



**Report of the  
Comptroller and Auditor General of India  
on  
Economic Sector and Public Sector Undertakings  
for the year ended March 2018**



**लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest**



**Government of Odisha  
Report No.2 of the year 2020**



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Comptroller and Auditor General of India  
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## PREFACE

This Report contains two parts. **Part A** deals with the results of audit of Public Sector Undertakings, namely, Government Companies and Statutory Corporations of the Government of Odisha comprising both Power Sector and Non-Power Sector. **Part B** deals with results of audit of Departments and Entities under Economic Sector of the Government of Odisha.

### PART-A: PUBLIC SECTOR UNDERTAKINGS

The Report on the Public Sector Undertakings for the year ended 31 March 2018 and has been prepared for submission to the Government of Odisha for laying before the State Legislature under provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

2. Audit of the accounts of Government Companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 139 and 143 of the Companies Act, 2013. According to Section 2(45) of the Act 2013, a Government Company means any Company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and includes a Company which is a subsidiary company of such a Government Company. Besides, any other Company<sup>1</sup> owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred as Government controlled other Companies. The audit arrangements of Statutory Corporations are prescribed under the respective acts through which the corporations are established.

3. This part deals with performance of 82 Public Sector Undertakings (PSUs) consisting of 79 Government Companies and three Statutory Corporations in the State of Odisha, the audit of which has been entrusted to the Comptroller and Auditor General of India. The Report includes an Introductory Chapter on the functioning of all the 82 PSUs. Thereafter, the report has been divided into two parts: **Part-I** deals with the analysis of the performance of eight Power Sector PSUs. The Government of Odisha's (GoO) financial stakes in the Power Sector PSUs stood at ₹15,337.42 crore as on 31 March 2018. The power sector received 24.97 *per cent* (₹587.69 crore) of the total budgetary outgo (₹2,353.44 crore) during the year 2017-18. The equity contributed by the State Government in power sector was mainly towards capital investment and construction of various projects. During the year, the Power Sector PSUs, at the aggregate level, incurred a loss of (-) ₹75.81 crore.

We have presented the details of the performance of the Power Sector PSUs and results of audit of these companies (six compliance audit paragraphs) in Part- I of the Report.

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<sup>1</sup> Ministry of Corporate Affairs- Companies (Removal of Difficulties) Seventh Order 2014 dated 4 September 2014

4. **Part-II** of the report deals with the details of the performance of 74 Non-Power Sector Public Sector Undertakings, including 3 Statutory Corporations. These PSUs, at the aggregate level, incurred a loss of ₹280.59 crore during 2017-18. This Part includes a Performance Audit of Odisha State Seeds Corporation Limited.

## **PART-B: DEPARTMENTS AND ENTITIES (OTHER THAN PSUs) UNDER ECONOMIC SECTOR**

5. The Report in **Part B** for the year ended 31 March 2018 has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India.

It contains results of the compliance audit of the Departments of Agriculture and Farmers' Empowerment, Forest and Environment and Water Resources of Government of Odisha under the Economic Sector.

6. The audit observations featured in this Report are those which came to notice in the course of audit during the year 2017-18 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period after 31 March 2018 have also been included, wherever necessary.

7. The audit has been conducted in accordance with the Auditing Standards issued by the Comptroller and Auditor General of India.



# **OVERVIEW**



# OVERVIEW

## PART-A

### Functioning of Public Sector Undertakings (Power Sector and Non-Power Sector)

Audit of Government Companies is governed by Sections 139 and 143 of the Companies Act, 2013. The financial statements of Government Companies are audited by the Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG). These financial statements are also subject to supplementary audit by the CAG. As on 31 March 2018, Odisha had 82 State Public Sector Undertakings (PSUs) consisting of three Statutory Corporations and 79 Government Companies (including 26 inactive Government Companies) under the audit jurisdiction of the Comptroller & Auditor General of India. The working PSUs registered a turnover of ₹25,123.06 crore during 2017-18 as per their latest finalised accounts. The turnover relative to the Gross State Domestic Product (GSDP) of Odisha was 6.04 *per cent*. As on 31 March 2018, the investment (Capital and Long Term Loans) in 82 PSUs was ₹18,627.37 crore. The Power Sector received (₹6,688.92 crore) 83.33 *per cent* of total investment (₹8,027.47 crore) made during the period from 2013-14 to 2017-18.

#### 1. Functioning of Power Sector PSUs

##### *Formation of Power Sector PSUs*

Odisha became the first State in India to reform its electricity sector. Odisha Electricity Reform Act setting out the basic framework of the reform came into force from 1 April 1996. Consequently, the Assets and Liabilities belonging to Odisha State Electricity Board (OSEB) were vested in State Government as on 01 April, 1996. OSEB was restructured and corporatised into Grid Corporation of Odisha Limited (GRIDCO) and Odisha Hydro Power Corporation Limited (OHPC). GRIDCO took over transmission and distribution business while OHPC took charge of hydel generation business. The only thermal power company i.e. Odisha Power Generation Corporation Limited established in November 1984, (outside the purview of OSEB) with 49 *per cent* shareholding of Government of Odisha was disinvested in January, 1999. Subsequently, Government of Odisha transferred the distribution assets and properties along with personnel of GRIDCO to four distribution companies namely Central Electricity Supply Company of Odisha Limited, North Eastern Electricity Supply Company of Odisha Limited, Western Electricity Supply Company of Odisha Limited and Southern Electricity Supply Company of Odisha Limited with effect from 26 November, 1998 established as wholly owned subsidiaries of GRIDCO. They were subsequently privatised in April 1999/ September 1999 with disinvestment of 51 *per cent* shareholding of GRIDCO. They now function under the distribution and retail supply licence obtained from Odisha Electricity Regulatory Commission (OERC). They are not under the purview of C&AG Audit., The transmission business of the State was transferred to a newly incorporated company i.e., Odisha Power Transmission Corporation Limited (OPTCL) from 01 April, 2005. Besides the four public sector companies namely GRIDCO Limited, Odisha Hydro Power Corporation Limited, Odisha Power

Generation Corporation Limited and Odisha Power Transmission Corporation Limited, four other power sector PSUs were incorporated (January 2007 to January 2015) as subsidiary/ joint venture companies namely Odisha Thermal Power Corporation Limited, Kalinga Bidyut Prasaran Nigam Private Limited, Green Energy Development Corporation of Odisha Limited and Odisha Coal and Power Limited.

Thus, the State had eight Power Sector PSUs as on 31 March 2018. Audit of these power sector PSUs is governed by Sections 139 and 143 of the Companies Act, 2013. The financial statements of these PSUs are audited by the Statutory Auditors appointed by the CAG and are subject to Supplementary Audit by the CAG.

Of these eight PSUs, one PSU (Kalinga Bidyut Prasaran Nigam Private Limited), incorporated in the year 2012-13 did not commence any commercial activity till 2017-18 defeating the purpose of its incorporation.

The Power Sector PSUs as per their latest finalised accounts registered a turnover of ₹9,601.63 crore during 2017-18. The turnover relative to the GSDP of Odisha was 2.31 *per cent* indicating a fairly important role played by the Power Sector PSUs in the economy of the State.

#### ***Stake of Government of Odisha***

As on 31 March 2018, the total investment (equity and long term loans) in eight power sector undertakings was ₹15,337.42 crore. The investment consisted of ₹3,948.67 crore (25.75 *per cent*) towards equity and ₹11,388 crore (75.25 *per cent*) in long-term loans. Out of the total long term loans of ₹11,388.75 crore, ₹1,606.54 crore (14.11 *per cent*) was availed from the State Government and balance ₹9,782.21 crore (85.89 *per cent*) was availed from financial institutions.

#### ***Performance of Power Sector Undertakings***

The overall loss incurred by the eight power sector PSUs was (-) ₹75.81 crore in 2017-18 against profit of ₹187.44 crore earned in 2013-14. According to the accounts of the Power Sector PSUs for the year 2017-18, five PSUs together earned profit of ₹124.75 crore while two PSUs incurred loss of ₹200.56 crore. The top three profit making PSUs were Odisha Hydro Power Corporation Limited (₹98.70 crore), Odisha Power Transmission Corporation Limited (₹17.97 crore), and Odisha Power Generation Corporation Limited (₹4.79 crore). The loss making PSUs were, GRIDCO Limited which incurred substantial loss of ₹197.50 crore and Odisha Coal and Power Limited which incurred a loss of ₹3.06 crore.

At the aggregate level the accumulated losses of the eight power sector PSUs was ₹2,541.91 crore as against the capital investment of ₹3,948.67 crore as on 31 March 2018. Of the eight Power Sector PSUs, the net worth was eroded mainly in GRIDCO Limited ((-) ₹3,853.75 crore), while the remaining seven power sector PSUs had positive net worth of ₹5,616.47 crore.

#### ***Quality of accounts***

The quality of accounts of power sector PSUs needs improvement. Twelve accounts for the year 2017-18 and 2016-17 relating to the eight PSUs were finalised during 01

October 2017 to 30 September 2018. The Statutory Auditors issued Certification with qualifications in respect of all the accounts. There were seven instances of non-compliance with Accounting Standards by the Power Sector PSUs.

### ***Coverage of this Report***

This Report contains six compliance audit paragraphs involving financial impact of ₹83.79 crore of the Power Sector PSUs.

## **2. Compliance Audit Observations**

Compliance audit observations included in this chapter highlight deficiencies in management of Power Sector PSUs with financial implications. The irregularities pointed out are broadly of the following nature:

Delayed action on the part of GRIDCO Limited to re-phase bank loans resulted in avoidable payment of interest to banks ₹16.76 crore.

***(Paragraphs 2.1)***

Failure to enforce supply of State entitled power as per MoU and Power Purchase Agreement by GRIDCO Limited from Vedanta Limited led to short supply of 3,527.99 MU of power.

***(Paragraphs 2.2)***

Failure to enforce supply of infirm power as per agreed terms by GRIDCO Limited from Jindal India Thermal Power Limited resulted in loss of revenue worth ₹56.73 crore.

***(Paragraph 2.3)***

Failure to submit appropriate shutdown period to OERC resulted in short recovery of capacity charges of ₹4.42 crore by Odisha Hydro Power Corporation Limited.

***(Paragraphs 2.4)***

Belated action on the part of Odisha Hydro Power Corporation Limited to replace Generator Transformer resulted in loss of ₹4.05 crore.

***(Paragraphs 2.5)***

Improper submission of rephasing application for drawing of water for the expansion of power project by Odisha Power Generation Corporation Limited led to avoidable payment of ₹1.83 crore towards water charges.

***(Paragraph 2.6)***

## **3. Functioning of State Public Sector Undertakings (Non-Power Sector)**

As on 31 March 2018, Odisha had 74 State Public Sector Undertakings in the Non-Power Sector, including three Statutory Corporations. Of these, 45 were working Companies and 26 inactive Companies. The working PSUs as per their latest finalised accounts, registered a turnover of ₹15,521.43 crore during 2017-18. The turnover relative to the GSDP of Odisha was 3.73 per cent.

### ***Stake of Government of Odisha***

As on 31 March 2018, the total investment (equity and long term loans) in these 74

PSUs was ₹3,289.95 crore. The equity investment was in the order of 58.09 per cent (₹1,911.22 crore) while 41.91 per cent (₹1,378.73 crore) constituted long-term loans. Out of the total long-term loans of ₹1,378.73 crore, ₹420.26 crore (30.48 per cent) was availed from the State Government and balance ₹958.47 crore (69.52 per cent) was availed from financial institutions.

### ***Performance of State PSUs (Non-Power Sector)***

Owing to substantial losses of Odisha Mining Corporation Limited and Bhubaneswar Smart City Limited the profit of ₹979.06 crore, at the aggregate level earned by working PSUs in 2013-14, had turned into loss of ₹280.59 crore in 2017-18. According to latest finalised accounts of the 48 working State PSUs (45 Government Companies plus 3 Statutory Corporations), 31 PSUs had together earned profit of ₹237.92 crore and 11 PSUs had incurred losses of ₹518.51 crore in 2017-18. One PSU had break-even status while three PSUs had not yet started their operation/commercial production. Two PSUs had posted nil profit.

The top three profit making Companies were Odisha Mineral Bearing Areas Development Corporation Limited (₹47.64 crore), Odisha Construction Corporation Limited (₹35.45 crore) and Odisha Agro Industries Corporation Limited (₹22.23 crore) while Odisha Mining Corporation Limited (₹463.48 crore), Odisha Rural Housing and Development Corporation Limited (₹42.93 crore) and Bhubaneswar Smart City Limited (₹9.06 crore) incurred heavy losses.

### ***Quality of accounts***

The quality of accounts of PSUs needs improvement. Out of 37 accounts finalised during 01 October 2017 to 30 September 2018, the Statutory Auditors issued Certification with Qualifications in respect of all the accounts. There were 26 instances of non-compliance with Accounting Standards by the PSUs.

### ***Arrears in accounts and winding up***

Particulars	Number of PSUs	Number of PSUs with accounts in arrears	Number of accounts in arrears	Period of arrears
Working PSUs	48	37	63	1 to 9 years
Inactive PSUs	26	26	747	5 to 52 years

The Government requires to get the accounts prepared expeditiously and need to take a decision regarding winding up of the inactive PSUs

## **4. Performance Audit relating to State PSU (Non-Power Sector)**

### **Odisha State Seeds Corporation Limited**

The Performance Audit of Odisha State Seeds Corporation Limited cover the period from 2013-14 to 2017-18.

#### ***Introduction***

Odisha State Seeds Corporation Limited (OSSC) was incorporated (24 February 1978) with the objectives of production, processing, storage and distribution of certified seeds to the farmers at reasonable price. The share of OSSC in seed production in the State was 66 per cent during 2013-18.

***(Paragraph 4.1 and 4.10)***



### ***OSSC did not adhere to Seed Rolling Plan***

In order to achieve the food production targets of the future, enhancement of the Seed Replacement Rates (SRR)<sup>2</sup> of various crops was required. Government of India had approved a Seed Rolling Plan (SRP) for Odisha for the period 2013-17. The SRP was to be prepared considering the minimum SRR or SRR already achieved whichever is higher. The Government of Odisha had directed (May 2013) all seeds producing agencies including OSSC to carry out production as per the SRP. OSSC, however, failed to fix its production target as per the Seed Rolling Plan approved by Government of India. OSSC carried out its production programme as per the annual plan, which was lower than what was envisaged in the SRP during 2013-14 and 2016-18 and failed to achieve its own target.

***(Paragraph 4.7)***

### ***Seed Replacement Rate***

Shortfall in production and distribution of certified seeds by OSSC affected the Seed Replacement Rate (SRR) of the State. SRR of major crops produced in the State was below the normative level (33 per cent) as well as national average during all the years of 2013-18. In case of paddy, though the SRR increased to 36.01 per cent in 2015-16, it again decreased below the normative level during 2016-18.

***(Paragraph 4.8)***

### ***Shortfall in the production of certified seeds***

Against its own target of 35.80 lakh quintals of seeds, actual production of certified seeds by OSSC was 20.35 lakh quintals during 2013-18. The reasons for shortfall in production were, (i) actual utilised area for sowing of seeds by growers was less than the targeted area, (ii) growers participating in the production programme of OSSC had not supplied all the seeds produced by them to OSSC due to the delay in release of seeds cost and incentive to growers and non-enforcement of agreement with them to supply their entire produce. (iii) OSSC did not have adequate technical manpower to carry out the production programme (iv) OSSC failed to distribute all its produced seeds within the validity period of nine months, forcing it to reduce its production targets.

***(Paragraphs 4.11 and 4.11.1 to 4.11.4)***

### ***Procurement of seeds from outside agencies***

As OSSC could not produce seeds within the State, OSSC had procured 1.43 lakh quintals of seeds from outside agencies during 2013-18. As the procurement price was higher than the cost of production through growers, OSSC incurred avoidable expenditure of ₹13.03 crore in the procurement of these seeds.

***(Paragraph 4.12)***

### ***Underutilisation of seed processing plants***

Due to insufficient production, there was underutilisation of the processing plants as compared to installed capacity during all the years. Underutilisation resulted in

<sup>2</sup> SRR is the percentage of area sown out of total area of crop planted in a season by using certified quality seeds other than farm saved seeds

increase in operational cost. Since the processing cost was higher than the rate fixed by Government of Odisha it resulted in loss of ₹4.39 crore<sup>3</sup> in the processing of 17.47 lakh quintal of seed over a period of five years.

**(Paragraph 4.13.1)**

***Shortfall in storage capacity***

OSSC was in need of creation of storage facility for safe storage of seeds. There was, however, shortfall in storage capacity which ranged between 35.14 per cent and 52.40 per cent during 2013-16.

**(Paragraph 4.13.2)**

***Quality Control of Seeds***

To ensure quality of seeds, OSSC was required to set up quality control laboratories, engage technical manpower, imparting training to the field level officials, prepare quality control manual etc. OSSC did not have any quality control department to look into the quality aspects of the seeds. It had also not framed any quality control policy/manual for the purpose.

**(Paragraph 4.14)**

***Shortfall in distribution of seeds***

One of the main objectives of OSSC was to distribute certified seeds to farmers at reasonable price and sufficient quantities to support agricultural production programme of the State. The shortfall in distribution against the indent of Agriculture Department ranged between 39.25 per cent and 53.82 per cent during 2013-18. The reasons for shortfall in distribution were (i) Agriculture Department failed to ensure distribution of the seeds as per their indent and (ii) inadequate marketing efforts by OSSC.

**(Paragraph 4.16)**

***Accumulation and disposal of substandard seeds***

As per the approved norm, the validity of the seed certification is only for a period of nine months. OSSC had incurred a loss of ₹41.60 crore in the disposal of 4.24 lakh quintals of sub-standard seeds during 2013-18, as it failed to distribute the seeds within the validity period.

**(Paragraph 4.17)**

***Accounts not finalised in time***

The Annual account of OSSC was in arrears since 2015-16. Non finalisation of accounts in time resulted in non availability of authenticated financial position and working results of the Company to the stakeholders.

**(Paragraph 4.19)**

***Internal Control and Monitoring***

There were deficiencies in functioning of Board of Directors and Audit Committee. The Internal Audit System was inadequate and there were deficiencies in manpower management and other controls.

**(Paragraphs 4.20 and 4.20.1 to 4.20.3)**

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<sup>3</sup> Expenditure incurred (₹17.22 crore) – expenditure recovered (₹12.83 crore)

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## PART-B

### Departments and Entities ( Other than Public Sector Undertakings) under Economic Sector

#### 1. Introduction

There are 39 Departments in the State headed by Additional Chief Secretaries/Principal Secretaries/Commissioner-cum-Secretaries at the Secretariat level. Directors and Sub-ordinate Officers assist them. Out of 39, 12 Departments dealt with the Economic Sector. The expenditure of Government of Odisha on departments under Economic Sector in 2017-18 was ₹22,333.77 crore and constituted 25.29 *per cent* of the total expenditure of ₹88,325 crore incurred during the year. This Report includes the results of audit of three Departments.

#### 2. Compliance Audit

##### *Execution of project without ensuring availability of water led to unfruitful expenditure of ₹33.22 crore*

It was observed (March 2018) from the status report of Gohira Irrigation Project that just before the works were taken up, no water was available for Rabi crop during 2009-11. Further, during 2011-15, the supply of water to command area ranged from 550 to 4,309 ha against the projected 5,700 ha (70 *per cent* of 8100 ha) indicating scarcity of water in the dam. Again, the dam was dry during 2016-18. Thus, execution of project without pre-construction survey and investigation for availability of water led to unfruitful expenditure of ₹33.22 crore.

*(Paragraph 2.3)*



## **PART-A**

### **Public Sector Undertakings**



**INTRODUCTION**  
**Functioning of Public**  
**Sector Undertakings**





# INTRODUCTION

## Functioning of State Public Sector Undertakings (Power Sector and Non-Power Sector)

### General

1. State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2018, there were 82 PSUs in Odisha. These include three<sup>4</sup> Statutory Corporations and 79 Government Companies (including 26 inactive government companies<sup>5</sup>) under the audit jurisdiction of the Comptroller & Auditor General of India. Of these, only GRIDCO Limited has listed its debt security on the Bombay Stock Exchange. During the year 2017-18, three new PSUs<sup>6</sup> came within the audit jurisdiction of the C&AG of India and three PSUs<sup>7</sup> had been withdrawn from audit jurisdiction of C&AG of India. During the year two<sup>8</sup> PSUs were struck off from the Register of Companies by the Registrar of Companies, Cuttack under Section 248(5)<sup>9</sup> of the Companies Act, 2013.

2. The financial performance of the PSUs on the basis of latest finalised accounts as on 30 September 2018 is covered in this report. The nature of PSUs and the position of accounts are indicated in table below:

**Table 1: Nature of PSUs covered in the Report**

Nature of PSUs	Total Number	Number of PSUs for which accounts received during the reporting period <sup>10</sup>				Number of PSUs for which accounts are in arrears (total accounts in arrear) as on 30 September 2018
		Accounts up to 2017-18	Accounts up to 2016-17	Accounts up to 2015-16	Total	
Working Government Companies <sup>11</sup>	53	18	21	09	48	35 (61)
Statutory Corporations	3	0	03	0	03	03 (03)
<b>Total working PSUs</b>	<b>56</b>	<b>18</b>	<b>24</b>	<b>09</b>	<b>51</b>	<b>38 (64)</b>
Inactive Government Companies	26	0	0	0	0	26 (747)
<b>Total</b>	<b>82</b>	<b>18</b>	<b>24</b>	<b>09</b>	<b>51</b>	<b>64 (811)</b>

*(Source: Compiled based on accounts of PSUs received and database of inactive PSUs maintained in the AG Office)*

<sup>4</sup> Odisha State Financial Corporation, Odisha State Road Transport Corporation and Odisha State Warehousing Corporation

<sup>5</sup> Inactive PSUs are those which have ceased to carry out their operations

<sup>6</sup> (i) Shamuka Tourism Development Corporation Limited, (ii) Odisha Rail Infrastructure Development Limited, (iii) IREL IDCOL Limited

<sup>7</sup> (i) Bhubaneswar Puri Transport Services Limited, (ii) Western Odisha Transport Service Limited, (iii) Ganjam Urban Transport Service Limited

<sup>8</sup> Kanti Sharma Refractories Limited and Manufacture Electro Limited

<sup>9</sup> Where the Registrar of Companies has reasonable cause to believe that a company is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company, he shall send a notice to the company and all the directors of the company, of his intention to remove the name of the company from the register of companies. At the expiry of the time mentioned in the notice, the Registrar may, unless cause to the contrary is shown by the company, strike off its name from the register of companies, and shall publish notice thereof in the Official Gazette, and on the publication in the Official Gazette of this notice, the company shall stand dissolved

<sup>10</sup> From October 2017 to September 2018

<sup>11</sup> Government PSUs include other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013

The working PSUs as per their latest finalised accounts registered an annual turnover of ₹25,123.06 crore as on 30 September 2018. The turnover relative to the State Gross Domestic Product (GDP) (₹4, 15,981.68 crore) was 6.04 *per cent* for the year 2017-18. The working PSUs together incurred loss of ₹356.40 crore as per their latest finalised accounts. As on March 2018, the State PSUs had employed 0.19 lakh employees (approx). There were 26 PSUs, which were inactive for the period ranging from last five years to 52 years having an investment of ₹95.96 crore in the nature of capital (₹65.30 crore) and long-term loans (₹30.66 crore). Inactive PSUs do not contribute to the economic growth of the State and may require winding up.

### **Accountability framework**

3. The procedures for audit of Government companies are laid down in Sections 139 and 143 of the Companies Act, 2013. According to Section 2(45) of the Act 2013, a Government Company means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government Company. Besides, any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies. Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139(5) and (7) of the Companies Act, 2013. Section 139(5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. Section 139(7) of the Companies Act, 2013 provides that in case of a Government Company or Government Controlled Other Company, the first auditor is to be appointed by the CAG within 60 days from the date of registration of the Company and in case CAG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor. Further, as per Section 143(7) of the Act 2013, the CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG.

An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

### ***Statutory audit***

4. The financial statements of the Government Companies (as defined in Section 2(45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139(5) or (7) of the Act 2013. The Statutory Auditors submit a copy of the Audit Report to the CAG including, among other things, financial statements of the Company under Section 143(5) of the Companies Act, 2013. These financial statements are also subject to supplementary audit by the CAG within 60 days from the date of receipt of the audit report under the provisions of Section 143(6) of the Act 2013. Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, the CAG is sole auditor for Odisha State Road Transport Corporation. In respect of Odisha State Warehousing Corporation and Odisha State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

### **Submission of accounts by PSUs**

#### **5. *Need for timely finalisation and submission***

According to Section 394 and 395 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State. Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Section 129(7) of the Companies Act, 2013 provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for noncompliance with the provisions of Section 129 of the Companies Act, 2013.

### ***Role of Government and Legislature***

6. The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the State Government. The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the State Legislature under Section 394 of the Act 2013 or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

## Investment by Government of Odisha in State Public Sector Undertakings

7. The Government of Odisha's (GoO) financial stakes in the PSUs is mainly of three types:

- **Share capital and loans** – In addition to the share capital contribution, GoO also provides financial assistance by way of loans to the PSUs from time to time.
- **Special financial support** – GoO provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees** – GoO also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

8. The sector-wise summary of investment in the PSUs as on 31 March 2018 is given below:

**Table 2: Sector-wise investment in PSUs**

Name of sector	Government Companies		Statutory Corporations		Total	Investment <sup>12</sup> (₹ in crore)		
	Working	Inactive	Working	Inactive		Equity	Long Term Loans	Total
Power	08	-	-	-	08	3,948.67	11,388.75	15,337.42
Finance	05	-	01	-	06	584.08	570.18	1,154.26
Service	07	04	01	-	12	219.82	15.63	235.45
Infrastructure	12	-	-	-	12	627.28	689.06	1,316.34
Others	21	22	01	-	44	480.04	103.86	583.90
<b>Total</b>	<b>53</b>	<b>26</b>	<b>03</b>	<b>-</b>	<b>82</b>	<b>5,859.89</b>	<b>12,767.48</b>	<b>18,627.37</b>

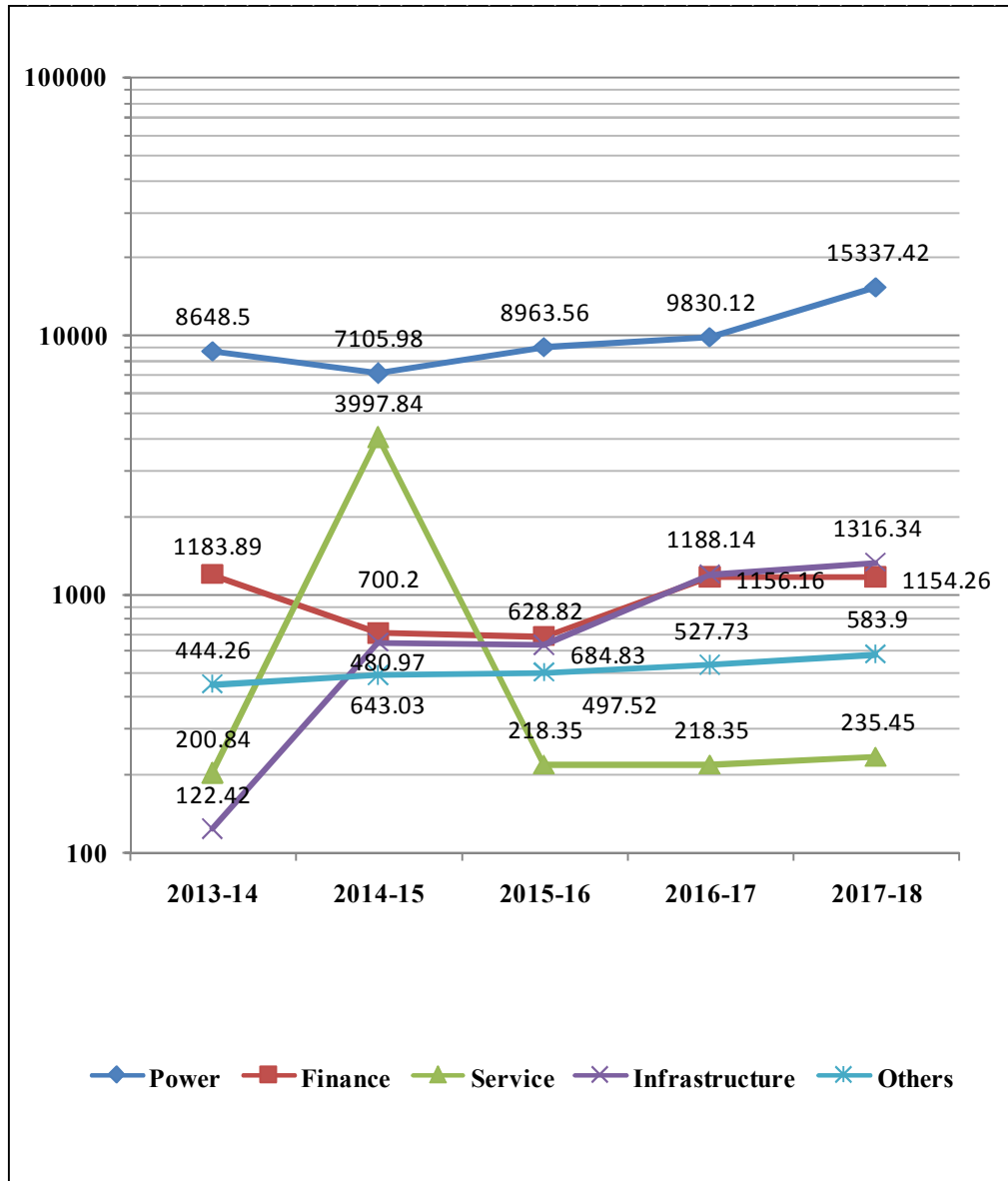
(Source: Compiled based on information received from PSUs)

The thrust of PSU investment was mainly on power sector during the last five years. The power sector received investments of ₹6,688.92 crore (83.33 *per cent*) out of total investment of ₹8,027.46 crore made during the period from 2013-14 to 2017-18. The investment in various important sectors at the end of 31 March 2014 and 31 March 2018 is indicated in the Chart 1:

<sup>12</sup> Investment includes equity and long term loans

Chart 1: Sector-wise investment in PSUs

(Figures in ₹ crore)



Keeping in view the relatively high level of investment in Power Sector, the results of audit of eight Power Sector PSUs is presented in Part I of this report and the results of audit of the remaining 74 State PSUs (Non-Power Sector) in Part II of the report.





**PART-I**





**CHAPTER-I**  
**Functioning of Power**  
**Sector PSUs**



# PART-I

## CHAPTER-I

### Functioning of Power Sector PSUs

#### 1. Introduction

**1.1** The power sector companies play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross Domestic Product (GDP) of the State. The table below provides the details of turnover of the power sector PSUs and GSDP of Odisha for a period of five years ending March 2018:

**Table 1.1: Details of turnover of power sector undertakings vis-a-vis GSDP of Odisha**  
(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	8297.18	8003.66	8325.75	8530.83	9601.63
Percentage change of Turnover over Previous Year	22.38	-3.54	4.02	2.46	12.55
GSDP of Odisha	2,88,414.31	3,10,810.24	3,32,329.13	3,14,363.78	4,15,981.68
Percentage change of GSDP over Previous Year	11.47	7.77	6.92	-5.41	32.32
<b>Percentage of Turnover to GSDP of Odisha</b>	<b>2.88</b>	<b>2.58</b>	<b>2.51</b>	<b>2.71</b>	<b>2.31</b>

*(Source: Compiled based on Turnover figures of power sector PSUs and GSDP figures as per information furnished by Finance Department of Government of Odisha)*

In 2017-18 the percentage of the turnover of power sector PSUs relative to GSDP was 2.31 per cent and was more or less around the same per cent during the five years. The compounded annual growth<sup>13</sup> of GSDP was 9.96 per cent during last five years, while the turnover of power sector PSUs recorded lower compounded annual growth of 7.20 per cent during the same period.

#### 1.2 Formation of Power Sector PSUs

Odisha became the first State in India to reform its electricity sector. Odisha Electricity Reform Act, 1995 setting out the basic framework of the reform which came into force from 01 April 1996 envisaging restructuring of electricity industry for rationalisation of generation, transmission, distribution and supply of electricity. Consequently, Assets and Liabilities belonging to Odisha State Electricity Board (OSEB) were vested in State Government as on 01 April, 1996 and all loans, subventions and obligation of OSEB towards the State stood extinguished. OSEB was restructured and corporatised into Grid Corporation of Odisha Limited (GRIDCO) and Odisha Hydro Power Corporation Limited (OHPC). GRIDCO took over transmission and distribution business while OHPC took charge of hydel generation business.

<sup>13</sup> Rate of Compounded Annual Growth  $[\{(Value\ of\ 2017-18/Value\ of\ 2012-13)\}^{(1/5\ years)} - 1] * 100$  where turnover and GSDP for the year 2012-13 were ₹ 6779.98 crore and ₹ 258744.09 crore respectively.

Total assets and liabilities of OSEB valued at ₹3,600.10 crore was apportioned between GRIDCO (₹2,395.90 crore) and OHPC (₹1,204.20 crore). Total apportioned value includes equity of ₹326.20 crore in GRIDCO and ₹300 crore in OHPC. The only thermal power company established in November 1984, which was outside the purview of OSEB, with 49 *per cent* shareholding of Government of Odisha was disinvested in January, 1999. Pursuant to enactment of Odisha Electricity Reform (Transfer of Assets, Liabilities Proceedings and Personnel of GRIDCO to Distribution Companies) Rule 1998, the GoO transferred the distribution assets and properties along with personnel of GRIDCO to four distribution companies namely Central Electricity Supply Company of Odisha Limited, North Eastern Electricity Supply Company of Odisha Limited, Western Electricity Supply Company of Odisha Limited and Southern Electricity Supply Company of Odisha Limited with effect from 26 November, 1998 established as wholly owned subsidiaries of GRIDCO. They were subsequently privatised in April 1999/ September 1999 with disinvestment of 51 *per cent* shareholding of GRIDCO. They now function under the distribution and retail supply licence obtained from Odisha Electricity Regulatory Commission (OERC). They are also not under the purview of C&AG Audit. In conformity with power vested under Electricity Act, 2003 the GoO through Odisha Electricity Reforms (Transfer of Transmission related Activities) Scheme, 2005 vested the transmission business of the State to a newly incorporated company i.e., Odisha Power Transmission Corporation Limited (OPTCL) from 01 April, 2005. OPTCL now discharges the function of State Transmission Utility (STU) as well as State Load Dispatch Centre (SLDC). Besides these four companies, four<sup>14</sup> other power sector companies were incorporated (January 2007 to January 2015) as subsidiary/ joint venture companies of Odisha Power Generation Corporation Limited (OPGC)/ Odisha Mining Corporation Limited (OMC)/ Power Grid Corporation of India Limited (PGCIL)/ OHPC/ OPTCL. Thus, there were eight power sector companies in the State as on 31 March 2018. Of these eight power sector companies, one<sup>15</sup> company did not commence commercial activities till 2017-18.

### Disinvestment, restructuring and privatisation of Power Sector PSUs

**1.3** During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in the power sector PSUs.

### Investment in Power Sector PSUs

**1.4** The activity-wise summary of investment in the power sector undertakings as on 31 March 2018 is given below:

<sup>14</sup> Odisha Thermal Power Corporation Limited (January 2007), Kalinga Bidyut Prasaran Nigam Private Limited (December 2012), Green Energy Development Corporation of Odisha Limited (April 2013) and Odisha Coal and Power Limited (January 2015)

<sup>15</sup> Kalinga Bidyut Prasaran Nigam Private Limited

**Table 1.2: Activity-wise investment in power sector PSUs**

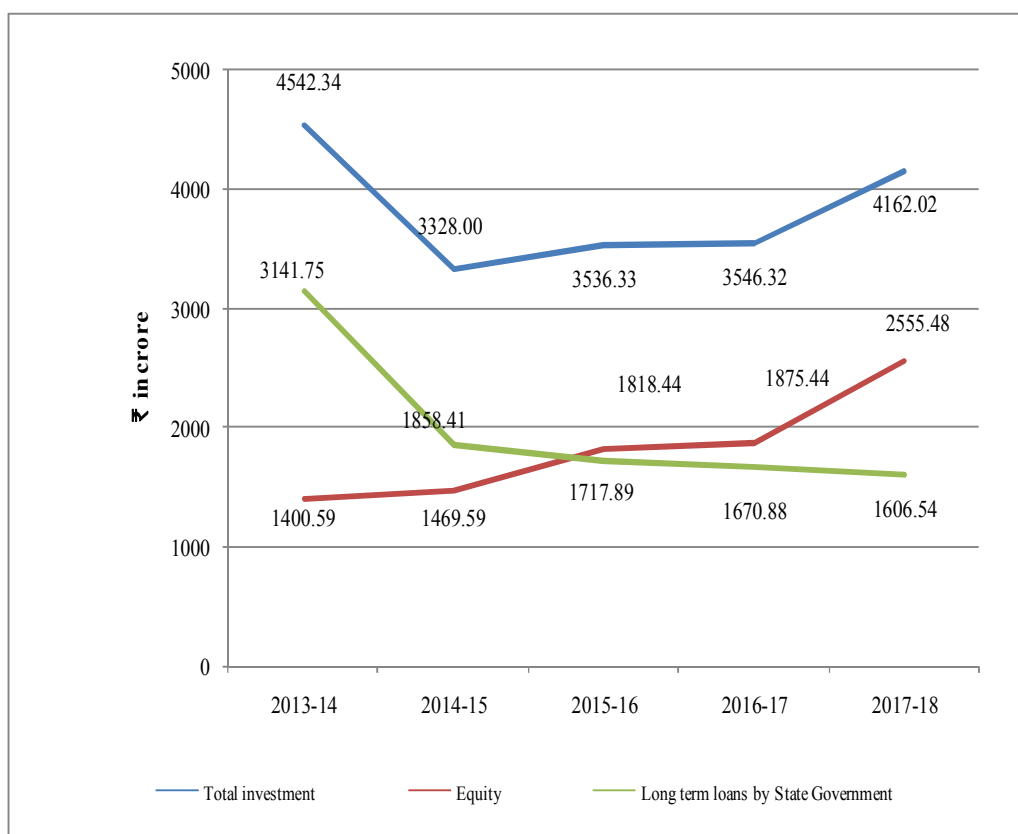
Activity	No. of government undertakings	Investment (₹ in crore)		
		Equity	Long term loans	Total
Generation of Power	4	2611.88	6497.16	9109.04
Transmission of Power	2	460.08	638.22	1098.30
Distribution of Power	-	-	-	-
Other <sup>16</sup>	2	876.71	4253.37	5130.08
<b>Total</b>	<b>8</b>	<b>3948.67</b>	<b>11388.75</b>	<b>15337.42</b>

(Source: Compiled based on information received from PSUs)

As on 31 March 2018, the total investment in eight power sector undertakings was ₹15,337.42 crore. The investment consisted of 25.75 per cent towards equity and 74.25 per cent in long-term loans.

Out of the total long term loans of ₹11,388.75 crore, ₹1,606.54 crore (14.11 per cent) was availed from the State Government and balance ₹9,782.21 crore (85.89 per cent) was availed from financial institutions.

The year wise status of investment of GoO in the form of equity and long-term loans in the four holding power sector PSUs during the period 2013-14 to 2017-18 is as follows:

**Chart 1.1: Total investment of GoO in four power sector PSU as at end of the year**

16 Two power sector undertakings i.e. GRIDCO Limited engaged in business of bulk purchase and bulk sale of power to the four Distribution Companies inside the State and trading of surplus power through traders to promote exchange of power with neighbouring states in the country and Odisha Coal and Power Limited for supply of coal exclusively to OPGC expansion power project at Ib-Thermal Power Station, Banaharpali, Jharsuguda, Odisha

## Budgetary Support to Power Sector PSUs

**1.5** The Government of Odisha (GoO) provides financial support to power sector undertakings in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of power sector undertakings for the last three years ending March 2018 are as follows:

**Table 1.3: Details of budgetary support to power sector undertakings during the years**  
(₹ in crore)

Particulars <sup>17</sup>	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital (i)	1	57.00	3	352.35	3	557.69
Loans given (ii)	1	48.75	1	121.66	1	20.00
Grants/Subsidy provided (iii)	2	967.00	1	66.90	1	10.00
<b>Total Outgo (i+ii+iii)</b>	<b>3<sup>#</sup></b>	<b>1072.75</b>	<b>5</b>	<b>540.91</b>	<b>4<sup>\$</sup></b>	<b>587.69</b>
Loan repayment written off	1	30.23	-	-	-	-
Loans converted into equity	-	-	-	-	-	-
Guarantees issued <sup>18</sup>	-	-	1	1,100.00	-	-
Guarantee Commitment <sup>19</sup>	2	1,343.53	1	971.18	1	2,836.00

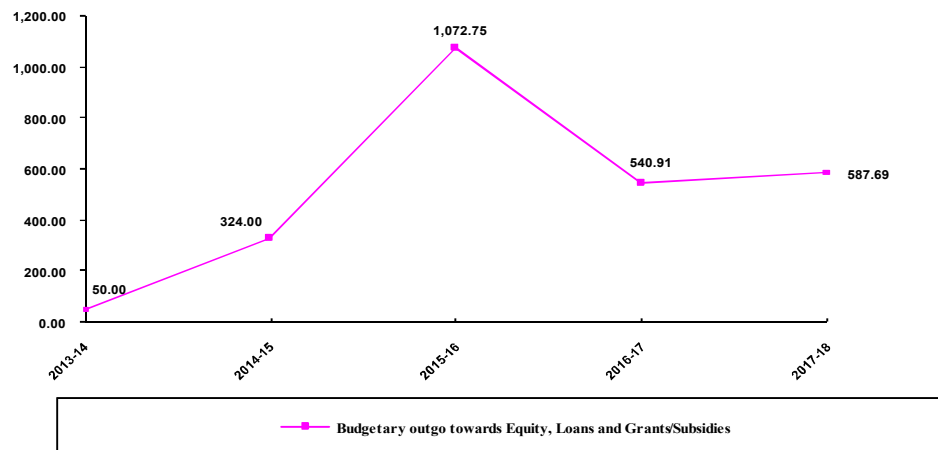
(Source: As per information furnished by PSUs)

# One company i.e., Odisha Power Transmission Corporation Limited received both equity and grant in 2015-16

\$ One company i.e., Odisha Power Transmission Corporation Limited received both equity and loans in 2017-18

The details of budgetary support towards equity, loans and grants/ subsidies for the last five years ending March 2018 are given in a graph below:

**Chart 1.2: Budgetary support towards Equity, Loans and Grants/Subsidies**



<sup>17</sup> Amount represents outgo from State Budget only

<sup>18</sup> Government guarantee issued to the PSUs during a particular year

<sup>19</sup> Closing balance of Government guarantee in respect of PSUs at the end of a particular year

The budgetary assistance received by these PSUs ranged between ₹50 crore and ₹1,072.75 crore during 2013-14 to 2017-18. The budgetary assistance of ₹587.69 crore received during the year 2017-18 included ₹557.69 crore, ₹20 crore and ₹10 crore in the form of equity, loan and grants/subsidy respectively. During 2017-18, subsidy/grant was given for infrastructure assistance to Green Energy Development Corporation of Odisha Limited (₹10 crore).

Government of Odisha extends guarantees as provided under Article 293(1) of Constitution of India and fixed prescribed limit for such guarantee to PSUs as per guidelines (November 2002) of Government of Odisha. PSUs seek financial assistance from Banks and financial institutions, for which guarantee commission is being charged. The rate is 0.50 per cent on the maximum of the guarantee sanctioned. Outstanding guarantee commitments of GoO increased by 192.02 per cent from ₹971.18 crore in 2016-17 to ₹2,836 crore in 2017-18 as GRIDCO Limited sought additional guarantee commitment from GoO for loan availed to settle power purchase bills. During the year 2017-18, guarantee commission of ₹31.74 crore was paid by the three power sector PSUs.

### Reconciliation with Finance Accounts of Government of Odisha

**1.6** The figures in respect of Equity, loans and guarantees outstanding as per records of State PSUs should agree with the figures appearing in the Finance Accounts of the Government of Odisha. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. As on 31 March 2018, there were differences in figures in respect of equity, loans and guarantees as stated below:

**Table 1.4: Loans outstanding as per Finance Accounts vis-à-vis records of power sector undertakings**

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	2,684.35	2,605.49	78.86
Loans	1,603.81	2,589.77	985.96
Guarantees	1,610.26	2,836.00	1,225.74
<b>Total Difference</b>	<b>5,898.42</b>	<b>8,031.26</b>	<b>2,290.56</b>

(Source: Information furnished by PSUs and State Finance Audit Report for the year ended March 2018)

The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the PSUs/ Departments from time to time.

### Submission of accounts by Power Sector PSUs

**1.7** There were eight power sector undertakings under the audit purview of CAG as on 31 March 2018. Accounts for the year 2017-18 were submitted by seven of these working PSUs by 30 September 2018 as per statutory requirement. One PSU i.e. Odisha Power Transmission Corporation Limited submitted its account on 22 October 2018. Details of arrears in submission of accounts of power sector PSUs as on 30 September of each financial year for the last five years are given below:

**Table 1.5: Position relating to submission of accounts of Power Sector Undertakings**

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of PSUs	7	8	8	8	8
2.	Number of accounts submitted during current year	7	7	8	5	12
3.	Number of PSUs which finalised accounts for the current year	5	5	6	3	7
4.	Number of previous year accounts finalised during current year	2	2	2	2	5
5.	Number of PSUs with arrears in accounts	2	2	2	5	1
6.	Number of accounts in arrears	2	2	2	5	1
7.	<b>Extent of arrears</b>	<b>1 year</b>	<b>1 year</b>	<b>1 year</b>	<b>1 year</b>	<b>1 year</b>

(Source: Database of finalisation of accounts maintained in the PAG Office)

The power sector PSUs have been prompt in submission of their annual accounts and the extent of arrear was only one year in case of one company.

### Performance of Power Sector PSUs

**1.8** The financial position and working results of eight power sector companies as per their latest finalised accounts as on 30 September 2018 are detailed in *Annexure-1*.

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government. The total amount of investment in the eight Power Sector PSUs as on 31 March 2018 was ₹16,760.72 crore consisting of ₹3,948.67 crore as equity, ₹11,388.75 crore as long-term loans and ₹1,423.30 crore as grants, subsidies for operational & management expense. Out of this, investment of GoO in the four holding Power Sector PSUs viz., GRIDCO Limited, Odisha Hydro Power Corporation Limited, Odisha Power Generation Corporation Limited and Odisha Power Transmission Corporation Limited for the period ending 31 March 2018 was ₹5,495.44 crore consisting of equity of ₹2,555.48 crore, long term loans of ₹1,606.54 crore and grants, subsidies of ₹1,279.75 crore.

The rest four are Subsidiary Companies where there is no investment by Government of Odisha in the form of equity and long term loans which is made by the concerned Holding Companies. However, Government of Odisha has invested ₹86.90 crore in the form of grants, subsidies in one subsidiary company.

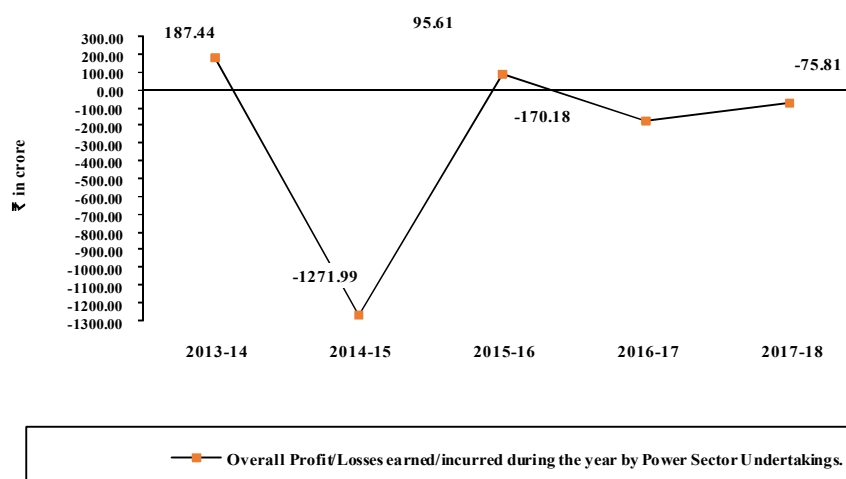
The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. The Rate of Real Return on investment is the profit or loss made in a fixed year relating to the Present Value (PV) of the investment made over the years and is expressed as a percentage of profit to the PV of total investment. Investment for this purpose included equity, interest free loans, grants, subsidies for operational and management expense. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.



### Rate of Real Return on Investment

1.9 Rate of Real Return on Investment is the percentage of profit or loss to the Present Value (PV) of total investment. The overall position of Profit/losses<sup>20</sup> earned/incurred by all the power sector PSUs during 2013-14 to 2017-18 is depicted in a Chart 1.3:

Chart 1.3: Profit/Losses earned/incurred by Power Sector PSUs



The eight power sector PSUs at the aggregate level failed to earn profit and it was (-) ₹75.81 crore in 2017-18 compared with the profit of ₹187.44 crore earned in 2013-14. As per latest finalised accounts for the year 2017-18, out of eight power sector PSUs, five PSUs earned profit of ₹124.75 crore, two PSUs incurred loss of ₹200.56 crore and one PSU had not yet started operation/commercial production (*Annexure-1*). The top three profit making companies were Odisha Hydro Power Corporation Limited (₹98.70 crore), Odisha Power Transmission Corporation Limited (₹17.97 crore) and Odisha Power Generation Corporation Limited (₹4.79 crore) while GRIDCO Limited incurred substantial loss of ₹197.50 crore. Position of Power Sector PSUs which earned/incurred profit/loss during 2013-14 to 2017-18 is given below:

Table 1.6: Power Sector PSUs which earned/incurred profit/loss

Financial year	Total PSUs in power sector	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had not started commercial production during the year
2013-14	7	4	2	1
2014-15	8	4	2	2
2015-16	8	3	4	1
2016-17	8	5	2	1
2017-18	8	5	2	1

(Compiled based on information received from PSUs)

<sup>20</sup> Figures are as per the latest finalised accounts during the respective years.

**(a) Rate of Real Return on the basis of historical cost of investment**

**1.10** Out of eight power sector undertakings four companies are subsidiary/Joint Venture of other<sup>21</sup> companies and equity in these four companies are contributed by the concerned holding companies. The investment in four holding companies consisted of equity, loans, grants, subsidies for operational & management expenses.

The Rate of Real Return on Investment in the eight PSUs has been calculated on the investment made in these PSUs in the form of equity, loans and grants, subsidies for operational & management expense. In the case of loans, only interest free loans are considered as investment. Since no interest is received on such loans and are therefore of the nature of equity investment except to the extent that the loans are liable to be repaid as per terms and conditions of repayment.

The investment of Government of Odisha, Government of India and others in these Power Sector PSUs has been arrived at by considering the equity, adding interest free loans and deducting interest free loans which were later converted into equity/interest bearing loans for each year, grants, subsidies for operational and management expenses minus disinvestments.

The investment of GoO, GoI and others as on 31 March 2018 in these eight power sector PSUs was ₹15740.70 crore consisting of equity of ₹3,329.92 crore, long term loans of ₹10,987.48 crore and grants, subsidies of ₹1423.30 crore. Out of the released long term loans, ₹1,112.64 crore were interest free loans of which ₹766.20 crore was later converted into interest bearing loans. Thus, considering the net interest free loans of ₹346.44crore (₹1,112.64 crore - ₹766.20 crore) the investment of GoO, GoI and others in these eight PSUs on the basis of historical cost stood at ₹5099.66 crore (₹3,329.92 crore + ₹346.44 crore + ₹1423.30 crore).

The Rate of Real Return on investment on historical cost basis for the period 2013-14 to 2017-18 is as given below:

**Table 1.7: Rate of Real Return on Investment on historical cost basis**

Financial year	Investment by GoO in form of Equity, interest free loans and Grants, Subsidies on historic cost basis (₹ in crore)	Investment by GoI in form of Grants, Subsidies on historic cost basis (₹ in crore)	Investment by others in form of Equity and Grants, Subsidies on historic cost basis (₹ in crore)	Total Investment in the form of equity, interest free loans and grants/subsidies on historic cost basis (₹ in crore)	Total Earnings/Losses <sup>22</sup> for the year (₹ in crore)	Rate of Real Return on Investment (in per cent)
2013-14	2580.98	0.00	293.88	2874.86	187.44	6.52
2014-15	2904.98	0.00	293.88	3198.86	-1271.99	-39.76
2015-16	3454.63	2.98	293.88	3751.49	95.61	2.55
2016-17	3578.53	2.98	293.88	3875.39	-170.18	-4.39
2017-18	4268.57	2.98	828.11	5099.66	-75.81	-1.49

*(Compiled based on information received from PSUs)*

<sup>21</sup> Odisha Hydro Power Corporation Limited, Odisha Power Generation Corporation Limited, Odisha Mining Corporation Limited, Odisha Power Transmission Corporation Limited and Power Grid Corporation of India Limited

<sup>22</sup> As per annual accounts of the respective years

The Rate of Real Return on investment of the eight power sector PSUs in 2017-18 was negative. Heavy losses of GRIDCO Limited during the above period (except 2013-14) contributed to overall losses of the power sector.

**(b) On the basis of Present Value of Investment**

**1.11** In view of the significant investment by the Government in the Power Sector PSUs, Rate of Real Return on such investment is essential. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the Rate of Real Return on the investment since such calculations ignore the present value of money. The present value of the investments has been computed to assess the Rate of Real Return on the present value of investments in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2018, the past investments/ year-wise funds infused in the State PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds for the concerned year. Therefore, Present value (PV) of the investment was computed where funds had been infused by the State Government, Central Government and others in the shape of equity, interest free loans, grants, subsidies for operational and management expenses since inception of these companies till 31 March 2018. The eight PSUs, however, had a positive rate of real return on investment only during the year 2013-14 and 2015-16. Therefore, for the year 2013-14 and 2015-16, the rate of real return on investment has been calculated and depicted on the basis of PV.

The PV of the investment in power sector PSUs was computed on the basis of following assumptions:

- The equity infused minus disinvestment and funds made available in the form of the grants, subsidies for operational & management expenses and interest free loans have been reckoned as investment for calculating the Rate of Real Return on Investments. Further, in those cases where interest free loans given to the PSUs were later converted into interest bearing loans, the amount of loan converted into interest bearing loan has been deducted from the amount of interest free loans.
- The average rate of interest on government borrowings for the concerned financial year<sup>23</sup> was adopted as compounded rate for arriving at Present Value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected Rate of Real Return on investments.

For the period 2014-15, 2016-17 and 2017-18 when the eight companies incurred losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the companies is commented upon in Para 1.13.

<sup>23</sup> The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Odisha) for the concerned year wherein the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]\*100.

**1.12** The company wise position of investment by the State Government in the eight power sector PSUs in the form of equity, interest free loans, grants and subsidies for operational & management purpose since inception of these companies till 31 March 2018 is indicated in *Annexure-2*.

The total investment of the Government and others in these eight PSUs at the end of the year 2017-18 was ₹5099.66 crore consisting of equity ₹3,329.92 crore, grants/subsidies ₹1,423.30 crore and interest free loans ₹346.44 crore. The PV of investments of the Government and others up to 31 March 2018 worked out to ₹19,923.24 crore.

As during the years 2013-14 and 2015-16, the eight PSUs earned profit, RoI by Government and others at historical cost and at present value for these years are given in table 1.8:

**Table 1.8: Real Rate of Return on total investment on Present Value**  
(₹ in crore)

Financial year	Investment by GoO in form of Equity, interest free loans and Grants, Subsidies on historic cost basis (₹ in crore)	Investment by GoI in form of Grants, Subsidies on historic cost basis (₹ in crore)	Investment by others in form of Equity and Grants, Subsidies on historic cost basis (₹ in crore)	Total Investment in the form of equity, interest free loans and grants/subsidies on historic cost basis (₹ in crore)	PV of the total investment at end of the year	Total Earnings/Losses <sup>24</sup> for the year	Rate of Real Return on total Investment on historical cost basis (in per cent)	Rate of Real Return on total investment considering PV of the investments (in per cent)
2013-14	2,580.98	0.00	293.88	2,874.86	13,352.04	187.44	6.52	1.40
2015-16	3,454.63	2.98	293.88	3,751.49	15,946.71	95.61	2.55	0.60

(Compiled based on information received from PSUs)

It is evident from the table that the rate of real return on total investment computed on the present value is very low (1.40 per cent 2013-14, 0.60 per cent 2015-16) even in the years when the eight Power sector PSUs had positive earnings. A return of 6.52 per cent and 2.55 per cent calculated on historical cost basis would therefore be a distortion and does not reflect the correct picture. Effectively, while the PV of total investment at the end of 2013-14 was ₹13,352.04 crore its rate of real return was 1.40 per cent and at the end of 2015-16 when it was ₹15,946.71 crore the rate of real return was even lower at 0.60 per cent.

### **Erosion of Net worth**

**1.13** Net worth is the company's sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. Of the eight Power Sector PSUs, the net worth of GRIDCO Limited had fully eroded (₹ -3,853.75 crore).

The State Government continued to provide financial support to four holding power sector PSUs by infusing substantial equity during the period 2013-18.

<sup>24</sup> As per annual accounts of the respective years

Despite infusion of substantial capital, the accumulated losses of these power sector PSUs increased from ₹604.89 crore in 2013-14 to ₹2,537.16 crore in 2017-18.

### **Dividend Payout**

**1.14** The State Government had formulated (December 2011) dividend policy under which all profit making PSUs are required to pay annual dividend of 20 *per cent* of the State Government equity or 20 *per cent* of the profit after tax, whichever is higher. The minimum dividend payout in respect of PSUs in the mining and power generation sector should be 30 *per cent* of profit after tax. Subsequently, GoO issued revised (February 2016) guideline for payment of dividend at the rate of 30 *per cent* for all PSUs. Dividend payout relating to four Power Sector Undertakings where equity was infused by GoO during the period is shown in Table 1.9:

**Table 1.9: Dividend Payout of four Power Sector PSUs during 2013-14 to 2017-18**

Year	Total PSUs where equity infused by GoO		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Equity infused by GoO	Number of PSUs	Equity infused by GoO	Number of PSUs	Dividend declared/paid by PSUs	
1	2	3	4	5	6	7	8=7/5*100
2013-14	4	1400.59	4	1400.59	2	35.39	2.53
2014-15	4	1469.59	3	892.88	2	18.89	2.12
2015-16	4	1818.44	3	1241.73	2	23.43	1.89
2016-17	4	1875.44	3	1298.73	2	41.19	3.17
2017-18	4	2555.48	3	1978.77	2	35.92	1.82

(₹ in crore)

(Compiled based on information received from PSUs)

In 2013-14, four PSUs and during the period 2014-15 to 2017-18, three PSUs earned profits. Out of which two PSUs (Odisha Hydro Power Corporation Limited and Odisha Power Generation Corporation Limited) declared/paid dividend to GoO. Though other two PSUs *viz.* GRIDCO Limited and Odisha Thermal Power Corporation Limited earned profit they did not declare dividend contrary to Government guidelines.

The Dividend Payout Ratio during 2013-14 to 2017-18 was very nominal which ranged between 1.82 *per cent* and 3.17 *per cent*. Further, the Dividend Payout Ratio reduced from 2.53 *per cent* in 2013-14 to 1.82 *per cent* in 2017-18 due to increase in infusion of equity by GoO.

### **Return on Equity**

**1.15** Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using company's assets to create profits. It is calculated and expressed as a percentage by dividing net income (i.e. net profit after taxes) by shareholders' fund.

Shareholders' fund of a company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders' fund reveals that the company has enough assets to cover its liabilities while negative shareholders'

equity means that liabilities exceed assets. RoE has been computed in respect of all power sector PSUs which included the holding and subsidiary companies.

The RoE in Power Sector PSUs has shown extremely divergent trends. It was positive in 2013-14 and 2015-16 at 13.46 *per cent* and 15.69 *per cent*, respectively. However, it became negative in 2014-15, 2016-17 and 2017-18 ranging from (-) 4.3 *per cent* to (-) 336.93 *per cent*. The main reason for this negative RoE was the huge losses by GRIDCO Limited in these years.

### ***Return on Capital Employed***

**1.16** Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed<sup>25</sup>. The details of RoCE of all the eight power sector undertakings during the period from 2013-14 to 2017-18 are given in table below:

**Table 1.10: Return on Capital Employed**

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (%)
2013-14	1,096.65	8,185.34	13.39
2014-15	216.15	5,495.39	3.93
2015-16	973.31	7,235.68	13.45
2016-17	764.41	7,758.16	9.85
2017-18	609.56	13,151.47	4.63

*(Compiled based on information received from PSUs)*

During 2017-18, the RoCE of all the Power Sector PSUs was 4.63 *per cent* due to decrease in EBIT and increase in capital employed.

### ***Analysis of long-term loans of the Companies***

**1.17** The analysis of the long term loans of the companies which had leverage<sup>26</sup> during 2013-14 to 2017-18 was carried out to assess the ability of the companies to service the debt owed by the companies to Government, banks and other financial institutions. This is assessed through the Interest coverage ratio and Debt Turnover Ratio.

### ***Interest Coverage Ratio***

**1.18** Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's Earnings Before Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below "1" indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in those power sector companies which had interest burden during the period from 2013-14 to 2017-18 are given in table below:

<sup>25</sup> Capital employed = Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

<sup>26</sup> Leverage means the amount of debt a firm uses to finance assets.

**Table 1.11: Interest coverage ratio**

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1	Number of companies for which interest coverage ratio was not calculated <sup>27</sup>
2013-14	837.45	1096.65	4	3 <sup>28</sup>	-	1 <sup>29</sup>
2014-15	567.78	216.15	4	2 <sup>30</sup>	1 <sup>31</sup>	1 <sup>28</sup>
2015-16	718.09	973.31	5	4 <sup>32</sup>	1 <sup>30</sup>	-
2016-17	810.23	764.41	5	4 <sup>31</sup>	1 <sup>30</sup>	-
2017-18	646.91	609.56	5	3 <sup>33</sup>	1 <sup>30</sup>	1 <sup>34</sup>

(Compiled based on information received from PSUs)

It was observed that the number of power sector companies with interest coverage ratio of more than one ranged between two and four during 2013-14 to 2017-18.

### **Debt-Turnover Ratio**

**1.19** During the last five years, the turnover of the eight power sector undertakings recorded compounded annual growth of 3.72 per cent and compounded annual growth of debt was 19.64 per cent due to which the Debt-Turnover Ratio deteriorated from 0.67 in 2013-14 to 1.19 in 2017-18 as given in table below:

**Table 1.12: Debt Turnover ratio relating to the Power Sector PSUs**

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government/ Banks and Financial Institutions	5556.40	5117.87	6626.12	7395.68	11388.75
Turnover	8297.18	8003.66	8325.75	8530.83	9601.63
<b>Debt-Turnover Ratio</b>	<b>0.67:1</b>	<b>0.64:1</b>	<b>0.80:1</b>	<b>0.87:1</b>	<b>1.19:1</b>

(Source: Compiled based on information received from PSUs)

### **Comments on Accounts of Power Sector PSUs**

**1.20** Eight power sector companies forwarded 12 audited accounts for the years 2016-17 and 2017-18 to the Principal Accountant General during 1 October 2017 to 30 September 2018. All 12 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and

<sup>27</sup> Interest coverage ratio could not be calculated as the interest expenses for the year has been capitalised by the company

<sup>28</sup> GRIDCO Limited, Odisha Hydro Power Corporation Limited and Odisha Power Transmission Corporation Limited

<sup>29</sup> Odisha Power Generation Corporation Limited

<sup>30</sup> Odisha Hydro Power Corporation Limited and Odisha Power Transmission Corporation Limited

<sup>31</sup> GRIDCO Limited

<sup>32</sup> Odisha Hydro Power Corporation Limited, Odisha Power Transmission Corporation Limited, Odisha Power Generation Corporation Limited and Green Energy Development Corporation of Odisha Limited

<sup>33</sup> Odisha Hydro Power Corporation Limited, Odisha Power Transmission Corporation Limited and Odisha Power Generation Corporation Limited

<sup>34</sup> Odisha Coal and Power Limited

supplementary audit conducted by the CAG indicated that the quality of accounts needs some improvement. The details of aggregate money value of the comments of Statutory Auditors and the CAG for the accounts of 2015-18 are as follows:

**Table 1.13: Impact of audit comments on Power Sector Companies**

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	49.24	1	0.48	4	417.12
2.	Increase in profit	0	0	1	15.85	2	39.03
3.	Increase in loss	3	342.03	1	221.47	Nil	Nil
4.	Decrease in loss	0	0	0	0	0	0
5.	Non-disclosure of material facts	1	85.13	Nil	Nil	1	6.00
6.	Errors of classification	Nil	Nil	Nil	Nil	Nil	Nil

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies.)

During the year 2017-18, the Statutory Auditors had issued certification with qualification for all the 12 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out seven instances of non-compliance to the Accounting Standards in three accounts of three PSUs.

### Compliance Audit Paragraphs

**1.21** For Part-I of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2018, six compliance audit paragraphs were issued to the Secretary of Department of Energy with request to furnish replies within six weeks. Replies in respect of all these audit paragraphs were received from the State Government and suitably incorporated in this report. The total financial impact of the compliance audit paragraphs is ₹83.79 crore.

### Follow up action on Audit Reports

**1.22** The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that the executive furnishes appropriate and timely response. The Finance Department, Government of Odisha issued (December 1993) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU). Explanatory notes to nine Paragraphs/Performance Audits in respect of Department of Energy were awaited (September 2018). The details are given in Table 1.14.



**Table No.1.14: Explanatory notes pending in respect of power sector PSUs (as on 30 September 2018)**

Year of the Audit Report (PSUs)	Date of placement of Audit Report in the State Legislature	Total power sector Performance Audits (PAs) and Paragraphs in the Audit Report		Number of power sector PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2013-14	24 August 2015	0	3	0	3
2014-15	26 September 2016	1	1	1	1
2016-17	26 March 2018	0	4	0	4
<b>Total</b>	--	<b>1</b>	<b>8</b>	<b>1</b>	<b>8</b>

(Source: Database maintained in the PAG Office)

### Discussion of Audit Reports by COPU

**1.23** The status of power sector Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and those discussed by the COPU as on 30 September 2018 was as under:

**Table No.1.15: Power sector Performance Audits/ Paragraphs appeared in Audit Reports vis-à-vis discussed as on 30 September 2018**

Period of Audit Report	Number of power sector Performance Audits/ Paragraphs			
	Appeared in Audit Reports		Discussed	
	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	5.5	0	5.5
2009-10	1	5	0	5
2010-11	0	1	0	1
2011-12	1	6	1	6
2012-13	1	3	1	3
2013-14	0	3	0	0
2014-15	1	1	0	0
2015-16	0	3	0	0
2016-17	0	4	0	0
<b>Total</b>	<b>5</b>	<b>31.5</b>	<b>2</b>	<b>20.5</b>

(Source: Database maintained in the PAG Office)

Committee on Public Undertakings was apprised of the pendency in the discussion of Audit Report Paragraphs in their first meeting (April 2017). During 2017-18, CoPU had not discussed any paragraphs in the Audit Report relating to power sector PSUs.

### Compliance to Reports of Committee on Public Undertakings (CoPU)

**1.24** There were no Action Taken Notes (ATNs) pending from Department of Energy.



**CHAPTER – II**  
**Compliance Audit Observations**  
**(Power Sector PSUs)**



## CHAPTER-II

### 2. Compliance Audit Observations

Important audit findings emerging from test check of transactions of the State Government Companies are included in this Chapter.

#### GRIDCO Limited

##### *Extra expenditure*

##### Avoidable payment of interest to banks ₹16.76 crore

**2.1** The interest rate mechanism for extending loans and advances by commercial banks is fixed by Reserve Bank of India (RBI). In terms of RBI guidelines (April 2010), all rupee loans sanctioned after July 2010 would be priced with reference to Base Rate<sup>35</sup>.

GRIDCO Limited (GRIDCO) is engaged in purchase of power from generators for sale to the Power Distribution Companies (DISCOMs). GRIDCO availed term loans covering a period of 48 months to 60 months since 2012-13 from commercial banks from time to time to meet bills of generators. Sixteen term loans amounting to ₹2,433.94 crore were outstanding with eight commercial banks as of April 2016. Agreement with banks envisaged payment of interest at the applicable Base Rate.

The RBI in their direction dated 29 March 2016 revised the interest rate from Base Rate to Marginal Cost of funds based Lending Rate (MCLR)<sup>36</sup> to be applicable from 1 April 2016. The individual banks would publish the MCLR monthly, quarterly, half-yearly and annually. The guidelines further envisaged that the existing borrowers would have the option to move to MCLR linked loans. Thus, GRIDCO had the opportunity of re-phasing loans under MCLR.

It was observed that interest rate of banks under MCLR was lower than those under the Base Rate. The Base Rate of interest payable by GRIDCO was 9.90 *per cent* to 10.45 *per cent* whereas the applicable MCLR rate was 8.4 *per cent* to 10.25 *per cent* from April 2016. GRIDCO would not incur any extra cost for switching over to MCLR. As such, the cost of loans became cheaper after introduction of MCLR in April 2016. GRIDCO did not take any action during April 2016 to January 2017 to negotiate with the banks to move to MCLR linked loans in respect of existing loans on the ground that they were not aware of the RBI notification of March 2016. It, however, took delayed action in February 2017 and requested the banks to change the interest rates to MCLR to reduce the interest. The banks accepted the proposal of GRIDCO during April to October 2017 after a gap of 79 to 239 days. As such, there was a delay of 299 to 314 days on the part of GRIDCO to avail lower rate of interest on the outstanding loans worth ₹2,433.94 crore. The delay was

<sup>35</sup> Base Rate was minimum interest rate of a bank below which it was not viable to lend.

<sup>36</sup> The marginal cost of funds based lending rate (MCLR) refers to the minimum interest rate of a bank below which it cannot lend, except in some cases allowed by the RBI. It is an internal benchmark or reference rate for the bank

due to late action by GRIDCO to apply to the banks to move to MCLR linked terms. GRIDCO incurred avoidable payment of interest worth ₹16.76 crore for such delay.

Government replied (August 2018) that there was no scope for GRIDCO to know such development as the issue was internal to all scheduled commercial banks. They further stated that after a lot of enquiry and persuasion with the banks, it was known that the existing term loans could be replaced with MCLR linked loans. The fact, however is that the direction (March 2016) of RBI to move to MCLR based loan was issued in the public interest which was available on the website of RBI and thus not internal to the commercial banks.

Thus, delayed action on the part of GRIDCO to link interest rate to MCLR resulted in avoidable expenditure worth ₹16.76 crore towards interest.

### ***Loss of revenue***

**Failure to enforce supply of State entitled Power as per MoU and PPA by GRIDCO Limited from Vedanta Limited led to short supply of 3527.99 MU of power**

**2.2** Government of Odisha (GoO) had signed Memorandum of Understanding (MoU) with Independent Power Producers<sup>37</sup> (IPPs) to set up power plants and generate power. IPPs were required to allocate certain portion of power generated from the plant to the State at a price inclusive of fixed cost and variable cost determined by Odisha Electricity Regulatory Commission (OERC). GRIDCO Limited (GRIDCO) which was the designated power purchaser for the State was to buy power from the IPPs.

An IPP signed (September 2006) an MoU with GoO for setting up a thermal power plant. The plant consisted of four units, each having an installed capacity of 600 Mega Watt (MW). Accordingly, IPP signed (September 2006) Power Purchase Agreement (PPA) with GRIDCO which was subsequently modified (August 2009/December 2012). The MoU and PPA *inter alia* provided the following terms and conditions:

- The State share from the plant would be up to 25 *per cent* of 2400 MW i.e., 600 MW. IPP was to make available the entire power generated from its first unit (Unit-2) having 600 MW capacity to GRIDCO at a price decided by OERC. Accordingly, the Unit-2 was declared as the unit dedicated to the State as per the PPA. Further, such supply of power from Unit-2 would never be less than 25 *per cent* of total generation from all the units. In addition to this, five *per cent* of power sent out from the plant consisting of all the four units of 2400 MW was to be made available to GRIDCO at variable cost. The plant was to operate at 85 *per cent* Plant Load Factor (PLF)<sup>38</sup>.

<sup>37</sup> An Independent Power Producer is an entity which generates electric power for sale to utilities and end users

<sup>38</sup> In the electricity industry, load factor is a measure of the output of a power plant compared to the maximum output it could produce. Plant Load Factor is determined with respect to installed capacity of power plant.

Unit-2 of the plant was commissioned in November 2010 and the rest three units were commissioned during 2011-12. Mahanadi Coalfields Limited (MCL) supplied coal for the plant under coal linkage policy of GoI. The quantum of coal supply to Unit-2 was determined by Ministry of Coal considering the normative operation at 85 *per cent* PLF. IPP signed (August 2013) Fuel Supply Agreement (FSA) with MCL. In terms of the FSA with MCL, IPP had to utilise the coal for generation of power at Unit-2 and supply the entire power to GRIDCO.

Considering the terms and conditions of the PPA, OERC had determined (March 2014/March 2015/March 2016) 13438.53 MU of power to be made available to GRIDCO by IPP during 2014-15 to 2016-17.

Following was observed:

- i) IPP had lifted coal ranging from 85 *per cent* to 91 *per cent* of GoI allotted quantity (25.70 lakh MT) during 2014-15 to 2016-17 to meet the normative operation of Unit-2. They were to generate and supply 13438.53 MU by operating the unit at the normative level of 85 *per cent* PLF. IPP, however, supplied 9,910.54 MU (73.75 *per cent*) of power operating the plant at 62.68 *per cent* of PLF leading to shortfall of 3,527.99 MU<sup>39</sup> (26.25 *per cent*).
- ii) GRIDCO had also never analysed the reasons for non-supply of State entitled power by IPP. They had only from time to time requested IPP to supply the entitled quantity. The details of operation of plant deviating from GoI/OERC norm and details of utilisation of linkage coal by IPP were not obtained by GRIDCO.
- iii) The PPA with IPP did not provide for an enabling clause for imposition of penalty. By virtue of the minutes of meeting (November 2016) GRIDCO was entitled to levy penalty on IPP for short supply of power. GRIDCO, however, imposed penalty only from 2017-18 for the quantum of power not injected as per State entitlement. No reasons were provided for non-imposition of penalty for the period from 2014-15 to 2016-17.

Government stated (September 2018) that OERC while finalising tariff had considered normative operational figures instead of actual trend of supply. The actual generation from Unit-2 was purchased from IPP during 2014-15 to 2016-17. The reply was not acceptable as Unit-2 of IPP was operated at 62.68 *per cent* PLF against norm of 85 *per cent* leading to non-supply of 3,527.99 MU power to the State.

**Failure to enforce supply of infirm power as per agreed terms by GRIDCO from JITPL resulted in loss of revenue worth ₹56.73 crore**

**2.3** Government of Odisha signed (September 2006) an MoU with M/s Jindal India Thermal Power Limited (JITPL) for setting up of 1800 MW power plant (600 MW x 3). GRIDCO had signed a Power Purchase Agreement (PPA) with JITPL on 28 September 2006 which was subsequently

<sup>39</sup> GRIDCO Limited suffered loss of revenue of ₹351.95 crore due to shortfall in supply of 3527.99 MU of power by Vedanta Limited.

amended on 05 January 2011 and 23 July 2013. As per Odisha Grid Code, every power company had to declare the Date of Commercial Operation (COD) of their units. A thermal power unit undergoes trial run for some days to achieve continuous power generation after which COD is declared. Power generated during the period of trial run to COD is the infirm power. Unit-1 of JITPL started trial run and commercial operation on 28 March 2014 and 19 April 2015 respectively.

As per terms and conditions of MoU and PPA, the entire infirm power was to be made available to GRIDCO. Power was to be delivered by JITPL from their plant to a Grid substation through a dedicated transmission line. JITPL was also responsible for construction of the line.

The following were observed in this regard:

- During March to May 2014, JITPL generated 53.88 MU of infirm power from Unit-1 and despatched it outside the State. Similarly, during June 2014 to April 2015, JITPL supplied only 55.58 MU to GRIDCO out of 355.82 MU infirm power generated. The remaining power was despatched outside the State. As against 100 *per cent* of infirm power to be supplied to GRIDCO, JITPL did not supply 354.12 MU (86.43 *per cent*) of infirm power generated during the above period.
- JITPL had also not constructed the dedicated transmission line (October 2018) for supply of State entitled power. GRIDCO was drawing power from JITPL plant through a transmission line of another agency. This had enabled JITPL to supply less power to GRIDCO. GRIDCO had, however, not included suitable penal clauses in the PPA in case of failure of JITPL to supply power entitled to the State.
- Due to short supply of power by JITPL, GRIDCO had to procure 242.90 MU power from the market at a higher cost of ₹38.32 crore compared to agreed rate with JITPL.
- GRIDCO was also State designated authority to sell surplus power outside the State. There was scope for GRIDCO to sell the balance 111.22 MU (354.12 – 242.90 MU) of surplus power at a rate ranging from ₹3.51 to ₹5.08 per unit outside the State as there was surplus power available in the State. Considering the procurement cost of GRIDCO at the rate of ₹1.75 per unit from JITPL, GRIDCO lost the opportunity to earn revenue worth ₹29.66 crore.
- Thus, failure of GRIDCO to enforce supply of 354.12 MU of power from JITPL between March 2014 to April 2015 resulted in loss of revenue worth ₹67.98 crore (₹38.32 crore + ₹29.66 crore). The infirm power that was required to be supplied to GRIDCO was sold by JITPL outside the State. In a joint meeting dated 13 July 2016, JITPL agreed that revenue earned by them by selling the power in the market would be refunded to GRIDCO after adjusting cost of power applicable to GRIDCO. Accordingly, JITPL refunded ₹11.25 crore to GRIDCO. As such, in the entire transaction from March 2014 to April 2015, GRIDCO sustained a loss of ₹56.73 crore (₹67.98 crore - ₹11.25 crore).



Government stated (September 2018) that, GRIDCO had no right over the entire 354 MU of infirm power except 12 *per cent* i.e. 43 MU only. Further, GRIDCO had also not anticipated for (i) non-compliance in power supply by the IPP or (ii) recovery of compensation thereof at the time of execution of PPA.

The reply is not based on fact as in terms of clause 1 (ii) of MoU with GoO and clause 2.2.2 of PPA, GRIDCO had the right to obtain the entire infirm power (409.70 MU) from JITPL, which was not ensured. GRIDCO could not safeguard the interest of the State and also failed to penalise JITPL through inserting a suitable penal clause in the PPA for their failure to supply State entitled power.

### **Odisha Hydro Power Corporation Limited**

#### ***Loss of revenue***

#### **Failure to submit appropriate shutdown period to OERC resulted in short recovery of capacity charges of ₹4.42 crore**

**2.4** Odisha Hydro Power Corporation Limited (OHPC) is engaged in generation of hydro power in Odisha through six hydro power stations including Hirakud Hydro Electric Project (HHEP). Power generated from HHEP was sold to GRIDCO Ltd through tariff determined by Odisha Electricity Regulatory Commission (OERC). In terms of OERC Regulations 2014, OHPC had to submit an annual Aggregate Revenue Requirement (ARR)<sup>40</sup> to OERC for determination of tariff. The ARR envisaged that annual fixed cost of a power station would be recovered as capacity charges and energy charges. The annual capacity charges are recovered in proportion to the available installed capacity of the power station.

In terms of OERC order (November 2010), the installed capacity of a plant would be reduced to the extent of number of days required for carrying out capital maintenance work. Further, OERC order (May 2012) also stated that, “the (power) generator should not suffer from non-recovery of capacity charges due to capital maintenance”. As such, OHPC had to submit in advance the proposed period of capital maintenance in their ARR for deduction from the installed capacity.

For the year 2015-16, OHPC had submitted ARR application in November 2014 mentioning capital maintenance period/shutdown period as 198 days for Unit-2 of HHEP. The maintenance work was to be carried out during 2015-16 and 2016-17. The number of days approved was also not revised during tariff approval for the year 2015-16, 2016-17 and 2017-18. The ARR for the year 2015-16 was approved by OERC through tariff order issued on 23 March 2015.

<sup>40</sup> ARR means revenues that a generating utility is allowed to collect through rates, to recover its expected reasonable expenses and allow it an opportunity to earn a reasonable return on its prudent and useful investments in assets used to provide utility service.

It was, however, seen that:

- OHPC had earlier told (December 2011) Original Equipment Manufacturer (OEM)<sup>41</sup> to rectify certain problems in Unit-2 of HHEP. As such, an offer was made by OEM (April 2013) to complete the proposed renovation work which was subsequently revised during February 2014. The proposal of OEM was in two parts i.e. for supply of materials and service/repair of the unit. During the supply period, the plant was not required to be shutdown. Whereas, during the period of service/repair, the plant was required to be shutdown.
- The OEM in its revised offer (February 2014) proposed 330 days for the service/repair work, including 180 days for the optional work. The work order was issued (July 2014) to the OEM covering both mandatory and optional works based on revised proposal.
- As such, by the time OHPC submitted the ARR, it had the knowledge of the proposed repair period during which the plant would remain under shutdown. While submitting (November 2014) the ARR for the year 2015-16, however, OHPC proposed the shutdown period as 198 days only. This included 48 days required for OHPC before and after handing over the unit to the OEM for the repair work. While submitting the ARR OHPC also ignored the proposed 180 days required for optional work in Unit-2.
- The repair and renovation work took 344 days as it commenced on 22 July 2016 and completed on 30 June 2017. OEM carried out both the mandatory and optional work as per the instruction of OHPC.
- OERC had approved the annual capital maintenance programme for the unit for 198 days as per the proposal of OHPC. OHPC was required to propose 330 days as per the proposal of OEM for service/repair work instead of 198 days. As a result, the installed capacity of the station was inflated by 146 days. OHPC could not recover ₹4.42 crore towards capacity charges from 04 February 2017 to 30 June 2017.

Government stated (September 2018) that it was not possible to ascertain exact quantum of work and period before dismantling the machine. It also stated that the optional works would be carried out parallelly with the mandatory works. The reply was not acceptable as the optional work was started only in February 2017, seven months after carrying out the mandatory work. As against this, the OEM had proposed 330 days for carrying out the entire work including 180 days for optional works.

Thus, failure to submit appropriate shutdown period to OERC resulted in short recovery of capacity charges of ₹4.42 crore.

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<sup>41</sup> M/s Alstom India Limited

**Loss of revenue**

**Belated action to replace Generator Transformer resulted in loss of ₹4.05 crore**

**2.5** The Hirakud Hydro Electricity Project (HHEP) of Odisha Hydro Power Corporation Limited (OHPC) produces power through its seven units. Each unit is provided with a power generator and a Generator Transformer (GT)<sup>42</sup>. Power generated in the station is sold to GRIDCO Limited at the tariff determined by the Odisha Electricity Regulatory Commission (OERC).

OHPC decided (August 2012) to keep a spare GT of adequate capacity in order to avoid shutdown of plant and consequent loss of generation.

Accordingly, OHPC procured (August 2014) a spare GT to act as a standby. The guarantee period was two years from the date of commissioning. The terms and conditions of procurement gave OHPC an option to replace or rectify any defect and recover the extra cost plus fifteen *per cent* from the supplier, if the defect was not rectified by supplier within 30 days of intimation. The GT was kept as a spare till March 2015. After procurement, it was commissioned in Unit-7 in April 2015.

The newly installed GT developed a fault and Unit-7 remained under shutdown from 21 February 2017. The defect was intimated to the supplier on 02 March 2017 and the service engineer of the supplier verified it on 04 March 2017. He intimated (10 March 2017) that the GT could not be rectified at site. Contrary to the guarantee conditions, the supplier initially did not accept the responsibility to rectify the defect. After a delay of 171 days, however, it agreed (25 September 2017) to repair the transformer free of cost as per guarantee clause.

OHPC, however, had one spare GT in good condition in Unit-5. OHPC had planned (March 2016) to shutdown the Unit-5 from October 2016 for renovation and modernisation. The shutdown period was approved by OERC for 21 months.

Considering the delay in repair of GT in Unit-7, OHPC decided (May 2017) to utilise the spare GT of Unit-5 for Unit-7. OHPC floated tender (May 2017) and issued (July 2017) work order to another firm for dismantling and shifting the GT from Unit-5 to Unit-7. The GT was shifted and replaced on 29 August 2017. Generation from Unit-7 commenced thereafter.

It was observed that:

- OHPC was well aware (March 2017) of delay in repair of GT in Unit-7 as it could not be rectified at site. Further, the supplier had also delayed transporting the transformer to their site (January 2018).
- Unit-5 was planned to be renovated from October 2016. As such availability of spare GT in Unit-5 was known to OHPC.

<sup>42</sup> GT is an electrical device which connects the power station to the transmission line

- OHPC, however, did not take action in March 2017 to shift the GT of Unit-5 to Unit-7 to start generation. It belatedly floated tender for the work on 30 May 2017, after a delay of 80 days. OHPC took another 91 days to place the work order.
- This resulted in non-operation of Unit-7 for a period of 80 days. Due to this shutdown, OHPC incurred a loss of revenue of ₹4.05 crore<sup>43</sup>.

Thus due to belated action to replace Generator Transformer of Unit-7, OHPC incurred loss of ₹4.05 crore.

Government in its reply (September 2018) stated that, OHPC could not take immediate action of dismantling and removal of the faulty GT as it could have violated the warranty clause. The reply was not acceptable as OHPC had already placed work order with another party for dismantling and shifting of GT in July 2017 without the consent of the supplier. Also, OHPC had an option to replace or rectify any defect in the procurement if the supplier had not rectified it within 30 days. It was OHPC that did not exercise the said option and incurred loss of ₹4.05 crore on account of shutdown of 80 days.

## Odisha Power Generation Corporation Limited

### *Extra expenditure*

**Improper submission of rephasing application for drawing of water for the expansion of power project led to avoidable payment of ₹1.83 crore towards water charges**

**2.6** Odisha Power Generation Corporation Limited (OPGC) commissioned and operated two thermal power generation units (Unit-1 and 2) from 1995-96. Further, it also proposed (June 2008) to construct and operate another two units (Unit-3 and 4) from 2014-15. The construction of Unit 3 and 4 was delayed due to change in the configuration of the project and delay in finalisation of terms and conditions for sale of power. The construction work started in March 2014. The units are still under construction.

Water is one of the key input requirements for thermal power generation. Water is also required for construction work. OPGC had been drawing water allocated by Water Resources Department of Government of Odisha (GoO) from the Hirakud reservoir. As required under Odisha Irrigation Amendment Rule 2010, OPGC had executed an agreement with Water Resources Department, GoO in November 2013 for drawing of water. The agreement was valid till June 2016. As per agreement, OPGC was allocated monthly fixed quantum of 12.26 cusecs of water for Unit 1 and 2. In addition to this, GoO also allocated water for construction purpose of Unit-3 and 4 in a phased manner. As such the monthly allocation for unit-3 and 4 was 1.96 cusecs, 19.62 cusecs and 40.72 cusecs during January 2013 to June 2016, July 2016 to March 2017 and April 2017 onwards respectively anticipating timely

<sup>43</sup> Loss of generation due to slippage of water: 20389000 unit calculated at the rate 72.36 paise per unit amounts to ₹1.47 crore + Plant remained shut down for 80 days, capacity charge due to be billed ₹11.93 crore against which capacity charge recovered was ₹9.35 crore with differential amount ₹2.58 crore. Hence loss is ₹1.47 crore + ₹2.58 crore = ₹4.05 crore.

completion of project. As per GoO norm, OPGC had to pay fees for use of water drawn or allocated whichever was higher.

In the meantime, GoO in their notification dated 04 June 2016 decided to rephase the industrial water allocation. The above decision was taken by GoO considering the fact that industries were not able to complete construction activities due to various reasons beyond their control. As such GoO invited application from industries for revalidation/rephasing of the allocation. Accordingly, OPGC applied (June 2016) to GoO for rephasing of water allocation as construction work was delayed. GoO, however, decided (November 2016) that rephasing of water quantity for OPGC beyond April 2017 would not be allowed under the existing policy and that OPGC had to submit a modified proposal. OPGC accordingly submitted (November 2016) the modified proposal. In the modified application OPGC asked for rephasing of 6.86 cusecs water during the period July 2016 to March 2017. GoO approved the proposal in March 2017.

It was observed that:

OPGC assessed the requirement of 6.86 cusecs water during July 2016 to March 2017 primarily due to the proposed hydro test of boilers of Unit-3 and 4. The hydro test was originally scheduled (May 2016) to be conducted in April 2017. It was, however, observed that there was a considerable delay in the execution of various construction activities. As such hydro test was rescheduled (October 2016) to be conducted in June 2017. OPGC was aware of the delay in conducting hydro test of Unit-3 and 4 while submitting application for rephasing in November 2016. As such there was scope for OPGC to rephase allocation of water to 1.96 cusecs in place of 6.86 cusecs during the period July 2016 to March 2017. The existing allocation of 1.96 cusecs of water from January 2013 to June 2016 was sufficient to meet the demand during July 2016 to March 2017. The actual consumption of water during July 2016 to March 2017 ranged between 0.14 cusec and 0.31 cusec only. Also during the period January 2013 to June 2016 the water utilisation ranged from mere 0.13 cusecs to 0.69 cusecs. Thus obtaining the rephasing order for higher quantity of allocation, OPGC incurred avoidable expenditure of ₹1.83 crore during July 2016 to March 2017.

Government stated (August 2018) that revised phasing for 2016 was allowed based on recommendation of Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) which is the State Level Nodal Agency for facilitation of industrialisation. They verbally told that no further revision would be possible.

The reply was not in consonance with the fact rephasing of water for OPGC during July 2016 to March 2017 was available as per GoO decision (June 2016 and November 2016). GoO communicated the decision to OPGC accordingly.





**PART-II**





**CHAPTER-III**  
**Functioning of State PSUs**  
**(Non-Power Sector)**



## CHAPTER-III

### Functioning of State Public Sector Undertakings (Non-Power Sector)

#### Introduction

**3.1** There were 74 State Public Sector Undertakings (PSUs) as on 31 March 2018 which were related to Sectors other than Power Sectors. These State PSUs were incorporated between 1942-43 and 2017-18. These include 71 Government Companies (26<sup>44</sup> were inactive companies) and three Statutory Corporations *i.e.* Odisha State Road Transport Corporation, Odisha State Warehousing Corporation and Odisha State Financial Corporation. Out of the 71 Government Companies, 28<sup>45</sup> are subsidiary/joint venture companies owned by other Government/Private Companies. Three Government Companies *i.e.* Odisha Rail Infrastructure Development Limited, IREL IDCOL Limited and Inland Waterways Consortium of Odisha Limited did not commence commercial activities till 2017-18.

The State Government provides financial support to the State PSUs in the form of equity, loans and grants/subsidy from time to time. Of the 74 State PSUs the State Government invested funds in only 46 State PSUs (including 18 inactive companies and three Statutory Corporation). State Government did not infuse any funds in the rest of 28 State PSUs (including 8 inactive Companies) which were incorporated as joint venture/ subsidiary of other Government Companies. Equity of these 28 joint venture/subsidiary companies was contributed by the respective Co-partner/ Holding Companies.

#### *Contribution to Economy of the State*

**3.2** The table below provides the details of turnover of State PSUs (Non-Power Sector) and GSDP of Odisha for a period of five years ending March 2018:

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<sup>44</sup> Eastern Aquatic Products Limited, Orissa Fisheries Development Corporation Limited, ABS Spinning Orissa Limited, Gajapati Steel Industries Limited, Hira Steel and Alloys Limited, IPITRON Times Limited, Konark Detergent and Soaps Limited, Konark Television Limited, Mayurbhanj Textiles Limited, Modern Malleable Casting Company Limited, New Mayurbhanj Textiles Limited, Orissa Boat Builders Limited, Orissa Electrical Manufacturing Company Limited, Orissa Instruments Company Limited, Orissa Leather Industries Limited, Orissa Textile Mills Limited, Orissa State Electronics Development Corporation Limited, Orissa State Handloom Development Corporation Limited, Orissa State Leather Corporation Limited, Orissa State Textile Corporation Limited, Orissa Tools and Engineering Company Limited, Premier Bolts and Nuts Limited, ELCOSMOS Electronics Limited, ELCO Communication and Systems Limited, ELMARC Limited and Orissa State Commercial Transport Corporation Limited

<sup>45</sup> Brahamani Railways Limited, Odisha Rail Infrastructure Development Limited, Paradip Investment Region Development Limited, IDCO SEZ Development Limited, Odisha Electronics Park Limited, Baitarani West Coal Company Limited, IDCOL Ferro Chrome & Alloys Limited, IDCOL Kalinga Iron Works Limited, Konark Jute Limited, The Mandakini B-Coal Corporation Limited, Nuagaon Coal Company Limited, Paradeep Plastic Park Limited, Angul Aluminium Park Private Limited, Odisha Mineral Exploration Corporation Limited, IREL IDCOL Limited, IDCOL Software Limited, Shamuka Tourism Development Corporation Limited, Inland Waterways Consortium of Odisha Limited, Kalinga Studios Limited, ABS Spinning Orissa Limited, Hira Steel and Alloys Limited, IPITRON Times Limited, Konark Detergent and Soaps Limited, Orissa Leather Industries Limited, ELCOSMOS Electronics Limited, ELCO Communication and Systems Limited and ELMARC Limited

**Table 3.1: Details of turnover of State PSUs (Non-Power Sector) vis-a-vis GSDP of Odisha**  
(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	7652.64	8470.35	11544.28	13065.71	15521.43
Percentage change of Turnover over Previous Year	69.50	10.69	36.29	13.18	18.80
GSDP of Odisha	288414.31	310810.24	332329.13	314363.78	415981.68
Percentage change of GSDP over Previous Year	11.47	7.77	6.92	-5.41	32.32
<b>Percentage of Turnover to GSDP of Odisha</b>	<b>2.65</b>	<b>2.73</b>	<b>3.47</b>	<b>4.16</b>	<b>3.73</b>

(Source: Compiled based on Turnover figures of working PSUs (non-power) and GSDP figures as per information furnished by Finance Department of Government of Odisha)

In 2017-18 the turnover of the PSUs relative to GSDP was 3.73 per cent and had decreased from 4.16 per cent in the previous year. The compounded annual growth<sup>46</sup> of GSDP was 9.96 per cent during last five years, while the turnover of Public Sector Undertakings (Non-Power Sector) recorded higher compounded annual growth of 28 per cent during the same period.

### Investment in State PSUs (Non-Power Sector)

**3.3** There are some PSUs which function as instruments of the State Government to provide certain services which the private sector may not be willing to extend due to various reasons. Besides, the Government has also invested in certain business segments through PSUs which function in a competitive environment with private sector undertakings. The position of these State PSUs have therefore been analysed under two major classifications viz., those in the social sector and those functioning in competitive environment. Besides, three<sup>47</sup> of these State PSUs incorporated to perform certain specific activities on behalf of the State Government have been categorised under 'others'. Details of investment made in these 74 State PSUs in form of equity and long-term loans up to 31 March 2018 are detailed in *Annexure-3*.

**3.4** The sector-wise summary of investment in these State PSUs as on 31 March 2018 is given below:

**Table 3.2: Sector-wise investment in State PSUs (non-power sector)**

Sector	Number of PSUs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Social Sector	18	194.85	43.72	238.57
PSUs in Competitive Environment	53	1210.74	1335.01	2545.75
Others	3	505.63	0.00	505.63
<b>Total</b>	<b>74</b>	<b>1911.22</b>	<b>1378.73</b>	<b>3289.95</b>

(Source: Compiled based on information received from PSUs)

<sup>46</sup> Rate of Compounded Annual Growth  $[\{(Value\ of\ 2017-18/Value\ of\ 2012-13)^{(1/5\ years)} - 1\} * 100]$  where turnover and GSDP for the year 2012-13 was ₹4514.72 crore and ₹258744.09 crore respectively.

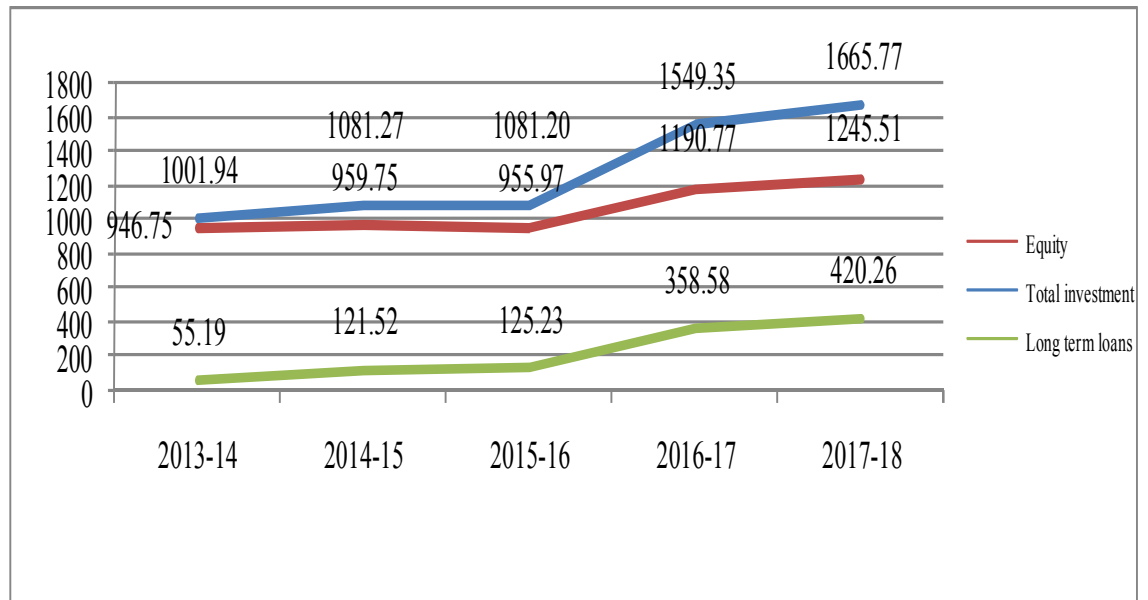
<sup>47</sup> Odisha State Police Housing and Welfare Corporation Limited, Bhubaneswar Smart City Limited and Rourkela Smart City Limited

As on 31 March 2018, the total investment (equity and long term loans) in 74 PSUs was ₹3,289.95 crore. The investment consisted of 58.09 per cent towards equity and 41.91 per cent in long-term loans. Out of the total long-term loans of ₹1,378.73 crore, ₹420.26 crore (30.48 per cent) was availed from the State Government and ₹958.47 crore (69.52 per cent) was availed from financial institutions.

The investment has grown by 68.59 per cent from ₹1,951.40 crore in 2013-14 to ₹3,289.95 crore in 2017-18. The investment increased due to addition of ₹671.51 crore and ₹667.03 crore towards equity and long-term loans respectively during 2013-14 to 2017-18.

The year-wise statement of investment of GoO in the State PSUs (Non-Power Sector) during the period 2013-14 to 2017-18 is as follows:

**Chart 3.1: Total investment of GoO at the end of the year in State PSUs (Non-Power sector)**



### Disinvestment, restructuring and privatisation of State PSUs

**3.5** During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in the State PSUs.

### Budgetary Support to State PSUs

**3.6** The Government of Odisha (GoO) provides financial support to State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity during the year in respect of State PSUs for the last three years ending March 2018 are as follows:

**Table 3.3: Details regarding budgetary support to State PSUs (Non-Power Sector)**  
(₹ in crore)

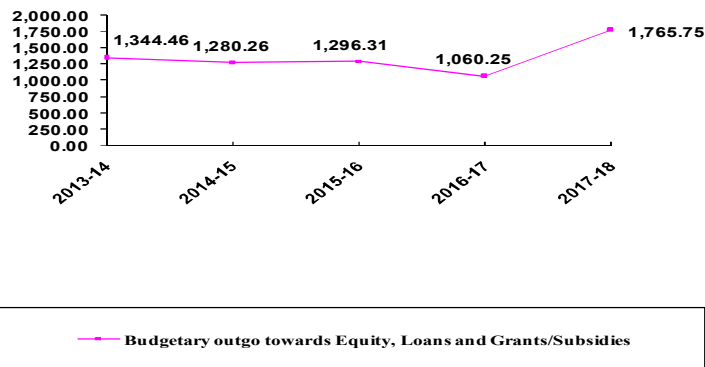
Particulars <sup>48</sup>	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital outgo (i)	0	0	1	20.00	1	40.00
Loans given (ii)	0	0	0	0	0	0
Grants/Subsidy provided (iii)	11	1296.31	11	1040.25	13	1725.75
<b>Total Outgo (i+ii+iii)</b>	<b>11</b>	<b>1269.31</b>	<b>11*</b>	<b>1060.25</b>	<b>13*</b>	<b>1765.75</b>
Loan repayment written off	0	0	0	0	0	0
Loans converted into equity	0	0	0	0	0	0
Guarantees issued	0	0	0	0	0	0
Guarantee Commitment	0	0	0	0	0	0

(Source: As per information furnished by PSUs)

\* One Statutory Corporation i.e., Odisha State Road Transport Corporation received both equity and subsidy in 2016-17 and 2017-18

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last five years ending March 2018 are given in a graph below:

**Chart 3.2: Budgetary outgo towards Equity, Loans and Grants/Subsidies**



The annual budgetary assistance to these PSUs ranged between ₹1060.25 crore and ₹1,765.75 crore during the period 2013-14 to 2017-18. The budgetary assistance of ₹1,765.75 crore given during the year 2017-18 included ₹40 crore and ₹1,725.75 crore in the form of equity and grants/ subsidy respectively. The State Government did not provide any loan to these PSUs during 2017-18. The subsidy/grants given by the State Government was primarily to provide food

<sup>48</sup> Amount represents outgo from State Budget only.

security, free medicines, irrigation and urban development. During the year 2017-18 maximum subsidy/grant was provided to Odisha State Civil Supplies Corporation Limited (₹844.36 crore), Odisha State Medical Corporation Limited (₹521.01 crore), Rourkela Smart City Limited (₹224.00 crore) and Odisha Lift Irrigation Corporation limited (₹93.46 crore).

Government of Odisha extends guarantees as provided under Article 293(1) of Constitution of India and fixed prescribed limit for such guarantee to PSUs as per guidelines (November 2002) of Government of Odisha. PSUs seek financial assistance from banks and financial institutions, for which guarantee commission is being charged. The rate is 0.50 *per cent* on the maximum of the guarantee sanctioned. During 2015-18, GoO neither issued any guarantee nor made any guarantee commitment to any non-power sector PSU. IDCOL did not pay guarantee commission during the year 2017-18 and accumulated outstanding guarantee commission against it was ₹7.87 crore.

### Reconciliation with Finance Accounts of Government of Odisha

**3.7** The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs (Non-Power Sector) should agree with that of the figures appearing in the Finance Accounts of the Government of Odisha. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2018 is stated in Table 3.4:

**Table 3.4: Equity, loans, guarantees outstanding as per Finance Accounts of Government of Odisha vis-à-vis records of State PSUs (Non-Power Sector)**

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	1101.70	1312.91	211.21
Loans	12.06	0	12.06
Guarantees	152.47	561.69	409.22

(₹ in crore)

(Source: Information furnished by PSUs and State Finance Audit Report for the year ended March 2018)

It was observed that out of 74 State PSUs, such differences occurred in respect of 38 PSUs as shown in **Annexure-4**. The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances were observed in Odisha Rural Housing and Development Corporation Limited, Odisha State Seeds Corporation Limited, Odisha Agro Industries Corporation Limited, Odisha State Financial Corporation and Odisha Pisciculture Development Corporation Limited. It is, therefore, recommended that the State Government and the respective PSUs should reconcile the differences in a time-bound manner.

### Submission of accounts by State PSUs

**3.8** Of the total 74 State PSUs, there were 48 working PSUs *i.e.* 45 Government Companies and three Statutory Corporations and 26 inactive PSUs under the purview of CAG as on 31 March 2018. The status of timelines followed by the State PSUs in preparation of accounts is as detailed under:

**Timeliness in preparation of accounts by the working State PSUs**

**3.8.1** Accounts for the year 2017-18 were required to be submitted by all the working PSUs by 30 September 2018. Out of 45<sup>49</sup> working Government Companies, 10 Government Companies submitted their accounts for the year 2017-18 for audit by CAG on or before 30 September 2018 whereas accounts of 34 Government Companies were in arrears. Out of three Statutory Corporations, the CAG is the sole auditor in one Statutory Corporation (Odisha State Road Transport Corporation). Accounts of all three Statutory Corporations for the year 2017-18 were awaited as on 30 September 2018.

Details of arrears in submission of accounts of working PSUs as on 30 September 2018 are given below:

**Table 3.5: Position relating to submission of accounts by the working State PSUs (Non-Power Sector)**

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of Working PSUs	31	39	44	48	48
2.	Number of accounts submitted during current year	31	36	42	48	40
3.	Number of working PSUs which finalised accounts for the current year	6	12	10	14	10
4.	Number of previous year accounts finalised during current year	25	24	32	34	30
5.	Number of working PSUs with arrears in accounts	25	27	32	34	37
6.	Number of accounts in arrears	45	52	56	59	63 <sup>50</sup>
7.	<b>Extent of arrears</b>	<b>1 to 6 years</b>	<b>1 to 7 years</b>	<b>1 to 8 years</b>	<b>1 to 8 years</b>	<b>1 to 9 years</b>

*(Source: Compiled based on accounts of PSUs received during the period October 2017 to September 2018)*

Of these 48 working State PSUs, 32 PSUs had finalised 40 annual accounts during the period 01 October 2017 to 30 September 2018 which included 10 annual accounts for the year 2017-18 and 30 annual accounts for previous years. Further, 63 annual accounts were in arrears which pertain to 37 PSUs as detailed in **Annexure-5**. 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 stipulated period. The concerned Departments were informed quarterly regarding arrear in accounts.

Out of 37 working State PSUs, accounts of which had not been finalised by 30 September 2018 (as prescribed under the Companies Act 2013/ The Road Transport Corporations Act, 1950), Government of Odisha had provided ₹1,091.67 crore (Equity: ₹40 crore, Grants/Subsidy: ₹1,051.67 crore) to 11 PSUs. No investment was made in remaining 26 PSUs during the period for which accounts were in arrears. PSU wise details of investment made by State Government during the years for which accounts were in arrears are shown in

<sup>49</sup> One company IREL IDCOL was incorporated on 18 January 2018

<sup>50</sup> This relates to 37 PSUs whose accounts are in arrears ranging between one and nine years



**Annexure-5.** Accounts of 10<sup>51</sup> of these working State PSUs for the period 2017-18 were, however, finalised and submitted for audit during the period from October 2018 to December 2018 whereas 51 accounts pertaining to 27<sup>52</sup> working State PSUs were awaited till December 2018.

In the absence of finalisation of accounts and their subsequent audit in the remaining 27 PSUs, there was no assurance as to whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoO investment in these PSUs, therefore, remained outside the oversight of State Legislature.

**3.8.2** In addition to above, as on 30 September 2018, there were arrears in finalisation of accounts by inactive PSUs. Out of 26 inactive PSUs, 16 PSUs were in the process of liquidation whose accounts were in arrears for five to 52<sup>53</sup> years. Remaining 10<sup>54</sup> inactive PSUs had arrears of accounts for 17 to 47 years.

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<sup>51</sup> Baitarani West Coal Corporation Limited, IDCOL Ferro Chrome and Alloys Limited, IDCOL Kalinga Iron Works Limited, Konark Jute Limited, Odisha Rail Infrastructure Development Limited, Shamuka Tourism Development Corporation Limited, Odisha Tourism Development Corporation Limited, The Industrial Development Corporation of Odisha Limited, Odisha State Financial Corporation and Odisha State Road Transport Corporation

<sup>52</sup> The Agricultural Promotion and Investment Corporation of Odisha Limited, The Odisha Agro Industries Corporation Limited, Odisha State Cashew Development Corporation Limited, Odisha Lift Irrigation Corporation Limited, Odisha State Seeds Corporation Limited, Odisha Pisciculture Development Corporation Limited, The Odisha Small Industries Corporation Limited, Odisha Mineral Bearing Areas Development Corporation Limited, Water Corporation of Odisha Limited, Odisha State Civil Supplies Corporation Limited, Odisha Sports Development Corporation, The Odisha Film Development Corporation Limited, Odisha Rural Housing and Development Corporation Limited, Paradip Investment Region Development Limited, Odisha Construction Corporation Limited, IDCO SEZ Development Limited, Odisha Electronics Park Limited, The Mandakini B-Coal Corporation Limited, Nuagaon Coal Company Limited, Paradeep Plastic Park Limited, Lanjigarh Project Area Development Foundation, Inland Waterways Consortium of Odisha Limited, Kalinga Studios Limited, Odisha State Warehousing Corporation, The Odisha State Police Housing and Welfare Corporation Limited, Bhubaneswar Smart City Limited and Rourkela Smart City Limited

<sup>53</sup> Hira Steel and Alloys Limited, Orissa Textile Mills Limited, Orissa State Handloom Development Corporation Limited (5-10 years); ABS Spinning Orissa Limited, IPITRON Times Limited, Konark Television Limited, Orissa State Electronics Development Corporation Limited, Orissa State Textile Corporation Limited, ELCOSMOS Electronics Limited, ELCO Communication and Systems Limited (11-26 years); and Eastern Aquatic Products Limited, Gajapati Steel Industries Limited, Modern Malleable Casting Company Limited, Orissa Boat Builders Limited, Orissa Electrical Manufacturing Company Limited and Premier Bolts and Nuts Limited (45 to 52 years)

<sup>54</sup> ELMARC Limited, Orissa State Commercial Transport Corporation Limited (17 years); Orissa Instruments Company Limited, Orissa Leather Industries Limited, Orissa State Leather Corporation Limited (24-30 years); Orissa Fisheries Development Corporation Limited, Konark Detergent and Soaps Limited, Mayurbhanj Textiles Limited, New Mayurbhanj Textiles Limited and Orissa Tools and Engineering Company Limited (35-47 years)

**Table 3.6: Position relating to arrears of accounts in respect of inactive State PSUs (non-power sector)**

No. of Inactive companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
26 <sup>55</sup>	1966-67 to 2017-18	5 to 52 years

(Source: Database of inactive PSUs maintained in the PAG Office)

### Placement of Separate Audit Reports of Statutory Corporations

**3.9** Out of three working Statutory Corporations, no Corporation had forwarded their accounts of 2017-18 by 30 September 2018.

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Status of annual accounts of Statutory Corporations and placement of their SARs in legislature is detailed below:

**Table 3.7: Status of placement of SAR of the Statutory Corporations**

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government/Present Status
1.	Odisha State Financial Corporation	2016-17	2017-18	Accounts not finalised
2.	Odisha State Warehousing Corporation	2015-16	2016-17	22/05/2018
			2017-18	Accounts not finalised
3.	Odisha State Road Transport Corporation	2015-16	2016-17	29/05/2018
			2017-18	Accounts not finalised

(Source: Information furnished by Statutory Corporations)

Delay in placement of SAR dilutes the financial accountability of Statutory Corporations. Government should ensure prompt placement of SARs of the Corporations in the Legislature.

### Impact of non-finalisation of accounts of State PSUs (Non-Power Sector)

**3.10** As pointed in paragraph 3.8, the delay in finalisation of accounts carries the risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the State PSUs (Non-Power Sector) to State GDP for the year 2017-18 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Department should strictly monitor and issue necessary directions to clear the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the PSUs and take necessary steps to clear the arrears in accounts.

### Performance of State PSUs (Non-Power Sector)

**3.11** The financial position and working results of the 74 State PSUs (Non Power Sector) as per their latest finalised accounts as of 30 September 2018 are detailed in *Annexure-6*.

<sup>55</sup> Sl. Nos. 17, 18 and 48 to 71 of Annexure - 3

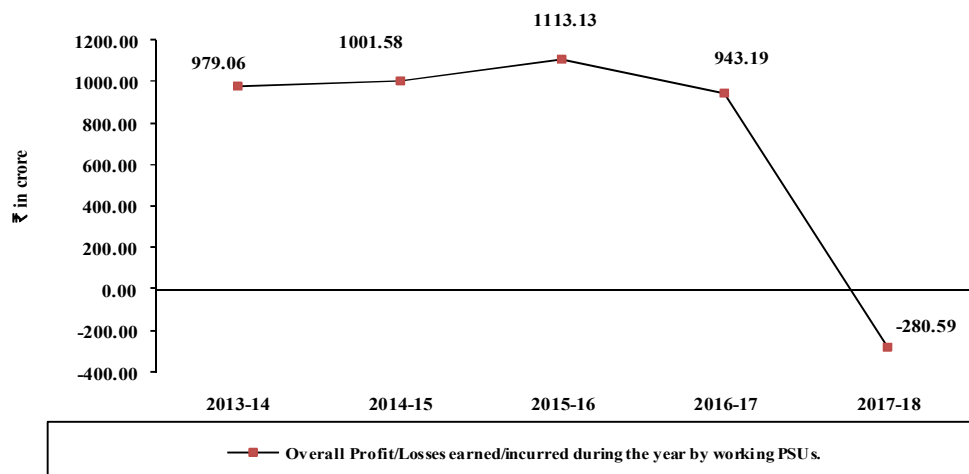
The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the undertakings. The amount of investment as on 31 March 2018 in the PSUs non-power sector was ₹46,070.72 crore consisting of ₹1,911.22 crore as equity, ₹1,378.73 crore as long term loans and ₹42,780.77 crore as grants, subsidies for operational & management expense. Out of this, investment of Government of Odisha in the 46 holding PSUs was ₹14,528.92 crore consisting of equity of ₹1,245.51 crore, long term loans of ₹420.26 crore and grants, subsidies for operational & management expense of ₹12,863.15 crore.

The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. The Rate of Real return on investment is the profit or loss made in a fixed year relating to the Present Value (PV) of the investment made over the years and is expressed as a percentage of profit to the PV of total investment. Investment for the purpose included equity, interest free loans, grants, subsidies for operational and management expenses. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

### ***Rate of Real Return on Investment***

**3.12** Rate of Real Return on Investment is the percentage of profit or loss to the Present Value (PV) of total investment. The overall position of Profit/losses<sup>56</sup> earned/incurred by the working State PSUs (Non-Power Sector) during 2013-14 to 2017-18 is depicted below in a chart 3.3:

**Chart 3.3: Profit/Losses earned/incurred by working PSUs (Non-Power Sector) during the years**



<sup>56</sup> Figures are as per the latest finalised accounts of the respective years.

The profit of ₹979.06 crore earned by these working PSUs in 2013-14 transformed into losses of ₹280.59 crore in 2017-18 due to substantial losses incurred by Odisha Mining Corporation Limited and Bhubaneswar Smart City Limited. As per latest finalised accounts for the year 2017-18, out of 48 working State PSUs, 31 PSUs earned profit of ₹237.92 crore and 11 PSUs incurred losses of ₹518.51 crore as detailed in *Annexure-6*. One PSU i.e., Odisha State Civil Supplies Corporation Limited prepared its accounts on 'no profit no loss'<sup>57</sup> basis. Three<sup>58</sup> non-power sector companies have not yet started their operation/commercial production. Two<sup>59</sup> non-power sector companies have earned nil profit.

The top profit making companies were Odisha Mineral Bearing Areas Development Corporation Limited (₹47.64 crore), Odisha Construction Corporation Limited (₹35.45 crore) and Odisha Agro industries Corporation Limited (₹22.23 crore) while Odisha Mining Corporation Limited (₹463.48 crore), Odisha Rural Housing and Development Corporation Limited (₹42.93 crore) and Bhubaneswar Smart City Limited (₹9.06 crore) incurred heavy losses.

Position of working PSUs (Non-Power Sector) which earned/incurred profit/loss as on 31 March during 2013-14 to 2017-18 is given in Table 3.8:

**Table 3.8: Details of working State PSUs (Non-Power Sector) which earned/ incurred profit/loss during 2013-14 to 2017-18**

Financial year	Total number of PSUs (Non-Power Sector)	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had prepared accounts on no profit and no loss basis	Number of PSUs which had not started operation/commercial production	Number of PSUs with nil profit
2013-14	31	24	05	01	01	00
2014-15	39	26	06	01	06	00
2015-16	44	29	08	01	06	00
2016-17	48	30	13	01	04	00
2017-18	48	31	11	01	03	02

*(Compiled based on information received from PSUs)*

### ***Rate of Real Return on the basis of historical cost of investment***

**3.13** Out of 74 Public Sector Undertakings (Non-Power Sector), 28 companies are subsidiary/Joint Venture companies and equities in these 28 companies are contributed by the concerned holding companies. The investment in 46 holding companies consisted of equity, loans, grants, subsidies for operational & management purpose. The investment stood at ₹45,778.49 crore in these 74 PSUs including equity of ₹1,618.99 crore, long term loans of ₹1,378.73 crore and grants, subsidies of ₹42,780.77 crore.

<sup>57</sup> The excess of expenditure over income was met from the subsidy from Government of Odisha/ Government of India as such there was no profit or loss

<sup>58</sup> Odisha Rail Infrastructure Development Limited, IREL IDCOL Limited and Inland Waterways Consortium of Odisha Limited

<sup>59</sup> Odisha Mineral Exploration Corporation Limited and Rourkela Smart City Limited

The Rate of Real Return on Investment from the 74 PSUs has been calculated on the investment made by the Government of Odisha, Government of India and others in these PSUs in the form of equity, loans and grants, subsidies for operational & management purpose as detailed in Table 3.9. In the case of loans, only interest free loans are considered as investment. Since no interest is received on such loans and are therefore of the nature of equity investment except to the extent that the loans are liable to be repaid as per terms and conditions of repayment. In cases where interest free loans have been repaid by the PSUs, the value of investment based on historic cost and present value (PV) was calculated on the reduced balances of interest free loans over the period.

As on 31 March 2018 equity of the GoO, GoI and others in these 74 PSUs was ₹1,618.99 crore and grants, subsidies for operational & management expense of ₹42,780.77 crore. Out of the released long term loans of ₹1378.73 crore, ₹23.28 crore were interest free loans based on the reduced balances of interest free loans over the period. Thus, the investment in these 74 PSUs on the basis of historical cost stood at ₹44,423.04 crore (₹1,618.99 crore + ₹42,780.77 crore + ₹23.28 crore). The sector-wise rate of real return on investment on the basis of historical cost of investment for the period 2013-14 to 2017-18 is given below:

**Table 3.9: Rate of Real Return on Investment on historical cost basis**

(₹ in crore)

Year wise Sector-wise break-up	Total Earnings for the year	Funds invested by the GoO in form of Equity, interest free loans and grants, subsidies for operational & management expense on historical cost basis	Funds invested by the GoI in form of Equity and grants, subsidies for operational & management expense on historical cost basis	Funds invested by others in form of Equity and grants, subsidies for operational & management expense on historical cost basis	Total Investment in the form of equity, interest free loans and grants, subsidies for operational & management expense on historical cost basis	Rate of Real Return on investment on historical cost basis (%)
<b>2013-14</b>						
Social Sector	98.36	7583.60	13599.30	11.77	21194.67	0.46
Competitive Sector	863.22	930.99	105.94	9.89	1046.82	82.46
Others	11.72	5.63	0.00	0.00	5.63	208.17
<b>Total</b>	<b>973.30</b>	<b>8520.22</b>	<b>13705.24</b>	<b>21.66</b>	<b>22247.12</b>	<b>4.37</b>
<b>2014-15</b>						
Social Sector	61.08	8853.22	17384.24	11.77	26249.23	0.23
Competitive Sector	917.79	948.05	105.94	9.89	1063.88	86.27
Others	13.35	5.63	0.00	0.00	5.63	237.12
<b>Total</b>	<b>992.22</b>	<b>9806.90</b>	<b>17490.18</b>	<b>21.66</b>	<b>27318.74</b>	<b>3.63</b>
<b>2015-16</b>						
Social Sector	95.10	10098.04	20714.34	11.82	30824.20	0.31
Competitive Sector	997.02	994.38	105.94	9.89	1110.21	89.80
Others	15.51	5.63	0.00	0.00	5.63	275.49
<b>Total</b>	<b>1107.63</b>	<b>11098.05</b>	<b>20820.28</b>	<b>21.71</b>	<b>31940.04</b>	<b>3.47</b>

2016-17						
Social Sector	177.02	11062.15	24562.06	12.23	35636.44	0.50
Competitive Sector	757.57	1061.62	118.49	9.90	1190.01	63.66
Others	2.37	244.25	276.12	48.00	568.37	0.42
<b>Total</b>	<b>936.96</b>	<b>12368.02</b>	<b>24956.67</b>	<b>70.13</b>	<b>37394.82</b>	<b>2.51</b>
2017-18						
Social Sector	134.76	12575.46	29695.63	12.23	42283.32	0.32
Competitive Sector	-428.17	1102.46	118.49	9.90	1230.85	-34.79
Others	7.97	470.25	388.62	50.00	908.87	0.88
<b>Total</b>	<b>-285.44</b>	<b>14148.17</b>	<b>30202.74</b>	<b>72.13</b>	<b>44423.04</b>	<b>-0.64</b>

(Compiled based on information received from PSUs)

The Rate of Real Return on investment is worked out by dividing the total earnings<sup>60</sup> of these PSUs by the cost of the investments made by GoO, GoI and others. The Rate of Real Return earned on investment of the 74 State PSUs (Non-Power sector) in 2017-18 was negative due to heavy losses incurred by Odisha Mining Corporation Limited in competitive sector ((-) ₹463.48 crore) and Bhubaneswar Smart City Limited in other sector ((-) ₹9.06 crore).

#### **Return on Investment on the basis of Present Value of Investment**

**3.14** An analysis of the earnings *vis-a-vis* investments in respect of those 74 State PSUs (Non-Power Sector) where funds had been infused by the State Government, Central Government and others was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the real rate of return on the investment since such calculations ignore the present value of money. The present value of the total investments has been computed to assess the rate of real return on the present value of total investments in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2018, the past investments/ year-wise funds infused in the State PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds for the concerned year. Therefore, Present Value (PV) of the total investment was computed in respect of those 74 State PSUs (non-power sector) where funds had been infused by the State Government, Central Government and others in the form of equity, interest free loans and grants, subsidies for operational & management expense since inception of these companies till 31 March 2018. During the period from 2013-14 to 2017-18, these 74 PSUs had a positive rate of real return on investment except in 2017-18. The rate of real return on investment for these four years have, therefore, been calculated and depicted on the basis of PV.

The PV of the total investment in the 74 PSUs was computed on the following assumptions:

<sup>60</sup> This includes net profit/losses for the concerned year relating to those State PSUs where the investments have been made by the State Government.

- The equity infused minus disinvestment, interest free loans and funds made available in the form of the grants, subsidies for operational & management expenses have been reckoned as investment for calculating the rate of real return on investments. In case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on government borrowings for the concerned financial year<sup>61</sup> was adopted as compounded rate for arriving at Present Value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments.

For the year 2017-18 when these 74 companies incurred losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the companies is commented upon in Para 3.17.

**3.15** PSU wise position of State Government investment in these 74 State PSUs in the form of equity, interest free loans and grants, subsidies on historical cost basis for the period from 2000-01 to 2017-18 is indicated in *Annexure-7*<sup>62</sup>.

The investment by the GoO, GoI and others in these PSUs at the end of the year 2017-18 was ₹44,423.04 crore consisting equity ₹1,618.99 crore, interest free loans ₹23.28 crore and grants, subsidies ₹42,780.77 crore. The PV of funds infused by the GoO, GoI and others up to 31 March 2018 amounted to ₹76,639.67 crore.

**3.16** As during the years 2013-14, 2014-15, 2015-16 and 2016-17, the 74 PSUs earned profit, sector-wise comparison of returns on State Government funds at historical cost and at present value for these years is given in Table 3.10:

<sup>61</sup> The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Odisha) for the concerned year wherein the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]\*100.

<sup>62</sup> 23 PSUs where State Government has infused funds during 2000-01 to 2017-18 were placed in Annexure-7. In rest 23 PSUs there was no infusion of funds by GoO during the same period.

**Table 3.10: Real Rate of Return on total investment on Present Value****(₹ in crore)**

Year wise Sector-wise break-up	Total Earnings for the year	Funds invested by the GoO in form of Equity, interest free loans and grants, subsidies for operational & management expense on historical cost basis	Funds invested by the GoI in form of Equity and grants, subsidies for operational & management expense on historical cost basis	Funds invested by others in form of Equity and grants, subsidies for operational & management expense on historical cost basis	Total Investment in the form of equity, interest free loans and grants, subsidies for operational & management expense on historical	PV of the total investment at end of the year	Rate of Real Return on total investment considering the present value of the investments (%)	Rate of Real Return on total investment on historical cost basis (%)
<b>2013-14</b>								
Social Sector	98.36	7583.60	13599.30	11.77	21194.67	32028.36	0.31	0.46
Competitive Sector	863.22	930.99	105.94	9.89	1046.82	6735.28	12.82	82.46
Others	11.72	5.63	0.00	0.00	5.63	66.06	17.74	208.17
<b>Total</b>	<b>973.30</b>	<b>8520.22</b>	<b>13705.24</b>	<b>21.66</b>	<b>22247.12</b>	<b>38829.70</b>	<b>2.51</b>	<b>4.37</b>
<b>2014-15</b>								
Social Sector	61.08	8853.22	17384.24	11.77	26249.23	39270.81	0.16	0.23
Competitive Sector	917.79	948.05	105.94	9.89	1063.88	7150.73	12.83	86.27
Others	13.35	5.63	0.00	0.00	5.63	69.96	19.08	237.12
<b>Total</b>	<b>992.22</b>	<b>9806.90</b>	<b>17490.18</b>	<b>21.66</b>	<b>27318.74</b>	<b>46491.50</b>	<b>2.13</b>	<b>3.63</b>
<b>2015-16</b>								
Social Sector	95.10	10098.04	20714.34	11.82	30824.20	46502.83	0.20	0.31
Competitive Sector	997.02	994.38	105.94	9.89	1110.21	7633.20	13.06	89.80
Others	15.51	5.63	0.00	0.00	5.63	74.20	20.90	275.49
<b>Total</b>	<b>1107.63</b>	<b>11098.05</b>	<b>20820.28</b>	<b>21.71</b>	<b>31940.04</b>	<b>54210.23</b>	<b>2.04</b>	<b>3.47</b>
<b>2016-17</b>								
Social Sector	177.02	11062.15	24562.06	12.23	35636.44	55225.29	0.32	0.50
Competitive Sector	757.57	1061.62	118.49	9.90	1190.01	8300.73	9.13	63.66
Others	2.37	244.25	276.12	48.00	568.37	685.47	0.35	0.42
<b>Total</b>	<b>936.96</b>	<b>12368.02</b>	<b>24956.67</b>	<b>70.13</b>	<b>37394.82</b>	<b>64211.49</b>	<b>1.46</b>	<b>2.51</b>

*(Compiled based on information received from PSUs)*

The return earned on total investment on historical cost basis was 4.37 per cent in 2013-14 which was decreased to 2.51 per cent during 2016-17 due to infusion of additional equity, grants, subsidies and decrease in overall profits whereas the returns earned on total investment considering the present value of the investments were 2.51 per cent and 1.46 per cent during the same period. Further, during this period, the returns from competitive sector on present value were worked out at 12.82 per cent and 9.13 per cent only against 82.46 per cent and 63.66 per cent of returns respectively based on the historical cost of investment.

### ***Erosion of Net worth***

**3.17** Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out



by accumulated losses and deferred revenue expenditure. The capital investment, free reserve and accumulated profit of these 46 State PSUs (Non-Power Sector) as per their latest finalised accounts was ₹1911.22 crore, ₹2399.38 crore and ₹2782.67 crore respectively resulting in net worth of ₹7093.27 crore as detailed in *Annexure-5*. Analysis of investment and accumulated losses disclosed that net worth was eroded fully in 16 out of these 46 PSUs as the capital investment, free reserve and accumulated losses of these 16 PSUs were ₹524.17 crore, ₹49.86 crore and ₹945.10 crore respectively. Of these 16 PSUs, the maximum net worth erosion was in Odisha Rural Housing Development Corporation Limited (₹97.89 crore), Odisha State Financial Corporation (₹63.89 crore), Konark Jute Limited (₹32.15 crore) and Odisha Forest Development Corporation Limited (₹27.59 crore). Of these 16 PSUs where net worth had been fully eroded, four<sup>63</sup> PSUs earned profit as per their latest finalised accounts although there were substantial accumulated losses.

### Dividend Payout

**3.18** The State Government had formulated (December 2011) dividend policy under which all profit making PSUs are required to pay annual dividend of 20 per cent of the State Government equity or 20 per cent of the profit after tax, whichever is higher. The minimum dividend payout in respect of PSUs in the mining and power generation sector should be 30 per cent of profit after tax. Subsequently, GoO issued revised (February 2016) guideline for payment of dividend at the rate of 30 per cent for all PSUs. Dividend Payout relating to the PSUs (Non-Power Sector) where equity was infused by GoO during the period is shown in table below:

**Table 3.11: Dividend Payout of the PSUs (Non-Power Sector) during 2013-14 to 2017-18**  
(₹ in crore)

Year	Total PSUs where equity infused by GoO		PSUs which earned profit during the year			PSUs which declared/paid dividend during the year			Dividend Payout Ratio (%)	Dividend Payout Ratio excluding the share of OMC Limited (%)
	Number of PSUs	Equity infused by GoO	Number of PSUs	Equity infused by GoO	Equity infused by GoO excluding OMC Limited	Number of PSUs	Dividend declared/paid by PSUs	Dividend declared/paid by PSUs excluding the share of OMC Limited		
1	2	3	4	5	6	7	8	9	10=8/5*100	11=9/6*100
2013-14	42	946.75	21	833.83	802.38	07	522.94 <sup>64</sup>	22.94	62.72	2.86
2014-15	44	959.75	21	504.10	472.65	06	514.79 <sup>65</sup>	14.79	102.12	3.13
2015-16	45	955.97	22	500.32	468.87	08	530.51 <sup>66</sup>	30.51	106.03	6.51
2016-17	47	1190.77	19	444.88	413.43	08	532.48 <sup>70</sup>	32.48	119.69	7.86
2017-18	46	1245.51	20	868.12	868.12	07	37.49 <sup>67</sup>	37.49	4.32	4.32

(Compiled based on information received from PSUs)

<sup>63</sup> Odisha Forest Development Corporation Limited, Odisha Pisciculture Development Corporation Limited, Odisha State Financial Corporation and ABS Spinning Orissa Limited

<sup>64</sup> Odisha State Cashew Development Corporation Limited, Odisha Forest Development Corporation Limited, Odisha State Beverages Corporation Limited, The Industrial Development Corporation of Odisha Limited, Odisha Construction Corporation Limited, The Odisha Mining Corporation Limited and Odisha State Warehousing Corporation

<sup>65</sup> Odisha State Cashew Development Corporation Limited, Odisha Forest Development Corporation Limited, Odisha State Beverage Corporation Limited, Odisha Construction Corporation Limited, The Odisha Mining Corporation Limited and Odisha State Warehousing Corporation

<sup>66</sup> The Agricultural Promotion and Investment Corporation of Odisha Limited, Odisha State Cashew Development Corporation Limited, Odisha Forest Development Corporation Limited, Odisha State Beverage Corporation Limited, Odisha Construction Corporation Limited, The Odisha Mining Corporation Limited, Odisha State Warehousing Corporation and The Odisha State Police Housing and Welfare Corporation Limited

<sup>67</sup> The Agricultural Promotion and Investment Corporation of Odisha Limited, Odisha State Cashew Development Corporation Limited, Odisha Forest Development Corporation Limited, Odisha State Beverages Corporation Limited, Odisha Construction Corporation Limited, Odisha State Warehousing Corporation and The Odisha State Police Housing and Welfare Corporation Limited

During the period 2013-14 to 2017-18, the number of PSUs which earned profits ranged between 19 and 22. During this period, number of PSUs which declared/paid dividend to GoO ranged between six and eight.

The Dividend Payout Ratio (DPR) in 2017-18 was the lowest at 4.32 *per cent* as Odisha Mining Corporation Limited has not declared any dividend as heavy loss incurred in the year due to compensation paid for excess mining in violation of Environmental Clearance and Forest Clearance. The DPR which was 62.72 *per cent* in 2013-14 increased to 119.69 *per cent* in 2016-17 due to consistent earning of profit and payment of dividend of ₹500 crore (1590 *per cent* of share capital) in each year by OMC Limited. OMC Limited had been earning profit because of better market price of chrome ore and iron ore than the cost of production. Excluding the share of payment of dividend by OMC Limited the DPR was, however, ranged between 2.86 and 7.86 *per cent* during the period 2013-14 to 2017-18.

Of the seven PSUs which declared/paid dividend during 2017-18, two<sup>68</sup> PSUs declared dividend higher than the prescribed limit, while three<sup>69</sup> PSUs declared dividend lower than the prescribed limit and two<sup>70</sup> PSUs declared dividend as per the dividend policy.

### ***Return on Equity***

**3.19** Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using shareholders' fund to create profits. It is calculated and expressed as a percentage by dividing net income (i.e. net profit after taxes) by shareholders' fund.

Shareholders' fund of a company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders' fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets. Return on Equity has been computed in respect of all the non-power sector undertakings which included the holding and subsidiary companies.

During the last five years ending March 2018, the Net Income was positive during 2013-14, 2014-15, 2015-16 and 2016-17 and the RoE during these years ranged between 13.23 *per cent* and 17.45 *per cent*. The negative RoE of the PSUs in the non-power sector in 2017-18 was attributable to the net loss of ₹463.48 crore incurred by Odisha Mining Corporation Limited, the reasons for which has been elaborated in Paragraph No. 3.18.

### ***Return on Capital Employed***

**3.20** Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes

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<sup>68</sup> The Agricultural Promotion and Investment Corporation of Odisha Limited and Odisha Construction Corporation Limited

<sup>69</sup> Odisha Forest Development Corporation Limited, Odisha State Warehousing Corporation and The Odisha State Police Housing and Welfare Corporation Limited

<sup>70</sup> Odisha State Cashew Development Corporation Limited and Odisha State Beverages Corporation Limited

(EBIT) by the capital employed<sup>71</sup>. The details of total RoCE of all the 74 State PSUs (Non-Power Sector) together during the period from 2013-14 to 2017-18 are given in table below:

**Table 3.12: Return on Capital Employed**

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (%)
2013-14	1716.00	7387.42	23.23
2014-15	1597.74	11133.40	14.35
2015-16	1713.86	7071.77	24.24
2016-17	1654.54	8477.42	19.52
2017-18	-535.31	8472.00	-6.32

*(Compiled based on information received from PSUs)*

The RoCE decreased substantially during the year 2017-18 due to increase in losses of Odisha Mining Corporation Limited.

### ***Analysis of Long Term Loans of the State PSUs (Non-Power Sector)***

**3.21** Analysis of the Long Term Loans of the PSUs which had leverage during 2013-14 to 2017-18 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

### ***Interest Coverage Ratio***

**3.22** Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a PSU by interest expenses of the same period. The lower the ratio, the lesser is the ability of the PSU to pay interest on debt. An interest coverage ratio below one indicated that the PSU was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio in respect of PSUs which had interest burden during the period from 2013-14 to 2017-18 are given in table below:

**Table 3.13: Interest Coverage Ratio relating to State PSUs (Non-Power Sector)**

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio more than 1	Number of PSUs having interest coverage ratio less than 1
2013-14	72.84	1716.45	16	12	04 <sup>72</sup>
2014-15	48.87	1600.20	18	14	04 <sup>73</sup>
2015-16	46.44	1713.49	15	13	02 <sup>74</sup>
2016-17	87.48	1654.17	17	12	05 <sup>75</sup>
2017-18	63.38	-536.21	14	12	02 <sup>76</sup>

*(Compiled based on information received from PSUs)*

<sup>71</sup> Capital employed = Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

<sup>72</sup> Odisha Rural Housing and Development Corporation Limited, IDCOL Ferro Chrome & Alloys Limited, Konark Jute Limited and Kalinga Studios Limited

<sup>73</sup> The Industrial Development Corporation of Odisha Limited, IDCOL Kalinga Iron Works Limited, Konark Jute Limited and Kalinga Studios Limited

<sup>74</sup> The Industrial Development Corporation of Odisha Limited and IDCOL Kalinga Iron Works Limited

<sup>75</sup> Odisha Rural Housing and Development Corporation Limited, The Industrial Development Corporation of Odisha Limited, IDCOL Ferro Chrome & Alloys Limited, IDCOL Kalinga Iron Works Limited and Kalinga Studios Limited

<sup>76</sup> Odisha Rural Housing and Development Corporation Limited and Odisha Mining Corporation Limited

Of the 14 State PSUs (Non-Power Sector) having liability of loans from Government as well as banks and other financial institutions during 2017-18, 12 PSUs had interest coverage ratio of more than one whereas remaining two PSUs had interest coverage ratio below one which indicates that these two PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

### **Debt Turnover Ratio**

**3.23** During the last five years, the turnover of the 74 PSUs recorded compounded annual growth of 19.29 *per cent* and compounded annual growth of debt was 17.96 *per cent* due to which the debt turnover ratio improved from 0.093 in 2013-14 to 0.089 in 2017-18 as given in table below:

**Table 3.14: Debt Turnover Ratio relating to the State PSUs (Non-Power Sector)**

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and others (Banks and Financial Institutions)	711.70	4525.67	721.51	1389.16	1378.73
Turnover	7671.40	8488.72	11562.65	13084.08	15539.81
<b>Debt-Turnover Ratio</b>	<b>0.093:1</b>	<b>0.53:1</b>	<b>0.06:1</b>	<b>0.11:1</b>	<b>0.089:1</b>

(Source: Compiled based on information received from PSUs)

The debt-turnover ratio ranged between 0.06 and 0.53 during this period.

### **Winding up of Inactive State PSUs**

**3.24** Twenty six of the 74 State PSUs (Non-Power Sector) were inactive companies having a total investment of ₹95.96 crore towards capital (₹65.30 crore) and long term loans (₹30.66 crore) as on 31 March 2018. The number of inactive PSUs at the end of each year during last five years ended 31 March 2018 is given below:

**Table 3.15: Inactive State PSUs**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
No. of inactive companies	28	28	28	28	26

(Source: Compiled from the information included in Audit Report (PSUs), GoO of respective years)

Sixteen of these inactive PSUs were under liquidation. As these PSUs are not functional for many years, the Government may take appropriate decision regarding these PSUs.

### **Comments on Accounts of State PSUs (Non-Power Sector)**

**3.25** Twenty nine working companies forwarded 37 audited accounts for the years 2013-14 to 2017-18 to the Principal Accountant General during the period from 01 October 2017 to 30 September 2018. Of these, 18 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs some improvement. The details of aggregate money value of the comments of Statutory Auditors and the CAG are as follows:

**Table 3.16: Impact of audit comments on Working Companies (Non-Power Sector)**  
(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	12	150.19	15	217.30	12	733.82
2.	Increase in profit	1	0.02	4	10.70	7	19.77
3.	Increase in loss	4	210.28	4	85.26	3	296.95
4.	Decrease in loss	1	8.86	2	10.84	0	0
5.	Non-disclosure of material facts	9	2234.81	6	145.20	5	208.99
6.	Errors of classification	Nil	Nil	Nil	Nil	4	3.89

*(Source: Audit Comments of the C&AG and Statutory Auditors)*

During the year 2017-18, the Statutory Auditors had issued certification with qualifications for 37 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 26 instances of non-compliance to the Accounting Standards in 15 accounts.

**3.26** The State has three Statutory Corporations *i.e.* (i) Odisha State Road Transport Corporation (OSRTC), (ii) Odisha State Financial Corporation (OSFC) and (iii) Odisha State Warehousing Corporation (OSWC). The CAG is sole auditor in respect of OSRTC.

Out of three working Statutory Corporations, no Corporation forwarded its annual accounts for the year 2017-18 whereas all the corporations forwarded annual accounts for the year 2016-17 during 01 October 2017 to 30 September 2018. Of these, the CAG is the sole auditor for the accounts of Odisha State Road Transport Corporation. The remaining two accounts were selected for supplementary audit. Qualified certificates were issued to all the three accounts based on comments towards decrease in profit and increase in loss. The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the CAG in respect of Statutory Corporations are given below:

**Table 3.17: Impact of audit comments on Statutory Corporations**  
(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	1	6.33	1	1.19	2	6.71
2.	Increase in profit	2	0.93	0	0	0	0
3.	Increase in loss	1	1.07	1	5.00	1	1.68
4.	Decrease in loss	0	0	0	0	0	0
5.	Non-disclosure of material facts	1	25.81	0	0	0	0
6.	Errors of classification	0	0	0	0	0	0

*(Source: Database maintained in the PAG Office)*

### Performance Audits Paragraph

**3.27** For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2018, one Performance Audit related to Odisha State Seeds Corporation Limited (OSSC) was issued to the Secretary of the Department of Agriculture and Farmers' Empowerment with request to furnish replies. Replies on the Performance Audit paragraphs have been received from the State Government and taken into account while finalising this report. The total financial impact of these Performance Audit paragraphs is ₹ 73.44 crore.

### Follow up action on Audit Reports

#### *Replies outstanding*

**3.28** The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that the executive furnishes appropriate and timely response. The Finance Department, Government of Odisha issued (December 1993) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (CoPU).

**Table 3.18: Position of explanatory notes on Audit Reports related to PSUs Non-Power Sector (as on 30 September 2018)**

Year of the Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total non-power sector Performance Audits (PAs) and Paragraphs in the Audit Report		Number of non-power sector PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	29 March 2012	3	13	-	1
2013-14	24 August 2015	2	6	1	1
2014-15	26 September 2016	1	11	1	5
2016-17	26 March 2018	1	5	1	2
<b>Total</b>	--	<b>7</b>	<b>35</b>	<b>3</b>	<b>9</b>

(Source: Database maintained in the PAG Office)

Explanatory notes on 12<sup>77</sup> Paragraphs/Performance Audits were pending with six departments till September 2018.

#### *Discussion of Audit Reports by COPU*

**3.29** The status of discussion of Performance Audits and paragraphs related to PSUs (Non-Power Sector) that appeared in Audit Reports (PSUs) by the CoPU as on 30 September 2018 was as under:

<sup>77</sup> Three Paragraphs each related to Odisha Small Industries Corporation Limited and Odisha State Beverages Corporation Limited, one Paragraph each related to Odisha State Financial Corporation, Odisha Film development Corporation Limited and Industrial Development Corporation of Odisha Limited, one Performance Audit each related to Odisha Pisciculture Development Corporation Limited, Odisha State Warehousing Corporation and Odisha Mining Corporation Limited

**Table 3.19: Performance Audits/Paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2018**

Period of Audit Report	Number of Non-power sector Performance Audits/ Paragraphs			
	Appeared in Audit Reports		Discussed	
	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	11.5	0	8
2009-10	1	10	1	9
2010-11	3	13	1	12
2011-12	1	12	1	12
2012-13	1	7	1	7
2013-14	2	6	0	5
2014-15	1	11	0	1
2015-16	1	10	0	0
2016-17	1	5	0	0
<b>Total</b>	<b>12</b>	<b>85.5</b>	<b>4</b>	<b>54</b>

(Source: Database maintained in the PAG Office)

Committee on Public Undertakings was apprised of the pendency in the discussion of Audit Report Paragraphs in their first meeting (April 2017). During 2017-18, with the co-ordination and assistance of PAG, CoPU had in its six meetings, discussed one Performance Audit (Odisha Lift Irrigation Corporation Limited) relating to Audit Report of 2009-10.

#### **Compliance to Reports of CoPU**

**3.30** Action Taken Notes (ATNs) on 27 Paragraphs pertaining to four Reports of the CoPU presented to the State Legislature between August 2001 and March 2018 had not been received (October 2018) as detailed below:

**Table 3.20: Compliance to CoPU Reports**

Year of the CoPU Report	Total number of CoPU Reports	Total no. of recommendations in CoPU Report	No. of recommendations where ATNs not received
2001-02	1	8	8
2007-08	3	6	6
<b>Total</b>	<b>4</b>	<b>14</b>	<b>14</b>

(Source: Database maintained in the PAG Office)

These reports of COPU contained recommendations in respect of Paragraphs pertaining to four departments which appeared in the Reports of the CAG of India for the years 1989-90 to 2004-05.





## **CHAPTER-IV**

### **Performance Audit relating to State Public Sector Undertakings (Non-Power Sector)**



## CHAPTER-IV

### 4. Performance Audit relating to Non-Power Sector Company

#### Activities of Odisha State Seeds Corporation Limited

##### Introduction

**4.1** Seed is the basic and primary input for agricultural production. Efficacy of other agricultural inputs<sup>78</sup> is largely determined by the quality of seed. Quality seeds alone can increase the production to the extent of nearly 20 *per cent*<sup>79</sup>. It is, therefore, important that quality seeds are made available to the farmers.

Odisha State Seeds Corporation Limited (OSSC) was incorporated (24 February 1978) as a State Government Company under the Companies Act, 1956. The main objectives of OSSC *inter-alia* includes production, processing, storage and distribution of certified seeds to the farmers at reasonable prices. OSSC organised seed production programme through seed growers at various places in the State of Odisha. The unit offices were primarily engaged in executing the seed production programme.

##### *Seed production and distribution process*

**4.1.1** Breeder seeds<sup>80</sup> constitute the basis of seed production. Breeder seeds were provided by institutions under Indian Council of Agricultural Research (ICAR) and State Agricultural Universities. OSSC sold breeder seeds to the registered<sup>81</sup> seed growers and Government firms in the State to produce foundation seeds<sup>82</sup>. Foundation seeds were supplied to the registered seed growers to produce raw seeds. Raw seeds were processed in the processing plants. Processed seeds were then certified by Odisha State Seed and Organic Products Certification Agency (OSSOPCA), a State designated authority for seed certification for ultimate distribution to farmers. The seed development process is depicted below:

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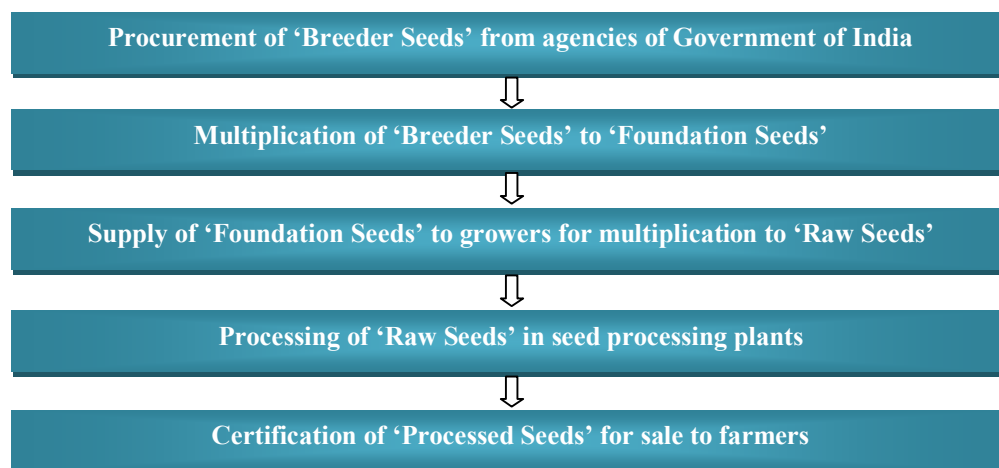
<sup>78</sup> Fertilizers, pesticides, micro nutrients, agricultural implements and irrigation etc.

<sup>79</sup> As per State Agriculture Policy, 2013

<sup>80</sup> Breeder seeds are genetically pure seed used for producing foundation seeds

<sup>81</sup> Registered with Odisha State Seed and Organic Products Certification Agency (OSSOPCA) to carry out seed multiplication programme under the banner of OSSC.

<sup>82</sup> Foundation seeds have genetic purity of 99 *per cent* and are used for producing certified seeds



**4.1.2** OSSC fixes the procurement price of certified seeds on the basis of recommendation of Pricing Committee<sup>83</sup> considering the Minimum Support Price of crops fixed by Central Government or prevailing market price whichever is higher as base price. To this, the cost incurred by the growers till certification of seeds is also added. GoO revised (October 2015) the price fixation formula for procurement of seeds as per which, procurement price was fixed by adding a fixed percentage<sup>84</sup> to the base price towards cost incurred by the grower for production of seeds.

Similarly the selling price of seeds to farmers was fixed by the State Seed Pricing Committee<sup>85</sup> taking the procurement price as a base price and adding thereto different costs<sup>86</sup> incurred by OSSC to make the seed saleable, at the all in cost price. Subsidy component is reduced from this price to arrive at the sale price of seeds to the farmers.

### Organisational Set up

**4.2** The management of OSSC was vested in a Board of Directors (BoD) consisting of 13 Directors including the Chairman and the Managing Director (MD). OSSC is under the administrative control of the Department of Agriculture and Farmers' Empowerment, GoO. The MD being a full time Director looked after the day to day affairs of OSSC. The MD was assisted by four officers *viz.*, (i) Production Manager, (ii) Processing Manager, (iii) Marketing Manager and (iv) Company Secretary (who was also head of Finance and Establishment). The Production Manager was assisted by the Seed Production Officers who headed each of the seven units of OSSC to look after the field operations.

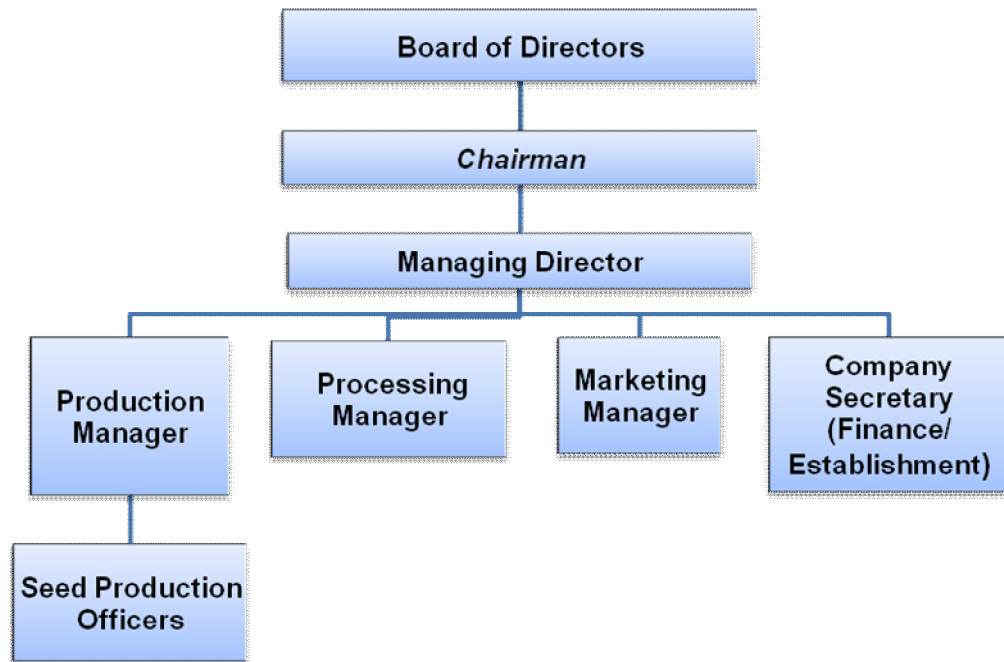
<sup>83</sup> Committee constituted of Managing Director of OSSC, representatives from OSSOPCA, Department of Agriculture and Farmers' Empowerment of GoO, Growers Shareholders and Odisha University of Agriculture and Technology

<sup>84</sup> 25 per cent in case of paddy and 30 per cent in case of non-paddy seeds

<sup>85</sup> Committee constitutes Principal Secretary to Agriculture Department, representatives from OSSOPCA, Directorate of Horticulture, Director of Agriculture and Food production, OUAT and OSSC

<sup>86</sup> Processing charges, cost of packing materials, certification charges, cost of seed treating chemical, storage charges, interest for blocking of fund, cost of transportation, loading, unloading charges, insurance charges, margin to OSSC and dealers etc.

The organisation chart of the company is depicted below:



### Audit Objectives

**4.3** Performance Audit of OSSC was conducted with a view to assess whether:

- targets for production/procurement of certified seeds were fixed with reference to the plan approved by Government of India/ Government of Odisha and these were achieved economically, efficiently and effectively;
- processing, storage and sale/distribution of seeds were carried out economically and efficiently; and
- internal control and monitoring mechanism were adequate and effective.

### Scope and Methodology of Audit

**4.4** A Performance Report on the activities of OSSC was included in the report of the C&AG of India for the year ended 31 March 2007. The report, however, was not discussed. CoPU had decided (November 2014) to transfer Audit Reports up to 2007-08 to the concerned Administrative Departments for necessary follow up action and intimate the action taken thereon to Odisha Legislative Assembly with a copy to Principal Accountant General. The Action taken thereon is however, yet to be received. The present Performance Audit covered the activities relating to the OSSC, involving examination of records maintained at Head Office and seven unit offices for the period 2013-18. Issues pointed out in the report for the year ended 31 March 2007 were included wherever relevant in the present report.

The scope, methodology and objectives of the Performance Audit were explained in an Entry Conference (May 2018) to the representatives of GoO and OSSC. The audit findings were reported to the Government in September 2018 and discussed in the Exit Conference held in November 2018. Exit Conference was attended by Special Secretary (Agriculture & Farmers'

Empowerment), GoO and the senior officials of OSSC. The reply of the Government (November 2018) has been included in the Report.

### Audit Criteria

4.5 Following were the audit criteria:

- National Seeds Policy 2002, Seeds Act 1966, Seed Rolling Plan, State Agricultural Policy 2013, Corporate Governance Manual of GoO, Minutes of Board of Directors, Audit Committee and Pricing Committee;
- Instruction/Guidelines of GoI/GoO/OSSC relating to procurement, production, processing and distribution of seeds; and
- Terms and conditions of agreement/ tender for procurement and sale of seeds, financial rules and regulations etc.

### Audit Findings

4.6 Audit findings are detailed in the succeeding paragraphs.

### Planning

#### *Seeds plan*

4.7 Supply of quality seeds is not a one-time affair. Three years time is required to produce certified seeds from breeder seeds. The National Seeds Policy, 2002 required each State to prepare a perspective plan for seeds production and distribution over a rolling period of five to six years. The policy also emphasised enhancement of the Seed Replacement Rates (SRR)<sup>87</sup> of various crops in order to achieve the food production targets of the future. During 12<sup>th</sup> plan period, GoI directed (July 2012) each State to prepare a crop-wise Seed Rolling Plan (SRP) for the period 2013-17 crop season. The SRP was to be prepared considering the minimum SRR or SRR already achieved whichever is higher. Accordingly, based on proposal of GoO, SRP for Odisha for 2013-17 was approved by GoI. The GoO had directed (May 2013) all seeds producing agencies including OSSC to carry out production as per the SRP. SRP for 2017-21 was also approved by GoI for implementation by the State.

It was observed that OSSC had carried out production as per their annual plan without considering the SRP. The production targets fixed by OSSC were lower than what were envisaged in the SRP during 2013-14 and 2016-18. Directorate of Agriculture & Food Production, Odisha (DAFP) approved the annual plan submitted by OSSC, though the targets of production were not in accordance to the SRP.

In the exit conference, Government stated that SRP has less relevance as production programme of OSSC was implemented as per annual plan. The fact remains that the OSSC has overlooked the fact that the purpose of formulating a long term plan was to provide quality seeds to the farmers and enhancement of SRR.

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<sup>87</sup> SRR is the percentage of area sown out of total area of crop planted in a season by using certified quality seeds other than farm saved seeds

### State seeds policy

4.7.1 Department of Agriculture and Farmers Empowerment, GoO had proposed (August 2015) to formulate a comprehensive State Seeds Policy. The proposed policy included policy recommendations on research and development, production, distribution, marketing of seeds. The Government, however, was yet to approve the proposed policy (August 2018). In absence of any policy, the seeds production and distribution activities were carried out based on executive instructions and guidelines issued from time to time in an adhoc manner.

Government stated that the seed policy was in the process of finalisation.

### Corporate plan

4.7.2 The Corporate Governance Manual (CGM) of GoO (November 2009) required preparation of a corporate plan by every State Public Sector Undertaking (PSU). The corporate plan is a three year plan with annual operating and financial plans. It would provide a detailed description of how the PSU intended to deliver on its long-term goals and objectives. It was observed that despite being in existence for over 40 years, OSSC had not prepared any corporate plan as per CGM.

Government stated that OSSC was being instructed to prepare the corporate plan at the earliest.

Thus, Government/OSSC had not followed any long term plan and formulated any policy for production and distribution of seeds to increase the Seed Replacement Rate in the State.

### Seed Replacement Rate

4.8 National Seed policy, 2002 as well as Seed Rolling Plan (SRP) emphasised enhancement of the Seed Replacement Rate of various crops. As per the State Agriculture Policy, 2013, one of the main reasons for the low productivity of food crops in Odisha was the low SRR. The SRP emphasised increase of SRR to 33 *per cent* in case of major crops produced in the State. Agriculture Policy, 2013 of GoO also aimed to enhance productivity of important crops by enhancing SRR. The SRR in respect of four major seeds produced in the State during the period 2013-18 is given in the following table:

**Table 4.1: Seed Replacement Rate of major crops in the State during 2013-18**

*(in percentage)*

Crop/Year	Ideal SRR	National Average/ Actual for Odisha	2013-14	2014-15	2015-16	2016-17	2017-18 (Provisional)
Paddy	33	National Average	57.55	32.80	36.76	39.81	Not Available
		Actual for Odisha	25.50	31.55	36.01	27.75	21.54
Groundnut	33	National Average	25.38	23.65	23.56	25.24	Not Available
		Actual for Odisha	23.35	12.39	12.15	9.05	6.21
Moong	33	National Average	49.63	23.55	30.72	33.55	Not Available
		Actual for Odisha	7.65	5.36	16.25	12.63	12.18
Urad	33	National Average	49.55	30.27	33.72	37.97	Not Available
		Actual for Odisha	1.86	2.07	2.90	5.12	6.22

*(Source: Department of Agriculture, GoI and DAFP, GoO)*

It could be seen from the above, the SRR in respect of four major seeds was below the normative level (Ideal SRR) as well as the national average during all the years except in case of paddy during 2015-16. Paddy is the most important crop of Odisha. The SRR of paddy, which increased to 36.01 per cent in 2015-16, again decreased to the below normative level during 2016-18.

One of the reasons attributable for low SRR was non-availability of quality seeds for seed replacement due to shortfall in production and distribution of certified seeds by OSSC as mentioned in paragraph 4.11.

Government stated that steps would be taken for achieving the SRR in the coming years.

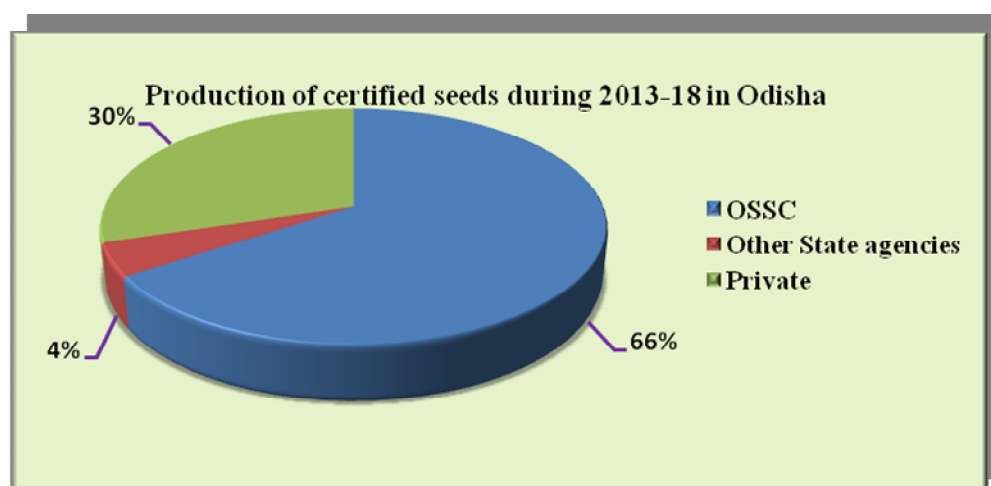
## Production performance

4.9 Production performance of OSSC during 2013-18 is detailed below:

### *Contribution of OSSC towards Seed production in the State*

4.10 The following chart indicates the average percentage of contribution of OSSC towards production of certified seeds in the State during 2013-2018.

**Chart 4.1: Production of certified seeds during 2013-18 in Odisha**



(Source: Information submitted by OSSOPCA)

It can be seen from the above chart that the share of OSSC in seed production in the State was 66 per cent during 2013-18. While private seed producing agencies contributed 30 per cent, other government agencies<sup>88</sup> contributed four per cent.

Government stated that OSSC was being instructed to increase its share of production of certified seeds in the State.

### *Shortfall in production of certified seeds*

4.11 Odisha State Seeds Corporation Limited prepares the production programme for certified seeds for each season (Kharif and Rabi), which is approved by the Directorate of Agriculture and Food Production (DAFP), GoO. Production programmes are prepared considering availability of

<sup>88</sup> National Seed Corporation, Government Agriculture Firms, Odisha University of Agriculture and Technology, DAFP etc.



foundation seeds, seeds requirement of each district assessed by the unit offices and leftover seeds of previous seasons.

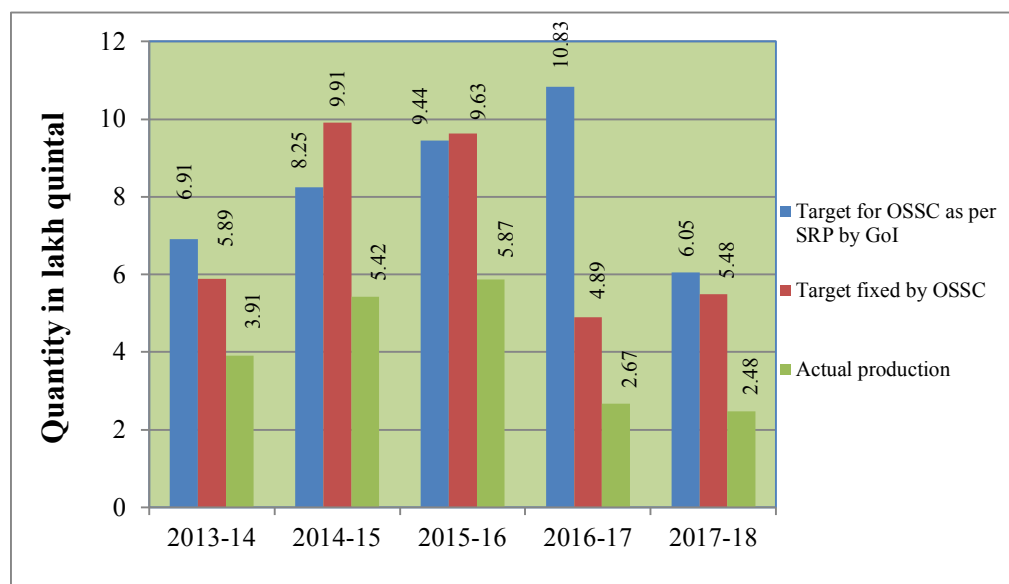
The table below indicated the production of certified seeds *vis-a-vis* targets fixed by OSSC and target as per Seed Rolling Plan during the period 2013-18.

**Table 4.2: Target and achievement of production of certified seeds during 2013-18**

Year	Season	Target for OSSC as per SRP	Target fixed by OSSC	Actual production	Shortfall	Percentage of shortfall to OSSC target
		<i>(in lakh quintal)</i>				
1	2	3	4	5	6 (4-5)	7 (6/4)
2013-14	Paddy	6.10	5.44	3.76	1.68	30.88
	Non-Paddy	0.81	0.45	0.15	0.30	66.67
	<b>Total</b>	<b>6.91</b>	<b>5.89</b>	<b>3.91</b>	<b>1.98</b>	<b>33.62</b>
2014-15	Paddy	7.21	9.24	5.30	3.94	42.64
	Non-Paddy	1.04	0.67	0.12	0.55	82.09
	<b>Total</b>	<b>8.25</b>	<b>9.91</b>	<b>5.42</b>	<b>4.49</b>	<b>45.31</b>
2015-16	Paddy	7.93	9.00	5.61	3.39	37.67
	Non-Paddy	1.51	0.63	0.26	0.37	58.73
	<b>Total</b>	<b>9.44</b>	<b>9.63</b>	<b>5.87</b>	<b>3.76</b>	<b>39.04</b>
2016-17	Paddy	8.61	4.36	2.49	1.87	42.89
	Non-Paddy	2.22	0.53	0.18	0.35	66.04
	<b>Total</b>	<b>10.83</b>	<b>4.89</b>	<b>2.67</b>	<b>2.22</b>	<b>45.40</b>
2017-18	Paddy	5.50	5.22	2.33	2.89	55.36
	Non-Paddy	0.55	0.26	0.15	0.11	42.31
	<b>Total</b>	<b>6.05</b>	<b>5.48</b>	<b>2.48</b>	<b>3.00</b>	<b>54.74</b>
<b>Total</b>		<b>41.48</b>	<b>35.80</b>	<b>20.35</b>	<b>15.45</b>	<b>43.16</b>

*(Source: Information submitted by OSSC)*

**Chart 4.2: Target and achievement of production of certified seeds during 2013-18**



It could be seen from the above that:

The production targets fixed by OSSC were always lower than what were envisaged in the SRP except for the period 2014-16. Fixation of targets in deviation to SRP defeated the purpose of framing SRP that aimed to increase SRR in the State.

There were shortfalls in achievement against its own reduced targets. Overall *percentage* of shortfall in case of paddy ranged from 30.88 *per cent* to 55.36 *per cent* during 2013-18. In case of non-paddy crops, the shortfall in achievement ranged from 42.31 *per cent* to 82.09 *per cent* during 2013-18. The reasons for shortfall in production as analysed in audit were as follows:

#### Utilised area was less than the targeted area

**4.11.1** The target for production of certified seeds were prepared considering expected area for utilisation of various crops during each season. It was observed that the actual utilised area for sowing of seeds by growers was less than the targeted area. As against a targeted area of 138406 hectares of land during 2013-18, the actual area utilised for production of seeds was 95183 hectares, resulting in shortfall of 31.23 *per cent*.

Government stated that due to shortage of manpower at field level, the targeted areas could not be achieved.

#### Growers had not supplied seeds to OSSC

**4.11.2** Growers participating in the production programme of OSSC had not supplied all the seeds produced by them to OSSC. The details of seeds produced *vis-à-vis* supplied by the growers to OSSC for the period 2014-17 were as follows:

**Table 4.3: Details of seeds produced *vis-à-vis* supplied by the growers to OSSC**

*(Quantity in Quintals)*

Crop year	Area certified for production in Ha	Total Seeds produced by the growers	Actual quantity supplied to OSSC	Shortfall	Percentage of shortfall
2014-15	21721	774983	559388	215595	28.82
2015-16	24667	876347	607764	268583	30.65
2016-17	17138	451778	273194	178584	39.53
2017-18	13804	424657	256269	168388	39.65
<b>Total</b>	<b>77330</b>	<b>2527765</b>	<b>1696615</b>	<b>831150</b>	<b>33.10</b>

*(Source: Information submitted by the Odisha State Seed Certification Agency)*

As against 25.28 lakh quintal seeds produced during 2014-18, growers supplied 16.97 lakh quintal seeds to OSSC. They sold the remaining seeds either to outside agencies or kept it for their own consumption. This was mainly due to the delay in release of seeds cost and incentive to growers and non-enforcement of agreement with them.

#### Delay in release of seed cost

OSSC released the cost of seeds to the growers in two phases. GoO issued (August 2015) a guideline as per which initial payment (60 *per cent*) was to be made within seven days of processing of raw seeds and final payment (40 *per cent*) was to be released within 30 days of certification.

It was observed that OSSC had not released seed cost to the growers in time. A detailed analysis of payment made to seed growers in respect of six unit offices during 2015-17 revealed that the average delay in release of initial payment and final payment ranged up to 99 days and 241 days respectively.

Government stated that due to lack of manpower at field level, the payment had been delayed and assured to resolve the delay shortly.

### **Delayed payment of incentive to the seed growers**

Integrated Scheme of Oilseed, Pulses, Oil Palm and Maize (ISOMP) of GoI provided incentives for production of different oil seeds. Production incentive<sup>89</sup> was available on production of oilseeds of less than 10 years varieties to the growers and OSSC.

It was observed that OSSC claimed incentive of ₹4.70 crore for the year 2013-17 out of which GoO released ₹1.58 crore. The growers share was ₹1.18 crore. OSSC had released only ₹0.27 crore. The balance incentive ₹0.91 crore was not released over a period of one to four years due to non collection of bank account and other details of growers in advance. Delay in release of incentive discouraged the growers to participate in production programme of oilseeds and pulses.

Government stated that necessary steps will be taken to release the incentive in time.

### **Agreement with the registered growers were not enforced**

OSSC did not execute any agreement till 2015-16 with the growers to supply their entire produce. OSSC entered into mandatory agreements with the growers from Kharif 2016. As per agreement, growers who failed to supply seeds would be debarred from further participation in the production programme. OSSC had not debarred any grower so far in spite of the facts that seed growers of OSSC had short supplied 3.47 lakh quintals of seeds during 2016-18.

Government stated that OSSC would take steps to debar seed growers who failed to supply seeds.

### **Shortage of technical manpower with OSSC**

**4.11.3** Odisha State Seeds Corporation Limited did not have adequate technical manpower to carry out the production programme. The Seed Production Officers (SPOs) at unit offices were looking after the production as well as the distribution activities. The shortage of technical manpower particularly in the Assistant Seed Production Officers (ASPO) level resulted in improper monitoring of seed production programme.

Government stated that necessary steps were being taken for posting of ASPO at district level for smooth operation of production programme.

### **OSSC could not distribute seeds within validity period**

**4.11.4** The produced certified seeds were useable within a validity period of nine months after which they are declared substandard. It was observed that OSSC could not distribute all its produced seeds within the validity period. This forced OSSC to reduce its production target and also restricted procurement of different varieties of seeds from the seed growers.

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<sup>89</sup> Production incentive at the rate ₹1000/- per quintal was payable on production of oilseeds. Out of which growers share was ₹750 and OSSC share was ₹250

Thus, OSSC had carried out its production programme as per its annual plan instead of as per the Seed Rolling Plan approved by GoI. It also failed to achieve its own production targets. Insufficient production of seeds also resulted in non achievement of stipulated SRR.

#### ***Procurement of seeds from outside agencies***

**4.12** Odisha State Seeds Corporation Limited had procured seeds from outside sources<sup>90</sup> in order to meet the shortfall in production from its own sources. In case of seeds produced through its own production programme, GoO had allowed a profit margin of 5 to 7.5 per cent. In case of procurement from outside sources, the margin to OSSC was three to five per cent.

It was observed that:

- OSSC procured 1.43 lakh quintal seeds from outside agencies during 2013-18 to meet the requirement as it failed to produce inside the State. The procurement price was higher than the cost of production through growers. In the procurement of 1.43 lakh quintal seeds, OSSC incurred an extra expenditure ₹13.03 crore.
- Out of 1.43 lakh quintal of seeds procured from other agencies, 0.62 lakh quintal included oilseeds. Production incentive was not available in case of procurement from outside agencies. As OSSC had purchased seeds from outside agencies, growers in the State as well as OSSC were deprived of production incentive of ₹6.27 crore.

Government, while accepting the fact, stated that steps would be taken based on observation of audit and ground realities.

Similar observations were raised vide paragraph 2.4.16 of Audit Report (Commercial), GoO of the C&AG of India for the year ended 31 March 2007. The Government had stated (July 2007) that steps were being taken for increasing the production of non-paddy seeds. The steps taken thereon were not effective as observed in the above paragraph.

#### **Processing and Storage of Seeds**

**4.13** Processing and storage performance of OSSC is detailed below:

##### ***Underutilisation of seed processing plants***

**4.13.1** OSSC operated 37 processing plants as of March 2018 for processing of seeds. Six processing plants were utilised for processing of groundnut seeds. The rest (31) were being utilised for processing of paddy and other seeds. The processing capacity of these plants was 19.48 lakh quintals as of March 2014 which increased to 22.95 lakh quintal as of March 2018. The utilisation of processing plants is indicated in Table 4.4:

<sup>90</sup> Other state seed corporations including National Seed Corporation and private seed producing agencies both inside and outside state.

**Table-4.4: Utilisation of processing plant vis-à-vis installed capacity***(in lakh quintals)*

Year	Paddy and Other seeds			Groundnut		
	Processing capacity	Processed quantity	Percentage utilisation	Processing capacity	Processed quantity	Percentage utilisation
2013-14	17.33	3.92	22.62	2.16	0.16	7.41
2014-15	18.90	5.60	29.62	2.16	0.07	3.24
2015-16	18.90	5.66	29.95	2.16	0.17	7.87
2016-17	18.90	2.83	14.97	2.16	0.17	7.87
2017-18	20.79	2.73	13.13	2.16	0.08	3.70

*(Source: Information submitted by OSSC)*

- It is evident from above table that there was underutilisation of the processing plants during all the five years. In 2017-18 the percentage utilisation for Paddy and Other seeds was 13.13 *per cent* while for Groundnut it was even lesser at 3.70 *per cent*. The main reason for underutilisation of the processing plants was due to insufficient production when compared to installed capacity during all the years. Underutilisation resulted in increase in operational cost. The processing cost of seeds incurred by OSSC during 2013-18 varied from ₹60 to ₹96 per quintal. On the other hand, OSSC received ₹60 per quintal towards processing cost as per GoO norm. Since the processing cost was higher than the rate fixed by GoO it resulted in loss of ₹4.39 crore<sup>91</sup> in the processing of 17.47 lakh quintal of seed over a period of five years.

Government stated that reduction in production of seeds, old and ageing processing plants resulted in less capacity utilisation in comparison to installed capacity. Government further stated that Steps were being taken to optimize the utilisation of processing plants.

- OSSC received (September 2016 - October 2017) ₹31.33 crore as grant from GoO under Rastriya Krishi Vikas Yojana (RKVY) for renovation and modernisation of processing plants. Out of the above, OSSC utilised ₹6.01 crore (19.18 *per cent*) as of March 2018. OSSC, however, submitted utilisation certificate for ₹31.33 crore to GoO, which was highly irregular. The reasons for non-utilisation of funds were attributed to delay in initiating procurement action and delay in finalisation of tender.

Government stated that necessary steps would be taken for modernisation of processing plants in time without further delay. Government did not offer any specific reply regarding irregular submission of UC.

Thus, underutilisation of processing plant due to insufficient production and delay in modernisation resulted in higher processing cost over the norm and loss of ₹4.39 crore during 2013-18.

Audit had earlier in paragraph 2.4 of CAG Audit Report (Commercial), GoO for the year ended 31 March 2007 recommended for optimal utilisation of the processing plants. It is clear the recommendation has not been implemented so far.

<sup>91</sup> Expenditure incurred (₹17.22 crore) – expenditure reimbursed (₹12.83 crore)

### Shortfall in storage capacity

**4.13.2** OSSC was in need of creation of storage facility for safe storage of seeds. As of March 2018, OSSC owned 86 godowns in 29 districts having 4.33 lakh square feet of space for storage of seeds. OSSC had also hired godowns from private agencies. The table below indicates the available OSSC owned godown capacity *vis-a-vis* requirement of space during 2013-18:

**Table 4.5: Statement showing storage space *vis-à-vis* requirement during 2013-18**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Capacity at the beginning (Area in lakh square feet)	3.87	4.06	4.12	4.33	4.33
Capacity added (Area in lakh square feet)	0.19	0.06	0.21	-	-
Capacity at the end (Area in lakh square feet)	4.06	4.12	4.33	4.33	4.33
Storage Capacity (in lakh quintal)	2.54	2.58	2.71	2.71	2.71
Targeted production as per Seed Rolling Plan	6.91	8.25	9.44	10.83	6.05
Actual Production (in lakh quintal)	3.91	5.42	5.87	2.67	2.48
Percentage of shortage with reference to actual production	35.14	52.40	53.83	-	-
Expenditure on hiring of godowns (₹in Crore)	1.45	1.57	1.33	2.65	0.24

(Source: Information submitted by OSSC)

During the year 2013-14 the shortage of godown space *vis-à-vis* production was 35.14 *per cent* which went up to more than 50 *per cent* in the following two years 2014-15 and 2015-16. Thus, in order to meet the shortage of storage space, OSSC had to hire private godowns. During 2016-17 and 2017-18 though there was no shortfall in storage capacity, OSSC hired godowns for storage of previous season's seeds. OSSC incurred an expenditure of ₹7.24 crore during the five year period towards hiring private godowns.

The storage capacity added during the five year period was only 0.46 lakh square feet. Based on the proposal submitted by OSSC, GoO released<sup>92</sup> ₹12.98 crore to OSSC for construction of 14 godowns, which would have provided storage capacity for additional 56,107 quintals. It was observed that the proposed capacity addition on construction of 14 godowns was still insufficient to meet the required storage capacity. OSSC had assigned (December 2016) the construction work to Odisha Construction Corporation Limited (OCC) to complete construction within 18 months. The work, however, could not be completed (December 2018).

The delay in construction by OCC was mainly due to delay in identification of suitable land, frequent change in design and structure of godowns and scope of work by OSSC. Further, OSSC submitted utilisation certificate for ₹10 crore to Government without their actual utilisation, which was highly irregular.

<sup>92</sup> ₹8.00 crore during March - September 2016 and ₹4.98 crore was released during September - October 2017.

Government while accepting the observation stated that OSSC was being instructed to expedite the construction work to increase the storage capacity. Government did not offer any specific reply in respect of submission of Utilisation Certificates.

### Quality Control of Seeds

**4.14** Under Seeds Act 1966, Odisha State Seed and Organic Products Certification Agency (OSSOPCA) is the seed certifying authority in Odisha, which has to certify the quality of the seeds. OSSC, being a seeds producing agency, was required to exercise quality control check at various stages of production and processing of seeds. The Board of Directors instructed (March 2012) to check the quality of unprocessed seeds at the time of receiving the same from growers in seed processing plants. To ensure quality of seeds, OSSC was required to set up quality control laboratories, engage technical manpower, imparting training to the field level officials, prepare quality control manual, etc.

OSSC did not have any quality control department to look into the quality aspects of the seeds. It had also not framed any quality control policy/manual for the purpose. In the absence of which, the unit offices were vested with the responsibility of ensuring quality of unprocessed seeds as per the instruction issued (March 2012) by Board.

Government stated that a quality control manual related to seed procurement and processing would be developed. It also stated that steps were being taken to set up a quality control laboratory in OSSC.

- Procurement price of seeds was fixed considering a processing loss of 6 *per cent* in case of paddy, 10 *per cent* in case of groundnut and 7 *per cent* in case of other non-paddy seeds. During the period 2013-18, the processing loss up to 8.30 *per cent*, 12.53 *per cent* and 9.66 *per cent* was observed in case of procured paddy, groundnut and other non-paddy seeds respectively. Higher processing loss than the norm resulted in loss of ₹0.26 crore to OSSC. Processing loss could have been minimised by proper verification of quality of seed by the plant in-charge at the time of receipt of seeds from growers.

Government stated that steps would be taken for ensuring quality control measures at the level of OSSC.

- The validity of certified seeds was nine months. In the event of sale through auction, the certified seeds were sent to laboratory to recheck the quality. During the period 2016-17, OSSC sold 2.39 lakh quintals of surplus seeds of Kharif 2015 produce through auction. Samples of the seeds were sent to testing laboratory for testing the validity. All of this 2.39 lakh quintals of seeds failed to meet the quality parameters and were considered substandard (September/October 2016).

It was observed that these seeds were certified during the month of February to June 2016 by OSSOPCA. Failure of the seeds within three to eight months of certification indicated that seeds were not stored properly to retain their germination capacity during the validity period, which was also accepted by the Management. Government while accepting the

observation stated that instructions were being issued to OSSC to ensure utilisation of seeds before expiry of the validity period.

Similar observation was made in paragraph 4.4 of CAG of India Audit Report (Commercial), GoO for the year ended 31 March 2007. Audit had recommended for scientific storage of seeds to retain quality of seeds.

### ***Distribution of Certified Seeds***

**4.15** One of the main objectives of OSSC was to distribute certified seeds to farmers at reasonable price and sufficient quantities to support agricultural production programme of the State. OSSC distributed seeds to farmers through private dealer network and Primary Agriculture Cooperative Societies (PACS) and Large Area Multi Purpose Societies (LAMPS). Audit observed the following deficiencies in the process of distribution:

### ***Shortfall in distribution of seeds***

**4.16** Odisha State Seeds Corporation Limited, before the start of the sowing season, received indents for certified seeds from Directorate of Agriculture and Food production (DAFP), Government of Odisha. The indented seeds were pre-positioned at designated godowns by OSSC. The dealers/ Primary Agriculture Cooperative Societies (PACS)/ Large Area Multi-Purpose Societies (LAMPS) on deposit of sale value lifted the stock from the designated godowns of OSSC for further distribution to the farmers. The table below indicates the distribution of certified seeds by OSSC *vis-a-vis* indent received from DAFP during the period 2013-18.

**Table 4.6: Distribution of certified seeds by OSSC during 2013-18**

Year	Indent by DAFP	Off-take of seeds	Difference	Percentage of
	<i>(In lakh quintals)</i>			
2013-14	10.00	5.14	4.86	48.60
2014-15	8.89	4.79	4.10	46.11
2015-16	8.33	5.06	3.27	39.25
2016-17	7.47	3.45	4.02	53.82
2017-18	5.95	3.40	2.55	42.86
<b>Total</b>	<b>40.64</b>	<b>21.84</b>	<b>18.8</b>	<b>46.26</b>

*(Source: Information submitted by OSSC)*

It may be seen from the above that though indent was placed by DAFP, off take of certified seeds was far lesser than the indented quantity all the five years. The difference ranged between 39.25 *per cent* and 53.82 *per cent*. The off-take of certified seeds reduced drastically in 2017-18 even against reduced indent. The reason for such decline in indent as well as distribution of seeds is detailed in the succeeding paragraphs:

### ***Agriculture Department failed to ensure distribution of the seeds as per indent***

**4.16.1** Deputy Director of Agriculture (DDA) functioning at District level under the administrative control of DAFP had prepared the indents of different varieties of seeds for requirement of their districts. DAFP, after compilation of district wise requirement, arrives at the final requirement of seeds for the State and placed indent of supply of seeds by OSSC before start of the season. The duties and responsibilities of DDAs included monitoring and enforcing the



rules related to the sale of seeds in their district and guide the field functionaries of OSSC for movement of seeds for the particular block. DDAs were to ensure that seeds were prepositioned and sold within their district in time.

It was observed that initial assessment of seed requirement by the field level officials of DA&FP was not in accordance with the actual demand. Further, field functionaries of DAFP were not successful in persuading the farmers of the desirability of replacing the farm saved seeds with the certified seeds. This resulted in mismatch between the indent and actual off- take of certified seeds. DAFP had not ensured that seeds indented by the DDA were fully distributed to farmers as sale had fallen short of the indent during all the years.

Government stated that DAFP was being instructed to take necessary steps to coordinate with field functionaries to avoid mismatch in future.

***Inadequate marketing efforts by OSSC***

**4.16.2** The primary responsibility of achieving the sale of indented quantity rested with the DAFP. The following shortcomings were observed:

- OSSC did not deploy required manpower for marketing of seeds. All the posts in the marketing function of OSSC except the post of Marketing Manager were lying vacant.
- OSSC had no system for collecting market information like demand, availability, its competitors' price, etc. of seeds, to evolve an effective marketing strategy. OSSC had not evolved any policy or strategy to sell its surplus seeds to outside states or through alternate marketing channel. There was no system of reviewing performance of dealers periodically, so as to take corrective measures for increasing sale.
- Brand name plays an important role on reliability of the product and creates a unique identity of the product to attract the customer. OSSC had a brand name called 'ORISEED'. OSSC did not make any expenditure on promotional activities to market its brand name. As a result, it has failed to create its distinctiveness and customer base.

Similar observation was made in paragraph 2.4.25 of CAG Audit Report (Commercial), GoO for the year ended 31 March 2007. Audit had recommended for revamping of marketing infrastructure of the company. Government while accepting the observation stated that OSSC was being instructed to take adequate marketing effort would be made to ensure sale of produced seeds.

***Accumulation and disposal of substandard seeds***

**4.17** As per the approved norm, the validity of the seed certification is only for a period of nine months. OSSC could not sell/distribute all the certified seeds produced by it within the validity period. As a result, the seeds became substandard and OSSC incurred loss of ₹41.60 crore when seeds were sold after validity through auction. The details of loss incurred by OSSC during the period 2013-18 were depicted in the following table:

**Table 4.7: Loss on disposal of substandard seeds during 2013-18**

Year	Quantity (in quintal)	Loss on disposal (₹ in crore)
2013-14	36404	2.77
2014-15	20836	2.52
2015-16	94483	8.70
2016-17	253440	26.10
2017-18	18822	1.51
<b>Total</b>	<b>423985</b>	<b>41.60</b>

(Source: Information submitted by OSSC)

In this regard, audit observed the followings:

- OSSC did not have any approved procedure/policy for disposal of substandard seeds. It had not prepared any MIS reports in respect of accumulation and disposal of substandard seeds. Details of year wise, crop wise and unit wise availability of surplus stock was not compiled by OSSC so as to take timely action for disposal of stocks. Unit offices had not submitted the details of surplus seeds to Head Office in time.

Government stated that policy document would be framed for strengthening MIS for real-time assessment of availability of surplus seeds.

- OSSC sold 77.37 quintal of breeder seeds valuing ₹4.09 lakh and 18400 quintal of foundation seeds valuing ₹3.63 crore as substandard seeds during the period 2013-17. Breeder seeds, which are scarcely available, were procured from Research Institutes for multiplication into foundation seeds and attaining the seed multiplication chain. Condemnation of breeder seeds indicated that the entire chain of placing of indents with GoI, distribution of the same for seed multiplication and market demand of certified seeds were not assessed by OSSC/Government. Similarly, foundation seeds were procured for multiplication into certified seeds. 18400 quintal of foundation seeds had the potential of producing 14.56 lakh quintals of certified seeds worth ₹274.51 crore as per the seed multiplication norm. Condemnation of such huge quantity of foundation seeds indicated failure of OSSC to effectively utilise foundation seeds.

Government stated that due to non-lifting of breeder seeds by government firms/growers, the same could not be utilised. In case of foundation seeds, Government stated that surplus foundation seeds were sold as certified seeds but the dealers/PACs did not lift the seeds resulting seeds becoming substandard. The reply indicated improper assessment and monitoring of the procurement and distribution of seeds.

- OSSC had not prescribed any norm for storage loss in respect of seeds stored in godowns. OSSC also did not conduct any periodical verification of its seeds stock to ascertain storage loss, if any. Audit noticed shortage of 13983 quintal seeds valuing ₹1.78 crore during disposal of substandard seeds in 2013-18. OSSC, despite recognising the storage loss as undesirable, had not taken any action to investigate the matter.

Government did not offer any specific reply to the audit observation.

Thus, inadequate marketing efforts coupled with failure of the DAFP in ensuring lifting of indented quantity resulted in decline in sale of seeds. This resulted in decline of SRR of the major crops in the State as well as accumulation of surplus seeds which were disposed as substandard seeds.

## Financial Performance

### Financial Position and Working Results

**4.18** OSSC had finalised its accounts up to the year 2014-15 as of December 2018. Based on audited accounts for the year 2013-15 and the provisional accounts for the years 2015-18, the financial position and working results of OSSC for five years ending March 2018 is given in the table below:

**Table 4.8: Statement of Financial Position of OSSC for the period 2013-18**

(₹ in crore)

Particulars	2013-14	2014-15	2015-16 (Prov.)	2016-17 (Prov.)	2017-18 (Prov.)
Paid up Capital	2.68	2.68	2.63	2.63	2.63
Reserves and Surplus	53.80	53.33	58.96	59.96	70.93
Long Term Borrowings	37.03	23.64	19.42	22.52	1.82
Current liabilities and Provisions	98.97	141.05	127.79	119.94	133.02
<b>Total Liabilities</b>	<b>192.48</b>	<b>220.70</b>	<b>208.80</b>	<b>205.05</b>	<b>208.40</b>
Net Fixed Assets	23.02	23.44	22.88	23.15	20.77
Inventories	70.33	91.91	79.05	67.73	66.59
Sundry Debtors	68.13	51.36	63.46	56.50	62.92
Cash & Bank Balance	11.31	32.56	24.91	38.07	39.50
Other Current Assets	19.69	21.43	18.50	19.60	18.62
<b>Total Assets</b>	<b>192.48</b>	<b>220.70</b>	<b>208.80</b>	<b>205.05</b>	<b>208.40</b>

**Table 4.9: Statement of working results of OSSC for the period 2013-18**

Particulars	2013-14	2014-15	2015-16 (Prov.)	2016-17 (Prov.)	2017-18 (Prov.)
Sale of seeds	159.19	138.86	153.69	144.53	145.66
Other income	2.94	2.44	1.85	1.73	2.41
<b>Total Income</b>	<b>162.13</b>	<b>141.30</b>	<b>155.54</b>	<b>146.25</b>	<b>148.07</b>
Purchase of seeds	123.36	107.20	122.76	128.43	117.78
Operational Expenses	14.89	14.53	13.13	13.30	12.45
Employee & Administrative Expenses	7.71	6.94	7.08	7.61	8.31
Other Expenses <sup>93</sup>	18.40	11.79	11.73	13.47	11.03
<b>Total Expenditure</b>	<b>164.36</b>	<b>140.46</b>	<b>154.70</b>	<b>162.81</b>	<b>149.57</b>
<b>Profit(+)/Loss(-) before Tax</b>	<b>(2.23)</b>	<b>0.84</b>	<b>0.86</b>	<b>(16.56)</b>	<b>(1.50)</b>
<b>Current Tax</b>	<b>0.22</b>	<b>0.16</b>	<b>0.30</b>	<b>0</b>	<b>0</b>
<b>Net profit</b>	<b>(2.45)</b>	<b>0.68</b>	<b>0.54</b>	<b>(16.56)</b>	<b>(1.50)</b>

(Source: Information submitted by OSSC)

The review of financial statement revealed that OSSC earned marginal profits during 2014-16 and incurred loss during the last three years. The deteriorating financial performance of OSSC during 2016-17 and 2017-18 was mainly due to decline in sale of seeds, increase in operational expenses and disposal of surplus seeds at below the cost of procurement.

<sup>93</sup> Depreciation, finance cost, selling expenses and Prior Period Adjustment Account(Net)

### ***Accounts not finalised in time***

**4.19** As per provisions of the Companies Act, 2013 the financial statements of the Companies were required to be finalised by 30 September each year. It was observed that accounts of OSSC were in arrear since 2015-16. Non-finalisation of accounts in time resulted in non-availability of authenticated financial positions and working results of the Company to the stakeholders. Delay in finalisation of accounts was mainly due to non compilation of accounts and delay in reconciliation of bank accounts:

- Preparation of basic accounting records is prerequisite for compilation of accounts prior to finalisation of annual accounts. Adequate number of staffs was not deployed to prepare basic books of accounts such as purchase account, sale account, stock account, etc. during the respective year of transaction.
- OSSC maintained 145 bank accounts in different banks. Bank reconciliation was completed in respect of only 121 accounts as on 31 March 2014. No bank reconciliation was carried out for subsequent years.

Government stated that necessary steps were being taken for consolidation of accounts and reconciliation of bank accounts as soon as possible.

### **Internal Control and Monitoring**

**4.20** Following deficiencies in internal control and monitoring system were observed.

#### ***Deficiencies in functioning of Board of Directors and Audit Committee***

**4.20.1** Board of Directors (BoD) being the apex governance body, is responsible for setting the tone from the top in the organisation in regard to the control environment. Similarly, Audit Committee (AC) was to oversee the internal controls and financial reporting process including review of internal audit process. Audit observed the following deficiencies in their functioning during 2013-18.

Three meetings of BoD were held in 2013 and 2016 against the norm of four meetings as per Companies Act 2013. Attendance of eight out of 12 Directors ranged from 26 to 33 *per cent* during 2013-18 against the norm of minimum 75 *per cent* attendance as per Corporate Governance Manual (CGM) of GoO. Important items like approval of annual accounts, proceedings of Audit Committee, approval of production programme were not included in the agenda and placed as "other items" in the Board Meeting.

As per CGM, every PSU was to form an Audit Committee (AC) who should meet at least three times in a year. As per the Companies Act, 2013 AC should consist of a minimum of three Directors with Independent Directors forming majority. Audit observed that the first meeting of AC was held (February 2016) after four years of its formation (March 2012). Subsequent meetings were held as per the norm. Delay in constitution of AC resulted in delay in finalisation of Annual Accounts and internal audit system of OSSC. Further, AC did not have the minimum number of independent directors during 2017-18. Audit committee during its meetings did not review and monitor the auditor's performance and effectiveness of audit process.

Government stated that OSSC had been instructed to include all important items in the agenda. Government also assured effective functioning of AC as per the observation of audit.

***Inadequate internal audit system***

**4.20.2** OSSC did not have an internal audit wing and had outsourced the internal audit activity to the firms of Chartered Accountants. Internal audit in OSSC was in arrears since 2014-15. The compliance to internal audit reports was not prepared. The internal audit reports were also not placed before Audit Committee/Board of Directors for appraisal. The reason for delay in internal audit was attributed to non-compilation of basic accounting records. Government stated that steps were being taken to strengthen the internal audit wing of OSSC.

***Deficiencies in manpower management and other controls***

**4.20.3** Other deficiencies noticed in the internal control and monitoring system in OSSC are described below:

- OSSC did not have adequate manpower to carry out its operational and financial activities. OSSC had 111 employees against the sanctioned strength of 186 as of July 2018. The major vacancies were in key functional posts in Group A and B cadre. Such vacancies included Personnel officer, DGM (Finance), Accounts officer, Marketing Development Officer, Assistant Seed Production Officers, etc. OSSC submitted a manpower restructuring proposal in January 2011, which was pending with Government for approval.
- Procedural manuals are necessary to carry out the activities in a systematic and authorised manner. Such manuals include Seed Production Manual, Processing/Storage Manual, Marketing Manual, Purchase Manual, Accounts Manual, Quality Control Manual. OSSC had not formulated any manual relating to its core activities.
- Odisha State Seeds Corporation Limited had 4288 seed growers involved in the seed production programme as of March 2018. OSSC, however, had not prepared any database of growers who were involved in seed production process during 2013-18.
- Deficiencies in internal control system resulted in misappropriation of cash (₹0.41 crore), shortage of stock of 1449.70 quintal (₹0.35 crore) during 2013-14, which was detected during finalisation of annual accounts for the year 2013-14.

Government stated that necessary steps would be taken to correct the deficiencies in the internal control and monitoring system pointed out by audit.

Internal control and monitoring System in OSSC was weak due to inadequate functioning of Board and Audit Committee, irregular Internal Audit system and inadequate manpower for monitoring the business activities of the Company.



## **PART-B**

### **Departments and Entities (other than PSUs) under Economic Sector**





# **CHAPTER-I**

## **Introduction**



# CHAPTER-I

## Introduction

### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) on Economic Sector of Government of Odisha relates to matters arising in the Department of Agriculture and Farmers' Empowerment and Compliance Audit of Government Departments.

The primary purpose of the Report was to bring to the notice of the State Legislature significant results of audit. The audit findings are expected to enable the executive to take timely corrective action. This would help in framing policies and directives that will lead to improved management of the organisations, thus contributing to better governance.

Compliance Audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the applicable Rules, Laws, Regulations, various orders and instructions issued by the competent authorities are being complied with.

This chapter provides the audited entity's profile, the planning and extent of audit and a synopsis of the significant audit observations. Chapter II of this Report deals with Compliance Audit of various departments.

### 1.2 Audited Entity's Profile

There are 39 departments in the State headed by Additional Chief Secretaries/Principal Secretaries/Commissioner-cum-Secretaries at the Secretariat level. Directors and Sub-ordinate Officers assist them. Out of 39, 12 departments dealt with the Economic Sector. This Report includes the results of audit of three departments.

### 1.3 Profile of Economic Sector

The expenditure of the Departments of Government of Odisha under Economic Sector in 2017-18 was ₹22,333.77 crore and constituted 25.29 per cent of the total expenditure of ₹88,325 crore incurred during the year. The expenditure incurred during last five years by Departments of Government of Odisha falling within Economic Sector is given below.

**Table No. 1.1: Details of expenditure of the departments**

(₹ in crore)

Sl. No.	Name of the Department	2013-14	2014-15	2015-16	2016-17	2017-18	Total
1.	Water Resources	3657.75	4278.70	6043.53	7726.87	8814.73	30521.58
2.	Works	2718.59	3776.95	5305.33	4517.08	4564.14	20882.09
3.	Agriculture & Farmers' Empowerment	1920.06	2650.85	3139.48	2977.66	3129.27	13817.32
4.	Cooperation	683.18	661.01	854.61	1646.25	878.36	4723.41
5.	Forest and Environment	601.53	645.94	579.31	585.12	615.48	3027.38
6.	Skill Development and Technical Education	337.01	526.54	710.30	548.98	617.32	2740.15
7.	Energy	1149.82	752.20	1544.89	2288.10	2306.43	8041.44

Sl. No.	Name of the Department	2013-14	2014-15	2015-16	2016-17	2017-18	Total
8.	Fisheries and Animal Resources Development	390.05	475.47	546.27	549.99	591.47	2553.25
9.	Industries	0.78	35.34	104.72	97.14	257.36	495.34
10.	Tourism	161.38	238.37	212.36	209.06	273.00	1094.17
11.	Handloom's and Textiles & Handicrafts	140.40	116.06	132.18	139.72	137.10	665.46
12.	MSME	52.83	90.12	85.72	102.24	149.11	480.02
13.	<b>Total</b>	<b>11813.38</b>	<b>14247.55</b>	<b>19258.70</b>	<b>21388.21</b>	<b>22333.77</b>	<b>89041.61</b>
14.	<b>Total Expenditure of GoO</b>	<b>50873.20</b>	<b>59677.78</b>	<b>72794.00</b>	<b>79618.43</b>	<b>88325.00</b>	<b>351288.41</b>
15.	<b>Expenditure of Economic Sector as a percentage of total expenditure</b>	<b>23.22</b>	<b>23.87</b>	<b>26.46</b>	<b>26.86</b>	<b>25.29</b>	<b>25.35</b>

#### **1.4 Authority for Audit**

The authority for Audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act (CAG's DPC Act), 1971. The CAG conducts audit of expenditure of the departments of Government of Odisha under section 13<sup>94</sup> of the CAG's DPC Act, 1971. In addition, the CAG conducts audit of Autonomous Bodies substantially funded by the State Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts 2007 issued by the CAG.

#### **1.5 Planning and Conduct of Audit**

Audit process starts with the risk assessment of the Department / Organisation as a whole and that of each unit. The assessment was based on expenditure incurred, criticality/complexity of activities and level of delegated financial powers and assessment of internal controls. Previous audit findings were also considered in this exercise wherever necessary. Based on this risk assessment, the frequency and extent of audit were decided. An Annual Audit Plan was formulated to conduct audit on the basis of such risk assessment. After completion of audit of each unit, Inspection Reports (IR) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies were received, audit findings were either settled or further action for compliance was advised. The important audit observations made in the Inspection Reports/Performance Audit were processed for inclusion in the Audit Reports. These are submitted to the Governor of Odisha under Article 151 of the Constitution of India.

#### **1.6 Response to Audit**

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the Government takes its stewardship role seriously.

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<sup>94</sup> Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.

- ***Response to Recommendations of the Public Accounts Committee***

PAC Reports/Recommendations are the principal medium by which Legislature ensures financial accountability of the Executive. The Odisha Legislative Assembly (OLA) Secretariat issued (April 2005) instructions to all State Government departments to submit ATNs on suggestions and recommendations made by PAC within four months of presentation of PAC Reports to the Legislature.

Action Taken Notes on all the 730 recommendations, relating to Audit Report (Economic Sector) made by the PAC<sup>95</sup> were submitted by the departments as of March 2018.

- ***Follow-up action on earlier Audit Reports***

Serious irregularities observed in audit are included in the Reports of the Comptroller and Auditor General that are presented to State Legislature. According to the instructions of the Finance Department (December 1993/June 2016), the Administrative Departments are required to furnish explanatory notes on transaction audit paragraphs, reviews/performance audits, etc. included in the Audit Reports within three months of their presentation to the State Legislature.

For the Audit Reports of the period (2007-08 to 2015-16)<sup>96</sup> explanatory note in respect of one compliance audit paragraph on National Horticulture Mission of the Audit Report for Year ending March 2016 relating to Agriculture & Farmers' Empowerment department was awaited as of March 2018. The Department has submitted the explanatory notes in May 2018.

- ***Response to Inspection Reports***

A review of IRs issued up to March 2018 pertaining to 12 departments showed that 9,443 paragraphs relating to 2,923 IRs were outstanding at the end of June 2018. Of these, 1,068 IRs containing 2,266 paragraphs are outstanding for more than 10 years. Even first reply from the Heads of offices which was to be furnished within one month has not been received in respect of 272 IRs issued up to March 2018.

<sup>95</sup> From the 1<sup>st</sup> Report of 10<sup>th</sup> Assembly (1990-95) to 5<sup>th</sup> Report of 14<sup>th</sup> Assembly (2009-14)

<sup>96</sup> As per decision of PAC (June 2016), Audit reports prior to 2007-08 are to be monitored by concern department.





**CHAPTER-II**  
**Compliance Audit**





## CHAPTER-II

### Compliance Audit

Compliance audit of Departments of Government and their field formations brought out certain instances of lapses in management of resources. There was failure in observance of regularity and propriety. Significant observations have been discussed in the succeeding paragraphs.

### FOREST AND ENVIRONMENT DEPARTMENT

#### 2.1 *Net Present Value for diversion of forest land was not levied*

**Divisional Forest Officer failed to levy the applicable and due Net Present Value for diversion of forest land falling within the protected areas. No prior approval of National Board for Wildlife and prior leave of the Hon'ble Supreme Court were obtained. Also, ₹3.38 crore remained unrealised**

As per orders (May 2008) of the Hon'ble Supreme Court of India, use of forest land falling within wildlife Sanctuaries will be permissible only in totally unavoidable circumstances for public interest projects and after obtaining permission from Hon'ble Supreme Court. An amount equal to five times of Net Present value (NPV) payable for such areas may be made while applying for diversion. Further, Ministry of Environment, Forest and Climate Change ordered (August 2015) that use of forest land in protected areas requires prior approval of National Board for Wildlife and prior leave of the Hon'ble Supreme Court. The Principal Chief Conservator of Forests (PCCF) had also instructed (December 2011) all the Divisional Forest Officers (DFOs) that diversion of forest land up to one hectare was allowed for facilities managed by Government provided that the land was outside the protected areas. Projects of setting up Electricity Distribution line up to 22 KV in rural areas would be exempted up to one hectare (ha) of forest land only if the area is outside National Park/Sanctuary.

On scrutiny of records (March 2018) of Divisional Forest Officer (DFO), Mahanadi Wildlife Division, Nayagarh, it was revealed that the Executive Engineer (Electrical), Boudh and the Manager (Electrical), Central Electricity Supply Utility (CESU), Nayagarh Electrical Division, Nayagarh had applied for diversion of forest land for execution of electrification of villages. This project included scattered areas under forest land of total 10.796 hectare falling in three<sup>97</sup> different protected areas. The diversion proposal for the above project was, however, approved by the above DFO in violation of the above mentioned mandatory provisions. The proposal was neither sent to obtain approval of National Board of Wildlife nor of the Hon'ble Supreme Court. Further, no demand for payment of NPV was raised even though the land was falling within the protected area. As a result, a sum of ₹3.38 crore<sup>98</sup> equal to five times of NPV remained unrealised.

<sup>97</sup> Baisipalli Sanctuary, Satkosia Tiger Reserve area under Banigochha (West) Range and Satkosia Gorge Sanctuary under Kusanga Wildlife Range.

<sup>98</sup> 10.796 hectare × ₹6.26 lakh × 5

The DFO, Mahanadi Wildlife Division stated (March 2018) that the DFO was empowered to approve the proposal as the land area diverted in each village were less than one hectare and the villages were not compact and contiguous and were situated in different localities. The fact however, remained that all these small areas were part of three Sanctuaries/protected areas and DFO was not empowered to approve diversion even if the area was less than one hectare. Prior approval of National Board for Wildlife and prior leave of the Hon'ble Supreme Court were to be obtained after levying five times of NPV as per orders of apex court from the user agencies.

The matter was reported (July 2019) to Government, their reply is awaited.

## DEPARTMENT OF WATER RESOURCES

### 2.2 Avoidable expenditure

**Provision of additional layer of cement concrete of 150 mm in the canal bed over and above the required 75 mm cement concrete was in deviation from Indian Standard and it led to avoidable expenditure of ₹14.48 crore**

Bureau of Indian Standards prescribed Standard (IS 3873:1993) for laying cement concrete/stone lining on canals. As per para 5.2 of the above standard, thickness of lining varies according to capacity and depth of water in the canal. As compared to above standard, the thickness of concrete lining provided in estimates for 15 canal works are given in the table below.

**Table: 2.1 Details of capacity of canals**

Sl No	Capacity of canals in cumecs	Depth of water in the canal in meter	Thickness of lining required as per standard in mm (CCM-15)	No of canal works	Estimated provision for cement concrete lining in mm	Excess provision in mm
1	0-5	0-1	50-60	12	75 mm CCM15 + additional layer of 150 mm CCM10	Additional layer of 150 mm CCM10 along with 15 mm excess cc lining of CCM 15
2	5-50	1-2.5	60-75	3	75mm CCM15 + additional layer of 150 mm CM10	Additional layer of 150 mm CCM10

(Source: - Estimates submitted by EEs of DOWR)

During review of records of Berhampur Irrigation Division, it was seen that estimates for 15 works relating to improvement of canal system were sanctioned by Chief Engineers/Superintending Engineers for ₹61.30 crore. The works were awarded for ₹57.69 crore between May 2014 and September 2017 for completion between October 2015 and July 2018. As of March 2018, the works were in progress and the contractors were paid ₹47.77 crore. The works *inter-alia* provided for canal lining in cement concrete of M15 grade for bed lining. The discharge capacities of all the canal systems ranged from 0.06 to 10.38 cumecs.

It was observed from the above table that provision for cement concrete lining was in excess of requirement as per standard. It was further observed from the estimates that instead of limiting to the requirement of providing 60/75 mm thick of bed lining cement concrete of M15, provision was made for another 150 mm thick concrete lining of M10/M15 grade over the compacted sub-grade. The above provision of additional concrete lining was in deviation of

the Indian standard and it led to avoidable cost of ₹15.52 crore at estimate stage. Considering the bids received being higher or lower than the estimates, the avoidable expenditure worked out to ₹14.48 crore vide details in *Annexure-8*.

On this being pointed out, Government stated (June 2018) that the works were taken up under NABARD assistance. The DPR had been prepared and approved by Technical Advisory Committee which was agreed by NABARD. It was, further stated that the concrete lining of two vertical walls on both sides of embankment and 150 mm thick base course had been adopted considering the soil strata in order to reduce the seepage losses as well as for stability and durability.

The fact remains that BIS (IS 3873: 1993) code specifies that the requirement of concrete for canals 0-5 cumecs discharge capacity was only 50-60 mm and for canals with 5-50 cumecs discharge capacity, concrete requirement was only 60-75 mm. The durability and stability factors were considered by BIS while recommending the above thickness. Considering the soil strata, the department had also provided 150 mm thickness of sand layer below the cement concrete lining as per the BIS. Thus, provision of one additional layer of concrete was unwarranted.

### 2.3 Unfruitful expenditure

#### Execution of project without ensuring availability of water led to unfruitful expenditure of ₹33.22 crore

Extension, modernisation and rehabilitation of Gohira Irrigation Project was taken up to provide irrigation to 8100 ha (100 per cent in kharif<sup>99</sup> and 70 per cent in rabi<sup>100</sup>). The works were executed in seven packages between November 2010 and September 2012 for ₹22.62 crore for completion between November 2012 and March 2014 under Odisha Integrated Irrigated Water Management Investment Programme. The works were completed between November 2012 and January 2015 and the contractors were paid ₹28.06 crore as there were deviations in quantities. Further, 71 out of 120 watercourses were constructed between July 2013 and September 2014 at a cost of ₹5.16 crore for distribution of water to tail end of the command area.

As per Para 3.4.19 (2) (a) of OPWD code, detailed project report should contemplate source of water, quantity of water available at different periods of the year and quantity proposed to be utilised. It was observed (March 2018) from the status report of Gohira Irrigation Project that just before the above works were taken up, no water was available for Rabi crop during 2009-11. Further, during 2011-15, the supply of water to command area



Gohira Irrigation Project (Photograph taken during Rabi Season)

<sup>99</sup> Kharif cropping seasons from July to October during monsoon period rarely required for dam/canal water

<sup>100</sup> Rabi cropping season from October to March

ranged from 550 to 4,309 ha against the projected 5,700 ha (70 per cent of 8100 ha) indicating scarcity of water in the dam. Again, the dam was dry during 2016-18. Thus, execution of project without pre-construction survey and investigation for availability of water led to unfruitful expenditure of ₹33.22 crore.

The Government accepted the factual position and stated (October 2018) that the situation was to be taken care of by substituting alternative cropping in consultation with Pani panchayats.

#### **DEPARTMENT OF AGRICULTURE AND FARMERS' EMPOWERMENT**

Department of Agriculture and Cooperation (DAC), Ministry of Agriculture, Government of India (GoI) launched Rashtriya Krishi Vikas Yojana (RKVY) since 2007-2008. Under Stream-I<sup>101</sup> of RKVY Guideline 2007, strengthening of market infrastructure and marketing development was specified as a project based item of work. A State Level Sanctioning Committee (SLSC) headed by the Chief Secretary of the State is the Authority to sanction specific projects under the Stream-I. Agriculture and Farmers' Empowerment Department is the nodal department for the implementation of the scheme. For administrative convenience and ease of implementation, State Government identified different line departments for implementing the scheme as Implementing Agencies.

Audit check of records revealed the following:

#### **2.4 Modern Market Yards of Agricultural Produce**

##### **Investment of ₹3.50 crore in construction of Modern Market Yards remain idle**

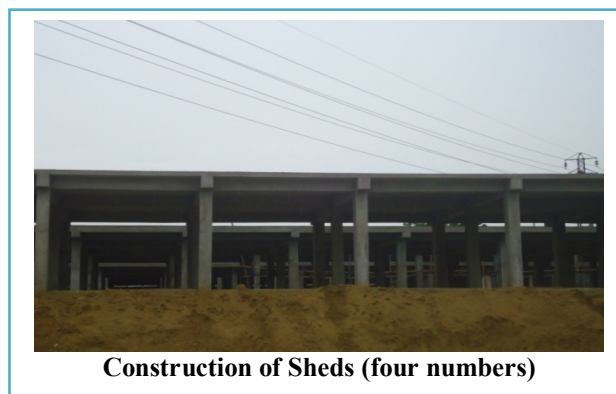
Under Marketing and Post Harvest Management Sector, the project, "Modern Market Yards of Agriculture Produce in Takatpur, Baripada" was sanctioned (November 2013) by State Level Sanctioning Committee (SLSC) for ₹6.65 crore for completion within one year. The basic objective of the project was to ensure reasonable gain to the farmers by creating environment in market for fair play of supply and demand forces, regulate markets practices and attain transparency in transaction. The project comprised construction of market sheds, soil testing laboratory, assembling platform, internal and external concrete roads, farmer rest shed and godowns etc. The nodal department released ₹3.50 crore between December 2013 and September 2017 to the Odisha State Agricultural Marketing Board, which has been spent (March 2018) for execution of the project.

Test-check of records showed that the Executive Engineer, Odisha State Agricultural Marketing (OSAM) Board had visited (December 2014) the site and found that 33 KV electric lines were passing over the earmarked site. The Executive Engineer instructed to the Secretary, RMC Baripada that the work should not be executed unless the electric lines were shifted. The project work was, however, awarded (May 2015) to a contractor without shifting the high power electric lines. During execution of the work, two electric accidents occurred (June 2016) on the site and one person died. On the ground of public

<sup>101</sup> Stream-I projects were specified in para 4 of the RKVY Guideline 2007.

resentment and life risk for working labourers and trespassers, the work was stopped.

During joint physical inspection (21 June 2018) of the site by Audit Team with Secretary of Regulated Marketing Committee, it was seen that a high tension electric line was not shifted and the work also remained incomplete. Four out of 12 market sheds had been constructed under that high power line. Hence, these completed sheds could not be put to use. The other components<sup>102</sup> were also not completed. Thus, the investment of ₹3.50 crore remained idle.



**Construction of Sheds (four numbers)**

The matter was reported (September 2018) to the Government, their reply was awaited (January 2019).

## 2.5 Creation of Assets

### **Farmers were deprived from the benefits of Integrated Floricultural Market Project due to shortfall in achievement**

#### **Integrated development of floricultural market at Bhubaneswar**

For providing benefits *viz* (i) platform for organised marketing, (ii) expansion of area under floriculture and (iii) premium price to farmers in the peripherals of Bhubaneswar, the State Level Sanctioning Committee (SLSC) sanctioned (November 2013) under RKVY scheme the integrated development of floriculture market project at Bhubaneswar for ₹0.65 crore under Horticulture sector for completion by March 2014. The entire fund for the project was released (October 2013/May 2015). The project work was to be executed at Kusum Batika in Bhubaneswar. Director of Horticulture did not execute any work at the proposed site. After lapse of four years, the Director of Horticulture proposed (July 2017) to shift the site from Kusum Batika to Ekamrakanan Farm on the plea that the new site would be more suitable from commercial point of view. No justification for commercial suitability of the second proposed site was found on record. The SLSC allowed (October 2017) the change of site. Despite the change of site, the execution of the project has not started (June 2018). The UC for the entire amount was, however, furnished in July 2015, when the funds were released and yet to be expended, which was highly irregular. No departmental action was taken for the lapses.

Despite funds and appropriate site being available, no market facilities had come up. This resulted in denial of benefits to the farmers.

The Special Secretary during exit conference accepted the fact and stated (November 2018) that UC for committed amount was submitted.

<sup>102</sup> Soil testing laboratory, assembling platform, internal and external concrete road, farmer rest shed and godowns etc.

## 2.6 Utilisation certificates

**Utilisation Certificates to the tune of ₹275.27 crore were submitted to the GoI without incurring the expenditure**

For RKVY projects, GoI provided 100 *per cent* grants to the States up to 2014-15. From the year 2015-16, the funding was shared by GoI and GoO on 60:40 basis. As per RKVY Guidelines, the nodal department (Department of Agriculture and Farmers' Empowerment) is responsible for management of funds received from the Central and State Government and disbursement of funds to the implementing agencies along with furnishing of UC to the DAC/GoI. Details regarding submission of UCs by GoO to GoI relating to the period from 2013-14 to 2017-18 are given below:

**Table No: 2.2 Details of submission of UC**

(₹ in crore)

Year	GoI share released	Total funds released to Implementing Agencies by GoO	UCs submitted during						Total UCs Submitted	UCs Pending
			2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 Up to June 2018		
2013-14	529.42	555.00	282.62	246.80	0	0	0	0	529.42	
2014-15	482.07	504.13	-	178.50	298.27	5.30	0	0	482.07	
2015-16	292.36	492.08	-	-	195.33	282.95	8.97	0	487.25	4.83
2016-17	334.91	558.18	-	-	-	213.48	314.97	5.99	534.45	23.73
2017-18	174.41	312.37	-	-	-	-	155.89	74.52	230.41	81.96
<b>Total</b>	<b>1813.17</b>	<b>2421.76</b>							<b>2263.60</b>	<b>110.52</b>

(Source: Data compiled from the records of the Department)

### ❖ Submission of UC without actual expenditure

It was noticed from the records that UC for ₹110.52 crore was pending for submission by the GoO to the GoI as of March 2018. Audit, however, found that in 15 out of 30 districts, an amount of ₹385.79 crore out of RKVY funds was lying unspent with the Implementing Agencies<sup>103</sup>. The above facts indicated that UCs to the tune of ₹275.27 (₹385.79 - ₹110.52 ) crore were submitted to the GoI without incurring the expenditure which was highly irregular.

The Government accepted the fact and stated (November 2018) that after audit observation, nodal department has started taking action by increasing field visit, issuing show cause notices to erring officials and deploying third party evaluation for transparency and efficiency.

### ❖ Submission of UCs for projects dropped/not-started

Two<sup>104</sup> projects were sanctioned (June/November 2013) by SLSC for ₹1.38 crore to be implemented by the Director of Horticulture. Funds for entire

<sup>103</sup> 120 agencies under the RKVY scheme

<sup>104</sup> Establishment of training Centre for Horticulture farmers in tribal areas of Kashipur (₹ 73.50 lakh) was to create a trained manpower among the tribal population of Rayagada well versed with the basic and scientific cultivation technologies in horticulture, and Integrated development of floriculture market at Unit-IX, Kusum Batika Bhubaneswar (₹ 64.86 lakh) was to provide facilities for trading of flowers and basic marketing infrastructure for post harvest management.


project cost were also released to the Director, Horticulture during September 2013 to May 2014.

It was noticed that the Project for Establishment of training Centre for Horticulture in Kashipur was dropped (March 2016) due to presence of another horticulture training centre there. Another project “Integrated Development of Floriculture Market at Bhubaneswar” could not be started due to a change of site. The entire funds released remained idle with the Director of Horticulture being the Implementing Agency. The UCs for the released funds in respect of the above two projects had however been submitted to GoI between October 2014/July 2015 which was highly irregular.

The Director, Horticulture (July 2018) stated that ₹0.74 crore released for the training centre was refunded to Institute on Management of Agricultural Extension<sup>105</sup> (IMAGE), though, UC was issued provisionally.

In respect of Floriculture market, the Special Secretary to Government stated that UC for committed amount was submitted. The above confirms the fact, that the UCs were submitted without actual expenditure.

Bhubaneswar  
The 03 July 2020

  
**(BIBHUDUTTA BASANTIA)**  
Accountant General  
(Audit-II), Odisha

**Countersigned**

New Delhi  
The 15 July 2020

  
**(RAJIV MEHRISHI)**  
Comptroller and Auditor General of India

<sup>105</sup> IMAGE is the State Nodal Agency, responsible for Management of funds received from the Central, and State Government and disbursement of the funds to the Implementing Agencies under RKVY.







**ANNEXURES**



**Annexure – 1**  
**(Referred to in Paragraph 1.8, 1.9 and 1.13)**  
**Summarised financial results of Power Sector Undertakings for the latest year for which accounts were finalised**

(₹ in crore)

Sl. No.	Activity & Name of the Power Sector Undertaking	Period of accounts	Net profit/ loss before interest & tax	Net profit/ loss after interest & tax	Turnover	Paid up capital	Capital Employed	Net Worth[1]	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10
<b>A.</b>	<b>Generation</b>								
1	Odisha Hydro Power Corporation Limited	2017-18	202.93	98.70	468.48	712.65	2665.06	1648.31	935.66
2	Odisha Power Generation Corporation Limited	2017-18	8.79	4.79	607.20	1580.50	8193.81	2713.40	984.46
3	Odisha Thermal Power Corporation Limited	2017-18	0.64	0.57	0.00	268.41	262.01	262.01	-6.40
4	Green Energy Development Corporation of Odisha Limited	2017-18	8.00	2.72	15.52	50.32	58.13	58.13	7.81
	<b>Sub-total</b>		<b>220.36</b>	<b>106.78</b>	<b>1091.20</b>	<b>2611.88</b>	<b>11179.01</b>	<b>4681.85</b>	<b>1921.53</b>
<b>B.</b>	<b>Transmission</b>								
5	Odisha Power Transmission Corporation Limited	2016-17	86.38	17.97	665.31	460.07	1278.99	640.77	-26.82
6	Kalinga Bidyut Prasaran Nigam Private Ltd.	2017-18	0.00	0.00	0.00	0.01	0.01	0.01	0.00
	<b>Sub-total</b>		<b>86.38</b>	<b>17.97</b>	<b>665.31</b>	<b>460.08</b>	<b>1279.00</b>	<b>640.78</b>	<b>-26.82</b>
<b>C.</b>	<b>Others</b>								
7	Odisha Coal and Power Limited	2017-18	-0.16	-3.06	0.00	300.00	695.11	293.84	-6.16
8	GRIDCO Limited	2017-18	302.98	-197.50	7845.12	576.71	-1.65	-3853.75	-4430.46
	<b>Sub-total</b>		<b>302.82</b>	<b>-200.56</b>	<b>7845.12</b>	<b>876.71</b>	<b>693.46</b>	<b>-3559.91</b>	<b>-4436.62</b>
	<b>Grand total</b>		<b>609.56</b>	<b>-75.81</b>	<b>9601.63</b>	<b>3948.67</b>	<b>13151.47</b>	<b>1762.72</b>	<b>-2541.91</b>

[1] Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure.

**Annexure – 2**  
**(Referred to in Paragraph 1.12)**  
**Statement showing State Government funds infused in power sector PSUs from 2000-01 to 2017-18**

(₹ in crore)

Year	OHPCL				OPTCL			OPGCL	GRIDCO			GEDCOL		Total		Interest Free Loan (IFL)	IFL converted into interest bearing loan
	Equity	Grants, subsidies for operational and management expense	Interest Free Loan (IFL)	IFL converted into interest bearing loan	Equity	Grants, subsidies for operational and management expense	Interest Free Loan (IFL)	Equity	Equity	Grants, subsidies for operational and management expense	Interest Free Loan (IFL)	Equity	Grants, subsidies for operational and management expense	Equity	Grants, subsidies for operational and management expense		
Up to 1999-00	320.80	3.10	912.64	-	0.00	0.00	0	250.01	486.84	50.44	200	0.00	0.00	1057.65	53.54	1112.64	-
2000-01	0.00	0.00	0	0	0.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0	0
2001-02	0.00	0.00	0	0	0.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0	0
2002-03	0.00	0.00	0	0	0.00	0.00	0	0.00	5.45	33.32	0	0.00	0.00	5.45	33.32	0	0
2003-04	0.00	0.09	0	0	0.00	0.00	0	0.00	0.00	22.90	0	0.00	0.00	0.00	22.99	0	0
2004-05	0.00	0.40	0	0	0.07	0.00	200	0.00	0.69	10.36	-200	0.00	0.00	0.76	10.76	0	0
2005-06	0.00	0.04	0	0	0.00	0.00	0	0.00	-60.00	0.00	0	0.00	0.00	-60.00	0.04	0	0
2006-07	0.00	0.00	0	0	60.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	60.00	0.00	0	0
2007-08	0.00	0.00	0	0	0.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0	0
2008-09	0.00	0.00	0	0	23.06	0.77	0	0.00	0.00	0.00	0	0.00	0.00	23.06	0.77	0	0
2009-10	0.00	0.00	0	0	5.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	5.00	0.00	0	0
2010-11	0.00	0.00	0	0	71.94	0.00	0	0.00	0.00	0.00	0	0.00	0.00	71.94	0.00	0	0
2011-12	0.00	0.00	0	0	43.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	43.00	0.00	0	0
2012-13	0.00	0.00	0	0	50.00	0.00	0	0.00	143.73	0.00	0	0.00	0.00	193.73	0.00	0	0
2013-14	0.00	0.00	0	0	50.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	50.00	0.00	0	0
2014-15	19.00	0.00	0	0	50.00	255.00	0	0.00	0.00	0.00	0	0.00	0.00	69.00	255.00	0	0
2015-16	298.85	0.00	0	766.2	57.00	957.00	0	0.00	0.00	0.00	0	0.00	12.98	355.85	969.98	0	766.2
2016-17	0.00	0.00	0	0	50.00	0.00	0	247.35	0.00	0.00	0	0.00	66.90	297.35	66.90	0	0
2017-18	74.00	0.00	0	0	0.00	0.00	0	308.69	0.00	0.00	0	0.00	10.00	382.69	10.00	0	0
<b>Total</b>	<b>712.65</b>	<b>3.63</b>	<b>912.64</b>	<b>766.20</b>	<b>460.07</b>	<b>1212.77</b>	<b>200.00</b>	<b>806.05</b>	<b>576.71</b>	<b>117.02</b>	<b>0.00</b>	<b>0.00</b>	<b>89.88</b>	<b>2555.48</b>	<b>1423.30</b>	<b>1112.64</b>	<b>766.20</b>

**Annexure – 3**  
**(Referred to in Paragraph 3.3)**

**Statement showing position of equity and outstanding loans relating to State PSUs (Non-Power Sector) as on 31 March 2018**

**(₹ in crore)**

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoO[2]	GoI[3]	Others	Total	GoO	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
<b>A.</b>	<b>Social Sector</b>										
	<b>I. Working Government Companies</b>										
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	Agriculture & Farmers' Empowerment	01-03-1996	1.10	0.00	0.00	1.10	0.00	0.00	0.00	0.00
2	The Odisha Agro Industries Corporation Limited	Agriculture & Farmers' Empowerment	20-12-1961	38.79	1.05	0.01	39.85	0.00	0.00	0.00	0.00
3	Odisha State Cashew Development Corporation Limited	Agriculture & Farmers' Empowerment	06-04-1979	1.55	0.00	0.00	1.55	0.00	0.00	0.00	0.00
4	Odisha Forest Development Corporation Limited	Forest & Environment	28-09-1962	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00
5	Odisha Lift Irrigation Corporation Limited	Water Resources	01-10-1973	74.73	0.00	0.00	74.73	0.42	0.00	0.00	0.42
6	Odisha State Seeds Corporation Limited	Agriculture & Farmers' Empowerment	24-02-1978	2.11	0.39	0.18	2.68	2.98	0.00	34.05	37.03
7	Odisha Pisciculture Development Corporation Limited	Fisheries & Animal Resources Development	05-05-1998	2.21	0.00	0.00	2.21	2.91	0.00	2.17	5.08
8	The Odisha Small Industries Corporation Limited	Industries	03-04-1972	23.11	0.00	0.00	23.11	0.00	0.00	1.19	1.19
9	Odisha Mineral Bearing Areas Development Corporation Limited	Steel & Mines	02-12-2014	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00
10	Water Corporation of Odisha Limited	Water Resources	24-11-2015	0.51	0.00	0.46	0.97	0.00	0.00	0.00	0.00
11	Odisha State Beverage Corporation Limited	Excise	16-11-2000	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
12	Odisha State Civil Supplies Corporation Limited	Food Supplies & Consumer Welfare	03-09-1980	11.03	0.00	0.00	11.03	0.00	0.00	0.00	0.00
13	Odisha State Medical Corporation Limited	Health & Family Welfare	08-11-2013	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00
14	Odisha Sports Development	Sports & Youth Services	16-11-2013	0.00	0.00	0.25	0.25	0.00	0.00	0.00	0.00

	Corporation										
15	Brahamani Railways Limited	Industries	21-05-2013	0.00	0.00	21.00	21.00	0.00	0.00	0.00	0.00
16	Odisha Rail Infrastructure Development Limited	Industries	23-03-2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total A-I</b>			<b>171.15</b>	<b>1.44</b>	<b>21.90</b>	<b>194.49</b>	<b>6.31</b>	<b>0.00</b>	<b>37.41</b>	<b>43.72</b>
	<b>II. Non-working Government Companies</b>										
17	Eastern Aquatic Products Limited (under voluntary liquidation since 22 February 1978)	Agriculture & Farmers' Empowerment	06-05-1959	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00
18	Orissa Fisheries Development Corporation Limited	Fisheries & Animal Resources Development	08-08-1962	0.35	0.00	0.00	0.35	0.00	0.00	0.00	0.00
	<b>Total A-II</b>			<b>0.36</b>	<b>0.00</b>	<b>0.00</b>	<b>0.36</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A (I+II)</b>			<b>171.51</b>	<b>1.44</b>	<b>21.90</b>	<b>194.85</b>	<b>6.31</b>	<b>0.00</b>	<b>37.41</b>	<b>43.72</b>
<b>B.</b>	<b>Competitive Sector</b>										
	<b>I. Working Government Companies</b>										
19	The Industrial Promotion and Investment Corporation of Odisha Limited	Industries	12-04-1973	89.69	0.00	0.00	89.69	0.00	0.00	0.00	0.00
20	The Odisha Film Development Corporation Limited	Industries	22-04-1976	5.40	0.00	0.00	5.40	1.29	0.00	1.35	2.64
21	Odisha Rural Housing and Development Corporation Limited.	Housing & Urban Development	19-08-1994	48.16	0.00	0.00	48.16	231.60	0.00	236.14	467.74
22	Paradip Investment Region Development Limited	Industries	27-03-2007	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00
23	The Industrial Development Corporation of Odisha Limited	Industries	29-03-1962	57.12	0.00	0.00	57.12	131.85	0.00	0.00	131.85
24	Odisha Construction Corporation Limited.	Water Resources	22-05-1962	17.50	0.00	0.00	17.50	0.00	0.00	557.21	557.21
25	Orissa Bridge and Construction Corporation Limited	Works	01-01-1983	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00
26	IDCO SEZ Development Limited	Industries	09-03-2004	0.00	0.00	4.05	4.05	0.00	0.00	0.00	0.00
27	Odisha Electronics Park Limited	Industries	02-12-2016	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00
28	Baitarani West Coal Company Limited	Steel & Mines	22-04-2008	0.00	0.00	30.00	30.00	0.00	0.00	0.00	0.00
29	IDCOL Ferro Chrome & Alloys Limited (subsidiary of Sl.No.B-23)	Industries	26-03-1999	0.00	0.00	18.81	18.81	0.00	0.00	0.00	0.00

30	IDCOL Kalinga Iron Works Limited (Subsidiary of Sl. No. B-23)	Industries	26-03-1999	0.00	0.00	150.10	150.10	0.00	0.00	0.00	0.00
31	Konark Jute Limited (Subsidiary of Sl. No. B-23)	Industries	27-01-1975	0.00	0.00	5.94	5.94	11.99	0.00	0.00	11.99
32	The Mandakini B-Coal Corporation Limited	Steel & Mines	09-02-2009	0.00	0.00	8.31	8.31	0.00	0.00	0.00	0.00
33	The Odisha Mining Corporation Limited	Steel & Mines	16-05-1956	31.45	0.00		31.45	0.00	0.00	0.00	0.00
34	Nuagaon Coal Company Limited	Steel & Mines	11-05-2011	0.00	0.00	2.00	2.00	0.00	0.00	0.00	0.00
35	Paradeep Plastic Park Limited	Industries	10-06-2013	0.00	0.00	5.86	5.86	0.00	0.00	23.29	23.29
36	Angul Aluminium Park Private Limited	Industries	30-07-2010	0.00	0.00	33.11	33.11	0.00	0.00	0.00	0.00
37	Odisha Mineral Exploration Corporation Limited	Steel & Mines	25-10-2016	0.00	0.00	0.23	0.23	0.00	0.00	0.00	0.00
38	IREL IDCOL Limited	Industries	18-01-2018	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39	IDCOL Software Limited (Subsidiary of Sl. No.B- 23)	Industries	26-11-1998	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00
40	Lanjigarh Project Area Development Foundation	Steel & Mines	06-10-2009	0.03	0.00	0.02	0.05	0.00	0.00	0.00	0.00
41	Odisha Tourism Development Corporation Limited	Tourism	03-09-1979	9.62	0.00		9.62	0.00	0.00	0.00	0.00
42	Shamuka Tourism Development Corporation Limited	Tourism	31-10-2016	0.00	0.00	0.10	0.10	0.00	0.00	0.00	0.00
43	Inland Waterways Consortium of Odisha Limited	Industries	27-06-2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
44	Kalinga Studios Limited (Subsidiary of Sl. No.B-20)	Industries	20-07-1980	0.00	0.00	2.54	2.54	0.75	0.00	0.00	0.75
45	Odisha State Financial Corporation	Micro, Small & Medium Enterprise	20-03-1956	342.72	74.79	0.16	417.67	0.00	0.00	98.61	98.61
46	Odisha State Road Transport Corporation	Commerce and Transport	15-05-1974	166.51	15.92	0.01	182.44	8.97	0.00	1.30	10.27
47	Odisha State Warehousing Corporation	Co-operation	21-03-1958	1.80		1.80	3.60	0.00	0.00	0.00	0.00
	<b>Total B-I</b>			<b>790.00</b>	<b>90.71</b>	<b>265.09</b>	<b>1145.80</b>	<b>386.45</b>	<b>0.00</b>	<b>917.90</b>	<b>1304.35</b>
<b>II. Non-working Government Companies</b>											
48	ABS Spinning Orissa Limited (Subsidiary of Sl. No.B-23). (Under liquidation)	Industries	04-01-1980	0.00	0.00	3.00	3.00	0.00	0.00	1.40	1.40

49	Gajapati Steel Industries Limited (Company closed since 1969-70, under voluntary liquidation since 01 March 1974)	Industries	15-02-1959	0.04	0.00	0.00	0.04	0.00	0.00	0.00	0.00
50	Hira Steel and Alloys Limited (Subsidiary of Sl. No.B-23). (Under liquidation.)	Industries	23-08-1974	0.00	0.00	0.12	0.12	0.00	0.00	0.00	0.00
51	IPITRON Times Limited (Subsidiary of Sl.No.B-62). (Under liquidation since 1998)	Industries	11-12-1981	0.00	0.00	0.81	0.81	1.68	0.00	0.00	1.68
52	Konark Detergent and Soaps Limited (Subsidiary of Sl.No.A-8)	Industries	29-08-1978	0.00	0.00	0.06	0.06	0.00	0.00	0.00	0.00
53	Konark Television Limited (Defunct since 1999-2000)	Industries	26-06-1982	1.20	0.00	0.00	1.20	2.01	0.00	0.00	2.01
54	Mayurbhanj Textiles Limited	Handlooms, Textiles & Handicrafts	25-09-1942	0.04	0.00	0.00	0.04	0.00	0.00	0.00	0.00
55	Modern Malleable Casting Company Limited (Closed since 1968. Under voluntary liquidation since 09 March 1976)	Industries	22-09-1960	0.04	0.00	0.00	0.04	0.00	0.00	0.00	0.00
56	New Mayurbhanj Textiles Limited	Handlooms, Textiles & Handicrafts	02-06-1976	0.02	0.00	0.00	0.02	0.00	0.00	0.00	0.00
57	Orissa Boat Builders Limited (under liquidation)	Industries	18-03-1958	0.04	0.00	0.01	0.05	0.00	0.00	0.00	0.00
58	Orissa Electrical Manufacturing Company Limited	Industries	31-03-1958	0.04	0.00	0.01	0.05	0.00	0.00	0.00	0.00
59	Orissa Instruments Company Limited	Industries	14-03-1961	0.09	0.00		0.09	0.00	0.00	0.00	0.00
60	Orissa Leather Industries Limited (Subsidiary of Sl. No. B-64)	Industries	26-07-1986		0.00	0.65	0.65	1.77	0.00	0.00	1.77
61	Orissa Textile Mills Limited (Under liquidation since 2001)	Handlooms, Textiles & Handicrafts	25-01-1946	21.04	0.00	3.66	24.70	14.68	0.00	0.00	14.68
62	Orissa State Electronics Development Corporation Limited	Industries	29-09-1981	20.03	0.00	0.00	20.03	0.00	0.00	0.19	0.19
63	Orissa State Handloom Development Corporation Limited (under liquidation)	Handlooms, Textiles & Handicrafts	01-02-1977	3.53	0.00	0.00	3.53	1.58	0.00	0.00	1.58
64	Orissa State Leather Corporation Limited (closed since 18 June 1998)	Industries	19-04-1976	1.85	0.00	0.00	1.85	0.37	0.00	0.00	0.37



65	Orissa State Textile Corporation Limited	Handlooms, Textiles & Handicrafts	10-09-1981	2.62	0.00	0.00	2.62	1.62	0.00	0.00	1.62
66	Orissa Tools and Engineering Company Limited (619-B)	Industries	29-03-1974	0.44	0.00	0.00	0.44	0.00	0.00	0.00	0.00
67	Premier Bolts and Nuts Limited (Under liquidation; assets have been disposed of)	Industries	04-08-1959	0.01	0.00	0.01	0.02	0.00	0.00	0.00	0.00
68	ELCOSMOS Electronics Limited (Subsidiary of Sl. No. B-62)	Industries	12-01-1987	0.00	0.00	1.58	1.58	2.00	0.00	0.00	2.00
69	ELCO Communication and Systems Limited (Subsidiary of Sl.No.B-62 Under liquidation since 1998)	Industries	08-03-1989	0.00	0.00	0.64	0.64	0.72	0.00	0.00	0.72
70	ELMARC Limited (Subsidiary of Sl. No. B-62)	Industries	23-01-1990	0.00	0.00	1.02	1.02	0.57	0.00	0.00	0.57
71	Orissa State Commercial Transport Corporation Limited	Commerce and Transport	15-02-1964	2.34	0.00	0.00	2.34	0.50	0.00	1.57	2.07
<b>Total B-II</b>				<b>53.37</b>	<b>0.00</b>	<b>11.57</b>	<b>64.94</b>	<b>27.50</b>	<b>0.00</b>	<b>3.16</b>	<b>30.66</b>
<b>Total B (I+II)</b>				<b>843.37</b>	<b>90.71</b>	<b>276.66</b>	<b>1210.74</b>	<b>413.95</b>	<b>0.00</b>	<b>921.06</b>	<b>1335.01</b>
<b>C.</b>	<b>Other Sector</b>										
<b>I. Working Government Companies</b>											
72	The Odisha State Police Housing and Welfare Corporation Limited	Home	24-05-1980	5.63	0.00	0.00	5.63	0.00	0.00	0.00	0.00
73	Bhubaneswar Smart City Limited	Industries	08-03-2016	112.50	112.50	25.00	250.00	0.00	0.00	0.00	0.00
74	Rourkela Smart City Limited	Industries	21-12-2016	112.50	112.50	25.00	250.00	0.00	0.00	0.00	0.00
<b>Total C-I</b>				<b>230.63</b>	<b>225.00</b>	<b>50.00</b>	<b>505.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>II. Non-working Government Companies</b>											
<b>Total C-II</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total C (I+II)</b>				<b>230.63</b>	<b>225.00</b>	<b>50.00</b>	<b>505.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>				<b>1245.51</b>	<b>317.15</b>	<b>348.56</b>	<b>1911.22</b>	<b>420.26</b>	<b>0.00</b>	<b>958.47</b>	<b>1378.73</b>

Equity includes share application

[1] Money

[2] Government of Odisha

[3] Government of India

**Annexure – 4**  
**(Referred to in Paragraph 3.7)**

**Statement showing difference between Finance Accounts of Government of Odisha and Accounts of the State PSUs (Non-Power Sector) in respect of balances of Equity, Loans and Guarantee as on 31 March 2018**

*(₹ in crore)*

Sl. No	Name of PSU	As per records of the State PSUs			As per Finance Accounts of Government of Odisha			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
1	Agricultural Promotion and Investment Corporation of Odisha Limited	1.10	0.00		1.20			-0.10	0.00	0.00
2	Odisha Agro Industries Corporation Limited	38.80	0.70		38.48	25.00		0.32	-24.30	0.00
3	Odisha State Cashew Development Corporation Limited	1.55			1.37			0.18	0.00	0.00
4	Odisha Forest Development Corporation Limited	5.00	0.00		5.00			0.00	0.00	0.00
5	Odisha Lift Irrigation Corporation Limited	74.73	0.00		74.73			0.00	0.00	0.00
6	Odisha State Seeds Corporation Limited	2.11	0.00		2.21	60.00		-0.10	-60.00	0.00
7	Odisha Pisciculture Development Corporation Limited	2.21	2.91		10.96			-8.75	2.91	0.00
8	Industrial Promotion and Investment Corporation of Odisha Limited	83.14	0.00		82.47			0.67	0.00	0.00
9	The Odisha Film Development Corporation Limited	5.40	0.00		5.40	0.98		0.00	-0.98	0.00
10	Odisha Rural Housing and Development Corporation Limited.	48.16	478.68		48.16			0.00	478.68	0.00
11	Odisha Small Industries Corporation Limited	11.32	0.00		17.27			-5.95	0.00	0.00

12	The Industrial Development Corporation of Odisha Limited	57.12	32.86		57.12	35.28		0.00	-2.42	0.00
13	Odisha Construction Corporation Limited	17.50	0.00	0.00	17.50		0.56	0.00	0.00	-0.56
14	Orissa Bridge and Construction Corporation Limited	20.00	0.00		20.00			0.00	0.00	0.00
15	The Odisha State Police Housing and Welfare Corporation Limited	5.63	0.00		5.63			0.00	0.00	0.00
16	Brahamani Railways Limited	10.00	0.00		10.00			0.00	0.00	0.00
17	Odisha Mineral Bearing Areas Development Corporation Limited	0.01	0.00					0.01	0.00	0.00
18	Water Corporation of Odisha Limited	0.51	0.00					0.51	0.00	0.00
19	Rourkela Smart City Limited	112.50						112.50	0.00	0.00
20	Bhubaneswar Smart City Limited	112.50	0.00					112.50	0.00	0.00
21	Odisha Rail Infrastructure Development Limited	26.01			26.78			-0.77	0.00	0.00
22	Konark Jute Limited	0.00	0.43					0.00	0.43	0.00
23	The Odisha Mining Corporation Limited	31.45			31.45			0.00	0.00	0.00
24	Odisha State Beverage Corporation Limited	1.00			1.00			0.00	0.00	0.00
25	Indian Rare Earth Limited	0.02						0.02	0.00	0.00
26	Lanjigarah Project Area Development Foundation	0.03						0.03	0.00	0.00
27	Odisha State Civil Supplies Corporation Limited	11.03	0.00		11.03			0.00	0.00	0.00
28	Odisha Tourism Development Corporation Limited	9.62			9.62			0.00	0.00	0.00
29	Odisha State Medical Corporation Limited	10.00			10.00			0.00	0.00	0.00
30	Shamuka Tourism Development Corporation Limited	0.10						0.10	0.00	0.00
31	Odisha State Finance	342.72		0.00	342.72		11.50	0.00	0.00	-11.50

	Corporation									
32	Odisha State Road Transport Corporation	206.51	8.97		206.51	1.81		0.00	7.16	0.00
33	Odisha State Warehousing Corporation	1.80			1.77			0.03	0.00	0.00
34	Eastern Aquatic Products Limited	0.01			0.01			0.00	0.00	0.00
35	Odisha Fisheries Development Corporation Limited	0.35			0.35			0.00	0.00	0.00
36	ABS Spinning Odisha Limited		1.4					0.00	1.40	0.00
37	Gajapati Steel Industries Limited	0.04			0.04			0.00	0.00	0.00
38	IPITRON Times Limited		1.68					0.00	1.68	0.00
39	Konark Television Limited	6.07	2.01		6.56			-0.49	2.01	0.00
40	Mayurbhanj Textiles Limited	0.04			0.04			0.00	0.00	0.00
41	Modern Malleable Casting Company Limited	0.04			0.04			0.00	0.00	0.00
42	New Mayurbhanj Textiles Limited	0.17			0.17			0.00	0.00	0.00
43	Odisha Boat Builders Limited	0.04			0.02			0.02	0.00	0.00
44	Odisha Electrical Manufacturing Company Limited	0.04			0.04			0.00	0.00	0.00
45	Odisha Instruments Company Limited	0.97			0.91			0.06	0.00	0.00
46	Odisha Leather Industries Limited		1.77					0.00	1.77	0.00
47	Odisha Textile Mills Limited	21.04	14.68		16.77	25.5		4.27	-10.82	0.00
48	Odisha State Electronics Development Corporation Limited	20.04	0.19		20.03			0.01	0.19	0.00
49	Odisha State Handloom Development Corporation Limited	3.63	1.58		3.73	0.09		-0.10	1.49	0.00
50	Odisha State Leather Corporation Limited	3.97	0.37		3.97			0.00	0.37	0.00

51	Odisha State Textile Corporation Limited	4.53	1.62		4.53	3.81		0.00	-2.19	0.00
52	Premier Bolts and Nuts Limited	0.01			0.01			0.00	0.00	0.00
53	ELCOSMOS Electronics Limited		2					0.00	2.00	0.00
54	ELCO Communication and Systems Limited		0.72					0.00	0.72	0.00
55	ELMARC Limited		0.57					0.00	0.57	0.00
56	Odisha State Commercial Transport Corporation Limited	2.34	8.55		6.10			-3.76	8.55	0.00
<b>Total</b>		<b>1312.91</b>	<b>561.69</b>	<b>0.00</b>	<b>1101.70</b>	<b>152.47</b>	<b>12.06</b>	<b>211.21</b>	<b>409.22</b>	<b>-12.06</b>

**Annexure – 5**  
**(Referred to in Paragraph 3.8)**

**Statement showing position of State Government investment in working State PSUs (Non-Power Sector) accounts of which are in arrears**

*(₹ in crore)*

Sl. No.	Name of PSU	Period upto which accounts finalised	Period for which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by State Government during the period for which accounts are in arrears				
					Equity	Loans	Grant/ Subsidy	Total	
<b>A. Government Companies</b>									
1	Odisha Construction Corporation Limited.	2016-17	2017-18	17.50	0	0	0	0	0
2	The Agricultural Promotion and Investment Corporation of Odisha Limited	2016-17	2017-18	1.10	0	0	0.58	0.58	0.58
3	Odisha Lift Irrigation Corporation Limited	2015-16	2016-17 to 2017-18	74.73	0	0	142.40	142.40	142.40
4	The Odisha Small Industries Corporation Limited	2014-15	2015-16 to 2017-18	23.11	0	0	0	0	0
5	Odisha State Seeds Corporation Limited	2013-14	2014-15 to 2017-18	2.68	0	0	31.64	31.64	31.64
6	Odisha Pisciculture Development Corporation Limited	2015-16	2016-17 to 2017-18	2.21	0	0	0	0	0
7	The Odisha Agro Industries Corporation Limited	2015-16	2016-17 to 2017-18	39.85	0	0	0	0	0
8	The Odisha Film Development Corporation Limited	2014-15	2015-16 to 2017-18	5.40	0	0	6.72	6.72	6.72
9	Lanjigarh Project Area Development Foundation	2015-16	2016-17 to 2017-18	0.05	0	0	0	0	0
10	Odisha State Cashew Development Corporation Limited	2016-17	2017-18	1.55	0	0	10.97	10.97	10.97
11	Odisha State Civil Supplies Corporation Limited	2016-17	2017-18	11.03	0	0	844.36	844.36	844.36
12	Odisha Rural Housing and Development Corporation Limited.	2008-09	2009-10 to 2017-18	48.16	0	0	0	0	0
13	The Odisha State Police Housing and Welfare Corporation Limited	2016-17	2017-18	5.63	0	0	0	0	0
14	Odisha Mineral Bearing Areas Development Corporation Limited	2016-17	2017-18	0.01	0	0	0	0	0
15	Water Corporation of Odisha Limited	2016-17	2017-18	0.97	0	0	0.50	0.50	0.50

16	Bhubaneswar Smart City Limited	2016-17	2017-18	250.00	0	0	2.00	2
17	Odisha Tourism Development Corporation Limited	2016-17	2017-18	9.62	0	0	0	0
18	The Industrial Development Corporation of Odisha Limited	2016-17	2017-18	57.12	0	0	1.00	1
19	Kalinga Studios Limited	2015-16	2016-17 to 2017-18	2.54	0	-	-	-
20	Nuagaon Coal Company Limited	2014-15	2015-16 to 2017-18	2.00	0	-	-	-
21	Mandakini B-Coal Corporation Limited	2015-16	2016-17 to 2017-18	8.31	0	-	-	-
22	Konark Jute Limited	2016-17	2017-18	5.94	0	-	-	-
23	IDCOL Kalinga Iron Works Limited	2016-17	2017-18	150.14	0	-	-	-
24	Baitarani West Coal Company Limited	2016-17	2017-18	30.00	0	-	-	-
25	IDCOL Ferro Chrome and Alloys Limited	2016-17	2017-18	18.81	0	-	-	-
26	Paradeep Plastic Park Limited	2016-17	2017-18	5.86	0	-	9.90	9.90
27	Brahmani Railways Limited	2015-16	2016-17 to 2017-18	21.00	0	-	-	-
28	Odisha Sport Development Promotion Company Limited	2015-16	2016-17 to 2017-18	0.25	0	-	-	-
29	IDCO SEZ Development Limited	2016-17	2017-18	4.05	0	-	-	-
30	Paradeep Investment Region Development Limited	2016-17	2017-18	0.05	0	-	-	-
31	Inland Waterways Consortium of Odisha Limited	2015-16	2016-17 to 2017-18	-	0	-	-	-
32	Odisha Electronics Park Limited	2016-17	2017-18	1.00	0	-	-	-
33	Shamuka Tourism Development Corporation Limited	2016-17	2017-18	0.10	0	-	-	-
34	Odisha Rail Infrastructure Development Limited	2016-17	2017-18	-	0	-	-	-
	<b>Total A</b>			<b>800.77</b>	<b>0</b>	<b>0.00</b>	<b>1050.07</b>	<b>1050.07</b>
<b>B. Statutory Corporations</b>								
35	Odisha State Financial Corporation	2016-17	2017-18	417.67	0	0	0	0
36	Odisha State Road Transport Corporation	2016-17	2017-18	182.44	40.00	0	1.60	41.6
37	Odisha State Warehousing Corporation	2016-17	2017-18	3.60	0	0	0	0
	<b>Total B</b>			<b>603.71</b>	<b>40.00</b>	<b>0.00</b>	<b>1.60</b>	<b>41.60</b>
	<b>Grand Total (A+B)</b>			<b>1404.48</b>	<b>40.00</b>	<b>0.00</b>	<b>1051.67</b>	<b>1091.67</b>

**Annexure-6**  
**(Referred to in Paragraph 3.11 and 3.12)**

**Summarised financial results of State PSUs (Non-Power Sector) for the latest year for which accounts were finalised**

*(₹ in crore)*

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Turn over	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
		3	4	5	6	7	8	9	10	11
<b>A</b>	<b>Social Sector</b>									
	<b>I. Working Government Companies</b>									
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	2016-17	2018-19	0.14	0.10	0.50	1.10	1.92	1.92	0.82
2	The Odisha Agro Industries Corporation Limited	2015-16	2018-19	33.83	22.23	497.66	39.85	72.71	72.71	32.81
3	Odisha State Cashew Development Corporation Limited	2016-17	2018-19	4.06	3.51	16.14	1.55	27.76	27.76	26.21
4	Odisha Forest Development Corporation Limited	2017-18	2018-19	31.48	19.68	212.41	5.00	-27.59	-27.59	-82.44
5	Odisha Lift Irrigation Corporation Limited	2015-16	2017-18	0.62	2.38	529.64	74.73	78.44	78.02	3.29
6	Odisha State Seeds Corporation Limited	2013-14	2018-19	0.26	-2.45	159.19	2.68	61.07	24.04	21.36
7	Odisha Pisciculture Development Corporation Limited	2015-16	2018-19	0.16	0.16	64.65	2.21	4.92	-0.16	-2.37
8	The Odisha Small Industries Corporation Limited	2014-15	2017-18	16.32	11.02	649.42	23.11	45.56	44.37	21.26
9	Odisha Mineral Bearing Areas Development Corporation Limited	2016-17	2017-18	47.64	47.64	0.00	0.01	138.60	138.60	138.59
10	Water Corporation of Odisha Limited	2016-17	2017-18	-0.05	-0.05	0.00	0.97	0.91	0.91	-0.06
11	Odisha State Beverage Corporation Limited	2017-18	2018-19	24.31	15.42	3726.70	1.00	298.24	298.24	264.13
12	Odisha State Civil Supplies Corporation Limited	2016-17	2017-18	0.00	0.00	4994.18	11.03	14.03	14.03	3.00
13	Odisha State Medical Corporation Limited	2017-18	2018-19	11.48	8.15	12.26	10.00	49.27	49.27	39.27
14	Odisha Sports Development Corporation	2015-16	2017-18	6.64	6.64	20.84	0.25	16.75	16.75	16.50
15	Brahamani Railways Limited	2015-16	2016-17	0.89	0.37	0	21.00	19.49	19.49	-1.51
16	Odisha Rail Infrastructure Development Limited							0.00	0	



	<b>Total A-I</b>			<b>177.78</b>	<b>134.80</b>	<b>10883.59</b>	<b>194.49</b>	<b>802.08</b>	<b>758.36</b>	<b>480.86</b>
	<b>II. Non-working Government Companies</b>									
17	Eastern Aquatic Products Limited (under voluntary liquidation since 22 February 1978)	1972-73	1975-76	0.00	0.00		0.01	0.01	0.01	0.00
18	Orissa Fisheries Development Corporation Limited	1982-83	1983-84	-0.04	-0.04		0.35	0.35	0.35	0.00
	<b>Total A-II</b>			<b>-0.04</b>	<b>-0.04</b>	<b>0.00</b>	<b>0.36</b>	<b>0.36</b>	<b>0.36</b>	<b>0.00</b>
	<b>Total A (I+II)</b>			<b>177.74</b>	<b>134.76</b>	<b>10883.59</b>	<b>194.85</b>	<b>802.44</b>	<b>758.72</b>	<b>480.86</b>
<b>B.</b>	<b>Competitive Environment sector</b>									
	<b>I. Working Government Companies</b>									
19	The Industrial Promotion and Investment Corporation of Odisha Limited	2017-18	2018-19	5.57	4.39	13.21	89.69	106.59	106.59	16.90
20	The Odisha Film Development Corporation Limited	2014-15	2017-18	-0.15	-0.15	0.64	5.40	8.60	5.96	0.56
21	Odisha Rural Housing and Development Corporation Limited.	2008-09	2016-17	-42.93	-42.93	5.11	48.16	369.85	-97.89	-146.05
22	Paradip Investment Region Development Limited	2016-17	2018-19	0.03	0.03	0.00	0.05	0.18	0.18	0.13
23	The Industrial Development Corporation of Odisha Limited	2016-17	2017-18	1.10	1.55	18.49	57.12	214.94	83.09	25.97
24	Odisha Construction Corporation Limited.	2016-17	2017-18	54.22	35.45	678.92	17.50	631.72	74.51	57.01
25	Orissa Bridge and Construction Corporation Limited	2017-18	2018-19	4.42	2.96	65.01	20.00	30.30	30.30	10.30
26	IDCO SEZ Development Limited	2016-17	2018-19	0.44	0.26	0.00	4.05	6.99	6.99	2.94
27	Odisha Electronics Park Limited	2016-17	2018-19	-0.02	-0.02	0.00	1.00	0.98	0.98	-0.02
28	Baitarani West Coal Company Limited	2016-17	2017-18	-0.05	-0.05	0	30.00	29.82	29.82	-0.18
29	IDCOL Ferro Chrome & Alloys Limited	2016-17	2017-18	1.38	2.03	149.81	18.81	42.01	42.01	23.20
30	IDCOL Kalinga Iron Works Limited	2016-17	2017-18	2.99	2.99	38.39	150.10	6.33	6.33	-143.77
31	Konark Jute Limited	2016-17	2017-18	-0.11	-0.11	0	5.94	-20.16	-32.15	-38.09
32	The Mandakini B-Coal Corporation Limited	2015-16	2017-18	0.48	0.48	0	8.31	8.31	8.31	0.00
33	The Odisha Mining Corporation Limited	2017-18	2018-19	-863.53	-463.48	2853.09	31.45	5444.07	5444.07	3104.59
34	Nuagaon Coal Company Limited	2014-15	2016-17	0.10	0.07	0	2.00	2.22	2.22	0.22
35	Paradeep Plastic Park Limited	2016-17	2018-19	0.89	0.89	0.00	5.86	28.47	5.18	-0.68
36	Angul Aluminium Park Private Limited	2017-18	2018-19	0.90	0.66	0.00	33.11	34.52	34.52	1.41
37	Odisha Mineral Exploration Corporation Limited	2017-18	2018-19	0.00	0.00	0.05	0.23	0.23	0.23	0.00
38	IREL IDCOL Limited							0.00	0	

39	IDCOL Software Limited	2017-18	2018-19	0.19	0.13	12.63	1.00	2.40	2.40	1.40
40	Lanjigarh Project Area Development Foundation	2015-16	2018-19	0.68	0.68	0.00	0.05	0.05	0.05	0.00
41	Odisha Tourism Development Corporation Limited		2017-18	7.50	5.89	25.96	9.62	35.82	35.82	26.20
42	Shamuka Tourism Development Corporation Limited	2016-17	2017-18	-0.11	-0.09	0.00	0.10	0.01	0.01	-0.09
43	Inland Waterways Consortium of Odisha Limited									
44	Kalinga Studios Limited	2015-16	2018-19	-0.06	-0.12	0.18	2.54	-0.15	-0.90	-3.44
	<b>Total B-I</b>			<b>-826.07</b>	<b>-448.49</b>	<b>3861.49</b>	<b>542.09</b>	<b>6984.10</b>	<b>5788.63</b>	<b>2938.51</b>
	<b>II. Statutory Corporation</b>									
45	Odisha State Financial Corporation	2016-17	2017-18	0.32	0.32	3.71	417.67	34.72	-63.89	-481.57
46	Odisha State Road Transport Corporation	2016-17	2017-18	4.10	4.10	85.85	182.44	31.11	20.84	-169.93
47	Odisha State Warehousing Corporation	2016-17	2017-18	27.26	20.71	112.84	3.60	126.74	126.74	123.14
	<b>Total B-II</b>			<b>31.68</b>	<b>25.13</b>	<b>202.40</b>	<b>603.71</b>	<b>192.57</b>	<b>83.69</b>	<b>-528.36</b>
	<b>III. Non-working Government Companies</b>									
48	ABS Spinning Orissa Limited (Under liquidation)	2006-07	2010-11	12.24	12.24		3.00	-44.49	-45.89	-48.89
49	Gajapati Steel Industries Limited (Company closed since 1969-70, under voluntary liquidation since 01 March 1974)	1968-69	1974-75				0.04	0.04	0.04	
50	Hira Steel and Alloys Limited (Under liquidation.)	1975-76	1976-77				0.12	0.12	0.12	
51	IPITRON Times Limited (Under liquidation since 1998)	1997-98	2005-06	-0.92	-0.92		0.81	-6.98	-8.66	-9.47
52	Konark Detergent and Soaps Limited	1981-82	1996-97				0.06	0.06	0.06	
53	Konark Television Limited (Defunct since 1999-2000)	1991-92	1998-99	-0.95	-0.95	14.05	1.20	-2.83	-4.84	-6.04
54	Mayurbhanj Textiles Limited	1981-82	1976-77				0.04	0.04	0.04	
55	Modern Malleable Casting Company Limited (Closed since 1968. Under voluntary liquidation since 09 March 1976)	1972-73	1975-76				0.04	0.04	0.04	
56	New Mayurbhanj Textiles Limited	1981-82	2003-04	0.03	0.03		0.02	0.05	0.05	0.03
57	Orissa Boat Builders Limited (under liquidation)	1970-71	1997-78				0.05	0.05	0.05	

58	Orissa Electrical Manufacturing Company Limited	1966-67	1973-74				0.05	0.05	0.05	
59	Orissa Instruments Company Limited	1987-88	2000-01	-0.06	-0.06		0.09	0.09	0.09	
60	Orissa Leather Industries Limited	1991-92	1995-96				0.65	2.42	0.65	
61	Orissa Textile Mills Limited (Under liquidation since 2001)	1997-98	1998-99	-10.24	-10.24		24.70	-14.03	-28.71	-53.41
62	Orissa State Electronics Development Corporation Limited	2005-06	2009-10	-0.35	-0.35		20.03	17.07	16.88	-3.15
63	Orissa State Handloom Development Corporation Limited (under liquidation)	2003-04	2011-12	-0.59	-0.59	0.03	3.53	-15.66	-17.24	-20.77
64	Orissa State Leather Corporation Limited (closed since 18 June 1998)	1988-89	2004-05	-0.23	-0.23		1.85	-0.24	-0.61	-2.46
65	Orissa State Textile Corporation Limited	1993-94	2003-04	-3.10	-3.10	3.52	2.62	-11.71	-13.33	-15.95
66	Orissa Tools and Engineering Company Limited (619-B)	1982-83					0.44	0.01	0.01	-0.43
67	Premier Bolts and Nuts Limited (Under liquidation; assets have been disposed of)	1966	1973-74				0.02	0.02	0.02	
68	ELCOSMOS Electronics Limited	1997-98	2005-06	-0.50	-0.50		1.58	-3.29	-5.29	-6.87
69	ELCO Communication and Systems Limited (Under liquidation since 1998)	1997-98	2005-06				0.64	1.36	0.64	
70	ELMARC Limited	2000-01	2006-07	-0.07	-0.07	0.77	1.02	-0.66	-1.23	-2.25
71	Orissa State Commercial Transport Corporation Limited	2000-01	2016-17	-0.16	-0.16		2.34	-20.62	-22.69	-25.03
	<b>Total B-III</b>			<b>-4.90</b>	<b>-4.90</b>	<b>18.37</b>	<b>64.94</b>	<b>-99.09</b>	<b>-129.75</b>	<b>-194.69</b>
	<b>Total B (I+II+III)</b>			<b>-799.29</b>	<b>-428.26</b>	<b>4082.26</b>	<b>1210.74</b>	<b>7077.58</b>	<b>5742.57</b>	<b>2215.46</b>
<b>C.</b>	<b>Others</b>									
	<b>I. Working Government Company</b>									
72	The Odisha State Police Housing and Welfare Corporation Limited	2016-17	2017-18	26.14	17.03	385.31	5.63	103.69	103.69	98.06
73	Bhubaneswar Smart City Limited	2016-17	2017-18	-9.06	-9.06	1.21	250.00	240.94	240.94	-9.06
74	Rourkela Smart City Limited	2017-18	2018-19	0.00	0.00	0.00	250.00	250.00	250.00	0.00
	<b>Total C-I</b>			<b>17.08</b>	<b>7.97</b>	<b>386.52</b>	<b>505.63</b>	<b>594.63</b>	<b>594.63</b>	<b>89.00</b>
	<b>II. Non-working Government Company</b>									
	<b>Total C-II</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total C (I+II)</b>			<b>17.08</b>	<b>7.97</b>	<b>386.52</b>	<b>505.63</b>	<b>594.63</b>	<b>594.63</b>	<b>89.00</b>
	<b>Grand Total (A+B+C)</b>			<b>-604.47</b>	<b>-285.53</b>	<b>15352.37</b>	<b>1911.22</b>	<b>8474.65</b>	<b>7095.92</b>	<b>2785.32</b>

<b>i</b>	<b>Working Government Companies</b>			<b>-631.21</b>	<b>-305.72</b>	<b>15131.60</b>	<b>1242.21</b>	<b>8380.81</b>	<b>7141.62</b>	<b>3508.37</b>
<b>ii</b>	<b>Statutory Corporations</b>			<b>31.68</b>	<b>25.13</b>	<b>202.40</b>	<b>603.71</b>	<b>192.57</b>	<b>83.69</b>	<b>-528.36</b>
<b>iii</b>	<b>Working PSUs (i+ii)</b>			<b>-599.53</b>	<b>-280.59</b>	<b>15334.00</b>	<b>1845.92</b>	<b>8573.38</b>	<b>7225.31</b>	<b>2980.01</b>
<b>iv</b>	<b>Non-working Government Companies</b>			<b>-4.94</b>	<b>-4.94</b>	<b>18.37</b>	<b>65.30</b>	<b>-98.73</b>	<b>-129.39</b>	<b>-194.69</b>
	<b>Grand Total (iii+iv)</b>			<b>-604.47</b>	<b>-285.53</b>	<b>15352.37</b>	<b>1911.22</b>	<b>8474.65</b>	<b>7095.92</b>	<b>2785.32</b>

**Annexure-7**  
(Referred to in Paragraph 3.15)

**Statement showing State Government funds infused in State PSUs (Non-Power Sector) during the period from 2000-01 to 2017-18**

*(₹ in crore)*

<b>A Social Sector</b>										
<b>S. No.</b>	<b>1.</b>		<b>2.</b>		<b>3.</b>		<b>4.</b>		<b>5.</b>	
<b>Year</b>	<b>Odisha Agro Industries Corporation Limited</b>		<b>The Agricultural Promotion and Investment Corporation of Odisha Limited</b>		<b>Odisha Pisciculture Development Corporation Limited</b>		<b>Odisha Small Industries Corporation Limited</b>		<b>Odisha Mineral Bearing Areas Development Corporation Limited</b>	
	<b>Equity</b>	<b>Grants, subsidies</b>	<b>Equity</b>	<b>Grants, subsidies</b>	<b>Equity</b>	<b>Grants, subsidies</b>	<b>Equity</b>	<b>Grants, subsidies</b>	<b>Equity</b>	<b>Grants, subsidies</b>
2000-01	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0.20	0	0	0	0	0	0
2003-04	0	0	0	0.20	0	0	0	0	0	0
2004-05	0	0	0	0.20	0	0	0	0	0	0
2005-06	0	0	0	0.20	0	0	0	0	0	0
2006-07	0	0	0	0.20	0.03	0	0	0	0	0
2007-08	0	0	0	0.50	0	0	0	0	0	0
2008-09	0	0	0	0.50	0	2.62	31.14	0	0	0
2009-10	0	0	0	0.50	0	1.02	0	0	0	0
2010-11	0	0	0	0.50	0	0	0	0	0	0
2011-12	0	0	0	0.50	0	0	0	0	0	0
2012-13	0	0	0	0.55	0	0	-11.79	0	0	0
2013-14	0	0	0	0.50	0	2.00	-2.95	0	0	0
2014-15	0	0	0	0.50	0	0	-2.95	0	0.01	0
2015-16	32.70	0	0	0.50	0	0	0	0	0	0
2016-17	0	0	0	0.50	0	0	0	0	0	0
2017-18	0	0	0	0.58	0	0	0	0	0	0
<b>Total</b>	<b>32.7</b>	<b>0</b>	<b>0</b>	<b>6.63</b>	<b>0.03</b>	<b>5.64</b>	<b>13.45</b>	<b>0</b>	<b>0.01</b>	<b>0</b>

Statement showing State Government funds infused in State PSUs (Non-Power Sector) during the period from 2000-01 to 2017-18

(₹ in crore)

A. Social Sector

S. No.	6		7		8		9		10		
Year	Water Corporation of Odisha Limited		Odisha State Beverages Corporation Limited		Odisha State Civil Supplies Corporation Limited		Odisha State Medical Corporation Limited		Odisha Corporation Limited	Lift	Irrigation
	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	IFL
2000-01	0	0	1.00	0	0	40.00	0	0	0	30.00	0
2001-02	0	0	0	0	0	23.00	0	0	0	30.00	0
2002-03	0	0	0	0	0	57.27	0	0	0	31.00	0
2003-04	0	0	0	0	0	21.79	0	0	0	10.07	0.07
2004-05	0	0	0	0	0	57.54	0	0	0	14.00	0
2005-06	0	0	0	0	0	40.00	0	0	0	17.00	0
2006-07	0	0	0	0	0	35.00	0	0	0	10.59	0
2007-08	0	0	0	0	0	35.00	0	0	0	10.59	-0.02
2008-09	0	0	0	0	1.00	564.00	0	0	0	28.00	0.57
2009-10	0	0	0	0	0.25	847.85	0	0	0	28.63	-0.05
2010-11	0	0	0	0	0	924.45	0	0	0	30.00	0.25
2011-12	0	0	0	0	0	971.15	0	0	0	30.00	-0.08
2012-13	0	0	0	0	0	1182.66	0	0	0	37.00	-0.08
2013-14	0	0	0	0	0	1283.41	0	0	0	43.88	-0.08
2014-15	0	0	0	0	0	1212.08	10.00	1.12	0	44.48	-0.08
2015-16	0.51	0	0	0	0	1201.37	0	0	0	48.18	-0.08
2016-17	0	0	0	0	0	890.67	0	0	0	48.94	-0.07
2017-18	0	0.50	0	0	0	844.36	0	521.01	0	93.46	-0.34
<b>Total</b>	<b>0.51</b>	<b>0.50</b>	<b>1.00</b>	<b>0</b>	<b>1.25</b>	<b>10231.60</b>	<b>10</b>	<b>522.13</b>	<b>0</b>	<b>585.82</b>	<b>0</b>

## A. Social Sector (11, 12, 13) and B. Competitive Sector

(₹ in crore)

S. No.	11		12		13		14		15	
Year	Odisha State Cashew Development Corporation Limited		Odisha State Seeds Corporation Limited		Odisha Sports Development Corporation		Odisha Mining Corporation Limited		Paradeep Plastic Park Limited	
	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies
2000-01	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0.12	0	0	0	0	0	0
2003-04	0	0	0	0.01	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0.42	0	0	0	0	0	0
2007-08	0	0	0	2.18	0	0	0	0	0	0
2008-09	0	0	0	3.34	0	0	0	0	0	0
2009-10	0	0.38	0	7.97	0	0	0	0	0	0
2010-11	0	0	0	1.96	0	0	0	0	0	0
2011-12	0	0.47	0	6.64	0	0	0	0.08	0	0
2012-13	0	1.47	0	35.61	0	0	0	0	0	0
2013-14	0	0.98	0	0	0	0	0	0	0	0
2014-15	0	1.52	0	0	0	0	0	0.03	0	0
2015-16	0	0	0	0.62	0	6.00	0	0	0	0
2016-17	0	8.52	0	18.00	0	0	0	0	0	0
2017-18	0	10.97	0	13.02	0	0	0	0	0	9.90
<b>Total</b>	<b>0</b>	<b>24.31</b>	<b>0</b>	<b>89.89</b>	<b>0</b>	<b>6.00</b>	<b>0</b>	<b>0.11</b>	<b>0</b>	<b>9.90</b>

Statement showing State Government funds infused in State PSUs (Non-Power Sector) during the period from 2000-01 to 2017-18

(₹ in crore)

**B. Competitive Sector**

S. No.	16		17		18		19		20	
Year	Odisha Rural Housing Development Corporation Limited		Odisha Construction Corporation Limited		Odisha Bridge Construction Corporation Limited		Lanjigarh Project Area Development Foundation		Odisha Tourism Development Corporation Limited	
	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies
2000-01	2.40	1.46	0.50	0	0	0	0	0	0.50	0
2001-02	10.00	2.98	0	0	0	0	0	0	0.10	0
2002-03	14.00	0	0	0	0	0	0	0	0	0
2003-04	4.00	0	0	0	0	0	0	0	0	0
2004-05	4.76	0	0	0	0	0	0	0	0	0
2005-06	6.00	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	3.00	0	0	0	0	0	0	0
2009-10	0	0	2.00	0	4.31	0	0	0	0	0
2010-11	0	0	1.00	0	0	0	0.03	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	5.69	0	0	0	0	0
2016-17	0	0	0	0	5.00	0	0	0	0	0
2017-18	0	0	0	0		0	0	0	0	0
<b>Total</b>	<b>41.16</b>	<b>4.44</b>	<b>6.5</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0.03</b>	<b>0</b>	<b>0.6</b>	<b>0</b>



## Statement showing State Government funds infused in State PSUs (Non-Power Sector) during the period from 2000-01 to 2017-18

(₹ in crore)

**B. Competitive Sector**

S. No.	21			22		23		24			25	
Year	Odisha State Financial Corporation			Odisha State Road Transport Corporation		Odisha State Warehousing Corporation		Industrial Development Corporation of Odisha Limited			Orissa State Electronics Development Corporation Limited	
	Equity	Grants, subsidies	IFL	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies	IFL	Equity	Grants, subsidies
2000-01	0	1.75	0	0	1.60	0.20	0	0	0	0	1.39	0
2001-02	0	0.20	0.81	0	1.60	0	0	0	0	0	0	0
2002-03	0	0.40	0.45	0	1.60	0	6.00	0	0	10.51	0	0
2003-04	0	0.27	0	0	1.60	0	1.50	0	0	1.21	0	0
2004-05	0	0.38	0	0	1.60	0	0.37	0	0	0	0	0.02
2005-06	0	0.36	0	0	1.60	0	0	0	0	0	0	0
2006-07	0	0.76	0	0	1.60	0	0	0	0	0	0	0
2007-08	271.04	6.77	0	9.94	1.60	0	0	0	0	0	0	0
2008-09	23.16	4.09	0	5.01	1.60	0	0	0	0	0	0	0.04
2009-10	0	1.55	-33.97	0	1.60	0	0	0	0	0	0	0.04
2010-11	0	0.99	0	0	1.60	0	0	0	0	0	0	0
2011-12	0	1.48	0	0	1.60	0	0	0	0	0	0	0
2012-13	0	0.50	0	3.00	1.60	0	0	0	0	0	0	0.07
2013-14	0	0.45	0	8.00	3.60	0	0	0	0	0	0	0
2014-15	0	0.43	0	0	10.60	0	0	0	0	0	0	0
2015-16	0	3.74	0	0	25.00	0	0	0	1.00	0	0	0
2016-17	-0.01	0	0	20.00	20.00	0	0	0	1.00	0	0	0
2017-18	0	0	0	0	1.60	0	0	0	1.00	0	0	0
<b>Total</b>	<b>294.19</b>	<b>24.12</b>	<b>-32.71</b>	<b>45.95</b>	<b>81.60</b>	<b>0.2</b>	<b>7.87</b>	<b>0</b>	<b>3.00</b>	<b>11.72</b>	<b>1.39</b>	<b>0.17</b>

Statement showing State Government funds infused in State PSUs (Non-Power Sector) during the period from 2000-01 to 2017-18

(₹ in crore)

**B. Competitive Sector**

S. No.	26		27			28		29		30	
Year	Industrial Promotion and Investment Corporation of Odisha Limited		Odisha Film Development Corporation Limited			Odisha State Commercial Transport Corporation Limited		Orissa State Handloom Development Corporation Limited		Orissa State Textile Corporation Limited	
	Equity	Grants, subsidies	Equity	Grants, subsidies	IFL	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies
2000-01	0	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0.53	0	0	0	0	0	0	0
2003-04	0	0	0	0.30	0	0	0	0	0	0	0
2004-05	0	0	0	0.31	0	0	0	0	0	0	0
2005-06	0	0	0	0.10	0	0	0	0	0	0	0
2006-07	0	0	0	0.69	0	0	0	0	0	0	0
2007-08	0	0	0	0.04	0	0	0	0	0.07	0	0.05
2008-09	0	1.68	0	1.54	0.98	0	0.12	0	0.05	0	0.05
2009-10	0	0	0	0	0	0	0	0	0.05	0	0.06
2010-11	0	0.30	0	0.25	0	0	0.08	0	0	0	0.05
2011-12	0	0.33	0	0	0	0	0	0	0.05	0	0.05
2012-13	0	0.50	3.72	0	0	0	0	0	0.07	0	0.08
2013-14	0	1.60	0	0	0	0	0.04	0	0	0	0
2014-15	0	3.00	0	0	0	0	0	0	0	0	0
2015-16	0	7.50	0	2.37	-1.28	0	0	0	0	0	0
2016-17	6.55	33.00	0	1.00	0	0	0	0	0	0	0
2017-18	0	0	0	3.35	0	0	0	0	0	0	0
<b>Total</b>	<b>6.55</b>	<b>47.91</b>	<b>3.72</b>	<b>10.48</b>	<b>-0.3</b>	<b>0</b>	<b>0.24</b>	<b>0</b>	<b>0.29</b>	<b>0</b>	<b>0.34</b>

## B. Competitive Sector (31) and C. Other Sector

*(₹ in crore)*

S. No.	31		32		33	
	Konark Television Limited		Bhubaneswar Smart City Limited		Rourkela Smart City Limited	
Year	Equity	Grants, subsidies	Equity	Grants, subsidies	Equity	Grants, subsidies
2000-01	0	0	0	0	0	0
2001-02	0	0	0	0	0	0
2002-03	0	0	0	0	0	0
2003-04	0	0	0	0	0	0
2004-05	0	0	0	0	0	0
2005-06	0	0	0	0	0	0
2006-07	0	0	0	0	0	0
2007-08	0	0	0	0	0	0
2008-09	0	0.06	0	0	0	0
2009-10	0	0.04	0	0	0	0
2010-11	0	0.03	0	0	0	0
2011-12	0	0	0	0	0	0
2012-13	0	0	0	0	0	0
2013-14	0	0	0	0	0	0
2014-15	0	0	0	0	0	0
2015-16	0	0	0	0	0	0
2016-17	0	0	112.50	13.62	112.50	0
2017-18	0	0	0	2.00	0	224.00
<b>Total</b>	<b>0</b>	<b>0.13</b>	<b>112.5</b>	<b>15.62</b>	<b>112.50</b>	<b>224.00</b>

**Annexure-8**

**(Refer paragraph 2.2)**

**Details of extra cost due to additional provision of cement concrete lining in canal bed**

Sl. No.	Name of work	Estimated cost (₹ in crore)	Agreement cost (₹ in crore)	Date of commencement/ Stipulated date of completion	Payment made (₹ in crore)	Quantity of additional layer in cum CCM <sup>106</sup> 10/ CCM 15	Rate per cum (in ₹)	Amount (in ₹)	Tender premium	Extra cost including TP (in ₹)
1	Improvement to Hiradharbati Main Canal from RD 00 to 23 Km of Hiradharbati Irrigation Project (From RD 5.76 Km to 10.20 Km) under RIDF XIX	6.79	6.38	30 05.14/ 29.10.15	6.42	5629.05	3318.7	18681128	-6.1	17541579.19
2	Improvement to Hiradharbati Main Canal from RD 00 to 23 Km of Hiradharbati Irrigation Project (Working RD From RD 00 Km to 5.750 Km) under RIDF XIX	6.8	6.67	03 07.14/ 02.12.16	5.88	5622.3	3224.3	18127982	-2	17765422.36
3	Improvement to Rushikulya Main Canal from RD 66.00 Km to 78.00 Km of Rushikulya Irrigation System	5.05	5.4	16 01.15/ 15.06.16	5.4	1097.58	3246.3	3563074	7	3812489.18
4	Improvement to Hiradharbati Main Canal from RD 00 to 23 Km of Hiradharbati Irrigation Project (From RD 10.20 Km to 16.435 Km) under RIDF XIX	9.18	9.56	18.04.15/ 17.04.17	9.59	7596.3	3257.6	24745707	4.1	25760280.99
5	Improvement to Extension canal of 10th distributary from RD 00 to 15.30 Km of Rusikulya Irrigation System (from RD 00 to 4.68 Km) (Reach-A) under RIDF XX	3.02	2.71	26.11.15/ 25.02.17	2.81	2281.52	3499.9	7985091.8	-10.3	7162627.345
6	Improvement to Extension canal of 10th distributary from RD 00 to 15.30 Km of Rusikulya Irrigation System (from RD 4.68 to 8.27 Km) (Reach-B) under RIDF XX	3.59	3.12	29. 02.16/ 28.06.17	1.71	2436.12	3661.1	8918878.9	-13.11	7749613.876

<sup>106</sup> Cement concrete Mix Design

7	Improvement to Extension canal of 10th distributary from RD 00 to 15.30 Km of Rusikuly Irrigation System (from RD 8.27 to 11.31 Km) (Reach-C) under RIDF XX	2.51	2.23	29.02.16/ 28.04.18	2.17	1783.44	3661.1	6529352.1	-11.22	5796758.794
8	Improvement to Hiradharbati Main Canal from RD 23 00Km to 41 80Km of Hiradharbati Irrigation Project under NABARD Assistance in RIDF-XXI (From RD 36500m to 41180m, (Package No. III) under RIDF XXI	2.42	2.13	09.05.16/ 08.07.17	1.79	1620.38	3817	6184990.5	-12.01	5442173.141
9	Improvement to Hiradharbati Main Canal from RD 23 00Km to • 41.80Km of Hiradharbati Irrigation Project (From RD 32160m to 36500m, (Package No. II)	5.1	4.55	01.06.16/ 31.08.17	2.49	3720	3817	14199240	-10.88	12654362.69
10	Improvement to Hiradharbati Main Canal from RD 23.00 Km to 41.80 Km of Hiradharbati Irrigation Project under NABARD Assistance in RIDF-XXI (From RD 23000m to 32160m, (Package No.1) under RIDF XXI	4.77	4.27	01.06.16/ 31.08.17	3.46	3460.4	3817	13208347	-10.51	11820149.73
11	Improvement to Badamadhapur distributary from RD 00 to 2150m, Goba minor (Guard wall) RD 00 to 500m, Kushapur distributary from RD 00 to 785m, Angu distributary from RD 00 to 1036m, Potlampur distributary from RD 00 to 3030m, Baranga minor from RD 00 to 2400m, Kumpa Sub-minor from RD 00 to 890m and Hansapur distributary from RD 00 to 1050m of Jayamangal Irrigation System,	4.58	4.07	22.06.16/ 21.09.17	3.2	2482.4	3915.5	9719837	-11.11	8639963.109
12	Improvement to Kanisi Branch Canal from RD 00 Km to 11.98 Km along with its minor & sub-minor of 10th Distributary of Rushikulya Irrigation System under RIDE XXII	3.73	3.23	26.12.16/ 05.05.18	0.65	2445.91	3756.4	9187816.3	-13.41	7955730.134
13	Improvement to Left Minor of 9th Distributary from RD 1.50 Km to 4.50 Km of Rushikulya Main Canal under RIDF XXII	1.19	1.11	26.12.16/ 25.11.17	1.01	1620.7	4011.8	6501924.3	-7.02	6045489.214
14	Improvement to 9th Distributary from RD 00 Km to 2.50 Km of Rushikulya Main Canal under RIDF XXII	1.32	1.19	27.12.16/ 26.11.17	1.19	851.97	3866.7	3294312.4	-10.02	2964222.298
15	Improvement to Baladia Distributary from RD 00 to 1km etc. under RIDF XXII	1.25	1.07	07.09.17/ 06.07.18	0	1184.55	3642.1	4314249.6	-14.99	3667543.585
	<b>Total</b>	<b>61.3</b>	<b>57.69</b>		<b>47.77</b>	<b>43832.62</b>		<b>155161931</b>		<b>144778405.60</b>

## Glossary of Abbreviations

Sl. No.	Abbreviation	Description
1.	AC	Audit Committee
2.	AGM	Annual General Meeting
3.	ARR	Aggregate Revenue Requirement
4.	ASPO	Assistant Seed Production Officers
5.	ATNs	Action Taken Notes
6.	BIS	Bureau of Indian Standard
7.	BoD	Board of Directors
8.	CAG	Comptroller and Auditor General of India
9.	CESU	Central Electricity Supply Utility
10.	CGM	Corporate Governance Manual
11.	COD	Date of Commercial Operation
12.	CoPU	Committee on Public Undertakings
13.	CPP	Comprehensive Perspective Plan
14.	DAC	Department of Agriculture and Cooperation
15.	DAFP	Directorate of Agriculture & Food Production
16.	DBT	Direct Benefit Transfer
17.	DDA	Deputy Director of Agriculture
18.	DFO	Divisional Forest Officer
19.	DISCOMs	Distribution Companies
20.	DPR	Detailed Project Report
21.	EBIT	Earnings Before Interest and Taxes
22.	FSA	Fuel Supply Agreement
23.	GDP	Gross Domestic Product
24.	GoO	Government of Odisha
25.	GoI	Government of India
26.	GRIDCO	Grid Corporation of Odisha Limited
27.	GSDP	Gross State Domestic Product
28.	GT	Generator Transformer
29.	HHEP	Hirakud Hydro Electric Project
30.	ICAR	Indian Council of Agricultural Research
31.	IDCOL	Industrial Development Corporation of Odisha Limited
32.	IMAGE	Institute on Management of Agricultural Extension
33.	IPICOL	Industrial Promotion and Investment Corporation of Odisha Limited
34.	IPPs	Independent Power Producers
35.	IRs	Inspection Reports
36.	ISOMP	Integrated scheme of Oil seed, Pulses, Oil Palm and Maize
37.	JITPL	M/s Jindal India Thermal Power Limited
38.	LAMPS	Large Area Multi Purpose Societies
39.	MD	Managing Director
40.	MCL	Mahanadi Coalfields Limited
41.	MCLR	Marginal Cost of funds based Lending Rate
42.	MIS	Management Information System
43.	MoU	Memorandum of Understanding
44.	MT	Metric Tonne
45.	MU	Million Units
46.	MW	Mega Watt

Sl. No.	Abbreviation	Description
47.	NABARD	National Bank for Agriculture and Rural Development
48.	NPV	Net Present Value
49.	OCC	Odisha Construction Corporation Limited
50.	OEM	Original Equipment Manufacturer
51.	OERC	Odisha Electricity Regulatory Commission
52.	OHPC	Odisha Hydro Power Corporation Limited
53.	OLA	Odisha Legislative Assembly
54.	OMC	Odisha Mining Corporation Limited
55.	OPGC	Odisha Power Generation Corporation Limited
56.	OPTCL	Odisha Power Transmission Corporation Limited
57.	OPWD	Odisha Public Works Department
58.	OSAM	Odisha State Agricultural Marketing
59.	OSEB	Odisha State Electricity Board
60.	OSFC	Odisha State Financial Corporation
61.	OSRTC	Odisha State Road Transport Corporation
62.	OSSC	Odisha State Seeds Corporation Limited
63.	OSSOPCA	Odisha State Seed and Organic Products Certification Agency
64.	OSWC	Odisha State Warehousing Corporation
65.	PAC	Public Accounts Committee
66.	PACS	Primary Agriculture Cooperative Societies
67.	PAG	Principal Accountant General
68.	PCCF	Principal Chief Conservator of Forests
69.	PGCIL	Power Grid Corporation of India Limited
70.	PLF	Plant Load Factor
71.	PPA	Power Purchase Agreement
72.	PSUs	Public Sector Undertakings
73.	PV	Present value
74.	RBI	Reserve Bank of India
75.	RKVY	Rastriya Krishi Vikas Yojana
76.	RoCE	Return on Capital Employed
77.	RoE	Return on Equity
78.	RMC	Regulated Market Committee
79.	SARs	Separate Audit Reports
80.	SEL	Sterlite Energy Limited
81.	SLSC	State Level Sanctioning Committee
82.	SPOs	Seed Production Officers
83.	SRP	Seed Rolling Plan
84.	SRR	Seed Replacement Rate
85.	STU	State Transmission utility
86.	SLDC	State Load Dispatch Centre
87.	UC	Utilisation Certificate

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