

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
(General, Social, Economic and Revenue Sectors)**

for the year ended 31 March 2012

**Government of Jharkhand
*Report No. 2 of the year 2013***

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Preface

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

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

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

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

4. In respect of Jharkhand State Electricity Board which is a Statutory corporation and Jharkhand State Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on annual accounts of this Corporation/Commission are forwarded separately to the State Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2011-2012 as well as those which came to notice in earlier years, but were not included in the previous Reports. Matters relating to the period subsequent to 2011-2012 have also been included, wherever necessary.

6. The audit has been conducted in accordance with the Auditing Standards issued by CAG.

Overview

Overview

1. Overview of Government companies and Statutory corporation

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of the Statutory corporation (Jharkhand State Electricity Board) is governed by the Electricity Act, 2003. As on 31 March 2012, the State of Jharkhand had 13 working Public Sector Undertakings (PSUs) (12 companies and one Statutory corporation), which employed 7,588 employees. The working PSUs registered a turnover of ₹ 2,139.72 crore for 2011-12 as per their latest finalised accounts. This turnover was equal to 1.72 per cent of State GDP.

Investments in PSUs

As on 31 March 2012, the investment (Capital and long term loans) in 13 PSUs was ₹ 6,192.40 crore. It grew by 142.75 per cent from ₹ 2,550.95 crore in 2006-07. Power Sector accounted for nearly 91.19 per cent of the total investment in 2011-12. The Government contributed ₹ 1,179.41 crore towards equity, loans and grants/subsidies during 2011-12.

Performance of PSUs

During the year 2011-12, out of 13 PSUs, five PSUs earned aggregate profit of ₹ 22.94 crore and four PSUs incurred aggregate loss of ₹ 809.62 crore. The remaining four PSUs did not submit their accounts. Heavy losses were incurred by the Jharkhand State Electricity Board and Tenughat Vidyut Nigam Limited to the extent of ₹ 722.82 crore and ₹ 86.59 crore as per their latest finalised accounts for the years 2010-11 and 1995-96 respectively. The losses of working PSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of the latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 4,280.54 crore and infructuous investment of

₹ 57.19 crore which were controllable with better management. Thus, there is tremendous scope to improve the functioning of PSUs and minimise losses.

Arrears in accounts

All the 13 PSUs had arrears of a total of 52 accounts as of September 2012. The PSUs need to set targets for the work relating to preparation of accounts with special focus on clearance of arrears.

Quality of accounts

The quality of accounts of PSUs needs improvement. Out of eight accounts finalised by working PSUs during October 2011 to September 2012 Statutory Auditors had given qualified certificates on six accounts. Reports of Statutory Auditors on internal control of the companies indicated certain weak areas.

(Chapter - I)

2. Performance Audit relating to Statutory corporation

Performance Audit relating to Power Transmission Activity of Jharkhand State Electricity Board was conducted. Executive summary of our audit findings is given below.

Introduction

In Jharkhand, generation, transmission and distribution of power is carried out by the Jharkhand State Electricity Board (Board) except for the Damodar Valley Corporation (DVC) command area where transmission is done by DVC while distribution is done by the Board. The Board was created in March 2001 as a result of the Bihar Re-organisation Act, 2000. The Board transmitted 7,412 MUs of energy including 2,777 MUs transmitted by DVC and West Bengal State Electricity Board (WBSEB) to the Board at 33kV during 2007-08 which increased by 29 per cent to 9,560 MUs including 3,114 MUs transmitted by DVC and WBSEB during 2011-12. The turnover of the Board was ₹2,011 crore in 2010-11, which was equal to 1.86 per cent of the State Gross Domestic Product. The Board had 465 employees on its rolls as on 31 March 2012 who were engaged in transmission activity.

Transmission Network Planning

The Board had prepared a plan for the Eleventh Plan period for additions to the transmission network and upkeep of the existing network. The Board had no internal resources and was dependent on the Rural Electrification Corporation (REC)/Government of Jharkhand (GoJ) for funding of capital expenditure. Against the requirement of ₹6,275.59 crore as per the work programme for the period 2007-08 to 2011-12, REC/GoJ released funds amounting to ₹463.24 crore only. The Board was unable to utilise the amount and the unspent balance as on 31 March 2012 was ₹89.50 crore. The Board had planned for addition of 48 Grid Sub-stations (GSSs) and associated transmission lines including 10 ongoing GSSs and 10 associated transmission lines at an estimated cost of ₹6,275.59 crore against which 10 ongoing GSSs and five associated transmission lines were completed while five transmission lines could not be completed.

In respect of 14 GSSs and associated transmission lines, the work could not be completed due to frequent changes in planning, while for 24 GSSs and associated transmission lines preparation of Detailed Project Report and other works was yet to be commenced.

Project Management

The construction of GSSs at Dumka, Daltonganj, Japla, Lohardaga, Latehar, Pakur, Sahebganj and Kanke and transmission lines at Deoghar-Dumka, Dumka-Lalmatia, Lalmatia-Sahebganj, Dumka-Pakur were completed after a delay of 12 to 51 months due to delay in land acquisition, forest and railway crossing clearances, approval of drawing and quantity amendment, dispatch instruction, issue of road permit, inspection of material and payment by the Board. GSS at Simdega and transmission lines at Simdega-Gumla, Lohardaga-Gumla, Lohardaga-Latehar and Latehar-Daltonganj could not be completed even after lapse of 27 to 36 months from the scheduled completion period. GSSs at Latehar, Daltonganj and Kanke had not been energised for a period of 35 months to 61 months due to non-completion of connecting transmission lines resulting in blocking of funds of ₹49.14 crore.

Contract Management

The Board changed the terms of Notice Inviting Tenders (NIT) for construction of GSSs at Dumka and Dumka-Deoghar (Package-A), Dumka-Lalmatia-Sahebganj (Package B) and Dumka-Pakur (Package-C) transmission lines and allowed the base date for IEEMA price variation index as one month prior to date of opening of tender instead of one month prior to the date of negotiation which resulted in excess payment of price variation amounting to ₹10.38 crore.

Performance of Transmission System

The gap in transformation capacity of 220/132 kV had increased from 623 MVA in 2007-08 to 1,348 MVA in 2011-12 whereas the gap in 132/33 kV had increased from 1,277 MVA in 2007-08 to 1,408 MVA in 2011-12. Due to lack of its own transmission system in the DVC command area, the Board had to purchase power at higher cost thereby, incurring additional expenditure of ₹ 299.53 crore in 2011-12. Transmission losses increased from 5.04 per cent in 2008-09 to 5.50 per cent in 2011-12. The transmission losses during 2008-09 to 2011-12 were above the norms fixed by Jharkhand State Electricity Regulatory Commission (JSERC) and Central Electricity Authority resulting in loss of ₹38.71 crore.

The Board had to incur extra expenditure of ₹ 102.41 crore during the period 2007-08 to 2011-12 on purchase of 603.38 MUs power from other sources at higher rates due to non-charging of TTPS-PTPS and TTPS-Biharsharif lines at 400 kV.

Grid Management

The Board maintained Grid discipline in respect of over-drawal as per the requirement of the Grid Code.

Disaster Management

The Emergency Restoration System purchased (October 2009) at a cost of ₹ 7.61 crore was lying idle at Hatia-II GSS, inspite of collapse of five towers during May 2010 to April 2012. The Board took five to 23 days for erecting the tower without using the ERS resulting in disruption of power up to 12 days till alternative arrangement were made.

Energy Accounting and Audit

The energy accounting and audit had not been done as at Jadugora GSS the feeders were unmetered, while in seven GSSs the meters were defective and not changed for more than five years and meters were also not calibrated for the last 24 years. Out of 13 GSSs test checked, in eight GSSs export of energy was more than import of energy implying that the meters were defective.

Material Management

The closing stock in terms of number of month's consumption was 19 months during 2007-08 which decreased to four months in 2009-10 but again increased to 18 months in 2010-11. The physical verification of stock had not been conducted during the period covered by the performance audit.

Conclusion and Recommendations

The Board did not have sufficient funds to execute projects and was dependent on GoJ/REC. Even the funds allotted by GoJ and released by REC were not fully utilised during the plan period. The Board did not follow the recommendations of the Task Force on transmission projects constituted by the Government of India which resulted in time overrun. Projects were not completed in an economical and efficient manner. In awarding contracts, the terms and conditions of the NIT/CVC guidelines were not adhered to. Only breakdown maintenance was being done as the Board had not prepared an Operation and Maintenance manual. The Emergency Restoration System purchased to mitigate the impact of a major disaster was not put to use. The Board did not meter all its GSSs and Feeders. The Board had not formulated any procurement policy and inventory control mechanism.

The audit recommendations include immediate completion of the Transmission schemes so as to ensure that the full benefits of the schemes are passed on to eligible beneficiaries, proper metering of all GSSs and feeders and replacement of the defective meters, establishment of transmission lines in the DVC command area and concentrating on areas with high transmission losses to bring down the same within the permissible JSERC norms.

(Chapter-II)

3. Transaction Audit Observation

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

Avoidable loss of ₹ 1.04 crore in two cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.1 & 3.2)

Avoidable interest burden of ₹ 0.79 crore in one case due to defective/deficient planning.

(Paragraph 3.3)

Loss of contribution of ₹ 2.53 crore in one case due to inadequate/deficient monitoring.

(Paragraph 3.5)

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

Failure to set off business losses for the years 2005-07 against the business profit for the year 2007-08 due to delay in filing of Income Tax returns and non/short payment of Advance Income Tax for the years 2007-10 resulted in avoidable payment of Income Tax and interest of ₹ 85.51 lakh in respect of **Jharkhand State Forest Development Corporation Limited**.

(Paragraph 3.1)

Procurement of ACSR Dog conductor without concrete plans for execution of work resulted in blocking of ₹ 95.74 lakh and avoidable interest burden of ₹ 78.83 lakh to **Tenughat Vidyut Nigam Limited**.

(Paragraph 3.3)

Failure of **Jharkhand State Electricity Board** to enter into Annual Maintenance Contract, non availability of spare Controller Cards in the store and delay in procurement of Controller Cards for the Distributed Control System resulted in shut down of Unit No.4 of Patratu Thermal Power Station for 516.50 hours. Consequently, there was loss of power generation of 17.97 Million Units and loss of contribution of ₹ 2.53 crore.

(Paragraph 3.5)

CHAPTER-I

Overview of State Public Sector Undertakings

CHAPTER-I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of a commercial nature while keeping in view the public welfare.

1.2 In Jharkhand, as on 31 March 2012, there were 12¹ Government companies and one Statutory corporation (all working). None of these companies was listed in any of the stock exchanges. These PSUs registered a turnover of ₹ 2,139.72 crore for 2011-12 as per their latest finalised accounts as of September 2012. This turnover constituted 1.72² *per cent* of the State Gross Domestic Product (GDP) for 2011-12. The State PSUs incurred an aggregate loss of ₹ 786.68 crore as per their latest accounts finalised during 2011-12. They had employed 7,588 employees as of 31 March 2012.

1.3 State PSUs do not include 29 Departmental Undertakings (DUs) which carry out commercial operations but are part of Government departments and the Jharkhand State Electricity Regulatory Commission (JSERC) an autonomous body of which the Comptroller and Auditor General of India (CAG) is the sole auditor.

1.4 During the year 2011-12, one PSU³ was established and no PSU/ Statutory corporation closed down.

Audit Mandate

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

¹ Jharkhand State Forest Development Corporation Limited (JSFDC), Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO), Jharkhand Industrial Infrastructure Development Corporation Limited (JIIDCO), Jharkhand Police Housing Corporation Limited (JPHCL), Greater Ranchi Development Agency Limited (GRDA), Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT), Jharkhand State Mineral Development Corporation Limited (JSMDC), Tenughat Vidyut Nigam Limited (TVNL), Karanpura Energy Limited (KEL), Jharkhand Tourism Development Corporation Limited (JTDC), Jharkhand State Beverages Corporation Limited (JSBCL), Jharkhand State Food & Civil Supplies Corporation Limited (JSFCSCCL) and Jharkhand State Electricity Board (JSEB).

² Percentage is based on the figure of State GDP for the year 2011-12 taken at the current prices (new series) as of November 2011.

³ JSFCSCCL.

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

1.7 The audit of the Statutory corporation (JSEB) is governed by the Electricity Act, 2003 and CAG is the sole auditor.

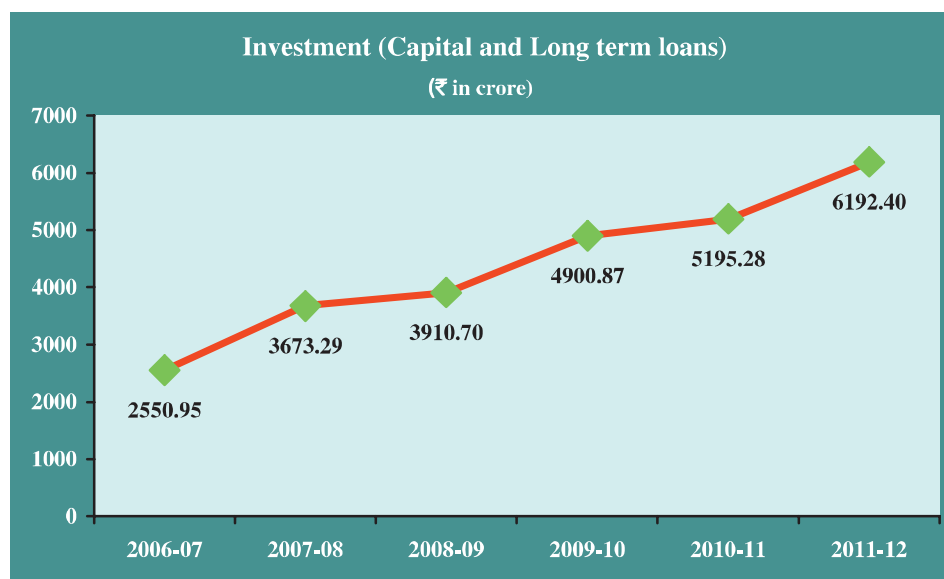
Investment in State PSUs

1.8 As on 31 March 2012, the investment (Capital and Long term loans) in 13 PSUs (including one Statutory corporation) was ₹ 6,192.40 crore. Details are given in the table below.

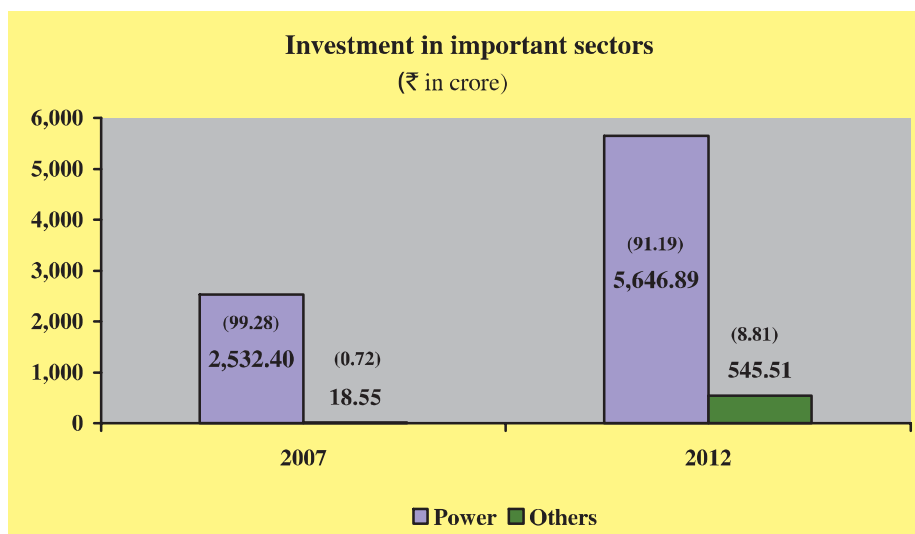
Government companies			Statutory corporation			(₹ in crore)
Capital	Long term loans	Total	Capital	Long term loans	Total	Grand Total
170.10	1157.42	1327.52	-	4864.88	4864.88	6192.40

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

1.9 As on 31 March 2012, of the total investment in PSUs, 2.75 per cent was towards Capital and 97.25 per cent towards Long term loans. The investment in the PSUs has grown by 142.75 per cent from ₹ 2,550.95 crore in 2006-07 to ₹ 6,192.40 crore in 2011-12 as shown in the graph below.



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



(Figures in brackets show percentage of total investment)

The thrust of investment in the PSUs was mainly in the power sector. During the past six years the investment in this sector is showing an increasing trend. It grew by 122.99 *per cent* from ₹ 2,532.40 crore in 2006-07 to ₹ 5,646.89 crore in 2011-12 mainly due to the loans given by the Government and other bodies to JSEB and TVNL.

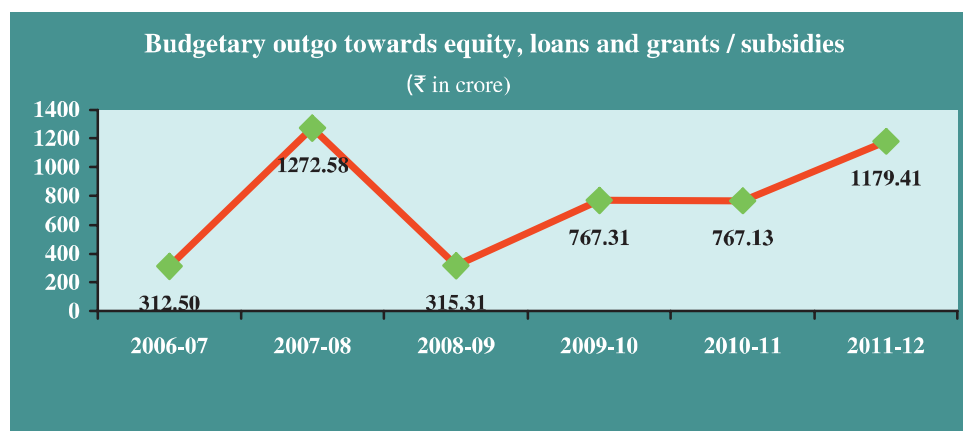
Budgetary outgo towards Equity, Grants/Subsidies, Guarantees and Loans

1.11 The details regarding budgetary outgo towards equity, loans and grants / subsidies in respect of State PSUs at the end of March 2012 are given in *Annexure-3*.

The summarised details of budgetary outgo towards equity, loans and grants/subsidies are given below in the table for the three years ended 2011-12.

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs ⁴	Amount (₹ in crore)
1.	Equity capital outgo from budget	4	2.75	3	3.00	4	20.50
2.	Loans given from budget	1	362.76	1	313.55	2	408.91
3.	Grants/Subsidy received	2	401.80	3	450.58	1	750.00
4.	Total outgo		767.31		767.13		1179.41

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



The budgetary outgo increased from ₹ 767.13 crore in 2010-11 to ₹ 1,179.41 crore in 2011-12 mainly because of budgetary support in respect of subsidy given to JSEB (₹ 750 crore) and investment made in JSFCSCL (₹ 243.96 crore).

Reconciliation with Finance Accounts

1.13 The figures in respect of equity, loans and guarantees outstanding as per records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department are required to conduct reconciliation of the differences. The position in this regard as at 31 March 2012 is stated in the following table.

⁴ Total outgo represents total number of PSUs (GRDA, JHARCRAFT, JTDC, JSBCL, JSFCSCL and JSEB).

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	26.30	170.05	143.75
Loans	6579.71	5702.40	877.31

1.14 We observed that the differences occurred in respect of eight⁵ PSUs and these differences were pending reconciliation since 2001-02. Though the difference between the amounts reflected in the Finance Accounts and as per the records of the PSUs were reported in the Audit Reports of earlier years, no corrective action was taken by the State Government.

Performance of PSUs

1.15 The financial results of PSUs and financial position and working results of the Statutory corporation are detailed in *Annexures -2, 5 and 6* respectively. The percentage of PSU turnover to State GDP shows the extent of PSU activities in the State economy. The following table provides the details of turnover of PSUs vis-à-vis State GDP for the period 2006-07 to 2011-12.

(₹ in crore)						
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover ⁶	30.77	364.90	1552.32	1565.52	1442.90	2139.72
State GDP	73579	87620	75710.78	83077.90	108400.86	124160.16 ⁷
Percentage of turnover to State GDP	0.04	0.42	2.05	1.88	1.33	1.72

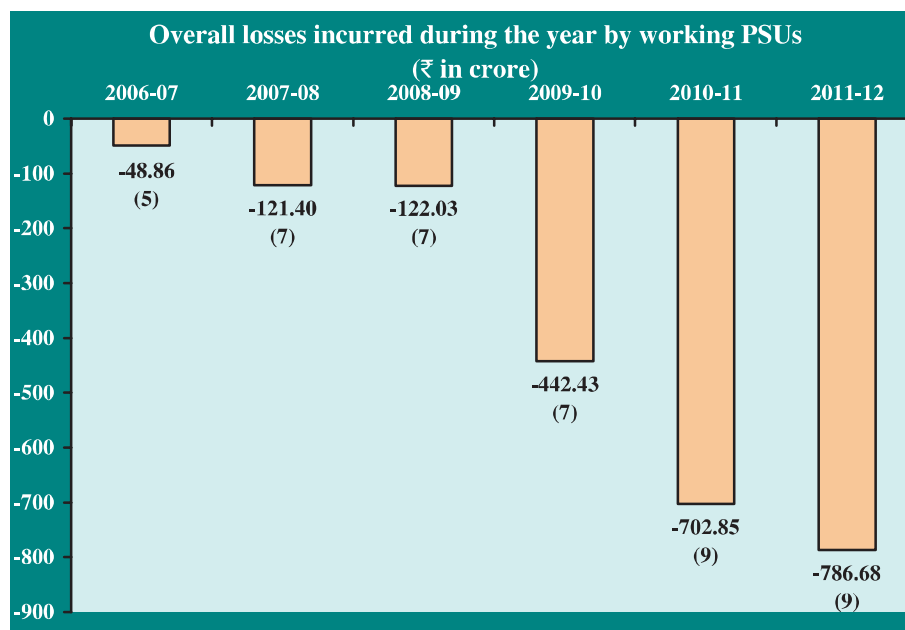
The percentage of turnover of PSUs to the State GDP has increased from 1.33 in 2010-11 to 1.72 in 2011-12. The percentage of turnover is also showing a varying trend. There was significant increase in the turnover during the year 2011-12 as compared to the previous year.

1.16 The aggregate losses (net) incurred by State PSUs increased from ₹ 48.86 crore to ₹ 786.68 crore during 2006-07 to 2011-12 as given in the following graph.

⁵ TVNL, JIIDCO, JTDC, JHARCRAFT, GRDA, JSFCSCL, JHALCO and JSEB.

⁶ Turnover as per the latest finalised accounts as of 30 September 2012.

⁷ The figure of State GDP for the year 2011-12 was taken at the current prices (new series) as of November 2011.



(Figures in brackets show the number of working PSUs in the respective years based on finalised accounts)

As per the latest accounts finalised, out of 13 PSUs, five⁸ PSUs earned aggregate profit of ₹ 22.94 crore while four⁹ PSUs incurred aggregate loss of ₹ 809.62 crore. Heavy losses were incurred by JSEB (₹ 722.82 crore) and TVNL (₹ 86.59 crore) as per their latest finalised accounts for the years 2010-11 and 1995-96 respectively. The remaining four¹⁰ PSUs did not submit any accounts till September 2012.

1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of their activities, their operations and monitoring. A review of the latest Audit Reports of CAG depict that the State PSUs incurred losses to the tune of ₹ 4,280.54 crore and infructuous investment of ₹ 57.19 crore. Year-wise details of net losses, controllable losses and infructuous investment are given in the table below.

(₹ in crore)				
Particulars	2009-10	2010-11	2011-12	Total
Net losses	442.43	702.85	786.68	1931.96
Controllable losses as per CAG's Audit Report	1142.38	2650.89	487.27	4280.54
Infructuous Investment	0.41	46.17	10.61	57.19

1.18 The above losses pointed out by Audit Reports of CAG are based on a test check conducted by audit. The actual controllable losses could be much

⁸ JSFDC, JPHCL, JHARCRAFT, JSMDCL and JTDC.

⁹ JHALCO, JIDCO, TVNL and JSEB.

¹⁰ GRDA, KEL, JSBCL and JSFCSCL.

more. The above indicates the need for effective management and control and ensuring accountability in the functioning of PSUs.

1.19 Other key parameters pertaining to State PSUs, as per their latest finalised accounts, are given in the following table.

(₹ in crore)						
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Debt	2537.65	3550.89	3774.90	4760.27	5050.68	6022.30
Turnover ¹¹	30.77	364.90	1552.32	1565.52	1442.90	2139.72
Debt/ Turnover Ratio	82:1	10:1	2:1	3.04:1	3.50:1	2.81:1
Interest Payments	3.61	6.00	-	123.55	194.75	477.72
Accumulated losses	42.90	265.45	269.30	589.81	1646.52	6385.11

1.20 The State Government had not formulated any dividend policy under which the PSUs are required to pay a minimum return on the paid up share capital contributed by the State Government. As per their latest finalised accounts, five¹² PSUs earned an aggregate profit of ₹ 22.94 crore but did not declare any dividend.

Arrears in finalisation of accounts

1.21 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of the Statutory corporation, the accounts are to be finalised, audited and presented to the Legislature as per the provisions of the Electricity Act, 2003. The table below provides the details of working PSUs and the status of finalisation of their accounts (September 2012).

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Number of working PSUs	9	10	11	12	13
2.	Number of accounts finalised during the year	3	7	14	12	8
3.	Number of accounts in arrears	43	48*	46*	46	52*
4.	Average arrears per PSU (3/1)	4.78	4.80	4.18	3.83	4.00
5.	Number of working PSUs with arrears in accounts	9	10	11	12	13
6.	Extent of arrears (years)	1 to 14	1 to 15	1 to 16	1 to 17	1 to 16

¹¹ Turnover of PSUs as per the latest finalised accounts as of 30 September 2012.

¹² JSFDC, JPHCL, JTDC, JHARCRAFT and JSMDC.

* Due to entrustment of accounts of some PSUs, the accounts of these PSUs are due for more than one year i.e. 2008-09-JHARCRAFT-2 arrear accounts, 2009-10-KEL-1 arrear accounts, 2011-12-JSFCSCSCL-1 arrear accounts.

1.22 The number of accounts in arrears of the PSUs had increased over the years from 43 accounts in respect of nine PSUs in 2007-08 to 52 in 2011-12 in respect of 13 PSUs.

1.23 The State Government had invested ₹ 1,390.21 crore (equity ₹ 47.50 crore, loans: ₹ 590.91 crore, grants: ₹ 751.80 crore) in nine PSUs including one Statutory Corporation during the years for which the accounts have not been finalised as detailed in *Annexure-4*. In the absence of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested had been achieved. Thus, the Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.24 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the attention of the concerned administrative departments and officials of the Government on the issue of arrears in finalisation of accounts was drawn by the PAG in August 2011, no significant remedial measures were taken. As a result the Net Worth of these PSUs could not be assessed in audit. Attention of the Chief Secretary/ Principal Secretary, Finance Department was also invited by the PAG in October 2012 to arrears in finalisation of annual accounts and the need to expedite the clearance of the backlog in accounts in a time bound manner was highlighted.

1.25 In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956.

Accounts Comments and Internal Audit

1.26 As of 30 September 2012 six companies forwarded eight accounts (including arrears accounts) to the PAG during the year 2011-12. Of these, three accounts of three companies¹³ were selected for supplementary audit. The Statutory Auditors had given unqualified certificates for two accounts and qualified certificates for six accounts. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts are required to be improved substantially. The details of aggregate money value of comments of the CAG are given in the following table.

¹³ JHARCRAFT, JSMD and JTDC.

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Increase in profit	-	-	-	-	1	0.23
2.	Decrease in profit	2	0.74	2	7.70	3	3.52
3.	Increase in loss	1	0.03	-	-	-	-
4.	Non-disclosure of material facts	2	-	-	-	-	-

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

Jharkhand Tourism Development Corporation Limited (2004-05)

- Fixed Assets and Profit for the year was overstated by ₹ 1.48 lakh due to non-charging of 100 *per cent* depreciation on items valuing less than ₹ 5,000.

Jharkhand State Mineral Development Corporation Limited (2005-06)

- Profit for the year was understated by ₹ 22.69 lakh due to non-accountal of interest income of ₹ 22.69 lakh.
- Profit was overstated by ₹ 3.16 crore due to short provision of Heavy Earth Moving Machinery charges of ₹ 0.95 crore and escalation of hire charges of ₹ 2.21 crore.
- Profit was overstated by ₹ 26.44 lakh due to non writing off preliminary expenditure.

Jharkhand Silk Textile and Handicraft Development Corporation Limited (2010-11)

- Current Liabilities & Provisions and Profit for the year was overstated by ₹ 3 lakh due to accountal of Capital Grant as Revenue Grant during the year 2010-11.
- Prior Period Adjustment and Capital Grant was understated and Profit for the year was overstated by ₹ 4.72 lakh due to accountal of Capital Grant received for purchase of generator as Revenue Grant during the year 2009-10.

Annual account of Jharkhand State Electricity Board (JSEB)

1.28 Annual Accounts for the year 2010-11 had been received during the year from JSEB for which the CAG is the sole auditor. The audit of accounts upto 2010-11 was completed. The accounts for the year 2005-06 to 2009-10 were received during 2010-11 but Separate Audit Report (SARs) were finalised during 2011-12. The Audit Reports of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. Some of the important comments in respect of accounts of JSEB are stated below.

Accounts for the year 2005-06

- Deficit for the year was understated by ₹ 110.87 crore due to-
 - Non-considering the daily receipt and consumption report of usable coal stock at current rate - ₹ 42.23 crore.
 - Non provision of unusable oil included under stock of oil - ₹ 1.28 crore.
 - Non adjustment of amount not recoverable from Kumardhuvi Metal Casting & Engineering Ltd. on final settlement - ₹ 4.67 crore.
 - Accountal of claim for short receipt of coal as receivable from Central Coalfields Ltd. (CCL), though similar claims were rejected by CCL in earlier years - ₹ 14.09 crore.
 - Accountal of surcharge dues from CCL as sundry receivable, though CCL had not accepted the same - ₹ 2.48 crore.
 - Accountal of amount recoverable from employees/ex-employees for which no records were available with the JSEB, and hence, chances of recovery of the same were remote - ₹ 1.31 crore.
 - Non provision of interest on the General Provident Fund (GPF) contribution made by the employees during the year 2005-06 - ₹ 60.15 lakh.
 - Short provision for gratuity and pensions payable to retired employees for the year 2005-06 - ₹ 43.07 crore.
 - Non provision of outstanding expenditure towards demurrage payable to the Railways for the year 2005-06 - ₹ 1.14 crore.

Accounts for the year 2006-07

- Deficit for the year was understated by ₹ 822.50 crore due to-
 - Non-adjustment of amount recoverable from State Government on final settlement - ₹ 713.49 crore.

- Short provision of gratuity and pensions payable to retired employees for the year 2006-07 - ₹ 88.69 crore.
- Non-charging of interest on fund under Group Saving Scheme (GSS), 1986 - ₹ 9.75 crore.
- Non-provision of terminal benefits such as GSS and Leave encashment for February and March 2007- ₹ 1.15 crore.
- Non-provision of interest on Contributory Provident Fund (CPF) of the employees for the current year as well as for prior periods (2001-02 to 2005-06) - ₹ 9.42 crore.

Accounts for the year 2007-08

- Deficit for the year was understated by ₹ 368.98 crore due to –
 - Non-provision of bad and doubtful debts for Sundry Debtors for the year 2007-08 - ₹ 231.32 crore.
 - Charging of Delayed Payment Surcharge (DPS) to Eastern Coalfields Limited (ECL) on additional Security Deposit, though ECL is not liable to pay additional SD being a Government of India enterprise - ₹ 1.07 crore.
 - Short provision of interest on GPF (current year ₹ 16.58 crore and previous year ₹ 74.84 crore) - ₹ 91.42 crore.
 - Short provision of gratuity and pensions payable to retired employees for the year 2007-08 - ₹ 45.17 crore.

Accounts for the year 2008-09

- Deficit for the year was understated by ₹ 434.29 crore due to-
 - Non-accountal of income from sale of power for the month of March 2009 - ₹ 37.51 crore.
 - Non-accountal of interest accrued income on investment but not due for the year 2008-09 - ₹ 2.79 crore.
 - Non provision of bad and doubtful debts for Sundry Debtors for the year 2008-09 - ₹ 271.33 crore.
 - Non-provision for arrears of salary with effect from 01.01.2006 in the books of accounts for the year 2008-09 - ₹ 168.38 crore.
 - Short provision of gratuity and pensions for the year 2008-09 - ₹ 34.88 crore.

Accounts for the year 2009-10

- Deficit for the year was understated by ₹ 266.56 crore due to -
 - Non-accountal of interest accrued income on investment but not due for the year 2009-10 - ₹ 4.35 crore.
 - Non-transferring of Capital Work-in-Progress to Fixed Assets which had already been commissioned as on 31.03.2010 - ₹ 8.56 crore.
 - Non provision of Fuel Cost Surcharge (FCS) related to the period from April 2008 to April 2009 claimed by Damodar Valley Corporation - ₹ 149.02 crore.
 - Short provision of interest on GPF for the years 2008-09 and 2009-10 - ₹ 21.65 crore.
 - Capitalisation of notional interest and finance charges on funds received under Rajiv Gandhi Gramin Vidutikaran Yojna (RGGVY) - ₹ 91.68 crore.

Accounts for the year 2010-11

- Deficit for the year was understated by ₹ 107.99 crore due to -
 - Short provision of audit fee claimed by Office of the Principal Accountant General, Jharkhand, Ranchi for the period 2003-04 to 2010-11 - ₹ 3.76 crore.
 - Charging of Delayed Payment Surcharge on amount not recoverable from Government of Jharkhand on final settlement - ₹ 6.00 crore.
 - Non-charging of supplementary power purchase bills amount as claimed by Power Grid Corporation India Limited (PGCIL) relating to 2010-11- ₹ 2.99 crore.
 - Non-charging of Clean Energy Cess *at the rate of ₹ 50 per MT and four per cent* Jharkhand Value Added Tax on coal purchased from Central Coalfields Limited - ₹ 3.24 crore.
 - Non-provision of increase in Dearness Allowance payable from January 2011 to March 2011 to employees - ₹ 1.85 crore.
 - Capitalisation of notional interest and finance charges on fund received under RGGVY - ₹ 92.68 crore.
 - Short provision of liability for amount payable as transmission charges to PGCIL for the period 01.04.2007 to 31.03.2010 - ₹ 9.80 crore.

- Non-accounting of interest accrued income on investment but not due for the year 2010-11 - ₹ 12.33 crore.

1.29 The details of aggregate money value of comments of CAG on the accounts of JSEB are given in following table.

Sl. No.	Particulars	2011-12	
		No. of accounts	Amount (₹ in crore)
1.	Decrease in profit	3	56.98
2.	Increase in loss	6	2140.29
3.	Non-disclosure of material facts	1	40.81
Total		6	2238.08

Comments of the Statutory Auditors

1.30 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control / internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of six¹⁴ companies on the accounts finalised during the year 2011-12 are given in the following table.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure-2
1.	Non-fixing of minimum/maximum limits of store and spares	5	A-01, A-06, A-07, A-08, A-10
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	1	A-10
3.	Non-maintenance of fixed assets register showing full particulars including quantitative details and location of fixed assets.	3	A-01, A-04, A-08

Recoveries at the instance of audit

1.31 During the course of audit in 2011-12, recoverable amounts of ₹ 25.16 crore were pointed out to the Management of various PSUs of which ₹ 31.16 lakh was admitted by JSEB. Recovery of the same was however not effected by JSEB so far (September 2012).

¹⁴ JSFDC, JPHCL, JHARCRAFT, JSMDC, TVNL and JTDC.

Status of placement of Separate Audit Reports (SARs)

1.32 The following table shows the status of placement of SARs issued by CAG on the accounts of the JSEB in the Legislature by the Government.

Sl.No.	Statutory corporation	Year up to which SARs placed in Legislature	Year upto which SARs not placed in Legislature		
			Year of SAR	Date of issue to Government	Reason for delay
1.	Jharkhand State Electricity Board	--	2001-02	20.08.2010	Due to non-printing of sufficient number of copies by the JSEB, the SARs were not placed in the Legislature.
			2002-03	07.02.2011	
			2003-04	07.03.2011	
			2004-05	07.06.2011	
			2005-06	09.11.2011	
			2006-07	15.12.2011	
			2007-08	31.01.2012	
			2008-09	30.03.2012	
			2009-10	30.03.2012	
			2010-11	26.04.2012	

Delay in placement of SARs weakens the legislative control over the Statutory corporation and dilutes the latter's financial accountability. The Government should ensure prompt placement of the SARs in the Legislature. The issue was brought to the attention of the Principal Secretary, Finance Department, Government of Jharkhand (October 2012).

Reforms in Power Sector

1.33 The State has formed Jharkhand State Electricity Regulatory Commission (JSERC) in April 2003 under Section 82 of the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2011-12, JSERC issued two orders on annual revenue requirements and 24 other orders.

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

Sl. No.	Milestone	Achievement ¹⁵
1.	To reduce system losses at the level of 18 <i>per cent</i> of the energy available for sale	System losses came down to 35.04 <i>per cent</i> (November 2010)
2.	100 <i>per cent</i> metering of all consumers	Single Phase (Urban)
		Single Phase (Rural)
		Low Tension (LT)
		High Tension (HT)

¹⁵ JSEB did not furnish information on the achievements till date. Hence, data was taken as of November 2010.

CHAPTER-II

Performance Audit relating to Statutory corporation

CHAPTER-II

2. Performance Audit relating to Statutory corporation

Performance Audit of Power Transmission Activity of Jharkhand State Electricity Board

Executive Summary

Introduction

In Jharkhand, generation, transmission and distribution of power is carried out by the Jharkhand State Electricity Board (Board) except for the Damodar Valley Corporation (DVC) command area where transmission is done by DVC while distribution is done by the Board. The Board was created in March 2001 as a result of the Bihar Re-organisation Act, 2000. The Board transmitted 7,412 MUs of energy including 2,777 MUs transmitted by DVC and West Bengal State Electricity Board (WBSEB) to the Board at 33kV during 2007-08 which increased by 29 per cent to 9,560 MUs including 3,114 MUs transmitted by DVC and WBSEB during 2011-12. The turnover of the Board was ₹2,011 crore in 2010-11, which was equal to 1.86 per cent of the State Gross Domestic Product. The Board had 465 employees on its rolls as on 31 March 2012 who were engaged in transmission activity.

Transmission Network Planning

The Board had prepared a plan for the Eleventh Plan period for additions to the transmission network and upkeep of the existing network. The Board had no internal resources and was dependent on the Rural Electrification Corporation (REC)/Government of Jharkhand (GoJ) for funding of capital expenditure. Against the requirement of ₹ 6,275.59 crore as per the work programme for the period 2007-08 to 2011-12, REC/GoJ released funds amounting to ₹ 463.24 crore only. The Board was unable to utilise the amount and the unspent balance as on 31 March 2012 was ₹89.50 crore. The Board had planned for addition of 48 Grid Sub-stations (GSSs) and associated transmission lines including 10 ongoing GSSs and 10 associated transmission lines at an

estimated cost of ₹6,275.59 crore against which 10 ongoing GSSs and five associated transmission lines were completed while five transmission lines could not be completed.

In respect of 14 GSSs and associated transmission lines, the work could not be completed due to frequent changes in planning, while for 24 GSSs and associated transmission lines preparation of Detailed Project Report and other works was yet to be commenced.

Project Management

The construction of GSSs at Dumka, Daltonganj, Japla, Lohardaga, Latehar, Pakur, Sahebganj and Kanke and transmission lines at Deoghar-Dumka, Dumka-Lalmatia, Lalmatia-Sahebganj, Dumka-Pakur were completed after a delay of 12 to 51 months due to delay in land acquisition, forest and railway crossing clearances, approval of drawing and quantity amendment, dispatch instruction, issue of road permit, inspection of material and payment by the Board. GSS at Simdega and transmission lines at Simdega-Gumla, Lohardaga-Gumla, Lohardaga-Latehar and Latehar-Daltonganj could not be completed even after lapse of 27 to 36 months from the scheduled completion period. GSSs at Latehar, Daltonganj and Kanke had not been energised for a period of 35 months to 61 months due to non-completion of connecting transmission lines resulting in blocking of funds of ₹49.14 crore.

Contract Management

The Board changed the terms of Notice Inviting Tenders (NIT) for construction of GSSs at Dumka and Dumka-Deoghar (Package-A), Dumka-Lalmatia-Sahebganj (Package B) and Dumka-Pakur (Package-C) transmission lines and allowed the

base date for IEEMA price variation index as one month prior to date of opening of tender instead of one month prior to the date of negotiation which resulted in excess payment of price variation amounting to ₹10.38 crore.

Performance of Transmission System

The gap in transformation capacity of 220/132 kV had increased from 623 MVA in 2007-08 to 1,348 MVA in 2011-12 whereas the gap in 132/33 kV had increased from 1,277 MVA in 2007-08 to 1,408 MVA in 2011-12. Due to lack of its own transmission system in the DVC command area, the Board had to purchase power at higher cost thereby, incurring additional expenditure of ₹299.53 crore in 2011-12. Transmission losses increased from 5.04 per cent in 2008-09 to 5.50 per cent in 2011-12. The transmission losses during 2008-09 to 2011-12 were above the norms fixed by Jharkhand State Electricity Regulatory Commission (JSERC) and Central Electricity Authority resulting in loss of ₹38.71 crore.

The Board had to incur extra expenditure of ₹102.41 crore during the period 2007-08 to 2011-12 on purchase of 603.38 MUs power from other sources at higher rates due to non-charging of TTPS-PTPS and TTPS-Biharsharif lines at 400 kV.

Grid Management

The Board maintained Grid discipline in respect of over-drawal as per the requirement of the Grid Code.

Disaster Management

The Emergency Restoration System purchased (October 2009) at a cost of ₹7.61 crore was lying idle at Hatia-II GSS, inspite of collapse of five towers during May 2010 to April 2012. The Board took five to 23 days for erecting the tower without using the ERS resulting in disruption of power up to 12 days till alternative arrangement were made.

Energy Accounting and Audit

The energy accounting and audit had not been done as at Jadugora GSS the feeders were unmetered, while in seven GSSs the

meters were defective and not changed for more than five years and meters were also not calibrated for the last 24 years. Out of 13 GSSs test checked, in eight GSSs export of energy was more than import of energy implying that the meters were defective.

Material Management

The closing stock in terms of number of month's consumption was 19 months during 2007-08 which decreased to four months in 2009-10 but again increased to 18 months in 2010-11. The physical verification of stock had not been conducted during the period covered by the performance audit.

Conclusion and Recommendations

The Board did not have sufficient funds to execute projects and was dependent on GoJ/REC. Even the funds allotted by GoJ and released by REC were not fully utilised during the plan period. The Board did not follow the recommendations of the Task Force on transmission projects constituted by the Government of India which resulted in time overrun. Projects were not completed in an economical and efficient manner. In awarding contracts, the terms and conditions of the NIT/CVC guidelines were not adhered to. Only breakdown maintenance was being done as the Board had not prepared an Operation and Maintenance manual. The Emergency Restoration System purchased to mitigate the impact of a major disaster was not put to use. The Board did not meter all its GSSs and Feeders. The Board had not formulated any procurement policy and inventory control mechanism.

The audit recommendations include immediate completion of the Transmission schemes so as to ensure that the full benefits of the schemes are passed on to eligible beneficiaries, proper metering of all GSSs and feeders and replacement of the defective meters, establishment of transmission lines in the DVC command area and concentrating on areas with high transmission losses to bring down the same within the permissible JSERC norms.

Introduction

2.1 With a view to supply reliable and quality power to all by 2012, the Government of India (GoI) prepared the National Electricity Policy (NEP) in February 2005. The NEP laid emphasis on the requirement for adequate and timely investment in the transmission system besides efficient and coordinated action to develop a robust and integrated power system for the country. It also recognised the need for development of National and State Grids with the coordination of Central/ State Transmission Utilities. In Jharkhand, generation, transmission and distribution of power is carried out by the Jharkhand State Electricity Board (Board) except for the Damodar Valley Corporation (DVC) command area¹ where transmission is done by DVC while distribution is done by the Board. The Board was created in March 2001 as a result of the Bihar Re-organisation Act, 2000.

Organisational setup

2.2 The Management of the Board is vested in a Governing Body comprising six members appointed by the Government of Jharkhand (GoJ). The day-to-day operations of the Board are carried out by the Chairman, who is the Chief Executive of the Board. The other members are Member (Finance), Member (Distribution and Transmission), Member (Technical) Principal Secretary, Energy Department and Secretary Finance. The Chairman, with the assistance of Chief Engineers at the Board Headquarters and three General Managers-cum-Chief Engineers in Zonal offices, supervises various functions relating to transmission of power and operation and maintenance of the transmission system. The organisational chart is indicated in *Annexure -7*.

Area of operation and transmission network

2.3 For smooth functioning and to carry out its operations efficiently, the Board has distributed its area of operations into three² transmission zones each headed by a GM cum Chief Engineer, five³ transmission circles and 11⁴ transmission divisions (as on March 2012).

2.4 During 2007-08, 7,412 Million Units (MUs) of energy was transmitted (including 2,777 MUs transmitted by DVC and West Bengal State Electricity Board (WBSEB) to the Board at 33 Kilo Volts (kV)) which increased to 9,560 MUs (including 3,114 MUs transmitted by DVC and WBSEB) in 2011-12, *i.e.* an increase of 29 *per cent* during the period 2007-12. The Board constructed ten⁵ Grid Sub-Stations (GSSs) of 1,060 Mega Volt Ampere (MVA) capacity

¹ Whole Dhanbad & Bokaro, parts of Hazaribagh, Ramgarh, Koderma, Giridih, Chatra, Palamu, Ranchi, Lohardaga and Dumka.

² Ranchi, Jamshedpur and Dumka at Deoghar.

³ Ranchi, Jamshedpur, Chaibasa, Deoghar and Dumka.

⁴ Ranchi, Daltongunj, Gumla, Adityapur, Chandil, Golmuri, Chaibasa, Deoghar-I, Deoghar-II, Lalmatia and Dumka.

⁵ 220/132 kV at Hatia-II and 132/33 kV at Dumka, Chakradharpur, Daltonganj, Japla, Sahebganj, Pakur, Kanke, Lohardaga and Lathehar.

and five lines⁶ of 402 Circuit Kilometre (Ckm) as well as augmented the existing transformation capacity by 120 MVA during the period 2007-12. As on 31 March 2012, the Board had a transmission network of 2,524 (Ckm) and 29 (GSSs) with installed capacity of 3,268 (MVA), capable of annually transmitting 5,887 MUs at 220 kV.

Financial Position and Manpower

2.5 The turnover of the Board was ₹ 2,011 crore in 2010-11, which was equal to 1.86 *per cent* of the State Gross Domestic Product. As per the accounts for the year 2010-11, the loss for the year and accumulated losses as on 31 March 2011 were ₹ 723 crore and ₹ 6,079 crore respectively. The Board had 465 employees on its rolls as on 31 March 2012 who were engaged in transmission activity as against the sanctioned strength of 771 employees.

Scope of Audit

2.6 The Performance Audit conducted during March 2012 to June 2012 covered the performance of the Board in relation to transmission activities for the period 2007-08 to 2011-12. Audit examination involved scrutiny of records of different wings at the Head Office (Ranchi), State Load Dispatch Centre (SLDC), two⁷ out of three⁸ zones, two circles⁹ under the selected zones, all generating stations transmitting power to Ranchi circle and all the three 220/132 kV GSSs located under Ranchi and Jamshedpur circles. Deoghar circle was also selected as the two 132/33 kV GSSs at Deoghar and Jamtara were overloaded. Eight GSSs¹⁰ (capacity: 740 MVA), four lines¹¹ (capacity: 282 Ckm) and augmentation of existing transformation capacity by 100 MVA out of ten GSSs, five lines and augmentation of the existing transformation capacity by 120 MVA constructed during the period 2007-12 were selected for detailed examination.

Audit Objectives

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

Planning and Development

- ❖ A Perspective Plan was prepared in accordance with the guidelines of the National Electricity Policy/ Plan and Jharkhand State Electricity Regulatory Commission's (JSERC) directions and assessment of impact of failure to plan, if any;
- ❖ the transmission system was developed and commissioned in an economical, efficient and effective manner;

⁶ 132 kV Dumka – Lalmatia, Lalmatia – Sahebganj, Dumka –Deoghar, Dumka – Pakur and 220 kV Hatia - Lohardaga.

⁷ Ranchi, Jamshedpur.

⁸ Ranchi, Jamshedpur and Dumka at Deoghar.

⁹ Ranchi, Jamshedpur.

¹⁰ Dumka, Daltonganj, Japla, Sahebganj, Pakur, Kanke, Lohardaga and Latehar.

¹¹ Dumka – Lalmatia, Lalmatia – Sahebganj, Dumka –Deoghar and Dumka – Pakur.

Operation and Maintenance of Transmission System

- ❖ the operation and maintenance of the transmission system was carried out in an economical, efficient and effective manner;
- ❖ a Disaster Management System was set up to safeguard operations against unforeseen disruptions;
- ❖ an effective failure analysis system was set up;
- ❖ an effective and efficient Energy Audit system was set up;

Material Management

- ❖ there was an efficient, economic and effective system of procurement of material and an inventory control mechanism was set up;
- ❖ there was an effective system of stock management and disposal of obsolete stores;

Monitoring and Control

- ❖ there was an efficient and effective monitoring system and internal control framework in place.

Audit Criteria

2.8 The sources of audit criteria were the following:-

- ❖ Provisions of the National Electricity Policy / Plan;
- ❖ Standard procedures for award of contracts with reference to principles of economy, efficiency, effectiveness, equity and ethics;
- ❖ Manual of Transmission Planning Criteria (MTPC) issued by the Ministry of Power (MoP) issued in June 1994;
- ❖ Grid Code consisting of planning, operation, connection codes;
- ❖ Directions from the Government of Jharkhand(GoJ)/MoP;
- ❖ Norms/guidelines issued by Jharkhand State Electricity Regulatory Commission (JSERC)/Central Electricity Authority (CEA);
- ❖ Report of the Committee for Updating the Best Practices in Transmission system in the Country (January 2002) for maintenance of lines by the Board; and
- ❖ Report of the Task Force on transmission projects constituted by the Ministry of Power in July 2005.

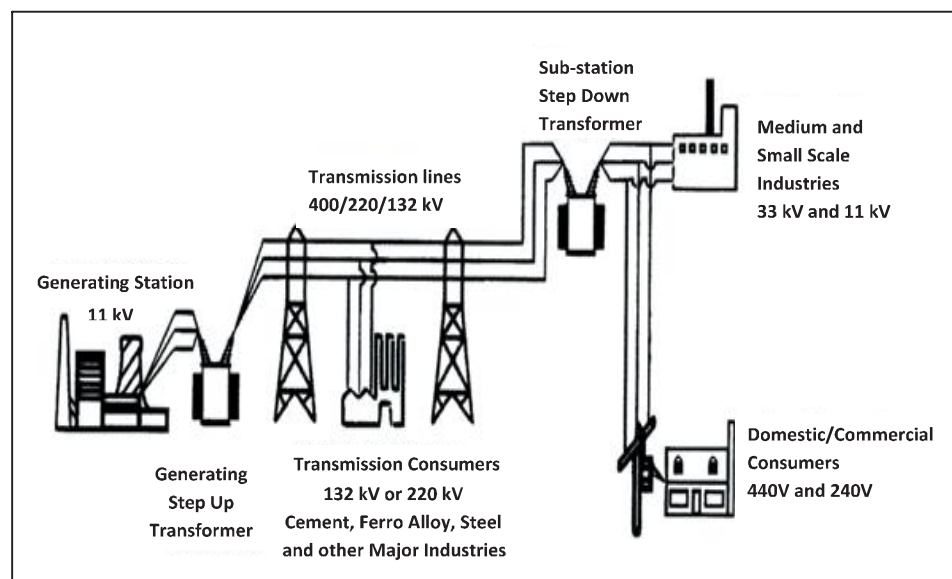
2.9 We explained the audit objectives to the Board during an ‘Entry Conference’ held on 28 March 2012. Subsequently, audit findings were reported to the Board and the State Government on 16 July 2012. The observations in the draft report along with the reply were discussed with the Chairman of the Board and Special Secretary Energy Department, GoJ in an ‘Exit Conference’ held on 30 October 2012. The State Government replied (January 2013) to the audit findings. The replies have been considered while finalising the Performance Audit Report. The audit findings are discussed in subsequent paragraphs.

Brief description of the transmission process

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

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

Electrical energy cannot be stored; hence generation must be matched to need. Therefore, every transmission system requires a sophisticated system of control called Grid management to ensure balancing of power generation closely with demand. A pictorial representation of the transmission process is given in the following diagram:



Audit Findings

Planning and Development

2.11 The Central Transmission Utility (CTU) and State Transmission Utilities (STUs) have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all concerned agencies. At the end of the Tenth Plan (March 2007), the transmission system in the country at 765/HVDC/400/230/220/kV stood at 1.98 lakh Ckm of transmission lines which was planned to be increased to 2.93 lakh Ckm by the end of the Eleventh Plan *i.e.* March 2012. The National Electricity Plan assessed the total inter-regional transmission capacity at the end of 2006-07 as 14,100 MW and further planned to add 23,600 MW in the Eleventh Plan bringing the total inter-regional capacity to 37,700 MW.

Transmission network and its growth

2.12 The Board's transmission network at the beginning of 2007-08 consisted of 19 GSSs with a transmission capacity of 2,088 MVA and 2,122 Ckm of transmission lines. The transmission network increased to 29 GSSs with a transformation capacity of 3,268 MVA and 2,524 Ckm of transmission lines at the end of March 2012.

The Board is responsible for planning and development of the intra-state transmission system and upkeep of the existing network. Assessment of demand is an important pre-requisite for planning capacity addition.

For upkeep of the existing network and additions to the transmission network, the Board prepared (October 2006) a plan for the Eleventh Plan period (2007-08 to 2011-12) for construction of 23 new GSSs (capacity 3,900 MVA), augmentation of 480 MVA and its associated transmission lines (2,495 Ckm) and completion of ten ongoing GSSs (1,060 MVA) and associated transmission lines (870 Ckm). The financial outlay of the plan was ₹ 2,073 crore. Subsequently construction of 12 more GSSs (capacity 3,650 MVA), augmentation of 510 MVA and associated transmission lines (3,224 Ckm) were approved (November 2008) in view of the future transmission requirements so as to evacuate power from power producers and the financial outlay was revised to ₹ 5,818.52 crore under the State plan including ₹ 406 crore funded by Rural Electrification Corporation (REC). However, the annual plans (2007-12) were prepared for ₹ 5,687.99 crore. The Board planned for construction of three more GSSs (capacity 1,230 MVA) and associated transmission line (246 Ckm) during 2011-12 at an estimated cost of ₹ 587.60 crore. The Board did not have internal resources of its own to meet the expenditure during the Plan period and was dependent on funds received from REC and GoJ.

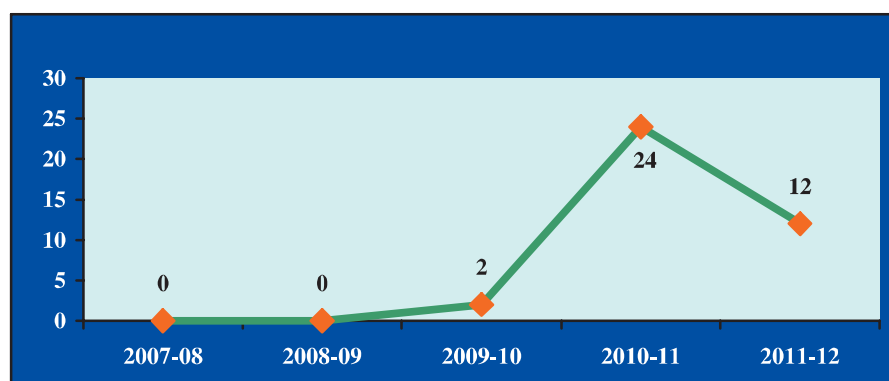
The details of the transmission capacity of the Board at Extra High Tension (EHT) level during 2007-08 to 2011-12 is given below:-

Sl. No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12	Total
A. Number of Sub-stations (Numbers)							
1	At the beginning of the year	19	21	25	29	29	19
2	Additions planned for the year	2	4	6	24	12	48 ¹²
3	Added during the year	2	4	4	0	0	10
4	Total sub stations at the end of the year (1+3)	21	25	29	29	29	29
5	Shortfall in additions (2-3)	0	0	2	24	12	38
B. Transformers capacity (MVA)							
1	Capacity at the beginning of the year	2088	2488	2878	3248	3258	2088
2	Additions/ augmentation planned for the year	400	390	770	4340	4450	10350
3	Capacity added during the year	400	390	370	10	10	1180
4	Capacity at the end of the year (1+3)	2488	2878	3248	3258	3268	3268
5	Shortfall in additions/ augmentation	0	0	400	4330	4440	9170
C. Transmission lines (Ckm)							
1	Capacity at the beginning of the year	2122	2335	2384	2384	2524	2122
2	Additions/ augmentation planned for the year	213	135	537	3800	2150	6835
3	Capacity added during the year	213	49	0	140	0	402
4	Capacity at the end of the year (1+3)	2335	2384	2384	2524	2524	2524
5	Shortfall in additions/ augmentation	0	86	537	3660	2150	6433

(Source: Compiled from the records of the Board)

Against the targeted additions/augmentation of 48 GSSs with a capacity of 10,350 MVA, and laying of 6,835 Ckm of transmission lines during the period 2007-08 to 2011-12, the Board could complete construction/augmentation of only ten GSSs with 1,180 MVA transformer capacities and 402 Ckm transmission lines. Out of the ten GSSs constructed, three GSSs at Kanke, Latehar and Daltonganj with transformer capacity of 100 MVA each had not been energised for 35 months to 61 months due to non completion of the connecting transmission lines¹³ as on November 2012.

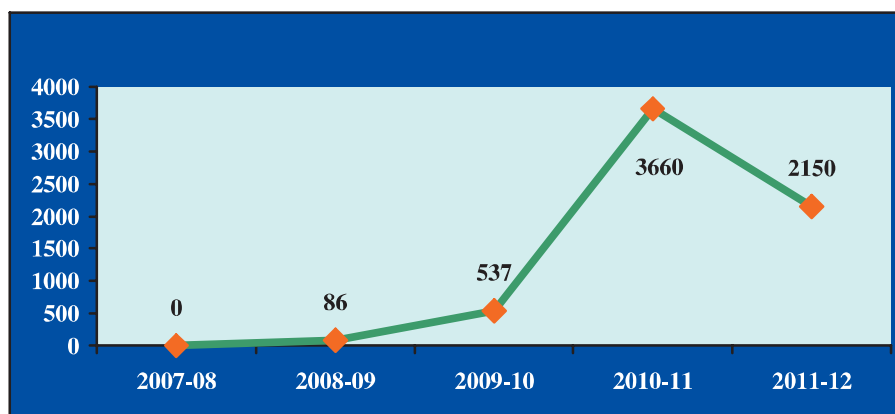
Line Graph: Shortfall in addition of Grid sub-stations in numbers



¹² Including ten ongoing GSSs carried forward to the Eleventh Plan period.

¹³ 132 kV Hatia-Kanke, Lohardaga-Latehar, Latehar-Daltonganj and Daltonganj-Japla.

Line Graph: Shortfall in addition/augmentation of lines in Circuit Kilometres



The particulars of voltage-wise capacity additions planned, actual additions, shortfall in capacity *etc.* during the period 2007-08 to 2011-12 are given in the **Annexure-8**. The main reasons for shortfall in capacity additions were indecision of the Board and GoJ and non availability of funds as discussed in the following paragraphs:

The details of Annual Plans for transmission projects, receipt of funds from REC and GoJ and the actual expenditure thereagainst during the years 2007-08 to 2011-12 are given in the following table:

₹ in crore)									
Year	Estimated value of the work programme	No. of GSSs/ transmission lines (Ckm)	Opening balance	Funds sanctioned by GoJ	Funds received		Total funds received	Actual expenditure	Closing balance
1.	2.	3.	4.	5.	6.	7.	8.	9.	(4+8-9)=10
2007-08	260.19	2/213	6.86	-	197.99	-	197.99	79.49	125.36
2008-09	433.60	4/135	125.36	-	30.73	-	30.73	155.76	0.33
2009-10	2933.11	6/537	0.33	90.77	104.83	-	104.83	31.66	73.50
2010-11	1735.54	24/3800	73.50	338.50	52.00	75.00	127.00	51.89	148.61
2011-12	913.15	12/2150	148.61	150.00	-	2.69	2.69	61.80	89.50
Total	6275.59	48/6835		579.27	385.55	77.69	463.24	380.60	

(Source: Information furnished by the Board)

We observed that against the requirement of ₹ 6,275.59 crore as per the work programme during 2007-08 to 2011-12, GoJ sanctioned ₹ 579.27 crore and released ₹ 77.69 crore. REC released ₹ 385.55 crore during the same period. The Board was unable to utilise the amount and the unspent balance as on 31 March 2012 was ₹ 89.50 crore. Thus, against the requirement of ₹ 6,275.59 crore the Board received only ₹ 463.24 crore out of which it could utilise only ₹ 380.60 crore during the period 2007-08 to 2011-12. This led to non-achievement of the planned additions in the transmission network as discussed in the following paragraphs.

❖ *Status of ongoing projects planned for completion in the Eleventh Plan period*

As mentioned in paragraph 2.12, the Board planned to complete 10 ongoing GSSs and associated transmission lines during the Eleventh Plan period (2007-2012). Out of these, eight GSSs¹⁴, six¹⁵ transmission lines and one Line-in-Line-Out (LILO) at Rihand-Sonenagar were to be constructed from loans obtained from REC and two¹⁶ GSSs and four¹⁷ transmission lines were to be constructed from loans from the GoJ.

We observed that both the GSSs and four transmission lines planned to be constructed from GoJ loan were completed.

We further observed that out of the loan of ₹ 385.55 crore obtained from REC:

- ❖ All the eight GSSs planned for construction were completed.
- ❖ One transmission line (Hatia-Lohardaga) out of six lines planned for construction was completed. LILO at Rihand-Sonenagar was also completed.
- ❖ Construction of two¹⁸ transmission lines had not been completed (November 2012).
- ❖ Notice inviting tender (NITs) for the remaining three¹⁹ transmission lines were issued in December 2011 after a delay of 59 months from the date of sanction of the loans. However, the tenders were not finalised (July 2012).

Non-completion of five transmission lines during the Eleventh Plan period affected the quality of power supplied to the consumers.

Thus, out of 10 GSSs, 10 transmission lines and one LILO planned for completion during the Eleventh Plan period, five transmission lines could not be completed by March 2012. Non-completion of these lines would impact the quality of power supplied to the consumers as it would result in low voltage and unstable power supply as discussed subsequently in Paras 2.14.1 and 2.14.3.

❖ *Status of new projects planned for completion in the Eleventh Plan period*

For upkeep of the existing network and additions to the transmission network, the Board prepared (October 2006) a plan for the Eleventh Plan period (2007-08 to 2011-12) for construction of 23 new GSSs²⁰ and its associated

¹⁴ 220/132 kV GSS at Hatia and 132/33 kV GSSs at Lohardaga, Latehar, Japla, Kanke, Pakur, Sahebganj and Daltonganj.

¹⁵ 220 kV Hatia-Lohardaga, Lohardaga-Latehar, Latehar-Daltonganj and Daltonganj-Garhwa, 132 kV Hatia-Kanke and Garhwa-Japla.

¹⁶ Chakradharpur and Dumka.

¹⁷ Deoghar-Dumka, Dumka- Lalmatia, Lalmatia-Sahebganj and Dumka-Pakur.

¹⁸ Lohardaga-Latehar and Latehar-Daltonganj.

¹⁹ Hatia – Kanke, Daltonganj – Garhwa and Garhwa – Japla.

²⁰ 400/220 kV GSSs- Patratu, Chandil ; 220/132 kV GSSs - Dumka, Chaibasa, Govindpur ; 132/33 kV GSSs - Chaibasa, Govindpur , Madhupur, Simdega, Mango, Ramchanderpur, Khunti, Bundu, Giridih, Ramgarh, Ratu road, Godda, Hazaribagh, Chaibasa, Chatra, Govindpur – II, Garwha and Manoharpur.

transmission lines which was approved by GoJ. Subsequently construction of 12²¹ more GSSs and associated transmission lines were approved (November 2008). The Board further planned for construction of three²² more GSSs and associated transmission lines during 2011-12. However the Board did not have internal resources of its own to meet the expenditure during the Plan period and was dependent on funds received from REC and GoJ.

We observed that:

- ❖ REC sanctioned (February 2009) loan of ₹ 984.87 crore for construction of ten²³ GSSs and associated transmission lines on the condition that GoJ was to provide unconditional guarantee for repayment of the loan.
- ❖ The Board (March 2009) and Energy Department (July 2010) agreed to the conditions laid down by REC, but Finance Department did not agree (August 2010 and March 2011) to provide unconditional guarantee as the financial position of the Board was not sound.
- ❖ The Board and Energy Department proposed to award the work to Power Grid Corporation of India Limited (PGCIL) on nomination basis (December 2010). However, the Finance Department was of the view (March 2011) that the Board should go in for tendering rather than award the work on nomination basis.
- ❖ In the meantime, due to urgent requirement of the transmission network in areas where network was not available, GoJ sanctioned (October 2009 and March 2010) the construction of two²⁴ GSSs and associated transmission lines under the State Plan. Of these, one GSS at Simdega was initially proposed for execution under REC loan. Subsequently (September 2011), GoJ included three²⁵ more GSSs and associated transmission lines to be financed by REC.
- ❖ GoJ accorded technical approval (January 2012) and administrative approval (July 2012) to appoint PGCIL as a consultant on nomination basis for construction of the 12 GSSs and associated transmission lines to be financed by REC.
- ❖ GoJ released (September 2012) ₹ 147 crore from the State Plan and requested REC to release the sanctioned amount of ₹ 984.87 crore as loan to the State Government.

²¹ 400/220 kV GSSs- Chaibasa, Jasidih, Torpa; 220/132 kV GSSs- Hazaribagh, Jasidih, Chatra, Sikarapara; 132/33 kV GSSs -Hazaribagh, Chatra, Chakardharpur, Jamma and Amrapara.

²² 400/220 kV GSS at Latehar, 220/132 kV GSSs at Latehar and Lohardaga.

²³ 220/132 kV GSSs at Govindpur, Chaibasa and Dumka, 132/33 kV GSSs at Manoharpur, Simdega, Mango, Ramchanderpur, Madhupur, Govindpur and Chaibasa.

²⁴ Simdega and Chatra.

²⁵ 400/220 kV GSS at Latehar, 220/132 kV GSSs at Latehar and Lohardaga.

Thus, frequent changes in planning resulted in non execution of 14 GSSs and associated transmission lines planned for completion with GoJ/REC funding in the Eleventh Plan period. As regards the remaining 24 GSSs and associated transmission lines which were planned in the Eleventh Plan, preparation of Detailed Project Reports (DPRs) and other related works for its execution are yet to be commenced (November 2012).

The Government accepted (January 2013) the audit observation and stated that projects could not be implemented due to frequent changes in the post of the Chairman of the Board. The work awarded to PGCIL has now been planned under the Twelfth Plan. PGCIL has floated the tender for GSSs and transmission lines.

Project management of transmission system

2.13 A transmission project involves various activities from concept to commissioning. Major activities in a transmission project are (i) Project formulation, appraisal and approval phase and (ii) Project Execution Phase. For reduction in project implementation period, the Ministry of Power, Government of India constituted (February 2005) a Task Force on transmission projects with a view to:

- ❖ analyse the critical elements in transmission project implementation,
- ❖ recommend ways to curtail delays in transmission projects,
- ❖ implement according to the best practices of CTU and STUs, and
- ❖ suggest a model transmission project schedule for 24 months' duration.

The Task Force suggested and recommended (July 2005) the following remedial actions to accelerate the completion of transmission systems:

- ❖ Undertake various preparatory activities such as survey, design and testing, processing for forest and other statutory clearances, tendering activities *etc.* in advance/parallel to the project appraisal and approval phase and go ahead with construction activities once the transmission line project sanction/approval is received;
- ❖ Break-down the transmission projects into clearly defined packages such that the packages can be procured and implemented requiring least coordination and interfacing and at same time attracting competition facilitating cost effective procurement; and
- ❖ Standardise designs of tower fabrication so that 6-12 months can be saved in project execution.

2.14 We noticed that the Board did not follow the recommendations of the Task Force which would have helped in timely completion of projects. It failed to undertake various preparatory activities such as survey, design and testing, processing for forest and other statutory clearances, tendering

activities *etc.* which were essential for timely completion of the project in advance/parallel to the project appraisal and approval phase as recommended by the Task Force Committee. Further, though transmission projects were broken down into packages, the Board did not finalise the tenders on time which culminated in abnormal delays in execution of the projects. Thus, notwithstanding the elaborate guidelines given by the Task Force Committee for timely completion of the projects, the Board did not follow the time schedule for completion of GSSs and lines resulting in time overrun as detailed in the following table:

Sl. No.	Name of project	Awarded Cost / (₹ crore)/ LOI Month	Due date of completion (Month)	Actual date of completion (Month)	Time over run (Months)	Reasons
1	132/33 kv GSS at Dumka and 132 kv Deoghar-Dumka transmission line (Package A)	35.89 December 2004	June 2006	January 2009 (GSS) and September 2010 (transmission line)	31(GSS) 51(transmission line)	Delays in forest clearance, Railway clearance, Right of Way issues and delay in making payments.
	Dumka-Lalmatia and Lalmatia-Sahebganj transmission lines (Package B)	58.49 December 2004	June 2006	June 2007 December 2008	12 30	
	Dumka-Pakur transmission line (Package C)	19.39 April 2005	October 2006	January 2011	51	
2	GSSs at Daltonganj and Japla	32.06 August 2005	February 2007	October 2007 (Daltonganj) September 2008 (Japla)	8 (Daltonganj) 19 (Japla)	Delay in approval of drawing and quantity amendment, dispatch instruction and road permit, inspection of materials and delay in making payments.
3	220 kV Lohardaga-Latehar (Package A) and Latehar-Daltonganj (Package B) transmission lines	34.06 (Package A) 34.80 (Package B) May 2008	November 2009	Not completed (as on November 2012)	36	Delay in forest and railway crossing clearance.
4	GSSs at Lohardaga, Latehar (Package A), Pakur, Sahebganj and Kanke (Package B)	45.51 (package A) 69.74 (Package B) September 2006	March 2008	November 2008 (Lohardaga), January 2009 (Latehar), December 2009 (Package B)	8 (Lohardaga), 10 (Latehar) 21 (Package B)	Delay in land acquisition, approval of drawings, quantity amendment, issue of dispatch instruction and road permit, inspection of material and in making payments.
5	GSS at Simdega and Simdega-Gumla and Lohardaga-Gumla transmission lines	101.35 February 2009	August 2010	Not completed (as on November 2012)	27	Delay in land acquisition, forest and railway crossing clearances.
6	GSS at Chatra and Chatra-Latehar and PTPS-Chatra transmission lines	Not awarded	-	-	-	-

(Source: Compiled from the records of the Board)

The reasons for delay in implementation of the above projects as analysed in audit were as under:-

2.14.1 GSS at Dumka, Deoghar-Dumka, Dumka-Lalmatia, Lalmatia-Sahebganj and Dumka-Pakur transmission lines

The Board was supplying power to Dumka, Pakur and Sahebganj Districts at 33kV lines due to non-availability of transmission network from Deoghar GSS, by purchasing power from WBSEB and Lalmatia GSS respectively. This caused low voltage and unstable power supply besides purchase of power from WBSEB at a higher cost than the average cost of power purchased from other sources²⁶. Hence, the Board issued (December 2004/April 2005) LOI for the construction of GSS at Dumka, Deoghar-Dumka, Dumka-Lalmatia, Lalmatia-Sahebganj and Dumka-Pakur transmission lines.

The transmission lines were completed after a delay of 12 to 51 months due to delay of four to 54 months in initiating the process of obtaining statutory clearances.

We observed that the Board initiated the process of getting statutory clearances after a delay of four to 54 months from the date of issue of Letter of Intent (LOI). All the transmission lines were completed after a delay of 12 to 51 months. It was further observed that for the Dumka-Pakur transmission line the Forest Department claimed (November 2008) ₹ 76.05 lakh towards Net Present Value of the forest land to be utilised for the scheme and also for compensatory afforestation scheme. No work could be done on this line for 16 months between November 2008 and April 2010 till the payment was made by the Board in April 2010. The Board proceeded to construct the line in anticipation of the forest clearance and the work was finally completed (January 2011) without forest clearance.

The Government accepted (January 2013) the audit observation and stated that the scheme was to be funded under the State Plan, but as the funds flow was deficient, the Board paid the amount out of their own funds.

The fact remains that the Board had not made any provision for the amount payable for forest clearance in the estimate submitted to the GoJ. It took considerable time of 12 months in making the request (November 2009) to the GoJ for the funds after receipt of the demand from the Forest Department.

2.14.2 GSSs at Daltonganj and Japla

Power to Daltonganj Division and Japla Sub-division was fed through 33 kV lines from the remotely situated grid sub-stations at Garhwa Road and Sonenagar (Bihar) respectively resulting in inadequate and unstable supply with frequent interruptions. Hence, the Board issued (August 2005) LOI for the construction of GSSs at Daltonganj and Japla.

We observed that there was delay in releasing mobilisation advance and running account payments, approval of drawings, amendment in quantity of the order, issue of dispatch instructions and road permits, inspection of materials *etc.* ranging between 483 and 663 days. GSSs at Daltonganj and

²⁶ Damodar Valley Corporation, National Thermal Power Corporation Ltd., Tenughat Vidyut Nigam Ltd., National Hydro Power Corporation Ltd. and Power Trading Corporation Ltd.

Japla were constructed in October 2007 and September 2008 after time overrun of eight and 19 months respectively. The Board had paid ₹ 22.02 crore (May 2012) for the construction of GSSs at Daltonganj and Japla. While the GSS at Japla was energised, the GSS at Daltonganj had not been energised (November 2012) for 61 months from the date of completion due to non-completion of the Latehar-Daltonganj and Daltonganj-Garhwa transmission line.

Non-energising of GSS at Daltonganj resulted in blocking of ₹ 11.01 crore.

Thus, due to non-charging of the GSS, the objective of the scheme could not be met and power continues to be supplied from the remotely situated GSSs resulting in unstable supply at Daltonganj and blocking of ₹ 11.01 crore²⁷.

The Government accepted (January 2013) the audit observation and stated that GSS at Daltonganj will be charged shortly.

2.14.3 Lohardaga- Latehar and Latehar- Daltonganj transmission lines

The transmission lines work could not be completed (November 2012) due to delay of 12 to 26 months in initiating the process of obtaining statutory clearances.

A Notice Inviting Tender (NIT) was issued in January 2005 for the construction of the transmission line and LOI was issued (July 2005) to the lowest bidder, Ramjee Power Construction Limited (RPCL). However, in its 38th Board meeting, the Board decided (September 2005) not to issue the work order as the contractor had submitted forged Bank Guarantee (BG) for ₹ 19.70 crore in rural electrification works. A subsequent NIT issued during 2005-06 was cancelled due to non-participation of adequate number of tenderers. The Board again issued (October 2006) an NIT in which IVRCL Infrastructure and Project Limited (IVRCL) was the lowest tenderer. We observed that the Board did not follow the recommendation of the Task Force and initiated action for forest clearance (May 2009) and railway crossing permission (July 2010) after a delay of 12 and 26 months respectively from the date of issue of LOI (May 2008). Permission for railway crossing was granted in December 2010. However, forest clearance was still awaited (May 2012). Thus, the work had not been completed and uninterrupted and quality power to the consumers had been denied even after 36 months of the scheduled completion period (November 2012).

The Government replied (January 2013) that the proposals for forest and railway clearance require extensive documentation such as check survey of route, route finalisation, tree enumeration *etc.*

The reply does not address the issue regarding non-consideration of the recommendation of the Task Force to undertake various preparatory activities such as surveys and processing for forest and other statutory clearances in advance/parallel to project appraisal and approval phase.

2.14.4 GSSs at Latehar, Lohardaga, Pakur, Sahebganj and Kanke

Power to Latehar, Lohardaga, Pakur and Sahebganj was fed through 33 kV lines from the remotely situated Daltonganj Power Sub-Station (PSS), Mander PSS and GSS at Dhulian (WBSEB) bordering Pakur and Lalmatia respectively

²⁷ ₹ 22.02 crore (for two GSSs)/2 = ₹ 11.01 crore for one GSS.

resulting in inadequate and unstable supply with frequent interruptions. The existing 132/33 kV GSS at Ranchi was not capable of catering to the full power requirement of Kanke. Hence, the Board issued (September 2006) LOI for the construction of GSSs at Latehar, Lohardaga, Pakur, Sahebganj and Kanke.

Non-energising of GSS at Kanke and Latehar resulted in blocking of ₹ 38.13 crore.

We observed that the Board did not follow the recommendations of the Task Force on action to be taken to accelerate the completion of the projects and there were delays ranging between 558 to 1257 days in acquisition of land, releasing mobilisation advance and payments, approval of drawing and quantity amendment, issue of dispatch instructions and road permits and inspection of materials for construction of the above GSSs. The GSSs were completed after delay of eight to 21 months from due date of completion (March 2008). The GSSs at Lohardaga and Sahebganj were energised on completion. However, the GSS at Pakur was energised (January 2011) after a delay of 13 months from the date of completion (December 2009) due to delayed construction of the Dumka-Pakur transmission line. The Board had paid ₹ 93.74 crore (May 2012) for the construction of above GSSs. Moreover, the GSSs at Kanke and Latehar had not been energised (November 2012) even after 35 and 46 months respectively from their completion due to non-completion of the Lohardaga-Latehar, Latehar-Daltonganj and Hatia-Kanke transmission lines. As a result, consumers were deprived of quality power and ₹ 38.13 crore²⁸ paid to the contractors for the GSSs remained blocked.

2.14.5 GSS at Simdega and Simdega-Gumla and Lohardaga-Gumla transmission lines

The GSS and associated transmission lines were not completed (November 2012) due to delay of 12 to 26 months in initiating process of obtaining statutory clearances.

As a GSS was not available at Simdega, the Board was supplying power at 33kV from Kamdara GSS. The Board issued LOI (February 2009) to Genus Power Infrastructure Ltd. for construction of a GSS at Simdega and associated transmission lines to be completed by August 2010. We observed that GoJ accorded administrative approval (October 2009) for ₹ 90.77 crore and released loan of ₹ 40 crore (August 2010). The Board did not follow the recommendations of the Task Force and initiated steps for obtaining forest clearance and railway crossing clearance after a delay of 26 and 12 months respectively from the date of issue of LOI. The land was acquired (February 2010) and railway crossing clearance was received (March 2011), whereas forest clearance was still awaited (June 2012). The GSS and associated transmission lines are yet to be completed (November 2012).

The Government accepted (January 2013) the audit observation and admitted the delay in initiation of forest and railway crossing clearances.

2.14.6 GSS at Chatra and Chatra-Latehar and PTPS-Chatra transmission lines

Administrative approval of ₹ 193.50 crore was granted (March 2010) by the GoJ for construction of a GSS at Chatra and Chatra-Latehar and PTPS-Chatra transmission lines. We observed that the Board had availed (March 2011) a

²⁸ ₹ 52.47 crore for three GSSs/3 + ₹ 41.27 crore for two GSSs/2 = ₹ 38.13 crore.

Loan of ₹ 30 crore obtained from GOJ remain unutilised for a period of 15 months till June 2012 due to non-initiation of any action for implementation of the work.

loan of ₹ 30 crore from the GoJ which was kept in the Personal Ledger Account of the Board and remained unutilised till June 2012 for a period of 15 months on which interest liability of ₹ 4.88 crore²⁹ had already accrued. The Board had not initiated (June 2012) any action for implementation of the work. The interest liability could have been avoided had the loan drawal been synchronised with actual execution of the works.

The Government replied (January 2013) that the Detailed Project Report has been prepared and tender evaluation was in progress. However, the reply was silent about the interest liability aspect.

Contract Management

2.15 During the period 2007-08 to 2011-12 the contracts awarded or executed by the Board were examined in audit and the following points on non-compliance to tender conditions and Central Vigilance Commission (CVC) guidelines were noticed:

- ❖ A Notice Inviting Tender (NIT) was issued (October 2003) for construction of 132 kV transmission line at Dumka-Deoghar and GSS at Dumka (Package-A), 132 kV Dumka-Lalmatia-Sahebganj (Package B) and 132 kV Dumka-Pakur (Package-C) transmission lines. The due date of opening of tender was November 2003. One of the tender conditions was that price variation as per Indian Electrical & Electronics Manufacturers' Association (IEEMA³⁰) index would be allowed with base date as one month prior to the date of opening/date of submission of tender, and in case of negotiation one month prior to the date of negotiation. Negotiations were held with the bidders for packages A and B in October 2004 and for package C in December 2004. Based on the negotiations, the bidders reduced the prices. However, while issuing the purchase order/work order (PO/WO) (January 2005 to May 2005) the Board did not adhere to the terms of the NIT and allowed the base date for price variation as one month prior to the date of tender which worked out to 11 months for packages A & B and 13 months for package C prior to the date of negotiation. The Board paid (May 2012) ₹ 22.70 crore, ₹ 4.34 crore and ₹ 9.86 crore towards price variation for packages A, B & C respectively. As the Board had not subscribed to the IEEMA bulletin, it was dependent on the supplier for obtaining the IEEMA price indices. We calculated the price variation allowable adopting the base date as one month prior to the date of negotiation and found that excess payment of ₹ 5.53 crore, ₹ 2.26 crore and ₹ 2.51 crore for packages A, B & C respectively was made by the Board.
- ❖ For construction of 132/33 kV GSSs at Lohardaga and Latehar (Package-A) and Pakur, Sahebganj and Kanke (Package - B) with due date of opening of tender (December 2005), the lowest bidder,

The Board paid excess price variation amounting to ₹ 10.38 crore due to change in terms of NIT.

²⁹ ₹ 30 crore @ 13 per cent (for 15 months upto June 2012).

³⁰ IEEMA evolves and operates equitable and uniform price variation clause (PVC) by circulating applicable monthly raw material prices and indices.

M/s AREVA T & D, reduced the price by ₹ 77.19 lakh and ₹ 22.81 lakh for Packages A and B respectively on negotiation (July 2006). The Board paid (April 2012) ₹ 2.12 crore for package A. We calculated the price variation allowable adopting the base date as one month prior to the date of negotiation and found that excess payment of ₹ 8.34 lakh³¹ was made by the Board. The Board had not made any payment towards price variation for package B (April 2012) and hence the impact, if any, for not adhering to the IEEMA index is not ascertainable.

The Government replied (January 2013) that the change of base dates had been done by the Governing Body of the Board.

The fact remains that non-adherence to the conditions of the contract was detrimental to the financial interest of the Board as the date of negotiation of price bids should have been the base date for determining the price variation.

- ❖ Due to non-payment of running account bill of ₹ 4.68 crore for 9-12 months and delayed approval of material test report, quantity schedule and delay in arranging road permit, land acquisition, forest and railway clearances by the Board, the work of construction of GSS at Dumka and 132 kV Dumka-Deoghar (Package-A) and Dumka-Pakur (Package-C) transmission line was not completed as scheduled (June 2006) for Package-A and (October 2006) for Package-C by the contractor, RPCL. RPCL made a representation (January 2007) for appointment of an arbitrator. The arbitrator delivered the award (February 2008) in favour of RPCL and directed the Board to pay ₹11 crore as compensation. The Board paid ₹ 11 crore to the contractor (May 2008). As per Section 34(3) of the Arbitration & Conciliation Act, 1996, an application for setting aside any award may not be made after four months from the date of award. However, the Board challenged (January 2011) the award of arbitration in the court of the Sub-judge, Ranchi after a considerable delay of three years, reasons for which were not on record.

Delay in approval of material test report, quantity schedule, land acquisition, forest clearance etc. by the Board led to arbitration resulting to avoidable payment of ₹ 11 crore.

The Government replied (January 2013) that the matter of challenging the arbitration was deliberated, legal opinion was taken and accordingly the decision for challenging the arbitration was taken by the Board (January 2011).

However, the fact remains that the Board challenged the arbitration after three years against the period of four months laid down in the Arbitration & Conciliation Act.

Besides, due to delay in completion of GSS at Dumka and transmission lines at Dumka-Deoghar and Dumka-Pakur the Board had to procure power from WBSEB at higher rates to meet its requirements which

³¹ Price variation is worked out on payment of ₹ 13.15 lakh only, as IEEMA price indices to this extent was available with the Board.

The Board incurred extra expenditure of ₹ 53.58 crore on purchase of power from WBSEB due to delay in completion of Dumka-Pakur line.

resulted in extra expenditure of ₹ 53.58 crore³² compared to the cost of purchase of power from other sources.

- ❖ As per Central Vigilance Commission (CVC) guidelines (November 2002), once the offer is found to be technically and financially acceptable, the work should be awarded without any loss of time. It was observed that for construction of 220 kV transmission lines at Lohardaga-Latehar (Package - A) and Latehar-Daltonganj (Package - B), the NIT was published with due date of opening of tender as November 2006. Against this, only two tenderers participated in the bid. It was seen that the Board took nine months to disqualify one of the tenderers (August 2007), due to deficiencies in the technical details furnished by him. Though the negotiated (November 2007) price of ₹ 34.06 crore and ₹ 34.80 crore of the single tenderer, IVRCL Infrastructures and Projects Limited, was below the estimated price of ₹ 35.48 crore and ₹ 35.67 crore for packages A and B respectively, the Board did not issue the LOI and instead requested (November 2007) PGCIL to prepare a cost estimate in order to compare the reasonability of the rates quoted by the bidder. The estimated price of PGCIL, quoted in January 2008, was ₹ 38.54 crore and ₹ 36.48 crore for packages A and B respectively which was more than the negotiated price. Finally the LOIs were issued (May 2008) to IVRCL after 15 months from the date of opening of the tender. Thus, award of the contract was unduly delayed in violation of CVC guidelines.

The Government accepted (January 2013) the audit observation and stated that due to the fact that there was a single bidder, the quoted price had been compared with the rate of PGCIL.

However, the fact remains that the Board took considerable time of six months to compare the bidder's rate with that of PGCIL.

Performance of the transmission system

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

³² (Average cost of power purchased from WBSEB – Average cost of power purchased by JSEB excluding WBSEB)* Total number of units purchased from WBSEB = (₹ 5.04 – ₹ 2.60)*219.57MUs.

Transformation capacity

2.17 The Board in order to evacuate the power from the generating stations and to meet the load growth in different areas of the State constructs lines and GSSs at different voltages. A substation houses transformers which convert AC voltage and current to a different voltage and current at a very high efficiency. The voltage levels can be stepped up or down to obtain an increase or decrease of AC voltage with minimum loss in the process. The evacuation of power is normally done at 220 kV GSS. The transformation capacity at 220 kV GSSs³³ created *vis-à-vis* the transformation capacity (peak demand met) at the end of each year by the Board during the five years ending March 2012 are as follows:

Transformation capacity (in MVA)				
Year	Installed	After leaving 30 per cent towards margin ³⁴	Peak demand	Excess/ shortage
1.	2.	3=(70% of 2)	4.	5=(3-4)
2007-08	1050	735	1606	(-)871
2008-09	1050	735	1698	(-)963
2009-10	1050	735	1774	(-)1039
2010-11	1050	735	1836	(-)1101
2011-12	1050	735	1885	(-)1150

(Source: Compiled from the records of the Board)

From the above table it was observed that the overall transformation capacity was much less than the requirement. In fact, the shortfall had increased from 871 MVA in 2007-08 to 1150 MVA in 2011-12. Thus, non-completion of the GSSs resulted in the inability of the Board to meet the peak demand.

2.18 Transformer is a static device installed for stepping up or stepping down voltage in transmission and distribution of electricity. The energy received at high voltage (220/132 kV) from the GSSs is transformed to a lower voltage (132/33 kV) and 132/33 kV GSSs to 33/11 kV PSS to make it available for distribution. In order to cater to the entire connected load, the transformation capacity should be adequate. The optimum tolerance of a transformer is 80 per cent of its rated capacity to prevent the transformer from burning/developing defects. The connected loads *vis-à-vis* transformation capacity in the Board at 80 per cent rating during the years 2007-08 to 2011-12 is given in the following table:

³³ 220 kV GSSs at Hatia (300 MVA), Chandil (300 MVA) and Ramchandarpur (450 MVA).

³⁴ Recommendation of the Working Group on Power – Eleventh Plan.

Year	220/132 kV Capacity (MVA)	132/33 ³⁵ kV Capacity (MVA)	33/11 kV Capacity (MVA)	220/132 kV Capacity required to match 132/33 kV GSS (MVA)	Shortage /Excess (MVA)	132/33 kV Capacity required to match 33/11 kV power substation (MVA)	Shortage/Excess (MVA)
(1)	(2)	(3)	(4)	(5)= $\frac{100}{80} \times (3)$	(6=5-2)	(7)= $\frac{100}{80} \times (4)$	(8=7-3)
2007-08	1050	1338	2092	1673	(623)	2615	(1277)
2008-09	1050	1628	2182	2035	(985)	2728	(1100)
2009-10	1050	1898	2305	2373	(1323)	2881	(983)
2010-11	1050	1908	2491	2385	(1335)	3114	(1206)
2011-12	1050	1918	2661	2398	(1348)	3326	(1408)

(Source: Compiled from the records of the Board)

It can be seen from the above table that the gap in transformation capacity of 220/132 kV had increased from 623 MVA in 2007-08 to 1,348 MVA in 2011-12 whereas the gap in 132/33 kV had decreased from 1,277 MVA in 2007-08 to 983 MVA in 2009-10 and again increased to 1,408 MVA in 2011-12. Due to this mismatch in transformation capacity the Board was not able to fulfil the present load demand at Deoghar, Jamtara, Kharsawan, Jadugora and Kendposi GSSs. The mismatch in transformation capacity was mainly due to non availability of GSSs and transmission lines in the DVC command area.

As per the Electricity Act, 2003 the Board is allowed to construct transmission lines in DVC command area also. However, the Board did not set up its own transmission system and power for supply in the DVC command area is being drawn from DVC at 33 kV and supplied through the distribution system. We observed that the rate at which power was purchased from DVC was higher than the average cost of power purchased by the Board. As a result, the Board had to incur additional expenditure of ₹ 299.53 crore on power purchases during 2011-12 (excluding ₹ 1,325 crore already reported in the Audit Report 2010-11 on Distribution activity of the Board). This reflected unscientific planning in creation of transmission network in the DVC command area.

The Government replied (January 2013) that in their command area the transformation capacity was more than the peak demand, input of power in some GSSs is at 132 kV and in DVC command area input is even at 33 kV and effort was being made to augment and add GSSs.

However the fact remains that the Board had no transmission network in the DVC command area and five GSSs³⁶ in their command area were overloaded.

³⁵ Does not include GSSs at Daltonganj, Latehar and Kanke having capacity 100 MVA each constructed in October 2007, January 2009 and December 2009 respectively, but not charged so far (November 2012).

³⁶ Deoghar, Jamtara, Kharsawan, Jadugora and Kendposi.

Sub-stations

Adequacy of Sub-stations

2.19 The Manual on Transmission Planning Criteria (MTPC) stipulates the permissible maximum capacity for different GSSs *i.e.* 320 MVA for 220 kV and 150 MVA for 132 kV GSS.

Scrutiny of the maximum capacity levels of GSS revealed that 132 kV GSS at Adityapur exceeded the permitted level as the load was more than 150 MVA. It was also observed that every GSS of capacity 132 kV and above should have at least two transformers but the GSS at Chakradharpur had only one transformer of 20 MVA. Further, as per JSERC (State Grid Code) Regulation 2008 issued in January 2009 the size and number of transformers in the GSS shall be planned in such a way that in the event of outage of any single transformer it would not overload the remaining transformers or the system. Out of 20 GSSs³⁷ test checked, only Ramchandarpur and Lohardaga GSSs can transmit the load in the event of outage of any single transformer. The Board is not able to meet the growing load demand due to insufficient transformation capacity. Thus, immediate augmentation of transformation capacity is required.

The Government accepted (January 2013) the audit observation and replied that augmentation of transformer capacity was under active consideration.

Voltage management

2.20 The licensees using intra-state transmission system should make all possible efforts to ensure that grid voltage always remains within limits. As per the Indian Electricity Grid Code, STUs should maintain voltages ranges between 380-420 kV, 198-245 kV and 122-145 kV in 400 kV, 220 kV and 132 kV line respectively.

Scrutiny of the 220/132 kV bus voltages in 13 GSSs of five divisions of the two Zones during the period under audit scrutiny revealed that in 220 kV GSS at Hatia II the voltages recorded ranged between 212 kV and 247 kV while in six³⁸ 132 kV GSSs voltage recorded ranged between 112 kV and 145 kV. To provide quality power and reduce the transmission losses the Board should ensure that the maximum and minimum voltages are maintained as per the norms.

The Government accepted (January 2013) the audit observation and stated that as and when voltage exceeds the limit the GSSs are directed to keep the voltage within permissible limit.

³⁷ Deoghar, Jamtara, Garhwa, Japla, Hatia-II, Hatia-I, Namkum, Lohardaga, Goelkera, Kharsawan, Chakardharpur, Kendposi, Noamundi, Adityapur, Ramchandarpur, Chandil-I, Chandil-II, Golmuri, Jadugora and Dhalbhumgarh.

³⁸ Namkum, Chandil – II, Japla, Garhwa, Dhalbhumgarh and Golmuri.

Bus Bar Protection Panel (BBPP)

2.21 Bus Bar is used as an application for interconnection of the incoming and outgoing transmission lines and transformers at an electrical Sub-station. BBPP limits the impact of the Bus Bar faults on the entire power network which prevents unnecessary tripping and is selective to trip only those breakers necessary to clear the Bus Bar fault. As per Grid norms and Best Practices in Transmission System, BBPP is to be kept in service for all 220 kV GSSs to maintain system stability during Grid disturbances and to provide faster clearance of faults on 220 kV buses.

We observed that out of three numbers of 220 kV GSSs (one was double bus GSS and two were triple bus GSSs) where BBPP is required to be installed, the Board provided the BBPP at one GSS at Hatia and in the remaining two GSSs at Ramchanderpur and Chandil, BBPPs were not yet provided.

The Government accepted (January 2013) the audit observation and replied that work for installation of BBPP at Ramchanderpur and Chandil GSSs will be completed by February 2013.

Maintenance**Performance of Current transformers (CT) and Power Transformers (PT)**

2.22 CT and PT at GSSs are one of the most important and cost-intensive components of electrical energy supply networks. Hence, it is of special interest to prolong their life duration while reducing their maintenance expenditure. In order to gather detailed information about the operation conditions of CTs and PTs, various kinds of oil analysis like the standard oil Dissolved Gas Analysis (DGA) tests are generally conducted. For CT and PT insulation a combination of an insulating liquid and a solid insulation impregnated therewith are used. For an evaluation of the actual condition of this insulating system usually a DGA test is used, as failures inside the CT and PT lead to a degradation of the liquid insulation in such a way that the compound of the gases enables an identification of the cause of the failure. DGA and insulating oil test for CT had not been conducted by the Board during the period 2007-2012. However, DGA and insulating oil test of 16 PTs of various GSSs conducted during the same period showed violation of acetylene (C_2H_2), acidity and resistivity value, traces of sludge and as a result reclamation/replacement of oil were required in nine PTs. Acidity and sludge would affect the age of the PT and reclamation/replacement of oil would increase the life of the transformers. However, the oil had not been reclaimed /replaced although five to 48 months had expired since conduct of the DGA and insulating oil tests.

DGA and insulating oil test was conducted on PTs but not on CTs during the period 2007-2012. In nine PTs violation of prescribed norms was noticed which required reclamation /replacement of oil which however had not been done for five to 48 months since conduct of the tests.

The Government accepted (January 2013) the audit observation and replied that efforts were made to improve the oil condition with filtration during overhauling/annual maintenance.

Installation of transformer without augmenting the earth mesh and shielding wire resulted in avoidable expenditure of ₹ 1.13 crore on its repair.

However, the fact remains that the oil had not been reclaimed/ replaced although five to 48 months have expired since conduct of DGA and insulating oil test.

During the period 2007-08 to 2011-12 four PTs failed out of the 48 PTs test checked. It was observed that three PTs were 23 years old and one PT of a 2X20 MVA at Hatia-I GSS was replaced by a 50 MVA PT (February 2005) without augmenting and strengthening the earth mesh and renovating minimum oil circuit breaker. The PT tripped (July 2008) due to the effects of lightning. It was also observed that maintenance of the PT, relay panels and calibration of relays were not being done and several gantry columns including the front plinth of the PT did not have shielding wire necessary to protect it against lightning. The PT was reinstalled (June 2011) by incurring an avoidable expenditure of ₹ 1.13 crore on its repair.

The Government accepted (January 2013) the audit observation and stated that the PT was reinstalled after augmenting and strengthening the earth mesh and installation of shielding wire.

Working of hot lines division/sub divisions

2.23 Regular and periodic maintenance of transmission system is of utmost importance for its un-interrupted operation. Apart from scheduled patrolling of lines following techniques are prescribed in the Report of the Committee for Updating the Best practices in Transmission System in the Country (January 2002) for maintenance of lines:

- ❖ Hot line maintenance
- ❖ Hot line washing
- ❖ Hot line puncture detection of insulators
- ❖ Preventive maintenance by using portable earthing hot line tools
- ❖ Vibration measurement of the line
- ❖ Thermo-scanning
- ❖ Pollution measurement of the equipment.

The hot line technique (HLT) envisages attending to maintenance works like hot spots, tightening of nut and bolts, damages to the conductor, replacement of insulators etc. of GSS and lines without switching off. This includes thermo scanning of all the lines and GSS towards preventive maintenance. HLT was introduced in India in 1958.

As on March 2012 the Board had no hotline divisions. The Board had not prepared an Operation and Maintenance manual and a schedule for preventive maintenance of GSSs. Only breakdown maintenance was being done.

The Government stated (January 2013) that the updated technology will be adopted in course of time.

Transmission losses

2.24 When energy is carried from the generating station to the consumers through the Transmission & Distribution (T&D) network, some energy is lost which is termed as T&D loss. Transmission loss is the difference between energy received from the generating station/Grid and energy sent to the supply area of the Board.

The details of transmission losses from 2007-08 to 2011-12 are given in the table below:

Sl. no.	Particulars	Unit	Year				
			2007-08	2008-09	2009-10	2010-11	2011-12
1.	Power received for transmission	MUs	7412	8122	8663	9344	9560
2.	Net power transmitted	MUs	NA	7713	8168	8742	9034
3.	Actual transmission loss (1-2)	MUs	NA	409	495	602	526
		Percentage	NA	5.04	5.71	6.44	5.50
4.	Target transmission loss as per the CEA norms	Percentage	4	4	4	4	4
5.	Target transmission loss as per JSERC norms	Percentage	NA	5	5	5	5
6.	Transmission loss in excess of JSERC norms (3-5% x 1)	MUs	NA	3	62	135	48
7.	Valued at realisation per unit	Rate per unit in (₹)	1.84	1.87	1.82	1.99	* ³⁹
8.	Total loss (7) x (6)	₹ in crore	NA	0.56	11.28	26.87	*

(Source: Information furnished by the Board)

It could be seen from the above that the transmission losses were on an increasing trend and exceeded the CEA norm of four *per cent* in all the four years as also the yearly norm fixed by the JSERC. The transmission losses suffered by the Board in excess of the norms fixed by the JSERC for the period 2008-09 to 2010-11 was 200 MUs valued at ₹ 38.71 crore.

The Government stated (January 2013) that losses include regional transmission losses and after excluding these, the transmission losses of the Board were within JSERC norms. The Government also stated that the transmission loss figures were approximate as all feeders are not metered and some meters are very old and defective. The Board was planning for 100 *per cent* metering.

However, the fact remains that the Board had neither maintained any data for regional transmission losses nor furnished the same in support of its reply.

³⁹ Accounts for 2011-12 are yet to be finalised.

Grid Management

Maintenance of Grid and performance of SLDC

2.25 Transmission and Grid Management are essential functions for smooth evacuation of power from generating stations to the Distribution Companies/consumers. Grid Management ensures moment to moment power balance in the interconnected power system to take care of reliability, security, economy and efficiency of the power system. Grid management in India is carried out in accordance with the standards/directions given in the Grid Code issued by CEA. National Grid consists of five regions viz., Northern, Eastern, Western, North Eastern and Southern Grids, each of these having a Regional Load Dispatch Centre (RLDC), an apex body to ensure integrated operation of the power system in the concerned region. The Jharkhand State Load Dispatch Centre (SLDC), a constituent of Eastern Regional Load Dispatch Centre (ERLDC), Kolkata, ensures integrated operation of power system in the State.

As per Clause 31 of the Electricity Act, 2003

“(I) The State Government shall establish a centre to be known as the SLDC for the purpose of exercising the powers and discharging the functions under this part.

In violation of Clause 31 of the Electricity Act, 2003 the functions of SLDC is being carried out by the Board and State Government has not formally notified that the SLDC shall be operated by the Board.

(II) The SLDC shall be operated by a Government Company or any authority or corporation established or constituted by or under any State Act, as may be notified by the State Government.

(a) Provided that, until a Government Company or any authority or corporation is notified by the State Government, the State Transmission Utility shall operate the SLDC.”

As the Board was not unbundled the functions of the SLDC are being performed by the Board, though the State Government has not formally notified that the SLDC shall be operated by the Board.

The Government accepted (January 2013) the audit observation and stated that the transfer of control of SLDC under State Government is under process.

Infrastructure for load monitoring

2.26 Remote Terminal Units/Sub-station Management Systems (RTUs/SMSs) are essential for monitoring the efficiency of the transmission system and the loads during emergency in SLDC as per the Grid norms for all GSSs.

We observed that out of three 220 kV GSSs, 22 of 132 kV GSSs and three Power generating Plants, two (67 per cent) 220 kV and nine (41 per cent) 132 kV GSSs and all three (100 per cent) generators were provided with RTUs for recording real time data for efficient Energy Management System. However, eight RTUs of 220 & 132 kV GSSs were not operational for six months to nine years due to poor battery bank and disruption of

Eight Remote Terminal Units of 220 kV and 132 kV GSSs were not operational for six months to nine years due to poor battery bank and disruption of connectivity at three panels thus reducing the ability of SLDC to work as load monitoring centre.

connectivity at Jamtara, Deoghar and Garhwa panel. Non-functioning of RTUs reduces the ability of SLDC to work as a load monitoring centre. Further the SLDC has backup data facility only for one year.

The Government accepted (January 2013) the audit observation and stated that battery bank will be replaced shortly and the matter regarding restoration of connectivity had been taken up with PGCIL. However, the fact remains that eight out of 14 RTUs had not been functional for six months to nine years.

Grid discipline by frequency management

2.27 As per the Grid Code, the transmission utilities are required to maintain Grid discipline for efficient functioning of the Grid. All the constituent members of the Grid are expected to maintain a system frequency between 49.2 and 50.3 Hz. System frequency is not maintained due to shortages in generating capacities, high demand, Grid indiscipline in maintaining load generation balance, inadequate load monitoring and management. Thus, Grid frequency goes below or above the permitted frequency levels. To enforce Grid discipline, the SLDC issues three types of violation messages (A, B, C). Message A is issued when the frequency is less than 49.2 Hz and over-drawal is more than 50 MW or 10 *per cent* of the schedule, whichever is less. Violation B message is issued when frequency is less than 49.2 Hz and over-drawal is between 50 and 200 MWs for more than ten minutes or 200 MW for more than five minutes. Message C (serious nature) is issued 15 minutes after the issue of message B when frequency continues to be less than 49.2 Hz and over-drawal is more than 100 MW or ten *per cent* of the schedule, whichever is less.

We observed that the SLDC records hourly frequency. During October 2009 to March 2012 system frequency was below 49.2 Hz and above 50.3 Hz on 443 occasions spread over 227 days but over-drawal was below 50 MW. Thus the Board maintained the Grid discipline. Data for the period April 2007 to September 2009 was however not available with the SLDC.

Backing Down Instructions (BDI)

2.28 When the frequency exceeds the ideal limits *i.e.* situation where generation is more and drawal is less (at a frequency above 50 Hz) SLDC takes action by issuing BDI to the generators to reduce the generation for ensuring integrated Grid operations and for achieving maximum economy and efficiency in the operation of the power system in the State. The State has three Energy Generating Power stations, one of 420 MW (210X2) *i.e.* Tenughat Thermal Power Station (TTPS) owned by Tenughat Vidyut Nigam Limited (TVNL), and two generating stations *viz.* Patratu Thermal Power Station (PTPS) of 770 MW (de-rated) and Swarnrekha Hydel Project (SRHP) of 130 MW owned by the Board. Energy generated at TTPS is being transmitted by two transmission lines to Bihar Sharif Grid of BSEB and to PTPS switchyard of the Board (single circuit of 400 kV). However, both the lines are operating at 220 kV capacities. Whenever breakdown happens in one line, TTPS has to back down its power generation as the demand and capacity of the conductors was only 250 MW in each line. Hence the total energy

Avoidable expenditure of ₹ 102.41 crore on purchase of power at higher rate due to delay in interconnecting 400 kV single circuit TTPS – Bihar Sharif transmission line with a 400/220 kV GSS at Bihar Sharif.

generated at TTPS could not be evacuated due to non-availability of 400 kV GSS at the terminating end.

During the period 2007-08 to 2011-12 SLDC had issued 77 BDI instructions to TTPS which had been complied with which resulted in generation loss of 603.38 MUs valuing ₹ 140.09 crore to TTPS. The total energy generated at TTPS was sold to the Board. Due to non availability of adequate evacuation capacity at TTPS, the Board had to incur extra expenditure of ₹ 102.41 crore during the period 2007-08 to 2011-12 on purchase of 603.38 MUs power from other sources at higher rates. To overcome this problem the Board issued (May 2008) a work order to PGCIL to interconnect 400 kV single circuit (S/C) TTPS – Bihar Sharif transmission line with a 400/220 kV GSS at Bihar Sharif on cost plus basis for ₹ 8.20 crore. PGCIL stopped the work as Board paid only the first Running account (RA) bill amounting to ₹ 2.94 crore and the remaining two RA bills amounting to ₹ 7.06 crore were not paid (June 2012) due to fund constraints.

Further, TTPS awarded the work for construction of five numbers of 400 kV bays in 400 kV switchyard in its premises to PGCIL (July 2010) on cost plus basis for ₹ 22.70 crore. The work, scheduled to be completed in 24 months, could not commence (May 2012) due to delay in finalisation of scope of work.

The Government accepted (January 2013) the audit observation and stated that the purpose was to maintain grid discipline and that no extra cost had been incurred on power purchase due to backing down of TTPS.

The Government's reply does not address the issue as the integration of both the lines to avoid the backing down problem should have been taken up on priority basis earlier. Due to backing down of TTPS, the Board had to purchase power at higher rates from other sources.

Disaster Management

2.29 Disaster Management (DM) aims at mitigating the impact of a major breakdown on the system and restoring it in the shortest possible time. As per the Report of the Committee for updating the Best practices in Transmission System in the Country (January 2002), DM should be set up by all power utilities for immediate restoration of the transmission system in the event of a major failure. It is carried out by deploying Emergency Restoration System (ERS), Diesel Generator sets (DGs), vehicles, fire fighting equipments and skilled and specialised manpower. Disaster Management Centre, National Load Dispatch Centre, New Delhi acts as the Central Control Room in case of a disaster.

Inadequate facilities for DM

- ❖ The SLDC identified two thermal generating stations TTPS, PTPS and one hydel generating station SRHP in the State out of which black start⁴⁰ facilities were available only in SRHP indicating inadequate

⁴⁰ The procedure necessary to recover from a partial or a total blackout.

preparedness for DM. Mock drill for starting up the generating station during black start was done (November 2011) only once during the period covered by the performance audit.

- ❖ Diesel generating (DG) sets and synchrosopes⁴¹ form part of DM facilities at GSSs and generating units. We observed that out of the three generating units synchrosopes were not working at SRHP during the period 2007-08 to 2011-12 and diesel generators were not available at PTPS. Out of three numbers 220 kV GSSs, DG set was available only at Hatia-II GSS and the same was not working during 2011-12. Though synchrosopes were available at all 220 kV GSSs, they were not working in Chandil-I and Ramchanderpur for more than five years.
- ❖ The Board did not identify vulnerable installations for provision of metal detectors. Security in the GSS is being provided by Home Guard Jawans which is insufficient to handle any crisis which may arise in the future due to Naxal attacks, sabotage and bomb threats.
- ❖ The Board had procured ERS consisting of pylon type arrangement of light weight towers which are easily transportable and can be erected within 6 to 8 hours to restore the power supply, from M/s PCI Ltd. (October 2009) at a cost of ₹ 7.61 crore. The firm had imparted training (January 2010) to Board officials and 30 persons of six agencies⁴² engaged in the patrolling of transmission lines, repairing of conductors and insulators, annual maintenance contract for GSSs etc. The ERS was lying idle (October 2009) at Hatia-II GSS. In spite of collapse of five towers during May 2010 to April 2012 the Board took five to 23 days for erecting the towers without using the ERS resulting in disruption of power up to 12 days till alternative arrangements were made. As the ERS was not put to use so far (April 2012), the expenditure of ₹ 7.61 crore incurred on its purchase remained idle without deriving any benefits.

Emergency Restoration System procured for ₹ 7.61 crore was not used inspite of collapse of towers on five occasions during the period May 2010 to April 2012.

The Government accepted (January 2013) the audit observation and stated that the ERS has now been distributed to two Zones at Ranchi and Dumka and GM-cum-CE have been authorised to procure the accessories required to install the ERS. However, the fact remains that ERS had not been used since three years of its purchase and the Jamshedpur transmission Zone does not have an ERS.

Energy Accounting and Audit

2.30 Energy accounting and audit is a necessary and crucial step towards assessment and reduction of transmission losses. While energy accounting involves preparation of accounts of the energy flow to various segments and how it has been consumed out of the total available quantum over a specified

⁴¹ In an AC electrical power system it is a device that indicates the degree to which two systems generators or power networks are synchronised with each other.

⁴² Trans Make, Sidhartha Power, R.S Electricals & Engineering, Ram Erection Works, Bharat Engineering Works and U.S Construction.

time period, energy audit involves analysis of energy accounting data in a meaningful manner to evolve measures to introduce checks and balances in the system to reduce leakages and losses and also to improve technical performance.

To achieve effective energy accounting and audit, it is imperative that correct and same class of meters are installed at all levels *i.e.* feeders, GSS and Power Sub-Station (PSS) and meter readings are taken regularly and reconciled so that pockets of leakage are identified and corrective measures taken. Energy accounting is not a one-time exercise but is to be done on a continuous basis.

We observed that energy accounting and audit had not been done during the period covered by the performance audit as at one GSS (Jadugora) the feeders were unmetered, while in seven GSSs⁴³, the meters were defective and not changed for more than five years and were also not calibrated for five to 24 years although required to be calibrated after every four years.

Out of 13 GSSs test checked, we found that in eight⁴⁴ GSSs export of energy was more than the energy imported implying that the meters were defective. Further, during scrutiny of records of Tenughat Thermal Power Station (TTPS) we observed that while transmitting energy to the PTPS switchyard, losses ranged between 7 to 21 *per cent* at the PTPS switchyard during January to March 2012. PTPS was transmitting energy to Hatia I & Hatia II GSSs incurring losses ranging between (-9) and 51 *per cent* during the period under audit scrutiny. The loss percentage at PTPS and GSSs showed higher transmission loss; indicating that the meters were defective.

The Government accepted (January 2013) the audit observation and stated that 100 *per cent* metering of transmission is in process.

Material Management

2.31 The key functions in material management are laying down an inventory control policy, procurement of materials and disposal of obsolete inventory. We noticed that the Board had not formulated any procurement policy and inventory control mechanism for economical procurement and efficient control over inventory.

2.32 The details of consumption and closing stock for the period from 2007-08 to 2010-11 are given in the following table:

⁴³ Adityapur, Chandil, Golmuri, Ramchandrapur, Garhwa Road, Hatia-I and Dhalbhumgarh.

⁴⁴ Adityapur, Chandil, Jadugora, Golmuri, Ramchandrapur, Garhwa Road, Hatia-I and Dhalbhumgarh.

(₹ in crore)

Year	Consumption (per annum)	Consumption (per month)	Net closing stock (as per Balance Sheet)	Closing stock in terms of months to consumption
1.	2.	3. = (2)/12	4.	5. = (4)/(3)
2007-08	3.98	0.33	6.42	19
2008-09	9.36	0.78	4.90	6
2009-10	21.32	1.78	6.59	4
2010-11	3.93	0.33	5.98	18

(Source: Compiled from the records of the Board)

It can be seen from the above table that the closing stock in terms of number of month's consumption was 19 months during 2007-08 which decreased to four months in 2009-10 but again increased to 18 months in 2010-11 indicating lack of an inventory control mechanism. The Board had neither done any ABC analysis nor fixed any standard maximum/minimum level or reorder level of their material requirement.

We further observed that the Board had procured 83 CTs (August 2009) and 40 Kilometre (KM) of ACSR Zebra conductor (September 2009) on urgent basis at a cost of ₹ 2.04 crore in spite of having stock of 17 CTs and 24 KM of Zebra conductor. However, only 11 CTs and 2.55 KM Zebra conductors were issued (March 2012) out of the old stock. Thus, purchases made on urgent basis were lying unutilised in the store.

The Government stated (January 2013) that CTs and Zebra conductors were purchased to keep them as necessary spares for operation and maintenance purposes.

However, the fact remains that though the Board had procured the material for urgent requirement it is yet to be issued for consumption.

Non-conducting of physical verification of stocks in the stores

2.33 There are three Area Stores under the control of the Board at Ranchi, Jamshedpur and Deoghar. Their Physical Verification (PV) had not been conducted during the period covered by the performance audit. The value of non-moving, surplus, obsolete, unserviceable and scrap material in Jamshedpur store was available for only 2010-11 and 2011-12 which had increased from ₹ 0.55 crore to ₹ 0.62 crore. The reconciliation of the stock could not be done as the PV of the stores were not being done. Deoghar store is locked since June 2012 after the retirement of the storekeeper (February 2012) whereas Ranchi store maintained quantitative details without giving any value for scrap materials (March 2012). The Board had not taken action to dispose of the scrap/obsolete material, which could have earned revenue and freed up space for storage of other materials.

The Government accepted (January 2013) the audit observation and stated that it has no policy in place for inventory control, procurement of material and disposal of obsolete inventory. It further stated that a consultant has been appointed to computerise the entire stores.

Monitoring and Control

2.34 The Board plays an important role in the State economy. For an organisation to operate economically, efficiently and effectively, there should be a well-documented management information system for operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of a standards targets and norms. The performance of the GSSs and lines of 400/220/132 kV on various parameters like Maximum and Minimum voltage levels, breakdowns, voltage profiles should be recorded /maintained as per the Grid Code standards.

In this connection we observed the following:-

- ❖ Year-wise cumulative performance of the GSSs and lines were neither being maintained nor consolidated at the Board level for evaluation of annual performance of the GSSs and lines. Though, the field Divisions of the Transmission units were compiling the monthly MIS reports indicating the performance of the units as well as equipments installed, these reports were however not being sent to the Board office, although required to be done, nor was their receipt being monitored at the Board level.
- ❖ Verification of MIS reports revealed that details regarding programmed overhauls of equipments like Circuit Breakers, due dates of next oil change, On Load Tap Changer operations, dates of maintenance works, performance of GSS batteries, performance of relays, cause-wise analysis of feeder breakdowns were not being reported. The Board, thus, instead of carrying out preventive maintenance carried out breakdown maintenance only.
- ❖ Though the Board had prepared a long term plan for creation of transmission infrastructure dividing it into five year annual plans, there was no monitoring mechanism for ensuring adherence to the annual plan schedule.
- ❖ A reliable and comprehensive MIS on the transmission network was not in existence to facilitate quick decision making at the apex level and the Board had to collect the data from the field units time and again.
- ❖ The Board did not monitor the energy assessment as export of energy was more than import.

Internal Audit

2.35 The Board has an internal audit wing (IAW), but the sanctioned strength for IAW was not made available to audit. However, IAW has seven men-in-position⁴⁵. As per the Internal Audit Manual, IAW is required to

⁴⁵ One Director, one Deputy Director, two Accounts Officers, one Accountant, one Accounts Assistant and one Accounts Clerk (as on December 2012).

prepare a quarterly work programme. However, work programme for selection of units and deployment of manpower for internal audit had not been framed during the period covered by the performance audit. The Internal Audit Department is mainly entrusted with concurrent audit related to establishment matters like pay fixation, increments, pension *etc.* These officials were also liaising with various wings of the Board in furnishing replies to the audit report of the CAG.

Conclusion

The Board did not have sufficient funds to execute projects and was dependent on GoJ/REC for funds, due to which they faced problems in execution of various GSSs and transmission lines. Despite this, funds allotted by GoJ and released by REC were not fully utilised during the Plan period. The Board did not adhere to the recommendations of Report of the Task Force on transmission projects which resulted in time overrun and projects not being completed in an economical and efficient manner. The terms and conditions of NIT/CVC guidelines were not adhered to while awarding the contracts/ work orders. The Board had not prepared an Operation and Maintenance manual and a schedule for preventive maintenance of GSSs, hence, only breakdown maintenance was being done. The Grid discipline was maintained in respect of over-drawal as per requirement of the Grid Code. The emergency restoration system purchased for disaster management was not put to use. Diesel Generators were not available in PTPS and were not working in GSSs. In the test checked GSSs, the feeders at one GSS were unmetered and meters were defective in seven GSSs, which resulted in transmission losses in excess of the norms prescribed by JSERC. This reflects an inadequate energy accounting system. The Board did not identify vulnerable installations for provision of metal detectors. The Board had not formulated any procurement policy and inventory control mechanism for economical procurement and efficient control over inventory. A reliable and comprehensive MIS on the transmission network was not in existence to facilitate quick decision making at the apex level. The size of the internal audit was not commensurate with the size and nature of the activity of the Board.

Recommendations

The Board may consider:

- adhering to the time schedule for completion of the transmission schemes by following the recommendations of the Task Force so that funds could be utilised economically and efficiently and benefits could be passed on to the consumers;
- proper metering of all GSSs and feeders and replacement of the defective meters promptly;

- **establishing transmission lines in the DVC command area so as to derive benefit of purchase of power at the lowest cost; and**
- **concentrating on areas with high transmission losses to bring down the same within the permissible JSERC norms.**

CHAPTER-III

Transaction Audit Observations

CHAPTER-III

3. Transaction Audit Observations

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

Government companies

Jharkhand State Forest Development Corporation Limited

3.1 *Avoidable payment of Income Tax and interest on short payment of Advance Tax*

Failure to set off business losses for the years 2005-07 against the business profit for the year 2007-08 due to delay in filing Income Tax returns and non/short payment of Advance Tax for the years 2007-10 resulted in avoidable payment of Income Tax and Interest of ₹ 85.51 lakh.

(a) Section 72 of the Income Tax Act, 1961 (Act) stipulates that the loss sustained by a Company in any assessment year under the head 'Profits and gains of business or profession' can be carried forward to the immediately succeeding eight assessment years and can be set-off against the profits, if any, earned during the subsequent year(s). Further, Section 80 of the Act specifies that the Company can carry forward and set off the loss only if the return of income has been filed on or before the due date under Section 139(1).

We observed (October 2011) from the records of Jharkhand State Forest Development Corporation Limited (Company) that the Company filed its return of income showing loss of ₹ 1.09 crore and ₹ 11.02 lakh during the financial years 2005-06 and 2006-07 respectively. It had however, not filed the returns within the due date *i.e.*, by 30 September of the respective year as required under the Act. The returns for the financial years 2005-06 and 2006-07, were filed on 31 March 2008 and on 9 January 2009 respectively, due to which the benefit of carry forward and set off of losses could not be availed of by the Company. Thus, although the Company earned a profit of ₹ 2.93 crore in the year 2007-08, the total loss of ₹ 1.20 crore suffered by it in the years 2005-06 and 2006-07 could not be set-off against this profit. Thus the Company had to make avoidable payment of Income Tax amounting to ₹ 40.83 lakh¹.

(b) Further, as per section 208 of the Act, Advance Tax is payable during a financial year, in every case, where the amount of such tax payable by the assessee during the year is rupees ten thousand² or more. Section 234B of the

¹ Income tax of 30 *per cent* on ₹ 1,20,12,604 (₹ 36.04 lakh) plus surcharge of 10 *per cent* on tax amount (₹ 3.60 lakh) plus Education Cess of 3 *per cent* (₹ 1.19 lakh).

² Substituted for "five thousand" by the Finance Act, 2009 w.e.f 1.4.2009.

Act stipulates that where in any financial year, an assessee who is liable to pay advance tax under Section 208 failed to pay such tax or where the Advance Tax paid by such assessee is less than 90 *per cent* of the assessed tax, the assessee shall be liable to pay simple interest at the rate of one *per cent* for every month from the first day of April on the amount by which the Advance Tax paid fell short of the assessed tax.

Further, Section 234C of the Act provides that if an assessee fails to pay Advance Tax or the Advance Tax paid is less than 15 *per cent*, 45 *per cent*, 75 *per cent* and 100 *per cent* of the tax due till 15 June, 15 September, 15 December and 31 March respectively, the assessee shall be liable to pay simple interest at the rate of one *per cent* on the amount of the shortfall. In terms of the provision of section 234A, in case the return of income for any assessment year is furnished after the due date, simple interest at the rate of one *per cent* for every month or part of a month is chargeable on the amount of tax on the assessed income less Advance Tax paid and tax deducted/collected at source.

We observed that the Company had neither filed the tax returns on the due dates nor paid the Advance Tax for the financial years 2007-08 and 2009-10 as required under Sections 234A, 234B and 234C of the Act, thereby resulting in payment of interest of ₹ 40.81 lakh. In respect of the financial year 2008-09 the Company, instead of paying advance tax in installments, paid ₹ one crore in March 2009 only against the assessed tax of ₹ 95.52 lakh. This resulted in payment of avoidable interest of ₹ 3.87 lakh under Section 234C of the Act.

The Management stated (March 2012) that filing of Income Tax returns was delayed due to delay in finalisation of accounts. Further, the Company could not visualise the sudden increase in receipts on account of kendu leaf sales in the auction sale in 2007-08. The reply underlines the failure of the Company to ensure timely finalisation of accounts which resulted in non-compliance with the statutory requirement of the Income Tax Act. Further, though the budgeted profit of ₹ 5.80 crore was much more than the actual profit of ₹ 2.88 crore during 2007-08, the Company failed to pay Advance Tax.

Thus, failure of the Company to finalise its accounts within the prescribed time, estimate its income correctly, file Income Tax returns on the due dates, assess the amount of Advance Tax payable and remit the same in time resulted in:

- Payment of Income Tax of ₹ 40.83 lakh due to non availing of benefit of carry forward and set off of business losses for the years 2005-06 and 2006-07 against the business profit for the year 2007-08; and
- Payment of Interest of ₹ 44.68 lakh under Section 234A, 234B and 234C of the Act for the years 2007-08 to 2009-10.

The matter was reported to the Government in May 2012; their reply is awaited (January 2013).

Jharkhand Police Housing Corporation Limited

3.2 Non-recovery of Workers' Welfare Cess

Non-recovery of Workers' Welfare Cess from the bills of the contractors led to additional liability of ₹ 18.28 lakh, besides interest and penalty leviable.

With a view to augmenting the resources of the Building and Other Construction Workers' Welfare Board, the Government of India (GoI) notified (August 1996) the Building and Other Construction Workers' Welfare Cess Act, 1996 (Act). As per Section 3 of the Act, cess is to be levied and collected from the contractor at the rate of not less than one *per cent* of the total cost of construction incurred by an employer. It was also provided that in relation to buildings or other construction works of Public Sector Undertakings (PSUs), the cess will be collected by way of deduction at source by PSUs. Section 8 of the Act specifies that if the employer fails to pay the cess within the time specified in the order of assessment, he shall be liable to pay interest on the amount to be paid at the rate of two *per cent* for every month or part of a month from the date on which such payment is due till such amount is actually paid. Further, Section 9 states that the assessing officer can impose penalty not exceeding the amount of cess in default.

The State Government constituted (July 2008) the Jharkhand Building and Other Construction Workers Welfare Board (Welfare Board). In pursuance of the provisions of Section 3(2) of the Act, the State Government directed (December 2008) all Departments/PSUs and other Government agencies/bodies carrying out any building and other construction work to enforce the deduction of cess at the rate of one *per cent* of the total cost of construction and remit the same to the Welfare Board.

We observed (February 2012) that during the period January 2009 to March 2010 the Jharkhand Police Housing Corporation Limited (Company) awarded building and other construction works valuing ₹ 18.28 crore to contractors but a specific clause regarding recovery of cess was not included in the terms and conditions of the Notice Inviting Tender (NIT). Consequently the Company did not deduct cess of ₹ 18.28 lakh while releasing the payments to the contractors despite the specific directions of the State Government (December 2008). The Company included a provision regarding deduction of cess in the contracts entered into after March 2010 and has been regularly recovering and depositing the cess with the Welfare Board.

Thus, failure of the Company to include a clause regarding applicability of cess in the NIT issued during the period January 2009 to March 2010 resulted in:

- i) Non-compliance with the provisions of the Act;
- ii) Additional liability of ₹ 18.28 lakh for non-deduction of cess at source;

- iii) Liability for interest and penalty for non-deduction and deposit of cess;
- iv) Non-augmentation of the resources of the Welfare Board to the extent of cess not deducted.

The matter was reported to the Management/Government (May 2012); their reply is awaited (January 2013).

Tenughat Vidyut Nigam Limited

3.3 Blocking of funds on procurement of conductor

Procurement of ACSR Dog conductor without concrete plans for execution of work resulted in blocking of funds of ₹ 95.74 lakh and avoidable interest burden of ₹ 78.83 lakh to the Company.

Tenughat Vidyut Nigam Limited (Company) generates power at its Tenughat Thermal Power Station (TTPS) and supplies it through two feeders to Bihar Sharif Grid of Bihar State Electricity Board and to Patratu TPS Switchyard of Jharkhand State Electricity Board (JSEB). During power failure, TTPS had an arrangement for drawing back-up power from JSEB through its Kathara-Lalpania 33 kV line (line). However, this alternative source of back-up power was not available to the Company since January 2004 as the line was out of operation due to theft of power conductor. Keeping in view the importance of the line, the Company decided (April 2006) to take up the work of restoration of the line.

We observed (March 2012) that the Company placed (July 2006) a purchase order on urgent basis for supply of 128 Km of ACSR Dog conductor³ (conductor). The material was received on 12 July 2006 and payment of ₹ 99.87 lakh including freight, excise duties and taxes was made (20 July 2006).

However, we observed that in spite of urgency of the work keeping in view the importance of the line, the Company had not taken up restoration of the same due to lack of technical expertise in erection of the line. As a result, the conductor, procured on an urgent basis for erection of the line, remained unutilised even after six years of its procurement. The Company could not utilise the conductor for any alternative purpose also and only 5.291 Km of the conductor was issued (as on November 2012) from the store for maintenance work in the TTPS township.

The Management, while accepting the fact, stated (July 2012) that JSEB had been requested several times to get the work done and it has now assured to examine the matter and get the work done. However, the fact remains that the

³ ACSR (Aluminum Conductor Steel Reinforced) conductor are composed of multiple layers of aluminum wire concentrically stranded with a coated steel core of high strength. They are used as transmission and distribution cable. Dog conductor is of size 36/4.72 + 7/1.57 mm.

Company had taken up (June 2012) the matter for restoration of line with the JSEB only after the matter was pointed out by Audit.

Thus, purchase of the conductor for restoration of the line was made without any technical expertise in erection of the line which resulted in blocking of funds of ₹ 95.74 lakh⁴ and avoidable interest burden of ₹ 78.83 lakh⁵ to the Company on blocked funds.

The matter was reported to the Government in July 2012; their reply is awaited (January 2013).

3.4 Corporate Governance in State Government Companies of Jharkhand

3.4.1 Introduction

Corporate Governance is a set of systems, processes and principles which ensure that a Company is governed by the Management in the best interest of all stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company are attained. It basically denotes the system by which Companies are directed and controlled by the Board of Directors (BoDs) in the interest of the stakeholders. Corporate Governance promotes fairness, transparency and accountability in the affairs of the Company. It ensures:

- Adequate disclosures and effective decision making to achieve corporate objectives;
- Transparency in business transactions;
- Statutory and legal compliances;
- Protection of shareholder interests;
- Commitment to values and ethical conduct of business; and
- Better and timely financial reporting.

The Board of Directors is responsible for the governance of their Company. The main components that constitute the mechanism of Corporate Governance are matters relating to the Board of Directors, Directors' Report and constitution of the Audit Committee.

The legal and regulatory framework for Corporate Governance in India is governed by the Companies Act, 1956 and SEBI guidelines, applicable to listed companies. There are 12 Public Sector Undertakings in Jharkhand (*Annexure-9*), none of which is listed in any of the Stock Exchanges. As such, SEBI guidelines are not applicable to them.

⁴ ₹ 99,86,847x 122.709/128.

⁵ ₹ 95,74,041 @ 13 per cent (for 76 months upto November 2012).

We reviewed the system of Corporate Governance in nine Companies⁶ for the period 2007-08 to 2011-12, with the objective of assessing the compliance by these Companies to the various statutory and regulatory requirements.

3.4.2 Board of Directors

The responsibility for good governance rests with the Corporate Board which has the primary duty of ensuring that the principles of Corporate Governance, as imbibed in law, are voluntarily complied with and the stakeholders' interests are scrupulously protected. For this purpose, it is imperative that every Company should hold meetings of the BoDs at regular intervals. Every Director should attend these BoDs meetings to share expertise and knowledge and to guide the affairs of the Company.

Meeting of the Board of Directors

Section 285 of the Companies Act, 1956 provides that every Company should hold a meeting of its Board of Directors at least once in every three months and at least four such meetings shall be held every year. The details regarding meetings of the BoDs held during the period 2007-08 to 2011-12 are indicated in **Annexure-10**.

It may be seen from the Annexure that all the nine Companies whose system of Corporate Governance was examined, had violated the provision of Section 285 of the Companies Act between five to 15 times. JIIDCO did not hold 15 such meetings whereas TVNL, JPHCL, JTDC, JSMDC and GRDA deviated from the statutory provision on 10 or more occasions. There was a maximum gap of 25 months between two meetings of the Board of Directors of JSMDC and 21 months in JIIDCO.

We further observed that three meetings⁷ of the BoDs in TVNL were held after a gap of 10 months to 15 months from the previous meetings. In the 27th Board Meeting held in May 2010, the Chairman, TVNL, had observed that the Board meetings should be conducted at shorter intervals to ensure quick policy decisions. Further, due to delay in holding meetings of the BoDs of the Company, important decisions on administrative and financial matters for which power was vested only with the Board, were taken by the Chairman and placed in the next meeting of the Board for post facto approval.

Thus, the Managements of these Companies had failed to comply with the provision of the Companies Act, 1956.

⁶ Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO), Jharkhand Industrial Infrastructure Development Corporation Limited (JIIDCO), Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT), Tenughat Vidyut Nigam Limited (TVNL), Jharkhand Police Housing Corporation Limited (JPHCL), Jharkhand Tourism Development Corporation Limited (JTDC), Jharkhand State Forest Development Corporation Limited (JSFDC), Greater Ranchi Development Agency Limited (GRDA) and Jharkhand State Mineral Development Corporation Limited (JSMDC).

⁷ 22nd meeting held in December 2007, 26th meeting held in May 2009 and 27th meeting held in May 2010.

Attendance of Directors in the meetings of the Board

Annexure-11 indicates the attendance of the Directors in the BoD's meetings held in eight Companies⁸ during the period 2007-08 to 2011-12. It may be seen from the Annexure that in TVNL all the Directors attended all meetings of the Board held during the period reviewed by us. In the other seven Companies, during this period, the Directors attended 39 meetings out of 131 meetings held during their tenure in this period, eight Directors in respect of four companies⁹ did not attend any meeting of the Board while 23 Directors attended only one to four meetings of the Board out of two to ten meetings held during their tenure. This indicated that the Directors did not actively participate in the management of affairs of the Companies and in the decision-making process to safeguard the interests of the Companies/stakeholders.

Frequent changes of Managing Directors and vacancies of Directors

Frequent changes of the top executives adversely affect smooth functioning of the Company. **Annexure-12** indicates the details of Managing Directors whose tenure was less than a year during the period 2007-08 to 2011-12. It may be seen that during the period 2007-12, out of the nine Companies reviewed by us, five Companies viz. TVNL, JPHCL, JTDC, JSMDC and GRDA had eight Managing Directors whose tenures ranged between 23 days to 11 months 21 days. Further, the post of the Chairman of TVNL remained vacant for about 19 months¹⁰ and that of Managing Director for two months seven days during the period 2007-12. As a result of frequent changes and vacancies in the positions of Chairman/Managing Director, the meetings of the BoDs could not be held regularly and timely. The post of Managing Director in JSMDC was vacant for two months and 14 days. The post of one Director in JPHCL remained vacant in spells for a total period of two years and seven months during the period 2007-12.

Preparation of Minutes of Meetings of the Board of Directors

As per Section 193 of the Companies Act, 1956 every Company shall cause minutes of all proceedings of every general meeting and of all proceedings of every meeting of its Board of Directors or of every committee of the Board, to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered and each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed, in the case of minutes of proceedings of a meeting of the Board or of a committee thereof, by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

⁸ Information was not furnished by JHALCO.

⁹ JIIDCO, JSFDC, JSMDC and JTDC.

¹⁰ 01.04.2007 to 17.12.2007; 18.06.2008 to 01.03.2009 and 29.05.2011 to 05.08.2011.

We observed the following:

- Though JTDC had maintained the Minutes Book, entries had not been made since 2007-08.
- In GRDA, out of eight meetings held minutes of only one meeting was signed.
- In JHARCRAFT, out of 13 meetings the minutes of four meetings were signed without date, minutes of seven meetings were signed after delay of one month 27 days to six months two days and minutes of the 13th meeting were not signed till March 2012.
- Out of 15 meetings held in JPHCL during 2007-08, three minutes of meetings were signed without date and delay in signing of minutes of the remaining meetings ranged from 16 days to eight months eight days.
- In JSFDC, out of 16 meetings, only one minutes of meeting was initialed and signed, in 13 meetings delay between 15 days to four months 20 days was noticed in signing the minutes while in two meetings the minutes were neither signed nor initialed.
- In TVNL, out of 14 meetings only one minute was duly signed, two minutes were initialed but not signed by the Chairman in the last page of the Minutes Book whereas the remaining minutes of the meetings were neither signed nor initialed.

Director's Report to shareholders

Section 217 (2AA) of the Companies Act, 1956, requires that the BoDs have to report to the shareholders that proper and sufficient care has been taken for maintenance of the accounting records, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. A report of the BoDs including a Directors' Responsibility Statement is to be attached to every Balance Sheet laid before a Company in the Annual General Meeting.

We observed that all the nine companies attached the Directors' Responsibility Statement to every Balance Sheet laid in the Annual General Meeting (AGM) of the Company.

Audit Committee

Section 292A of the Companies Act, 1956, requires that every Public Limited Company having paid-up capital of not less than rupees five crore shall constitute an Audit Committee, at the Board level.

The main functions of the Audit Committee are to assess and review the financial reporting system to ensure that the financial statements are correct, sufficient and credible. It follows up on all issues and interacts with the

statutory auditors before finalisation of Annual Accounts. It reviews the adequacy of the internal control system and holds discussions with Internal Auditors on any significant finding and follows up action thereon. It also reviews the financial and risk management and evaluates the findings of internal investigation where there is any suspected fraud or irregularity or failure of the internal control system of material nature and reports on the same to the Board.

Out of the nine Companies reviewed by us, Section 292A of the Companies Act, 1956 was applicable to only one Company¹¹ viz. JHARCRAFT with effect from the year 2009-10. We, however, observed that the Company has not yet constituted an Audit Committee in compliance with the provision of the Act.

We further observed that TVNL, a Private Limited power generating Company with paid up capital of ₹ 105 crore, has its annual accounts in arrears for 16 years since 1996-97. Hence, the Company may consider forming an Audit Committee for monitoring and expediting finalisation of its accounts.

3.4.3 Disclosure and Transparency

Filing of Annual Returns with Registrar of Companies

As per Section 159 of the Companies Act, 1956, every Company having share capital, shall file, within 60 days from the day on which the AGM was held, annual returns furnishing information regarding its registered office, particulars of its members and debenture holders, shares and debentures etc. and its Directors, Managing Directors and other officers in the prescribed format to the Registrar of Companies (ROC). Where the AGM of the Company for any year has not been held, these shall be filed with the ROC within 60 days from the latest day on or before which that meeting should have been held in accordance with the provisions of the Act.

The details regarding delay in filing of Annual Return by the Companies with the ROC are indicated in **Annexure-13**. It may be seen from the Annexure that during the period 2007-12, JSMD C did not file the annual return, TVNL had not filed the annual return since 1993-94 while four Companies viz. JHALCO, JIIDCO, JHARCRAFT and JTDC have not filed their annual returns for one to four financial years. Also, all the seven Companies have delayed in filing the annual return in most of the years by 20 days to three years ten months.

Filing of Balance Sheet and Profit & Loss Account with ROC

Section 220 of the Companies Act, 1956 stipulates that after the Balance Sheet and Profit & Loss Account have been laid in the AGM of the Company, the same shall be filed with the ROC within 30 days from the date on which the Balance Sheet and Profit & Loss Account were so laid in the AGM. Where the

¹¹ The other eight Companies, though Government Companies, are registered as Private Limited Companies and are therefore exempted from the requirement of Section 292A of the Companies Act, 1956.

AGM of the Company for any year has not been held, these shall be filed with the ROC within 30 days from the latest day on or before which that meeting should have been held in accordance with the provisions of the Act.

The details regarding filing of Balance Sheet & Profit and Loss Account with the ROC by the Companies during the period 2007-08 to 2011-12 are indicated in **Annexure – 14**. We observed that JSMD C and GRDA had not filed the Balance Sheet & Profit and Loss Account with the ROC since its incorporation while JHALCO has not filed the Balance Sheet and Profit & Loss Account with the ROC since 2004-05. TVNL has also not filed its Balance Sheet and Profit & Loss Account as the Company has not finalised its annual accounts since the year 1996-97. During the period 2007-12, five¹² Companies have delayed the filing of the Balance Sheet and Profit & Loss Account for one month 17 days to four years four months.

3.4.4 General

Appointment of Company Secretary

Section 383(A) of Companies Act, 1956, stipulates that all Companies having paid-up capital of not less than rupees five crore¹³ shall have a whole time Company Secretary. Up to 15 March 2009 six Companies¹⁴ had paid up capital of more than rupees two crore out of which only two Companies employed full time Company Secretary (JIIDCO & JSMD C). After 15 March 2009 though five Companies (JHALCO, JIIDCO, JHARCRAFT, GRDA and TVNL) had paid up capital of more than rupees five crore, only JHALCO and GRDA had engaged part time Company Secretary during the period while TVNL engaged a part time Company Secretary upto 17 May 2011 and appointed a whole time Company Secretary since 5 September 2011. JHARCRAFT did not appoint any whole time Company Secretary till 23 March 2011 though it was required to engage a whole time Company Secretary since 2008-09. Thus, the Companies either did not engage any Company Secretary or engaged a part time Company Secretary for most of the period during the years 2007-12 and hence violated the requirements of the Companies Act.

Annual General Meetings and Attendance of Directors in the AGMs

According to Section 166 of the Act, every Company shall in each year hold a general meeting as its AGM and not more than fifteen months shall elapse between the date of one AGM and that of the next. Further, every Company is liable to prepare annual accounts of the Company viz. Balance Sheet and Profit & Loss Account for the financial year ended within six months or nine months in case of a Company holding its first AGM as per Section 210 of the Act.

¹² JIIDCO, JHARCRAFT, JPHCL, JTDC and JSFDC.

¹³ ₹ Five crore w.e.f. 15 March 2009. Previously it was ₹ two crore.

¹⁴ JHALCO, JIIDCO, JPHCL, JHARCRAFT, JSMD C and TVNL.

The details regarding holding of AGMs during the period 2007-08 to 2011-12 by the Companies are indicated in **Annexure – 15**. We observed that while two companies viz. JPHCL and JSFDC held their AGMs regularly while seven Companies did not hold their AGMs every year during the period 2007-12. TVNL did not hold any AGM as it could not finalise its annual accounts for any year during the period. The other six companies viz. JTDC, JHARCRAFT, JHALCO, JSMD, GRDA and JIDCO did not hold their AGMs in one to five years and hence failed to comply with the above provisions of the Act.

In JHARCRAFT, the Board comprised of seven Directors out of which only two to four Directors attended four AGMs out of five AGMs held during the period while in JSFDC attendance of the Directors in the AGM was two to five of the seven Directors in position. In JPHCL, of the eight directors in position only three to four Directors were present in the AGMs (except in 5th adjourned AGM) of the Company held.

The matter was reported to the Management/Government (July 2012); their reply is awaited (January 2013).

3.4.5 Conclusion

- Board meetings were not held regularly in most of the Companies in violation of the provisions of the Companies Act, 1956;
- Attendance of Directors in Board meetings and AGMs was not regular;
- Minutes of the Meetings of the BoDs were not maintained properly as per the requirement of the Act;
- Audit Committee was not constituted by JHARCRAFT;
- Mandatory compliance related filings viz. Annual Return and Balance Sheet and Profit & Loss Account to the ROC were not made on the due dates;
- Company Secretaries were not engaged as per requirement of the Act;
- The Companies did not hold AGMs every year; and
- Non-compliance with the provisions of Sections 159, 166, 193, 220, 292A and 383A of the Companies Act, 1956 is an offence punishable with imprisonment and fines ranging from ₹ 500 to ₹ 50,000. Hence the defaulting Companies are liable to face penal action for infringement of the legal requirements.

Statutory Corporation

Jharkhand State Electricity Board

3.5 Generation loss due to delay in procurement of DCS Controller Cards

Failure of the Board to enter into Annual Maintenance Contract, non availability of spare Controller Cards in the store and delay in procurement of Controller Cards for the Distributed Control System resulted in shut down of Unit No.4 of PTPS for 516.50 hours. Consequently, there was loss of power generation of 17.97 MUs and loss of contribution of ₹ 2.53 crore.

The Jharkhand State Electricity Board (Board) has a Thermal Power Station at Patratu. The operation of Unit No. 4 of Patratu Thermal Power Station (PTPS) is controlled through a Distributed Control System (DCS). The DCS (DELL make) of Unit No. 4 (40 MW capacity) of PTPS, installed and commissioned in 2008 with a warranty period of one year, was supplied by ABB Limited (ABB) at a cost of ₹ 1.07 crore. It comprised of five work stations (including an engineering station for data feeding and logical work), server and other DCS panels in the unit control room.

We observed (February 2012) that two work stations of the DCS of Unit No. 4 went out of order on 18 September 2010 and 3 October 2010 respectively due to damage to their Small Computer System Interface (SCSI) Controller Cards which communicate between the computers and the server. PTPS had not entered into an Annual Maintenance Contract (AMC) for the repair/maintenance of the DCS and the SCSI Controller Cards/spare computer systems were also not available in the stores of PTPS. The user department¹⁵ of PTPS submitted (9 November 2010) an urgent requirement for procurement of a complete set of computers for the DCS of DELL make from ABB on proprietary basis. The Plant management made enquiries from DELL India, Bangalore on 26 November 2010 and from Instrumentation Limited, Kota (IL Kota) on 17 January 2011 for purchase of the SCSI Controller Cards but no response was received from them. Despite this, the Board did not take steps to locate another supplier for the SCSI Controller cards given the urgency of the matter. Meanwhile, the SCSI Controller Cards of the other three work stations (including the engineering station) also went out of order on 20 July 2011, 2 August 2011 and 22 August 2011 due to which Unit No. 4 had to be shut down on 22 August 2011. It was only after the Unit shut down that the Board located (26 August 2011) another vendor (ZACO Computers, Mumbai) through the internet for the SCSI Controller Cards and issued (30 August 2011) an order for purchase of five SCSI Controller Cards at a price of ₹ 71,400. On receipt and installation (11 September 2011) of the SCSI Controller Cards, power generation from Unit No. 4 was restarted on

¹⁵ Electrical Maintenance Department of Unit No. 4.

12 September 2011. Unit No. 4 of PTPS remained shut down from 22 August 2011 to 11 September 2011 (516.50 hours) resulting in generation loss of 17.97 MUs¹⁶ and contribution loss of ₹ 2.53 crore¹⁷. Considering that the cost of the Controller cards was only ₹ 0.71 lakh, the inaction on the part of the Board proved to be detrimental to the interest of the Board.

The Board stated (September 2012) that the DCS was new to the plant and they were not aware of where to procure the Controller Cards from, apart from the original supplier. The AMC could not be made due to lack of response from the firm (IL Kota) even after contacting them several times. The process for entering into an AMC has now been initiated. The reply confirms the failure of the Board to enter into an AMC and ensure timely procurement of SCSI Controller Cards for the DCS.

Thus, failure of the Board to enter into an AMC, keep spare Controller Cards and delay in procurement of Controller Cards for the DCS of Unit No. 4, resulted in shut down of the Unit with consequential generation loss of 17.97 MUs and loss of contribution of ₹ 2.53 crore.

The matter was reported to the Government (June 2012); their reply is awaited (January 2013).

GENERAL

3.6 Follow up action on Audit Reports

3.6.1 Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of audit scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive.

Audit Reports for the years 2007-08 to 2010-11 were placed in the State Legislature in July 2009, August 2010, August 2011 and September 2012 respectively. Out of 25 paras/Performance Audit involving five PSUs under four Departments featured in the Audit Reports (Civil & Commercial) for the years 2007-08 to 2010-11, no replies in respect of 24 paras/Performance Audit have been received from the Government by 30 September 2012 as indicated below:

¹⁶ Load 40 MW x Operating hours 516.50/1000 at 87 % PLF.

¹⁷ 17.97 MU x ₹ 1.41 {Loss of contribution per unit i.e., Average sales realisation per unit in 2010-11 (₹ 2.96) – Variable cost per unit (₹ 1.55)}.

Year of Audit Report	Total Paragraphs/Performance Audit in Audit Report	No. of Departments involved	No. of Paragraphs/Performance Audit for which replies were not received
2007-08	9	3	8
2008-09	5	2	5
2009-10	7	2	7
2010-11	4	3	4
Total	25		24

Department wise analysis is given in **Annexure-16**.

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

3.6.2 In the Audit Reports (Civil & Commercial) for the years 2001-02 to 2010-11, 35 paragraphs and eight Performance Audits were included. Out of these, seven paragraphs and three Performance Audits had been discussed by COPU upto 30 September 2012. COPU had made recommendations in respect of three paragraphs and two Performance Audits of the Audit Reports for the years 2001-02 to 2007-08.

As per the working rules of the COPU, the concerned departments are required to submit Action Taken Notes (ATNs) to COPU on their recommendations within three months. The ATNs are, however, furnished by the departments to us only at the time of discussion of ATNs by COPU.

Response to Inspection Reports, Draft Paragraphs and Performance Audits

3.6.3 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned administrative department of the State Government through Inspection Reports (IRs). The heads of PSUs are required to furnish replies to the IRs through the respective heads of departments within a period of six weeks. IRs issued upto March 2012 pertaining to 10 PSUs disclosed that 1388 paragraphs related to 357 IRs remained outstanding at the end of September 2012. Department-wise break-up of IRs and audit observations outstanding as on 30 September 2012 are given in **Annexure-17**.

Similarly, draft paragraphs and performance audit on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned and the Principal Secretary, Finance demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Out of five draft paragraphs and one performance audit report forwarded to the various departments during May to July 2012, the Government had replied (January 2013) only to the performance audit report; replies to the draft paragraphs have not been received so far (January 2013) as detailed in **Annexure-18**.

We recommend that the Government should ensure that (a) procedure exists for taking action against the officials who failed to send replies to Inspection

Reports/Draft Paragraphs/Performance Audit and Action Taken Notes on the recommendations of COPU as per the prescribed time schedule, (b) action is taken to recover loss/outstanding advances/overpayments in a time bound manner, and (c) the system of responding to audit observations is revamped.



Ranchi
The

(MRIDULA SAPRU)
Principal Accountant General (Audit)
Jharkhand

Countersigned



New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India

Annexures

Annexure – 1

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

Companies and Statutory Corporation

(Referred to in paragraph 1.8)

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital [†]			Loans outstanding at the close of 2011-12			Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees) (as on 31.3.2012)			
(1)	(2)	(3)	(4)	State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	(6 (d))	(7)	(8)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Jharkhand State Forest Development Corporation Limited	Forest & Environment	27.3.2002	5.00	-	-	5.00	-	-	-	-	-	-	328
2.	Jharkhand Hill Area Lift Irrigation Corporation Limited	Water Resources	22.3.2002	500.00	-	-	500.00	525.00	-	-	525.00	525.00	1.05:1	236
Sector wise total				505.00	-	-	505.00	525.00	-	-	525.00	525.00	1.04:1	564
INFRASTRUCTURE														
3.	Jharkhand Industrial Infrastructure Development Corporation Limited	Industry	15.12.2004	900.00	-	-	900.00	-	-	-	-	-	-	10
4.	Jharkhand Police Housing Corporation Limited	Home	13.03.2002	200.00	-	-	200.00	-	-	-	-	-	-	70
5.	Greater Ranchi Development Agency Limited	Urban Development	23.01.2003	2500.00 (2450.00)	-	-	2500.00 (2450.00)	-	-	-	-	-	-	12
Sector wise total				3600.00 (2450.00)	-	-	3600.00 (2450.00)		-	-	-	-	-	92
MANUFACTURING														
6.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	Industry	23.08.2006	950.00	-	-	950.00	-	-	725.00	725.00	725.00	0.76:1	255
7.	Jharkhand State Mineral Development Corporation Limited	Mines & Geology	07.05.2002	200.00	-	-	200.00	-	-	-	-	-	-	398
Sector wise total				1150.00	-	-	1150.00	-	-	725.00	725.00	725.00	0.63:1	653
POWER														
8.	Tenughat Vidyut Nigam Limited	Energy	26.11.1987	10500.00	-	-	10500.00	66500.00	-	-	66500.00	66500.00	6.33:1	633

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital [§]				Loans outstanding at the close of 2011-12				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees) (as on 31.3.2012)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
9.	Karanpura Energy Limited	Energy	19.09.2008	-	-	5.00	5.00	-	-	1195.75	1195.75	239.15:1	❖
Sector wise total				10500.00	-	5.00	10505.00	66500.00	-	1195.75	67695.75	6.44:1	633
SERVICES													
10.	Jharkhand Tourism Development Corporation Limited	Tourism	22.3.2002	250.00 (100.00)	-	-	250.00 (100.00)	-	-	-	-	-	92
11.	Jharkhand State Beverages Corporation Limited	Excise & Prohibition	26.11.2010	500.00 (300.00)	-	-	500.00 (300.00)	-	-	-	-	-	2
12.	Jharkhand State Food and Civil Supplies Corporation Limited	Public Distribution & Consumer Affairs	18.06.2010	500.00	-	-	500.00	33796.00	-	13000.00	46796.00	93.59:1	272
Sector wise total				1250.00 (400.00)	-	-	1250.00 (400.00)	33796.00	-	13000.00	46796.00	37.44:1	366
Total A (All sector wise working Government companies) (Share Application Money)				17005.00 (2850.00)	-	5.00	17010.00 (2850.00)	100821.00	-	14920.75	115741.75	6.80:1	2308
B. Working Statutory corporations								-		-			
POWER													
1.	Jharkhand State Electricity Board	Energy	20.3.2001	-	-	-	-	469419.00	-	17069.00	486488.00	-	5280
Sector wise total				-	-	-	-	469419.00	-	17069.00	486488.00	-	5280
Total B (All sector wise working Statutory corporations)				-	-	-	-	469419.00	-	17069.00	486488.00	-	5280
Grand Total (A + B) (Share Application Money)				17005.00 (2850.00)	-	5.00	17010.00 (2850.00)	570240.00	-	31989.75	602229.75	35.40:1	7588
C. Non working Government companies				NIL	-	-	-	-	-	-	-	-	-
D. Non working Statutory corporations				NIL	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C + D) (Share Application Money)				17005.00 (2850.00)	-	5.00	17010.00 (2850.00)	570240.00	-	31989.75	602229.75	35.40:1	7588

The figures appearing in brackets in col. 5(a) & 5(d) represent Share Application Money.

§ Paid-up capital includes Share Application Money.

❖ The affairs of the company are managed by the officials of the JSEB.

Source: Data furnished by Government companies/Statutory corporation.

Annexure – 2

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

(Referred to in paragraph 1.15)

(Figures in column 5 (a) to (11) are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Net Profit/ Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments [#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed [@]	Return on capital employed ^{\$}	Percentage return on capital employed
(1)	(2)	(3)	(4)	₹ (a)	₹ (b)	₹ (c)	₹ (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Jharkhand State Forest Development Corporation Limited	2010-11	2011-12	400.21	-	10.93	389.28	5845.76	-	5.00	1027.53	1027.58	389.28	37.88
2.	Jharkhand Hill Area Lift Irrigation Corporation Limited	2008-09	2010-11	(-)1.78	-	0.82	(-)2.60	160.65	-	500.00	(-)906.74	118.26	(-)2.60	-
Sector wise total				398.43	-	11.75	386.68	6006.41	-	505.00	120.79	1145.84	386.68	33.75
INFRASTRUCTURE														
3.	Jharkhand Industrial Infrastructure Development Corporation Limited	2008-09	2011-12	(-)13.62	-	3.87	(-)17.49	4.36	-	500.00	77.96	609.06	(-)17.49	-
4.	Jharkhand Police Housing Corporation Limited	2010-11	2011-12	323.76	-	5.84	317.92	313.44	-	200.00	1385.26	1583.00	317.92	20.08
5.	Greater Ranchi Development Agency Limited	2005-06	2009-10**	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				310.14	-	9.71	300.43	317.80	-	700.00	1463.22	2192.06	300.43	13.71
MANUFACTURING														
6.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	2010-11	2012-13	85.70	12.74	47.82	25.14	1280.09	7.72	800.00	29.76	2343.41	37.88	1.62

Audit Report on Public Sector Undertakings (General, Social, Economic and Revenue Sectors) for the year ended 31 March 2012

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Net Profit/ Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments [#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed [@]	Return on capital employed ^{\$}	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
7.	Jharkhand State Mineral Development Corporation Limited ¹	2006-07	2012-13	1567.97	-	18.10	1549.87	5195.33	-	200.00	6429.45	8703.04	1549.87	17.81
Sector wise total				1653.67	12.74	65.92	1575.01	6475.42	7.72	1000.00	6459.21	11046.45	1587.75	14.37
POWER														
8.	Tenughat Vidyut Nigam Limited ¹	1995-96	2012-13	(-)487.23	8152.82	19.30	(-)8659.35	-	-	10000.00	(-)38686.73	87032.14	(-)506.53	-
9.	Karampura Energy Limited	\$	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				(-)487.23	8152.82	19.30	(-)8659.35	-	-	10000.00	(-)38686.73	87032.14	(-)506.53	-
SERVICES														
10.	Jharkhand Tourism Development Corporation Limited	2004-05	2012-13	15.61	-	4.19	11.42	103.38	1.47	50.00	44.30	93.67	11.42	12.19
11.	Jharkhand State Beverages Corporation Limited	\$	-	-	-	-	-	-	-	-	-	-	-	-
12.	Jharkhand State Food and Civil Supplies Corporation Limited	\$	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				15.61	-	4.19	11.42	103.38	1.47	50.00	44.3	93.67	11.42	12.19
Total A (All sector wise working Government companies)				1890.62	8165.56	110.87	(-)6385.81	12903.01	9.19	12255.00	(-)30599.21	101510.16	1779.75	-
B. Working Statutory Corporations														
Power														
1.	Jharkhand State Electricity Board	2010-11	2011-12	(-)27577.91	39606.01	5098.54	(-)72282.46	201069.03	10799.00	-	(-)607911.90	315756.00	(-)32676.59	-
Sector wise total				(-)27577.91	39606.01	5098.54	(-)72282.46	201069.03	10799.00	-	(-)607911.90	315756.00	(-)32676.59	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)			Turnover	Impact of Accounts Comments [#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed [@]	Return on capital employed ^{\$}	Percentage return on capital employed ⁽¹²⁾
(1)	(2)	(3)	(4)	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	5 (d)	(7)	(8)	(9)	(10)	(11)	(12)
				5 (a)	5 (b)	5 (c)	5 (d)						
	Total B (All sector wise working Statutory corporations)			(-)27577.91	39606.01	5098.54	(-)72282.46	10799.00	-	(-)607911.90	315756.00	(-)32676.59	-
	Grand Total (A + B)			(-)25687.29	47771.57	5209.41	(-)78668.27	10808.19	12255.00	(-)638511.11	417266.16	(-)30896.84	

Note: There is no non-working Government Company/Statutory Corporation in the State of Jharkhand.

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

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

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

^{**} As no financial activities carried out during the financial year 2005-06, no Profit & Loss A/c prepared by the company.

^{\$\$} The company has not submitted first accounts so far.

1 Supplementary audit of accounts of TVNL (1994-95 & 1995-96) and ISMDC (2006-07) are in progress.

Annexure – 3

Statement showing equity, loans, grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2012
(Referred to in paragraph 1.11)

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

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
INFRASTRUCTURE													
1.	GRDA	1300.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		1300.00	-	-	-	-	-	-	-	-	-	-	-
MANUFACTURING													
2.	JHARCRAFT	150.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		150.00	-	-	-	-	-	-	-	-	-	-	-
SERVICES													
3.	JTDC	100.00	-	-	-	-	-	-	-	-	-	-	-
4.	JSBCL	500.00	-	-	-	-	-	-	-	-	-	-	-
5.	JSCSCL	-	24396.00	-	-	-	-	-	-	-	-	-	-
Sector wise total		600.00	24396.00	-	-	-	-	-	-	-	-	-	-
Total A (All sector wise working Government companies)		2050.00	24396.00	-	-	-	-	-	-	-	-	-	-
B. Working Statutory corporations													
Power													
1.	JSEB	-	16495.00	-	75000.00	-	75000.00	-	-	-	-	-	-
Sector wise total		-	16495.00	-	75000.00	-	75000.00	-	-	-	-	-	-
Total B (All sector wise working Statutory corporations)		-	16495.00	-	75000.00	-	75000.00	-	-	-	-	-	-
Grand Total (A + B)		2050.00	40891.00	-	75000.00	-	75000.00	-	-	-	-	-	-

Source: Data furnished by Government companies/Statutory corporation.

Annexure – 4

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

(Referred to in paragraph 1.23)

(₹ in lakh)

Sl No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Period during which accounts are in arrears	Investment made by State Government during the years for which accounts are in arrears			
					Equity	Loan	Grant	Others
Working Companies/Corporations								
A. Government companies								
1.	Jharkhand Hill Area Lift Irrigation Corporation Limited	2008-09	500.00	2009-10	-	-	180.00	-
				2010-11 to 2011-12	-	-	-	-
2.	Jharkhand Police Housing Corporation Limited	2010-11	200.00	2011-12	-	-	-	-
3.	Jharkhand Tourism Development Corporation Limited	2004-05	50.00	2005-06	25.00	-	-	-
				2006-07	-	-	-	-
				2007-08	-	-	-	-
				2008-09	-			
				2009-10	25.00	-	-	-
				2010-11	50.00	-	-	-
				2011-12	100.00			
4.	Jharkhand State Forest Development Corporation Limited	2010-11	5.00	2011-12	-	-	-	-
5.	Jharkhand State Mineral Development Corporation Limited	2006-07	200.00	2007-08 to 2011-12	-	-	-	-
6.	Jharkhand Industrial Infrastructure Development Corporation Limited	2008-09	500.00	2007-08	100.00	-	-	-
				2008-09	100.00	-	-	-
				2009-10	100.00	-	-	-
				2010-11	100.00	-	-	-
				2011-12	-	-	-	-
7.	Greater Ranchi Development Agency Limited	2005-06	-	2005-06	50.00	-	-	-
				2006-07	-	-	-	-
				2007-08	110.00	-	-	-
				2008-09	940.00	-	-	-
				2009-10	100.00	-	-	-
				2010-11	-	-	-	-
				2011-12	1300.00	-	-	-
8.	Tenughat Vidyut Nigam Limited	1995-96	10000.00	1995-96 to 2000-01	-	-	-	-
				2001-02	-	1500.00	-	-
				2002-03	-	1500.00	-	-
				2003-04	-	-	-	-
				2004-05	-	500.00	-	-
				2005-06	500.00	1400.00	-	-
				2006-07	-	800.00	-	-
				2007-08 to 2011-12	-	-	-	-
9.	Jharkhand Silk and Handicraft Development Corporation Limited	2010-11	800.00	2011-12	150.00	-	-	-

Sl No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Period during which accounts are in arrears	Investment made by State Government during the years for which accounts are in arrears			
					Equity	Loan	Grant	Others
10.	Karanpura Energy Limited	-	-	2008-09 to 2011-12	-	-	-	-
11.	Jharkhand State Beverages Corporation Limited	-	-	2010-11	-	-	-	-
				2011-12	500.00	-	-	-
12.	Jharkhand State Food and Civil Supplies Corporation Limited	-	-	2010-11	500.00	9400.00	-	-
				2011-12	-	24396.00	-	-
	Total (A)	-	-		4750.00	42596.00	180.00	-
B Statutory corporation								
1.	Jharkhand State Electricity Board	2010-11	-	2011-12	-	16495.00	75000.00	-
	Total(B)				-	16495.00	75000.00	-
	Total (A)+(B)		11255.00		4750.00	59091.00	75180.00	-

Source: Data furnished by Government companies/Statutory corporation.

Annexure – 5

Statement showing financial position of Statutory corporation

(Referred to in paragraph 1.15)

(Amount: ₹ in crore)

JHARKHAND STATE ELECTRICITY BOARD			
Particulars	2008-09	2009-10	2010-11
A. Assets			
Gross Block	1938.42	1982.01	2351.60
Less: Depreciation	1014.76	1064.55	1115.61
Net Fixed Assets	923.66	917.46	1235.99
Capital Expenditure in progress	1515.15	1815.03	1813.99
Assets not in use	2.29	2.29	2.29
Investment	108.11	162.10	200.27
Total Current Assets	4274.24	4013.19	4740.45
Deficit	4649.72	5356.29	6079.12
Total A	11473.17	12266.36	14072.11
B. Liabilities			
Borrowings for working Capital	-	73.92	218.98
Payment due on capital liabilities	3559.90	3745.38	4481.13
Capital liabilities	231.62	264.39	210.10
Funds from State Government	3219.91	3005.93	2958.65
Contributions, Grants and Subsidies	1396.20	1494.91	1570.38
Total Current liabilities	3065.54	3681.83	4632.87
Total B	11473.17	12266.36	14072.11
C. Capital Employed*	3647.51	3063.85	3157.56

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

Annexure – 6

Statement of working results of Statutory corporation

(Referred to in paragraph 1.15)

(Amount: ₹ in crore)

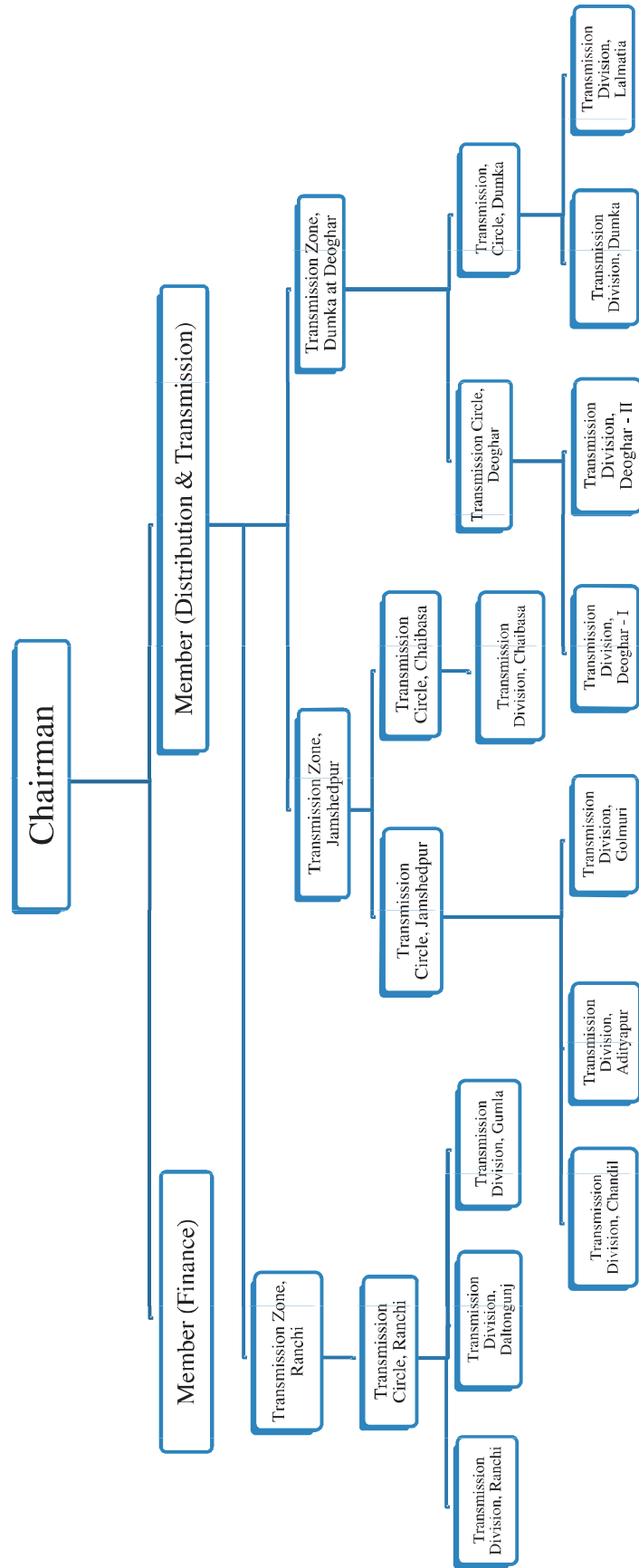
Jharkhand State Electricity Board					
Sl. No.		Particulars	2008-09	2009-10	2010-11
1.	a.	Revenue Receipts	1584.91	1634.37	2010.69
	b.	Revenue Subsidies and Grants, Other income	365.08	701.44	652.85
	c.	Total	1949.99	2335.81	2663.54
2.		Revenue expenditure (net of expenses capitalised including write off of intangible assets but excluding depreciation and interest)	2444.79	2385.22	3036.58
3.		Gross surplus (+)/ deficit (-) for the year (Dr.)	(-) 494.80	(-) 49.41	(-) 373.04
4.		Adjustment relating to previous year (Dr.)	(-) 47.98	(-) 147.44	97.26
5.		Final gross surplus (+)/deficit (-) for the year (3+4)	(-) 542.78	(-) 196.85	(-) 275.78
6.		Appropriation			
	A)	Depreciation	48.40	49.79	50.99
	B)	Interest on Capital / Loans	559.13	609.75	554.67
	C)	Interest on the other Loans, Advances etc.	-	-	-
	D)	Total Interest on Loans (B+C)	559.13	609.75	554.67
	E)	Less Interest Capitalised	102.08	149.82	158.61
	F)	Net Interest charged to revenue (D-E)	457.05	459.93	396.06
7.		Surplus (+) Deficit (-) before account of subsidy from State Government (5-6A-6F-1b) (grant only)	(-) 1128.24	(-) 1106.57	(-) 1172.83
8.		Net surplus (+) Deficit (-) (5-6A-6F)	(-) 1048.24	(-) 706.57	(-) 722.83
9.		Total return on capital employed * (8+6F)	(-) 591.19	(-) 246.64	(-) 326.76
10.		Percentage of return on capital employed	-	-	-

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

Annexure – 7

Organisational Chart of the Board

(Referred to in paragraph 2.2)



Annexure- 8

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

(Referred to in paragraph 2.12)

Sl.No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12
(1)	(2)	(3)	(4)	(5)	(6)	(7)
400 kV Sub-Stations (Numbers)						
1	At the beginning of the year	0	0	0	0	0
2	Additions Planned for the year	0	0	0	1	5
3	Actual Additions during the year	0	0	0	0	0
4	At the end of the year (1+3)	0	0	0	0	0
5	Shortfall in Additions (2-3)	0	0	0	1	5
400 kV Transformers Capacity (MVA)						
1	At the beginning of the year	0	0	0	0	0
2	Additions/ augmentation Planned for the year	0	0	0	630	3150
3	Actual Additions during the year	0	0	0	0	0
4	Capacity at the end of the year (1+3)	0	0	0	0	0
5	Shortfall in Additions/ Augmentation (2-3)	0	0	0	630	3150
400 kV Lines (Ckm)						
1	At the beginning of the year	180	180	180	180	180
2	Additions Planned for the year	0	0	0	100	1570
3	Actual Additions during the year	0	0	0	0	0
4	At the end of the year (1+3)	180	180	180	180	180
5	Shortfall in Additions (2-3)	0	0	0	100	1570
220 kV Sub-Stations (Numbers)						
1	At the beginning of the year	2	3	3	3	3
2	Additions Planned for the year	1	0	1	5	3
3	Actual Additions during the year	1	0	0	0	0
4	At the end of the year (1+3)	3	3	3	3	3
5	Shortfall in Additions (2-3)	0	0	1	5	3
220 kV Transformers Capacity (MVA)						
1	At the beginning of the year	750	1050	1050	1050	1050
2	Additions/ augmentation Planned for the year	300	0	300	1500	900
3	Actual Additions during the year	300	0	0	0	0
4	Capacity at the end of the year (1+3)	1050	1050	1050	1050	1050
5	Shortfall in Additions/ Augmentation (2-3)	0	0	300	1500	900

220 kV Lines (Ckm)						
1	At the beginning of the year	783	903	903	903	903
2	Additions Planned for the year	120	0	407	1654	100
3	Actual Additions during the year	120	0	0	0	0
4	At the end of the year (1+3)	903	903	903	903	903
5	Shortfall in Additions (2-3)	0	0	407	1654	100
132 kV Sub-Stations (Numbers)						
1	At the beginning of the year	17	18	22	26	26
2	Additions Planned for the year	1	4	5	18	4
3	Actual Additions during the year	1	4	4	0	0
4	At the end of the year (1+3)	18	22	26	26	26
5	Shortfall in Additions (2-3)	0	0	1	18	4
132 kV Transformers Capacity (MVA)						
1	At the beginning of the year	1338	1438	1828	2198	2208
2	Additions/ augmentation Planned for the year	100	390	470	2210	400
3	Actual additions ¹ / augmentation during the year	100	390	370	10	10
4	Capacity at the end of the year (1+3)	1438	1828	2198	2208	2218
5	Shortfall in Additions/ Augmentation (2-3)	0	0	100	2200	390
132 kV Lines (Ckm)						
1	At the beginning of the year	1159	1252	1301	1301	1441
2	Additions Planned for the year	93	135	130	2046	480
3	Actual Additions during the year	93	49	0	140	0
4	At the end of the year (1+3)	1252	1301	1301	1441	1441
5	Shortfall in Additions (2-3)	0	86	130	1906	480

¹ It includes GSSs at Daltonganj, Latehar and Kanke having capacity of 100 MVA each constructed in October 2007, January 2009 and December 2009 respectively, but not charged so far (November 2012).

Annexure-9

List of the State Public Sector Undertakings and their Paid-up capital in Jharkhand

(Referred to in paragraph 3.4.1)

Sl. No	Name of the Company	Paid up Capital as on 31 March 2012 (₹ in crore)
1.	Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO)	5.00
2.	Jharkhand Industrial Infrastructure Development Corporation Limited (JIIDCO)	9.00
3.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	9.50
4.	Tenughat Vidyut Nigam Limited (TVNL)	105.00
5.	Jharkhand Police Housing Corporation Limited (JPHCL)	2.00
6.	Jharkhand Tourism Development Corporation Limited (JTDC)	2.50
7.	Jharkhand State Forest Development Corporation Limited (JSFDC)	0.05
8.	Greater Ranchi Development Agency Limited (GRDA)	25.00
9.	Jharkhand State Mineral Development Corporation Limited (JSMDC)	2.00
10.	Karanpura Energy Limited (KEL)	0.05
11.	Jharkhand State Beverages Corporation Limited (JSBCL)	5.00*
12.	Jharkhand State Food & Civil Supplies Corporation Limited (JSFCSCL)	5.00 [#]

Corporate Governance of the Companies at Sl. No. 1 to 9 are covered under the paragraph

* Date of incorporation – 26.11.2010

Date of incorporation – 18.06.2010

Annexure -10

Details of violations of section 285 of Companies Act, 1956 by the Companies during April 2007 to March 2012

(Referred to in paragraph 3.4.2)

Sl. No.	Name of the Company	Quarter during which no meeting of Board of Director held	Number of times Sec. 285 violated	Maximum time gap between two meetings of the Board
1.	Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO)^	Oct – Dec 2007, Jan – Mar 2008, Jul – Sep 2008, Oct – Dec 2008, Apr – Jun 2009, Oct – Dec 2009, Jan – Mar 2010	7	11 months 3 days
2.	Jharkhand Industrial Infrastructure Development Corporation Limited (JIIDCO)	July-Sep 2007, Jan –Mar 2008, Apr - Jun 2008, Jul – Sep 2008, Oct – Dec 2008, Jan – Mar 2009, Apr - Jun 2009, Oct –Dec 2009, Jan – Mar 2010, Jul – Sep 2010, Oct – Dec 2010, Jan – Mar 2011, Jul – Sep 2011, Oct – Dec 2011, Jan – Mar 2012	15	21 months 20 days
3.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	Apr – Jun 2007, Jan – Mar 2008, Apr – Jun 2008, Oct – Dec 2008, Jan – Mar 2009, Oct – Dec 2009, Apr – Jun 2011, Oct – Dec 2011	8	7 months 3 days
4.	Tenughat Vidyut Nigam Limited (TVNL)	Apr- Jun 2007, Jul – Sep 2007, Jul – Sep 2008, Oct – Dec 2008, Jan – Mar 2009, Jul – Sep 2009, Oct – Dec 2009, Jan – Mar 2010, Oct – Dec 2010, Jan – Mar 2012	10	15 months 21 days
5.	Jharkhand Police Housing Corporation Limited (JPHCL)	Jul – Sep 2007, Oct – Dec 2007, Jan – Mar 2009, Oct – Dec 2009, Jan – Mar 2010, Oct – Dec 2010, Jan – Mar 2011, Apr – June 2011, Oct – Dec 2011, Jan – Mar 2012	10	10 months 2 days
6.	Jharkhand Tourism Development Corporation Limited (JTDC)	Oct – Dec 2007, Jul – Sep 2008, Oct – Dec 2008, Jan – Mar 2009, Oct – Dec 2009, Jan – Mar 2010, Jul – Sep 2010, Oct – Dec 2010, Jan – Mar 2011, Apr – Jun 2011, Jul – Sep 2011, Oct – Dec 2011	12	18 months 5 days
7.	Jharkhand State Forest Development Corporation Limited (JSFDC)	Oct – Dec 2007, Jan – Mar 2009, Apr – Jun 2009, Jan – Mar 2010, Jan – Mar 2011	5	8 months 5 days
8.	Jharkhand State Mineral Development Corporation Limited (JSMDC)	Jan-Mar 2007, Jul-Sep 2007, Oct – Dec 2007, Jan-Mar 2008, Apr- Jun 2008, Jul – Sep 2008, Oct-Dec 2008, Jan – Mar 2009, Apr- Jun 2009, Oct – Dec 2009, Apr- Jun 2010.	11	25 months 05 days

9.	Greater Ranchi Development Agency Limited (GRDA)	Apr- Jun 2007, Jul-Sep 2007, Oct – Dec 2007, Jan-Mar 2008, Oct-Dec 2008, Apr- Jun 2009 Jul-Sep 2009, Oct – Dec 2009, Jan-Mar 2010, Apr- Jun 2010, Oct-Dec 2010, Jan-Mar 2011, Sep-Dec 2011	13	19 months 23 days
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^ Information based on Board Minutes Register maintained in by the respective Company.

Annexure-11

Statement showing attendance of the Directors in the Board meetings during their tenure
for the period April 2007 to March 2012

(Referred to in paragraph 3.4.2)

Sl. No.	Name of the Company	Name of the Director	Number of meetings	
			Held during his tenure	Attended
1.	Jharkhand Industrial Infrastructure Development Corporation Limited (JIIDCO)	A. K. Basu	4	1
		Mukhtiar Singh	4	1
		Smt. Rajbala Verma	2	Nil
2.	Jharkhand Tourism Development Corporation Limited (JTDC)	Amitabh Choudhary	1	Nil
		K.S. Meena	1	Nil
3.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	Smt. Rajbala Verma	6	2
		Mukhtiar Singh	2	1
4.	Jharkhand Police Housing Corporation Limited (JPHCL)	Smt. Rajbala Verma	10	3
		Mukhtiar Singh	2	1
		Sudhir Tripathi	6	2
		Surya Dev Prasad	4	1
		Yogeshwar Mochi	2	1
		Sukhdeo Singh	5	3
		G.S. Rath	3	1
5.	Tenughat Vidyut Nigam Limited (TVNL)	The Directors attended all the meetings of Board during their tenure		
6.	Jharkhand State Forest Development Corporation Limited (JSFDC)	R.K. Zutsi	2	1
		Sudhir Mahto	6	1
		Sudesh Mahto	6	1
		A.K. Chugh	1	Nil
		Smt. Rajbala Verma	9	1
		Sukhdeo Singh	8	2
7.	Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO)	Information was not received		
8.	Jharkhand State Mineral Development Corporation Limited (JSMDC)	Secretary Dept. of Finance	4	Nil
		R.S. Poddar	2	1
		Smt. Rajbala Verma	3	Nil
		S.K. Chaudhary	3	Nil
		K.K. Khandelwal	1	Nil
		A.K.Sarkar	9	4
		A.P.Singh	8	1
9.	Greater Ranchi Development Agency Limited (GRDA)	Ashok Kumar Singh	3	2
		Nitin Kullkarni	5	3
		Sukhdeo Singh	6	3
		L. Khiantge	3	2

Annexure – 12

Details of Managing Directors for whose tenure was less than a year

(Referred to in paragraph 3.4.2)

Sl. No.	Name of the Company	Name of Managing Directors	Tenure	Period
1.	Tenughat Vidyut Nigam Limited (TVNL)	S. N. Choudhury	25.09.2010 to 18.10.2010	23 days
2.	Jharkhand Police Housing Corporation Limited (JPHCL)	H.K. Mishra	24.02.2009 to 21.12.2009	9 months 28 days
3.	Jharkhand Tourism Development Corporation Limited (JTDC)	Abraham Rowna	11.05.2009 to 07.12.2009	6 months 27 days
		Nilima Kerketta	08.12.2009 to 10.06.2010	7 months 2 days
4.	Jharkhand State Mineral Development Corporation Limited (JSMDC)	Bhagwan Prasad	04.08.2009 to 07.06.2010	10 months 3 days
5.	Greater Ranchi Development Agency Limited (GRDA)	Arun Kumar Singh	01.01.2008 to 03.11.2008	11 months 2 days
		Arun Kumar Singh	23.10.2009 to 15.04.2010	5 months 22 days
		P.K. Jajoria	15.04.2010 to 06.04.2011	11 months 21 days

Annexure-13

Details of delay in filing Annual Return by the companies with Registrar of Companies under Section 159 of the Companies Act, 1956.

(Referred to in paragraph 3.4.3)

Sl. No.	Name of the company	Annual Return for the year	Date of filing Annual Return	Delay in filing Annual Return	Annual Return not filed in the years
1.	Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO)	2006-07	10.03.2008	3 months (app)	2007-08 2008-09 2009-10 2010-11
2.	Jharkhand Industrial Infrastructure Development Corporation (JIIDCO)	2006-07	24.07.2010	2 years and 8 months (app)	2009-10, 2010-11
		2007-08	08.07.2011	2 years and 7 months (app)	
		2008-09	08.07.2011	1 year and 7 months (app)	
3.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	2006-07	03.09.2010	2 years and 9 months (app)	2010-11
		2007-08	03.09.2010	1 year and 9 months (app)	
		2008-09	12.07.2011	1 year and 7 months (app)	
		2009-10	12.07.2011	7 months (app)	
		2010-11	30.10.2011	No delay	
4.	Tenughat Vidyut Nigam Limited (TVNL)	Annual Returns have not been filed from 1993-94.			
5.	Jharkhand Police Housing Corporation Limited (JPHCL)	2006-07	18.02.2009	1 year and 3 months (app)	-
		2007-08	21.01.2009	01 month 24 days	
		2008-09	31.01.2011	1 year and 02 months (app)	
		2009-10	12.03.2011	01 month 17 days	
		2010-11	22.03.2012	03 months 23 days	
6.	Jharkhand Tourism Development Coporation Limited (JTDC)	2006-07	Not filed	Not filed	2006-07, 2008-09, 2009-10, 2010-11.
		2007-08	27.11.2008	20 days	
7.	Jharkhand State Forest Development Corporation Limited (JSFDC)	2006-07	12.03.2011	3 years and 3 months (app)	-
		2007-08	12.03.2011	2 years and 4 months (app)	
		2008-09	12.03.2011	1 year and 4 months (app)	

		2009-10	12.03.2011	4 months (app)	
		2010-11	07.11.2011	No delay	
8.	Jharkhand State Mineral Development Corporation Limited (JSMDC)	Annual Return was not filed till date			Since incorporation (incorporated on 7.05.2002)
9.	Greater Ranchi Development Agency Limited (GRDA)	2007-08	23.09.2011	3 years and 9 months 23 days	--
		2008-09	23.09.2011	2 years and 9 months 23 days	
		2009-10	23.09.2011	1 year and 9 months 23 days	
		2010-11	23.09.2011	2 months	

Annexure-14

Details of Annual Accounts filed by the companies with ROC u/s 220 of the Companies Act, 1956

(Referred to in paragraph 3.4.3)

Sl. No.	Name of the Company	Annual Accounts for the year	Date of filing Annual Accounts	Delay in filing Annual Accounts	Annual Accounts not filed in the years
1.	Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO)	Balance Sheet and Profit and loss Accounts have not been filed since 2004-05.			
2.	Jharkhand Industrial Infrastructure Development Corporation Limited (JIIDCO)	2006-07	24.07.2010	2 years and 9 months (app)	2009-10 and 2010-11
		2007-08	08.07.2011	2 years and 9 months (app)	
		2008-09	08.07.2011	1 year and 8 months (app)	
3.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	2006-07	07.07.2011	3 years and 7 months (app)	2010-11
		2007-08	08.07.2011	2 years and 7 months (app)	
		2008-09	12.07.2011	1 year and 7 months (app)	
		2009-10	12.07.2011	7 months (app)	
4.	Tenughat Vidyut Nigam Limited (TVNL)	Balance Sheet and Profit and loss Accounts have not been filed from 1993-94.			
5.	Jharkhand Police Housing Corporation Limited (JPHCL)	2006-07	18.02.2009	1 year and 04 months (app)	
		2007-08	21.01.2009	2 months 24 days	
		2008-09	31.01.2011	1 year and 03 months (app)	
		2009-10	12.03.2011	1 month 17 days	
		2010-11	22.03.2012	4 months 23 days	
6.	Jharkhand Tourism Development Corporation Limited (JTDC)	2006-07	Not filed	Not filed	2006-07, 2008-09, 2009-10 and 2010-11.
		2007-08	27.11.2008	1 month 20 days	
7.	Jharkhand State Forest Development Corporation Limited (JSFDC)	2006-07	28.02.2012	4 years and 4 months (app)	2010-11
		2007-08	28.02.2012	3 years and 4 months (app)	
		2008-09	17.03.2011	2 years and 5 months (app)	
		2009-10	07.11.2011	1 year (app)	

8.	Jharkhand State Mineral Development Corporation Limited (JSMDC)	Balance Sheet and Profit and loss Accounts have not been filed from incorporation (7 May 2002).
9.	Greater Ranchi Development Agency Limited (GRDA)	Balance Sheet and Profit and loss Accounts have not been filed from incorporation (23 January 2003).

Annexure-15**Details of Annual General Meetings held by the Companies***(Referred to in paragraph 3.4.4)*

Sl. No.	Name of the Company	Sl. No. of AGM	Financial Year	Date of AGM	AGM not held for the years
1.	Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO)	5 th	2006-07	28.09.2007	2010-11
		6 th	2007-08	24.09.2008	
		7 th	2008-09	02.02.2010	
		8 th	2009-10	27.09.2010	
2.	Jharkhand Industrial Infrastructure Development Corporation (JIIDCO)	1 st	2006-07	26.08.2009	2007, 2008, 2009, 2010 and 2011.
		2 nd	2007-08	16.04.2010	
		3 rd	2008-09	13.06.2011	
		4 th	2009-10	13.06.2011	
3.	Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT)	1 st	2006-07	29.09.2007	2009 and 2010
		1 st Adjourned	2006-07	23.09.2008	
		2 nd	2007-08	26.09.2008	
		3 rd	2008-09	20.06.2011	
		4 th	2009-10	20.06.2011	
		5 th	2010-11	24.09.2011	
4.	Tenughat Vidyut Nigam Limited (TVNL)	No AGM was held			
5.	Jharkhand Police Housing Corporation Limited (JPHCL)	5 th	2006-07	28.09.2007	AGMs were held regularly
		5 th Adjourned	2006-07	08.08.2008	
		6 th	2007-08	27.09.2008	
		6 th Adjourned	2007-08	19.12.2008	
		7 th	2008-09	16.09.2009	
		7 th Adjourned	2008-09	25.09.2009	
		8 th	2009-10	25.09.2010	
		8 th Adjourned	2009-10	05.08.2011	
		9 th	2010-11	29.09.2011	
6.	Jharkhand Tourism Development Coporation Limited (JTDC)	9 th Adjourned	2010-11	12.03.2012	2007, 2010 and 2011
		1 st	2002-03	18.09.2003	
		1 st Adjourned	2002-03	28.04.2008	
		2 nd	2003-04	12.08.2004	
		2 nd Adjourned	2003-04	29.06.2009	
		3 rd	2004-05	Not Held	
		4 th	2005-06	25.09.2006	
		5 th	2006-07	28.04.2008	
		6 th	2007-08	29.09.2008	
7.	Jharkhand State Forest Development Corporation	7 th	2008-09	07.09.2009	AGMs were held regularly
		5 th	2006-07	28.09.2007	
		6 th	2007-08	25.09.2008	

	Limited (JSFDC)	7 th	2008-09	10.09.2009	
		8 th	2009-10	20.09.2010	
		9 th	2010-11	29.09.2011	
8.	Jharkhand State Mineral Development Corporation Limited (JSMDC)	1 st	2002-03	02.02.2012	2006-07, 2007-08, 2008-09, 2009-10 and 2010-11
		2 nd	2003-04	02.02.2012	
		3 rd	2004-05	02.02.2012	
		4 th	2005-06	23-06-2012	
9.	Greater Ranchi Development Agency Limited (GRDA)	1 st to 5 th	2003-04 to 2007-08	26-06-2008	2007 and 2009
		6 th	2008-09	30-09-2010	
		7 th	2009-10	30-09-2010	
		8 th	2010-11	27-09-2011	

Annexure-16**Statement showing paragraphs/Performance Audits for which replies were not received***(Referred to in paragraph-3.6.1)*

Sl. No.	Name of Department	2007-08		2008-09		2009-10		2010-11	
		No. of paras in Audit Report	No. of paras for which replies were not received	No. of paras in Audit Report	No. of paras for which replies were not received	No. of paras in Audit Report	No. of paras for which replies were not received	No. of paras in Audit Report	No. of paras for which replies were not received
1.	Energy	7	7	4	4	6	6	2	2
2.	Forest & Environment	-	-	1	1	-	-	-	-
3.	Home	1	1	-	-	1	1	1	1
4.	Mines & Geology	1	-	-	-	-	-	1	1
	Total	9	8	5	5	7	7	4	4

Annexure-17

Statement of department-wise outstanding Inspection Reports (IRs)

(Referred to in paragraph-3.6.3)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Energy	2	287	1119	2005-06
2.	Forest & Environment	1	23	76	2006-07
3.	Mines and Geology	1	4	18	2010-11
4.	Tourism	1	10	38	2007-08
5.	Industry	2	5	21	2007-08
6.	Home	1	13	63	2006-07
7.	Water Resources	1	13	41	2006-07
8.	Urban Development	1	2	12	2009-10
Total		10	357	1388	

Annexure-18**Statement of department-wise draft paragraphs replies to which were awaited***(Referred to in paragraph-3.6.3)*

Sl. No.	Name of Department	No. of draft paragraphs	Period of issue
1.	Energy	2	June 2012 to July 2012
2.	Forest & Environment	1	May 2012
3.	Home	1	May 2012
4.	Energy, Forest & Environment, Home, Industry, Tourism and Water Resources	1	July 2012
	Total	5	-