738.50	(-)75.95	--	03	--	07
	Total					**(-)452.37**	**--**	**685.95**	**(-)10473.60**	**(-)738.50**	**(-)75.95**	**--**	**--**	**--**	**07**
	Construction														
8.	M.P. Rajya Setu Nirman Nigam Limited.	PWD	04-10-1978	1989-90	1993-94	(-)112.99	-	500.00	(-)215.04	(+) 286.90	(-)112.99	-	--	**Under liquidation**	
	Total					**(-)112.99**	**-**	**500.00**	**(-)215.04**	**(+) 286.90**	**(-)112.99**	**-**	**--**	**--**	**--**
	Financing														
9.	M.P. Panchayati Raj Vitta Evam Gramin Vikas Nigam Limited.	Panchayat and Rural Development	30-03-1981	2005-06	2006-07	(+)4.12	--	15.60	(+)1.70	(+)16.12	(+)4.12	25.56	--	**Under liquidation**	
	Total					**(+)4.12**		**15.60**	**(+)1.70**	**(+)16.12**	**(+)4.12**	**25.56**		**--**	**--**
	TOTAL C					**(-)914.60**	**-**	**5877.85**	**(-)24208.31**	**2738.52**	**(-)458.25**	**-**		**217.97**	**42**
	GRAND TOTAL (A+B+C)					**(-)167779.89**	**--**	**727368.52**	**(-)627454.62**	**1233676.64**	**(-)44910.72**			**1280291.24**	**35717**

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

(B) ***Returns on capital employed represent net surplus or net loss plus interest on borrowed funds charged to Profit and Loss Account.***

******* ***The MPSEB has finalised its accounts for 2005-06 for two months period (viz. April 2005-May 2005) and finalization of the accounts for the 10 months period from June 2005 to March 2006 (2005-06) was pending.***

ANNEXURE 3

(Referred to in paragraphs 1.5 and 1.17)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2008

(Figures in columns 3(a) to 7 are rupees in lakh)

Sl No.	Name of the public sector undertaking	Subsidy and grants received during the year *				Guarantees received during the year and outstanding at the end of the year*					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash Credit from Banks	Loans from other sources	Letter of Credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contractors	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
1	**2**	**3(a)**	**3(b)**	**3(c)**	**3(d)**	**4(a)**	**4(b)**	**4(c)**	**4(d)**	**4(e)**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**6**	**7**
A.	**Working Government companies**															
	Agriculture and Allied															
1.	M.P. State Agro Industries Development Corporation Limited	217.00 (-)	44.10 (-)	- -	261.10 (-)	-	-	-	-	-	-	-	-	-	-	-
	Total	**217.00 (-)**	**44.10 (-)**	- -	**261.10 (-)**	- -	-	-	-	-	-	-	-	-	-	-
	Industries															
2.	M.P. Laghu Udyog Nigam Ltd.	-- (60.18)	-- --	--	-- (60.18)	-	-	-	-	-	-	-	-	-	-	-
	Total	**-- (60.18)**			**-- (60.18)**	-	-	-	-	-	-	-	-	-	-	-
	Electronics															
3.	M.P. State Electronics Development Corporation Ltd.	- (1830.00)	-- (580.13)	- -	- (2410.13)	-	-	-	-	-	-	-	-	-	-	-
	Total	**- (1830.00)**	**-- (580.13)**	**- -**	**- (2410.13)**	-		-	-		-	-	-	-	-	-
	Handlooms and Handicrafts															
5.	M.P. Hasthshilp Evam Hath Kargha Vikas Nigam Limited	4.13 (183.62)	-- (916.89)	--	4.13 (1100.51)	--	950.00 (737.25)	-	-	950.00 (737.25)	-	-	-	-	-	-
	Total	**4.13 (183.62)**	**-- (916.89)**		**4.13 (1100.51)**	-	**950.00 (737.25)**	-	-	**950.00 (737.25)**	-	-	-	-	-	-
	Forest															
6.	M.P.Rajya Van Vikas Nigam Limited	- -	- (441.00)	-	- (441.00)	-	-	-	-	-	-	-	-	-	-	-
	Total	- -	**-- (441.00)**	-	**- (441.00)**	-	-	-	-	-	-	-	-	-	-	-

1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
	Construction															
7.	M.P.Road Development Corporation Limited	-- --	89476.30 (4352.35)	-	89476.30 (4352.35)	--	--	--	--	--	--	--	--	--	--	--
	Total	**-- --**	**89476.30 (4352.35)**	**-**	**89476.30 (4352.35)**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
	Area Development															
8	M.P.A.K.V.N. (Jabalpur) Limited.	- (38.12)	301.63 (-)	--	301.63 (38.12)	--	--	-	-	--	-	-	-	-	-	-
9	M.P.A.K.V.N. (Indore) Limited.	- (376.34)	100.00 (-)	-	100.00 (376.34)	--	--	--	--	--	-	-	-	-	-	-
10	Industrial Infrastructures Development Corporation (Gwalior) Limited	- (403.81)	- (-)	--	- (403.81)	-	-	-	-	-	-	-	-	-	-	-
11	S.E.Z Indore	-- (25.00)	-- (--)	--	-- (25.00)											
	Total	**-- (843.27)**	**401.63 (--)**	**-**	**401.63 (843.27)**	**--**	**-- --**	**- -**	**- -**	**-- --**	-	-	-	-	-	-
12	**Development of economically weaker societies**															
13	M.P. Pichhada Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited	18.00 (-)	- -	- -	18.00 (-)	- -	89.77 (3269.28)	--	-	89.77 (3269.28)	-	-	-	-	-	-
11	M.P Adivasi Vitta Evam Vikas Nigam Limited	-- (-)	1882.23 (125.00)	-	1882.23 (125.00)	-	51.00 (846.09)	---	--	51.00 (846.09)	-	-	-	-	-	-
	Total	**18.00 (--)**	**1882.23 (125.00)**	**--**	**1900.23 (125.00)**	**--**	**140.77 (4115.37)**	**--**	**---**	**140.77 (4115.37)**	**-**	**-**	**-**	**-**	**-**	**-**
	Public Distribution															
12.	M.P.State Civil Supplies Corporation Limited.	3350.66 (-)	1282.18 (-)	--	4632.84 (-)	--	--	--	--	--	-	-	-	-	-	-
	Total	**3350.66 (-)**	**1282.18 (-)**	**--**	**4632.84 (-)**	**--**	**--**	**--**	**--**	**---**	-	-	-	-	-	-
	Tourism															
13.	M.P.State Tourism Development Corporation Limited.	-- (2948.75)	-- (3632.54)	--	--- (6581.29)	--	--	--	--	-	- -	-	-	-	-	-
	Total	**-- (2948.75)**	**-- (3632.54)**	**--**	**--- (6581.29)**	-	**--**	**--**	**--**	**--**	- -	-	-	-	-	-
	Finance															
14.	M.P. State Industrial Development Corporation Limited	1580.00 (-)	(-)	--	1580.00 (-)	-- --	-- (157.50)	--	--	-- (157.50)	-	-	-	-	-	-
	Total	**1580.00 (-)**	--	--	**1580.00 (-)**	--	**-- (157.50)**	--	--	**-- (157.50)**	-	-	-	-	-	-
	Miscellaneous															
15.	M.P.Urja Vikas Nigam Limited.	612.78	604.40	--	1217.18 (-)	-	-	-	-	-	-	-	-	-	-	-
	Total	**612.78 (-)**	**604.40 (-)**	**--**	**1217.18 (-)**	-	-	-	-	-	-	-	-	-	-	-

1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
	Energy															
17.	M P Power Transmission Company Limited	--	--	--	--	--	1204.54 (28498.18)	-	-	1204.54 (28498.18)	-	-	-	-	-	-
18.	M.P. Pashim kshetra vidyut vitaran Company Ltd.	-- (-)	23511.80 (3560.00)	--	23511.80 (3560.00)	2843.00 (2843.00)	--	-	-	2843.00 (2843.00)	-	-	-	-	-	-
19.	M.P. Poorva Kshetra vidyut vittaran company limited	-- --	9740.92 (5912.38)	--	9740.92 (5912.38)	-- --	3216.00 (1399.00)	--	--	3216.00 (1399.00)	-	-	-			
20.	M.P. Madhya Kshetra vidyut vittaran company limited	-- --	-- --	-- --	-- --	-- --	1989.00 (1989.00)			1989.00 (1989.00)						
	Total		**33252.72 (9472.38)**	--	**33252.72 (9472.38)**	**2843.00 (2843.00)**	**6409.54 (31886.18)**	--	--	**9252.54 (34729.18)**	-	-	-	-	-	-
	Total (A)	**5782.57 (5865.82)**	**126943.56 (19520.29)**	--	**132726.13 (25386.11)**	**2843.00 (2843.00)**	**7500.31 (36896.30)**	--	--	**10343.31 (39739.30)**	-	-	-	-	-	-
B. Working Statutory corporations																
	Transport															
1.	M.P. Road Transport Corporation.	-	--	- -	--	--	-- (1321.92)	-	-	-- (1321.92)	-	-	-	-	-	-
	Finance															
2.	Madhya Pradesh Financial Corporation	-	-- (3.50)	--	-- (3.50)	-- --	5000.00 (20743.00)	-	-	5000.00 (20743.00)	-	-	-	-	-	-
	Total (B)	**-- (-)**	**-- (3.50)**	--	**-- (3.50)**	--	**5000.00 (22064.92)**	-- --	-- --	**5000.00 (22064.92)**	-	-	--	-	-	-
	Total A+B	**5782.57 (5865.82)**	**126943.54 (19523.79)**	-	**132726.13 (25389.61)**	**2843.00 (2843.00)**	**12500.31 (58961.22)**	--	--	**15343.31 (61804.22)**	-	-	-	-	-	-
C. Non –working Government companies																
	Industries															
1.	M.P. Leather Development Corporations Ltd.	-- --	-- (18.93)	--	-- (18.93)	-- --	--	--	--	--	--	-	-	-	-	-
	Total (C)	**-- --**	**-- (18.93)**	--	**-- (18.93)**	--	--	-- --	-- --	--	-	-	-	-	-	-
	Total A+B+C	**5782.57 (5865.82)**	**126943.54 (19542.72)**	--	**132726.13 (25408.54)**	**2843.00 (2843.00)**	**12500.31 (58961.22)**	--	--	**15343.31 (61804.22)**	-	-	-	-	-	-

* ***Figures within brackets under columns 3(a) to 3(d) represent grants and those under columns 4(a) to 4(e) guarantees outstanding at the end of the year.***

Annexure-4

(Referred to in paragraph 1.6)

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

(Amount:Rupees in lakh)

Sl.No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the year in which accounts are in arrears			
Working PSU					**Equity**	**Loan**	**Subsidy**	**Grants**
1.	MP Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited	2000-01	443.17	2001-02 to 2007-08	261.68	--	--	--
2.	MP Adivasi Vitta Evam Vikas Nigam Limited	2001-02	1577.00	2002-03 to 2007-08	290.00	--	2912.11	519.00
3.	MP Hastashilp Evam Hathkargha Vikas Nigam Limited	2003-04	126.16	2004-05 to 2007-08	--	--	--	3453.64
4.	Crystal IT Park	2004-05	5.01	2005-06 to 2007-08	--	--	--	214.00
5.	MP AKVN (Indore) Limited	2004-05	165.00	2005-06 to 2007-08	--	--	100.00	339.00
6.	SEZ, Indore Limited	2004-05	3139.41	2005-06 to 2007-08	--	--	--	471.00
7.	MP State Tourism Development Corporation Limited	2004-05	2497.29	2005-06 to 2007-08	--	--	1700.00	5625.56
8.	MP State Agro Industries Development Corporation Limited	2005-06	329.50	2006-07 to 2007-08	--	--	140.70	--
9.	MP Road Development Corporation Limited	2005-06	1500.00	2006-07 to 2007-08	200.00	--	89476.30	4352.35
10.	MP Power[1] Trading Company Limited	Not finalised its first account	2000.00	2006-07 to 2007-08	2000.00	--	--	--
11.	MP State Electronics Development Corporation Limited	2006-07	2191.25	2007-08	--	--	--	580.13

1 *Date of incorporation – 2 May 2006.*

Sl.No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the year in which accounts are in arrears			
Working PSU					**Equity**	**Loan**	**Subsidy**	**Grants**
12.	MP Rajya Van Vikas Nigam Limited	2006-07	3931.76	2007-08	--	--	--	441.00
13.	MP AKVN (Jabalpur) Limited	2006-07	133.12	2007-08	--	--	301.63	--
14.	MP State Industrial Development Corporation Limited	2006-07	8109.18	2007-08	--	7435.00	--	--
15.	MP Urja Vikas Nigam Limited	2006-07	68.92	2007-08	--	--	604.40	--
	Total				**2751.68**	**7435.00**	**95235.14**	**15995.68**
	Grand Total				**121417.50**			

ANNEXURE-5

(Referred to in paragraph 1.7)

Statement showing financial position of Statutory corporations

(Amount: Rupees in crore)

Working Statutory corporations			
1. Madhya Pradesh State Electricity Board			
	2003-04	**2004-05**	**2005-06@ (Provisional)**
A. Liabilities			
Equity capital	169.62	1673.04	479.61
Loans from Government	929.76	3787.10	-
Other long-term loans (including bonds)	3510.72	4222.95	2.31
Reserves and surplus	--	--	0.03
Current liabilities and provisions	11835.86	6492.79	2759.30
Total A	**16445.96**	**16175.88**	**3241.25**
B. Assets			
Gross fixed assets	11022.18	11702.04	71.70
Less : Depreciation	5074.64	5593.41	40.70
Net fixed assets	5947.54	6108.63	31.00
Capital works-in-progress	2842.30	2772.78	12.74
Deferred cost	1.27	1.27	-
Current assets	5226.40	6471.99	3074.36
Investments	290.25	130.58	123.15
Profit and Loss Account	2138.20	690.63	-
Total – B	**16445.96**	**16175.88**	**3241.25**
(C) Capital employed**	**2180.38**	**8860.61**	**358.81**
2. Madhya Pradesh Road Transport Corporation			
	2005-06	**2006-07**	**2007-08**
A. Liabilities			
Capital (including capital loan and equity capital)	141.81	141.81	141.81
Borrowings (Government) (Others)	17.50 466.24	574.12 13.79	703.05 13.79
Funds$	422.57	27.43	21.09
Trade dues and other current liabilities (including provisions)	597.75	920.01	873.52
Total - A	**1645.87**	**1677.16**	**1753.26**
B. Assets			
Gross Block	460.74	460.77	457.50
Less : Depreciation	64.07	69.49	74.59
Net fixed assets	396.67	391.28	382.91
Capital works-in-progress (including cost of chassis)	1.74	1.92	1.16
Investments	0.02	0.02	0.02
Current assets, loans and advances	380.14	273.04	344.65
Accumulated loss	867.30	1010.90	1024.52
Total - B	**1645.87**	**1677.16**	**1753.26**
C. Capital employed#	**180.80**	**(-)253.77**	**(-)144.80**

@ ***The column depicts the figures as per the accounts prepared by the Board for 10 months period from June 2005 to March 2006 but not submitted for audit. The Board has separately finalised the accounts for the remaining two months (viz April 2005 to May 2005).***

** ***Capital employed represents net fixed assets (including capital works-in-progress) plus working capital. While working out working capital, the element of deferred cost and investments have been excluded from current assets.***

$ ***Excluding depreciation funds.***

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

3. Madhya Pradesh Financial Corporation			
	2005-06	**2006-07**	**2007-08#**
A. Liabilities			
Paid-up capital	79.29	268.29	333.29
Share application money	--	--	-
Reserve fund and other reserves and surplus	9.01	8.90	39.02
Borrowings (Including interest due):			
(i) Bonds and debentures	143.45	109.16	65.32
(ii) Fixed deposits			
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	237.95	274.74	301.82
(iv) Reserve Bank of India	--	--	--
(v) Loan towards share capital from: (a) State Government (b) Small Industrial Development Bank of India	 1.43 1.43	 1.43 1.43	 1.43 1.43
(vi) Others (including State Government)	110.97	126.58	91.70
Other Liabilities and provisions	9.62	9.98	22.19
Total – A	**593.15**	**800.51**	**856.20**
B. Assets			
Cash and Bank balances	31.97	13.05	104.06
Investments	2.22	187.22	187.22
Loans and advances	305.03	337.52	302.83
Net fixed assets	8.81	8.52	8.32
Other assets	18.04	11.90	12.48
Miscellaneous expenditure	227.08	242.30	241.29
Total – B	**593.15**	**800.51**	**856.20**
C. Capital employed*	**540.78**	**687.03**	**812.27**

4. Madhya Pradesh Warehousing and Logistics Corporation			
	2005-06	**2006-07**	**2007-08**
A. Liabilities			
Paid-up Capital	8.06	8.06	8.06
Advances against Capital			
Reserves and surplus	85.98	89.09	92.75
Borrowings (Including interest due): Government Others	 -- 2.78	 -- 4.83	 -- 3.66
Trade dues and current liabilities (including provisions)	28.71	35.93	28.39
Total A	**125.53**	**137.91**	**132.86**
B. Assets			
Gross Block	116.28	127.83	139.76
Less : Depreciation	41.95	43.83	48.15
Net Fixed assets	74.33	84..00	91.61
Capital works-in-progress	5.83	8.80	5.79
Current assets, loan and advances	45.37	45.11	35.46
Total -B	**125.53**	**137.91**	**132.86**
Capital employed£	**96.82**	**101.98**	**104.47**

\# ***Corporation has prepared its accounts for 2007-08 on accrual basis system, based on Recommended Accounting Practices by SIDBI and regrouped the previous year figure (i.e. 2006-07) wherever necessary.***

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

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

ANNEXURE-6

(Referred to in paragraph 1.7)

Statement showing working results of Statutory corporations

(Rupees in crore)

A. Working Statutory corporations				
1.	**Madhya Pradesh State Electricity Board**			
	Particulars	**2003-04**	**2004-05**	**2005-06[@] (Provisional)**
1	(a) Revenue receipts	5688.42	6082.74	5393.08
	(b) Subsidy/Subvention from Government	818.39	794.30	67.26
	Total	**6506.81**	**6877.04**	**5460.34**
2	Revenue expenditure (net of expenses capitalised) including write-off of intangible assets but excluding depreciation and interest	5591.43	6313.70	5820.69
3	Gross Surplus (+)/Deficit(-) for the year (1-2)	915.38	563.34	(-)360.35
4	Adjustments relating to previous years (Credit)	95.57	1511.89	655.70
5	Final Gross Surplus (+)/Deficit(-) for the year (3+4)	1010.95	2075.23	295.35
6	Appropriations :			
	(a) Depreciation (less capitalised)	476.68	519.21	95.07
	(b) Interest on Government loans	87.34	106.75	23.21
	(c) Interest on others, bonds, advance, etc. and finance charges	826.61	319.49	101.55
	(d) Total interest on loans & finance charges (b+c)	913.95	426.24	124.76
	(e) Less :- Interest capitalised	530.71	114.10	18.47
	(f) Net interest charged to revenue (d-e)	383.24	312.14	106.29
	(g) Total appropriations (a+f)	859.92	831.35	201.36
7	Surplus(+)/deficit(-)before accounting for subsidy from State Government {5-6(g)-1(b)}	(-)667.36	449.58	26.73
8	Net Surplus(+)/Deficit (-) {5-6(g)}	151.03	1243.88	93.99
9	Total return on capital employed*	543.27	1556.02	200.28
10	Percentage of return on capital employed	**24.92**	**17.56**	**55.82**
2.	**Madhya Pradesh Road Transport Corporation**			
		2005-06	**2006-07**	**2007-08**
1	Operating			
	(a) Revenue	218.34	204.97	205.41
	(b) Expenditure	294.38	340.86	202.16
	(c) Surplus(+)/Deficit(-)	(-) 76.04	(-)135.89	3.25
2	Non-operating			
	(a) Revenue	5.42	2.15	4.64
	(b) Expenditure	15.44	9.86	21.51
	(c) Surplus(+)/Deficit(-)	(-) 10.02	(-)7.71	(-)16.87
3	**Total**			
	(a) Revenue	223.76	207.12	210.05
	(b) Expenditure	309.82	350.72	223.67
	(c) Net Profit(+)/Loss(-)	(-) 86.06	(-)143.60	(-)13.62
4	Interest on capital and loans	11.00	9.05	10.10
5	**Total return on Capital employed***	**(-) 75.06**	**(-)134.55**	**(-)3.52**

@ ***The column depicts consolidated figures of the accounts for two periods (i.e. April 2005 to May 2005 and June 2005 to March 2006) as prepared by the Board. The accounts for the period from June 2005 to March 2006 are not yet received for Audit.***

******* ***Total return on capital employed represents net Surplus/ Deficit plus total interest charged to Profit and Loss Account (less interest capitalised).***

3.	Madhya Pradesh Financial Corporation			
		2005-06	**2006-07**	**2007-08$**
1	**Income**			
	(a) Interest on loans (b) Other Income	33.29 2.47	41.07 2.81	46.46 31.56
	Total-1	**35.76**	**43.88**	**78.02**
2	**Expenses**			
	(a) Interest on long-term loans	27.07	34.71	58.25
	(b) Provision for non performing assets	5.37	16.05	3.34
	(c) Other expenses	8.20	8.13	13.13
	(d) Depreciation	0.27	0.21	--
	Total-2	**40.91**	**59.10**	**74.72**
3	Profit/Loss before tax (1-2)	(-)5.15	(-)15.22	(+)3.30
4	Provision for tax	--	--	0.21
5	Other appropriations	--	--	2.08
6	Amount available for dividend*	--	--	1.01
7	Dividend declared	--	--	--
8	**Total return on capital employed****	**21.92**	**19.49**	**61.55**
9	Percentage of return on capital employed	4.05	2.84	7.58
4.	**Madhya Pradesh Warehousing and Logistics Corporation**			
		2005-06	**2006-07**	**2007-08**
	Income			
	(a) Warehousing charges (b) Other Income	37.63 1.82	32.39 2.32	35.07 3.26
	Total	**39.45**	**34.71**	**38.33**
	Expenses			
	(a) Establishment charges	15.34	16.71	20.34
	(b) Other expenses	10.42	11.26	11.79
	Total	**25.76**	**27.97**	**32.13**
	Profit (+)/Loss(-) before tax	13.69	6.74	6.20
	Other appropriations@	13.39	6.44	5.90
	Amount available for dividend	0.30	0.30	0.30
	Dividend for the year	0.30	0.30	0.30
	Total return on capital employed**	**14.23**	**4.00**	**4.93**
	Percentage of return on capital employed	14.70	3.92	4.72

$ ***Corporation has prepared its accounts for 2007-08 on accrual basis system, based on Recommended Accounting Practices by SIDBI and regrouped the previous year figure i.e. 2006-07 wherever necessary.***

******* ***Represents profit for current year available for dividend after considering the specific reserves and provision for taxation.***

@ ***This does not include prior period adjustments.***

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

ANNEXURE-7

(Referred to in paragraph 1.12)

Statement showing operational performance of Statutory corporations

1	Madhya Pradesh State Electricity Board			
Sl. No	Particulars	2002-03	2003-04	2004-05
	Installed capacity		**(MW)**	
(a)	Thermal	2147.500	2147.500	2147.500
(b)	Hydro	842.955	842.955	842.955
(c)	Gas	--	--	--
(d)	Other	--	--	--
	Total	**2990.455**	**2990.455**	**2990.455**
	Normal maximum demand	4769.000	5662.000	6112.000
	Power generated :		**(MWKH)**	
(a)	Thermal	13680.860	13168.440	13502.600
(b)	Hydro	1890.550	2632.720	2255.840
(c)	Gas	--	--	--
(d)	Other	--	--	--
	Total	**15571.410**	**15801.160**	**15758.440**
	Less : Auxiliary consumption	--	--	--
(a)	Thermal	1315.050	1302.090	1333.730
	(Percentage)	(99.65)	(99.56)	(99.68)
(b)	Hydro	4.610	5.700	4.320
	(Percentage)	(0.35)	(0.44)	(0.32)
(c)	Gas	--	--	--
	(Percentage)	--	--	--
(d)	Other	--	--	--
	(Percentage)	--	--	--
	Total	**1319.660**	**1307.790**	**1338.050**
	(Percentage)	**(9.66)**	**(8.28)**	**(8.49)**
	Net power generated	14251.750	14493.370	14420.390
	Power purchased	12926.340	14000.130	16206.265
	Total power available for sale	27178.090	28493.500	30626.655
	Power sold	15280.403	15996.060	17310.200
	Transmission and distribution losses	11897.687	12497.440	13316.455
	Load factor (Percentage)	73.14	70.21	72.09
	Percentage of transmission and distribution losses to total power available for sale	43.59	43.86	43.48
	Number of villages/towns electrified	50400	50474	50474
	Number of pump sets/wells energised	1320923	1325092	1329388
	Number of sub-stations	165066	172670	177902
	Transmission/distribution lines (in kms)			
(a)	High/medium voltage	185984	191898	193871
(b)	Low voltage	NA	335062	337021
	Connected load (in MW)	8624	8678	8898
	Number of consumers	6395646	6442961	6493500
	Number of employees	60299	58774	57346
	Consumer/employees Ratio	106:1	110:1	113:1
	Total expenditure on staff during the year (Rs.in crore)	814.25	1024.48	1146.690
	Percentage of expenditure on staff to total revenue expenditure	14.50	14.81	16.82

Sl. No	Particulars	2002-03	2003-04	2004-05
25	**Units sold**		**(MKWH)**	
(a)	Agriculture	4974.183	5347.00	5598.779
	(Percentage share to total units sold)	(32.36)	33.10	32.15
(b)	Industrial	4171.096	5617.000	6028.295
	(Percentage share to total units sold)	(27.14)	34.77	34.61
(c)	Commercial	651.589	608.000	799.434
	(Percentage share to total units sold)	(4.24)	4.26	4.59
(d)	Domestic	3243.067	3311.000	3762.243
	(Percentage share to total units sold)	(21.09)	20.50	21.60
(e)	Others	2333.741	1190.956	1226.552
	(Percentage share to total units sold)	(15.19)	7.37	7.04
	Total	**15373.676**	**16153.956**	**17415.303**
			(Paise per KWH)	
(a)	Revenue (excluding subsidy from Government)	NA♥	352	349
(b)	Expenditure*	--	359	370
(c)	Profit(+)/Loss(-)	--	(-)0.07	(-)0.21
(d)	Average subsidy claimed from Government (in Rupees)	--	0.51	0.46
(e)	Average interest charges (in Rupees)	--	0.53	0.22
2.	**Madhya Pradesh Road Transport Corporation**			
Sl. No	**Particulars**	**2004-05**	**2005-06**	**2006-07**
	Average number of vehicles held	1571	1571	1426
	Average number of vehicles on road	925	238	19
	Percentage of utilisation of vehicles	58	15	1
	Number of employees	10613	5654	1361
	Employee-vehicle ratio	11:1	4:1	1:1
	Number of routes operated at the end of the year	1033	NA	NA
	Route kilometres	206561	NA	NA
	Kilometres operated (in lakh)			
	(a) Gross	1264.61	328.24	57.68
	(b) Effective	1264.61	-	-
	(c) Dead	--	-	-
	Percentage of dead kilometres to gross kilometres	--	-	-
	Average kilometres covered per bus per day	250	213	304
	Operating revenue per kilometre (Paise) over previous year's income (per cent)	2078	6817 228.05	359.09 -
	Average expenditure per kilometre (Paise)	27.25	--	-
	Profit(+)/Loss(-) per kilometre (Paise)	2577 (-)499	2622	248.96
	Number of operating depots	42	41	32
	Average number of breakdowns per lakh kilometres	7.00	NA	NA
	Average number of accidents per lakh kilometres	0.12	0.07	0.04
	Passenger kilometres operated (in crore)	472.75	559.49	1455.32
	Occupancy ratio	60	10.76	57
	Kilometres obtained per litre of :			
	(a) Diesel Oil	4.10	4.08	4.80
	(b) Engine Oil	6.50	7.48	7.95

♥ ***NA= Not available***

* ***Revenue expenditure includes depreciation but excludes interest on long term loans***

3.	**Madhya Pradesh Financial Corporation**					
Particulars	**2005-06**		**2006-07**		**2007-08**	
	Number	**Amount**	**Number**	**Amount**	**Number**	**Amount**
Applications pending at the beginning of the year	55	20.52	66	46.54	66	45.47
Applications received during the year	569	193.74	501	178.06	262	178.32
Total	**624**	**214.26**	**567**	**224.60**	**328**	**223.79**
Applications sanctioned	558	167.72	478	170.30	306	168.45
Applications cancelled/ withdrawn/rejected/ reduced	--	--	23	8.83	--	--
Applications pending at the close of the year	66	46.54	66	45.47	22	55.34
Loans disbursed	550	115.54	437	122.60	--	97.27
Loans outstanding at the close of the year*	2228	358.91	2342	397.46	--	302.83
Amount overdue for recovery at the close of the year						
(a) Principal		70.64		46.58		1.10
(b) Interest		14.94		34.04		0.14
Total	**1161**	**85.58**	**NA**	**80.62**	**NA**	**1.24**
Amount involved in recovery certificate cases	195	31.78	203	27.10	--	--
Total	**1356**	**117.36**	**NA**	**107.72**	**NA**	**NA**
Percentage of default to total loans outstanding		32.70		27.10	--	NA

4.	**Madhya Pradesh Warehousing and Logistics Corporation**		
Particulars	**2005-06**	**2006-07**	**2007-08**
Number of stations covered	229	232	234
Storage capacity created up to the end of the year (in lakh tonnes)			
(a) Owned	9.63	10.53	11.03
(b) Hired	2.04	1.18	0.88
(c) Total	**11.67**	**11.71**	**11.91**
Average capacity utilized during the year (in lakh tones)	9.05	8.26	8.91
Percentage of utilization	77	71	75
Average revenue per metric tone per year (Rs.)	368.18	420.24	430.21
Average expenses per metric tone per year (Rs.)	248.48	338.64	360.68

* ***Including interest***

Annexure-8

(Referred to in paragraph 1.30)

Statement showing paid-up capital, investment, summarized working results of 619 –B companies as per their latest finalized accounts

(Amount: Rupees in lakh)

Sl.no.	Name of company	Date of Incorporation	Year of accounts finalized	Paid up capital	Invested by			Profit(+)/loss(-)	Accumulated Profit/Loss
					State Government	Government companies	Others		
A.	**Working Companies**								
1.	Indore City Transport Services Limited	16.02.2006	2007-08	25.00	---	--	25.00	105.7	96.78
2.	Jabalpur City Transport Services Limited	30.08.2006	2007-08	24.995	--	--	24.995	15.33	NA
3.	BhopalCity Link Limited	25.07.2006	--	20.00	--	--	20.00	NA	NA
B.	**Non -Working Company**								
1.	Madhya Pradesh Vidyut Yantra Limited	--	1989-90	150.00	--	1.26	0.24	(-)0.63	3.78

Annexure –9

(Referred to in Paragraph 2.6)

Statement indicating the Financial position and working results of the Company for the period from 2003-04 to 2006-07

(***Rs. in lakh)***

Details	2003-04	2004-05	2005-06	2006-07
Sources of funds.				
Share Capital	282.75	282.75	282.75	282.75
Reserves and Surplus	1,098.10	1,264.31	1,763.76	2,358.93
Total	**1,380.85**	**1,547.06**	**2,046.51**	**2,641.68**
Application of funds				
Net Fixed Assets	310.06	299.71	283.36	319.05
Investments	73.09	73.09	73.09	73.09
Current Assets (CA)	6,750.59	7,680.32	8,766.54	8,440.45
Current Liabilities(CL)	5,891.79	6,584.68	7,111.76	6,202.70
Working Capital (CA-CL)	858.80	1,095.64	1,654.78	2,237.75
Misc. Expenditure not written off.	138.90	78.62	35.28	11.78
Total	**1,380.85**	**1,547.06**	**2,046.51**	**2,641.68**
Working Results.				
Income				
Turnover & Closing Stock	2,871.06	6,748.84	8,138.37	8,768.92
Purchases and Opening Stock	2,675.16	6,485.85	7,784.56	8,373.76
Direct Expenses	26.14	34.52	46.10	43.37
Gross Profit	169.76	228.47	307.71	351.79
Income from services rendered	775.63	965.24	1,554.25	1,875.18
Other Income	282.35	289.52	348.52	449.08
Expenses				
Establishment cost	740.36	796.49	849.72	1,055.99
Administrative expenses.	197.91	216.31	273.36	284.74
Selling &Distribution Expenses	63.06	58.05	85.08	111.15
Depreciation	41.43	41.98	37.65	39.52
Net Profit	**184.99**	**370.40**	**964.67**	**1,184.65**

(Source: Data compiled from the financial statement of the company)

The financial statement for the year 2007-08 was not finalised by the Company.

Annexure -10

(Referred to in paragraphs 2.7, 2.14, 2.15 & 2.19)

MoU Targets and Achievements

Business and Profit and Loss (Before Tax)

(Rs. in Lakh)

		2003-04		2004-05		2005-06		2006-07		2007-08*	
		Business	**P/L**	**Business**	**P/L**	**Business**	**P/L**	**Business**	**P/L**	**Business**	**P/L**
	Marketing										
1	Target	19,500.00	89.00	13,000.00	(-)28.68	15,062.00	18.37	27,600.00	249.29	48,925.16	160.12
	Actual	20,493.94	54.60	25,430.50	117.08	44,948.00	525.38	50,653.07	576.42	83,862.42	1,481.38
	Percentage of achievement	105.10	61.34	195.62	508.23	298.42	2,859.99	183.53	231.22	171.41	925.17
2	**Emporia**										
	Target	3,210.00	(-)16.00	2,245.00	(-)9.71	2,245.00	(-)17.46	2,210.00	(-)19.17	3,392.08	53.66
	Actual	1,000.90	(-) 8.44	1,713.32	(-)5.12	1,799.00	20.51	2,317.67	(+)35.26	2,368.60	37.14
	Percentage of achievement	31.18	52.75	76.32	52.73	80.13	217.47	104.87	283.93	69.83	69.21
3	**Raw Material Depot**										
	Target	1,450.00	1.00	3,020.00	33.97	3,473.00	(-)5.07	9,335.00	87.46	14,588.70	170.18
	Actual	2,797.42	28.01	7,821.32	93.60	6,970.14	103.10	9,429.78	150-63	25,503.83	351.11
	Percentage of achievement	192.92	2801	258.98	275.54	200.70	2,133.53	101.02	172.23	174.82	206.32
4	**Estatate/Construction**										
	Target	1,800.00	55.00	2,000.00	43.38	2,300.00	120.95	2,810.00	168.30	4,289.18	275.63
	Actual	1,761.94	120.40	2,188.37	162.72	3,239.09	297.43	4,074.81	396.99	5,114.98	483.08
	Percentage of achievement	97.89	218.91	109.42	375.10	140.83	245.91	145.01	235.88	119.25	175.26
5	**Testing Labs**										
	Target	40.00	(-)9.00	35.00	(-)8.92	40.00	(-)11.74	55.00	(-)8.03	74.88	17.51
	Actual	NA	(-)9.57	44.57	2.12	59.14	18.26	71.16	25.37	65.16	12.01
	Percentage of achievement	--	(-)106.33	127.34	123.77	147.85	255.54	129.38	415.94	87.02	68.59
6	**Business Development cell (BDC)**										
	Target	NA	NA	NA	NA	NA	NA	2,490.00	81.07	861.71	108.66
	Actual	NA	NA	NA	NA	1,304.02	NA	1,014.69	NA	2,661.81	86.64
	Percentage of achievement	--	--	--	--	--	--	40.75	--	308.90	79.73
	Total Target	**26,000**	**120**	**20,300**	**30.04**	**23,120**	**105.05**	**44,500**	**558.38**	**72,131.71**	**785.76**
	Total achievement	**26,054.20**	**185**	**37,198.08**	**370.40**	**58,319.89**	**964.68**	**67,561.18**	**1,184.67**	**1,19,576.80**	**2,451.36**

(Source: Data furnished by the Company)

**** The provisional figures are furnished by the company***

Annexure- 11

(Refer to in paragraph 3.10.1)

Statement showing the details of installed generation capacity, sale of power and T&D losses for the year 2002-03 to 2005-06

Financial Year	2002-03	2003-04	2004-05	2005-06
Total Installed capacity MW	2,990.5	2,990.5	2,990.5	3,050.5
Peak Power demand (MW)	4,471	4,800	5,049	5,588
Peak Power availability including power purchase (MW)	3,732	4,437	4,463	5,107
Energy Shortage (MW)	1,466	993	1,036	731
Own Generation (MU)	14,252	14,493	14,420	13,952
Power Purchase (MU)	12,926	14,000	16,206	17,696
Total Power available for sale (MU)	27,178	28,493	30,626	31,648
Power actually sold (MU)	15,280	15,993	17,308	NA
T&D Loss (per cent)	43.78	43.86	43.48	43.57
Total electricity consumed by different category of consumers including HT & LT (MKwh)				
(A) Domestic	3,243	3,311	3,762	NA
(B) Commercial	652	688	799	NA
(C) Industrial	5,855	6,058	6,518	NA
(D) Agriculture	4,974	5,346	5,599	NA
(E) Municipal corporation	556	590	630	NA

Annexure- 12

(Refer to in paragraph 3.12)

Statement showing the comparison of tariff vis-à-vis average cost of supply of power

Category/sub-category	As per financial year 2007 Tariff Order			New Tariff structure (Financial year 2008)		
	Average realisation (Rs./Unit)	Average CoS (per unit)	Realisation attained (in percent)	Average realisation (Rs./Unit)	Average CoS (per unit)	Realisation attained (in percent)
Domestic (upto 30 units)	2.65	3.49	76	2.65	3.60	74
Domestic (Rest)	3.16	3.49	91	3.43	3.60	95
Non-Domestic	5.86	3.49	168	5.48	3.60	152
Pub. Water Works	2.95	3.49	85	3.08	3.60	86
Street Light	3.53	3.49	101	3.59	3.60	100
LT Industry (Including "Rural Agro-based Industry" as per FY 07 Tariff structure)	4.55	3.49	130	4.36	3.60	121
Agriculture (metered)	2.03	3.49	58	2.42	3.60	67
Railway Traction	4.64	3.49	133	4.60	3.60	128
Coal Mines	5.50	3.49	158	5.35	3.60	149
Industrial and Non-industrial	4.72	3.49	135	4.56	3.60	127
HT Irrigation and Water Works	3.19	3.49	92	3.16	3.60	88
Bulk Residential users	3.60	3.49	103	3.49	3.60	97
Bulk supply to Exemptees	2.83	3.49	81	2.87	3.60	80

ANNEXURE-13

(Referred to in paragraph 4.9.1)

Statement showing paragraphs/reviews for which explanatory notes were not received

Sl. No.	Name of Department	2006-07	Total
1.	Energy	04	04
2.	Tourism	01	01
3.	Warehousing/Logistic	01	01
4.	Food, Civil Supplies & Consumer Protection	01	01
5.	Mining	03	03
6.	Commerce and Industry	02	02
7.	General pertaining to various departments	04	04
	Total	**16**	**16**

ANNEXURE 14

(Referred to in paragraph 4.10)

Statement showing outstanding Inspection Reports (IRs) and Paragraphs to which replies are awaited

Sl. No.	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Earliest year from which paragraphs outstanding
1.	Energy	05	1,589	3,706	1985-86
2.	Transport	01	266	627	1992-93
3.	Commerce and Industries	15	70	208	1992-93
4.	Mining Resources	01	05	19	2000-01
5.	Tribal Welfare	01	09	44	1998-99
6.	Tourism	01	10	67	1993-94
7.	Home (Police)	01	13	35	1993-94
8.	Rural Industries	02	09	27	2000-01
9.	Agricultural	01	13	65	1990-91
10.	Minorities Welfare	01	03	15	2004-05
11.	Forest	01	01	03	2005-06
12.	Food, Civil Supplies and Consumer Protection	02	12	102	1993-94
13.	PWD	01	01	09	2005-06
14.	Finance	02	08	27	1997-98
	Total	**35**	**2,009**	**4,954**	

ANNEXURE 15

(Referred to in paragraph 4.10)

Reviews and Draft paragraphs to which the replies are awaited

Sl. No.	Name of Department	No of reviews	No of DPs	Period of issue
1.	Food, Civil Supplies and Consumer Protection	--	01	May 2008
2.	Mining Resources	--	01	September 2008
3	Home (Police)	--	01	June 2008
4.	Commerce and Industries	--	02	July 2008
5.	Fruit Processing and Horticulture	--	01	May 2008
6.	Energy	01	03	May-July 2008
Total		**01**	**09**	