Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended March 2019

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Odisha

Report No. 2 of the year 2021

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TABLE OF CONTENTS

ANNEXURES

PREFACE

This Report 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 for the year ended March 2019.

The Report on the Public Sector Undertakings for the year ended 31 March 2019 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.

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. The audit arrangements of Statutory Corporations are prescribed under the respective acts through which the corporations are established.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2018-19, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2018-19 have also been included, wherever pertinent. This Report deals with the 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 nine power sector PSUs. The power sector received 21.30 *per cent* (₹327.90 crore) of the total budgetary outgo (₹1539.65 crore) during the year 2018-19. 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 ₹22.45 crore. This part includes two compliance audit paragraphs.

Part-II of the Report deals with the details of the performance of 73 non-power sector Public Sector Undertakings, including three Statutory Corporations. These PSUs, at the aggregate level, earned profit of ₹849.86 crore during 2018-19. This part includes a Performance Audit relating to 'Odisha Industrial Infrastructure Development Corporation' and six compliance audit paragraphs.

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

OVERVIEW

OVERVIEW

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

Audit of Government Companies is governed by Section 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 2019, 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 CAG. The working PSUs registered a turnover of ₹27,103.37 crore as per their latest finalised accounts as on 30 September 2019. The turnover relative to the Gross State Domestic Product (GSDP) of Odisha was 5.58 *per cent*. As on 31 March 2019, the investment (Equity and Long Term Loans) in 82 PSUs was ₹18,350.29 crore. The power sector received (₹6,754.77 crore) 87.15 *per cent* of total investment (₹7,750.38 crore) made during the period from 2014-15 to 2018-19.

(Paragraphs 1.1, 1. 2, 1.3, 1.4 and 1.8)

2. Functioning of Power Sector PSUs

Formation of Power Sector PSUs

Odisha became the first State in India to reform its electricity sector. The 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 power sector PSUs namely GRIDCO Limited, Odisha Hydro Power Corporation Limited, Odisha Power Generation Corporation Limited and Odisha Power Transmission Corporation Limited, five other power sector PSUs were incorporated (January 2007 to September 2018) as subsidiary/ joint venture companies namely Odisha Thermal Power Corporation Limited, Kalinga Bidyut Prasaran Nigam Private Limited, Green Energy Development Corporation of Odisha Limited, Odisha Coal and Power Limited and GEDCOL SAIL Power Corporation Limited. Thus, the State had nine power sector PSUs as on 31 March 2019.

Of these nine PSUs, three PSUs (Kalinga Bidyut Prasaran Nigam Private Limited, Odisha Thermal Power Corporation Limited and GEDCOL SAIL Power Corporation Limited) did not commence any commercial activity till 2018-19.

The power sector PSUs, as per their latest finalised accounts as on 30 September 2019, registered a turnover of ₹9,641.40 crore. The turnover relative to the GSDP of Odisha was 1.98 *per cent* indicating a fairly important role played by the power sector PSUs in the economy of the State.

(Paragraphs 2.1 and 2.2)

Stake of Government of Odisha

As on 31 March 2019, the total outlay (equity, long term loans and grants, subsidies for operational and management expenses) in nine power sector undertakings was ₹16,845.13 crore. This consisted of ₹4,048.57 crore (24.03 *per cent)* towards equity, ₹11,354.60 crore (67.41 *per cent)* towards long-term loans and ₹1,441.86 crore (8.56 *per cent*) towards grants, subsidies for operational and management expenses. Out of the total long term loans of ₹11,354.60 crore, ₹1,186.54 crore (10.45 *per cent*) was availed from the State Government and balance ₹10,168.08 crore (89.55 *per cent*) was availed from financial institutions.

(Paragraphs 2.4 and 2.10)

Performance of Power Sector PSUs

The overall loss incurred by the nine power sector PSUs was ₹22.45 crore in 2018-19 against loss of ₹1,271.99 crore incurred in 2014-15. According to the accounts of the power sector PSUs for the year 2018-19, five PSUs together earned profit of ₹178.34 crore while three PSUs incurred loss of ₹200.79 crore. The top profit making PSUs were Odisha Hydro Power Corporation Limited (₹144.39 crore), Odisha Power Transmission Corporation Limited (₹19.80 crore) and Odisha Power Generation Corporation Limited (₹4.79 crore) while GRIDCO Limited incurred substantial loss of ₹197.50 crore.

At the aggregate level, the accumulated losses of the nine power sector PSUs was ₹4,443.12 crore as against the capital investment of ₹4,048.67 crore as on 31 March 2019. Of the nine power sector PSUs, the net worth of GRIDCO Limited had fully eroded (₹-3,853.75 crore).

(Paragraphs 2.9 and 2.13)

Quality of accounts

The quality of accounts of power sector PSUs needs improvement. Five accounts for the year 2017-18 and 2018-19 relating to the five PSUs were finalised during 01 October 2018 to 30 September 2019. The statutory auditors issued certification with qualifications in respect of all the accounts. Statutory auditors pointed out five instances of non-compliance with Ind-Accounting Standards by one power sector PSU.

(Paragraph 2.20)

3. Compliance Audit Observations (Power Sector)

Compliance audit observations included in this chapter highlight deficiencies in management of PSUs with financial implications.

Implementation of Odisha Distribution System Strengthening Project by Odisha Power Transmission Corporation Limited (OPTCL)

- Government of Odisha, through the Odisha Distribution System Strengthening Project, envisaged construction of 473 33/11 KV sub-stations for reduction of Aggregate Technical and Commercial losses and develop a robust cyclone/flood resilient system.

  (Paragraph 3.1.1)

- The project did not yield the desired result due to significant delays and deficiencies in project planning.

  (Paragraph 3.1.2)

- Audit observed delays in handing over of sites, procurement of materials before requirement and issues in contract management constraining achievement of the envisaged objectives Execution of the project suffered due to lack of coordination with the DISCOMs. Even completed substations could not be handed over to the DISCOMs.

  (Paragraphs 3.1.3, 3.1.6 and 3.1.7)

- Deficiencies in technical design led to procurement of high power transformers and conductors, also potentially contributing to increase in AT&C loss instead of arresting it.

  (Paragraph 3.1.4)

- High level steering committee which was required to be constituted involving all important stakeholders including Government of Odisha, was never constituted affecting monitoring and achievement of goals.

  (Paragraph 3.1.3.1)

- Under the scheme, Odisha Power Transmission Corporation Limited included the procurement of transformers in the scope of EPC contractors, which was not in consonance with its practice in other contracts where OPTCL itself purchased the transformers. This resulted in extra expenditure of ₹173.91 crore for procurement of 946 transformers.

  (Paragraph 3.1.2.3)

- Improper load forecasting of transformer capacity in Detailed Project Report resulted in installation of higher capacity transformer leading to extra expenditure of ₹22.31 crore.

(*Paragraph 3.1.5.1*)

- Although the project aimed at reduction of technical loss at the rate of three *per cent* per annum with generation of additional revenue of ₹255 crore per year mechanisms like metering arrangement at each substation and energy audit were not put in place to measure the actual reduction.

(*Paragraph 3.1.5.3*)

- OERC expressed concern (March 2019) over huge AT&C loss varying from 50 *per cent* to 74 *per cent* in several areas of the DISCOMs. The intended improvement in quality and reliability of power supply did not materialise even for the closed packages due to non-completion of the project despite extended time lines as well as cost estimates going up from ₹2600 crore to ₹3843 crore.

(Paragraphs 3.1.1 and 3.1.5.3)

4. Functioning of State Public Sector Undertakings (Non-Power Sector)

As on 31 March 2019, Odisha had 73 State Public Sector Undertakings in the non-power sector, including three Statutory Corporations. Of these, 47 were working companies and 26 were inactive companies. The working PSUs registered a turnover of ₹17,461.97 crore as per their latest finalised accounts as on 30 September 2019. The turnover relative to the GSDP of Odisha was 3.59 *per cent.*

(Paragraphs 4.1 and 4.2)

Stake of Government of Odisha

As on 31 March 2019, the total outlay in these 73 PSUs was ₹46,027.34 crore, 4.39 *per cent* (₹2,023.06 crore) equity, 2.01 *per cent* (₹923.96 crore) long-term loans and 93.60 *per cent* (₹43,080.32 crore) grants and subsidies for operational & management expense. Out of the total long-term loans of ₹923.96 crore, 39.06 *per cent* (₹360.89 crore) was availed from the State Government and balance 60.94 *per cent* (₹563.07 crore) was availed from financial institutions.

(Paragraphs 4.4 and 4.13)

Performance of State PSUs (Non-Power Sector)

Owing to losses incurred by Industrial Development Corporation of Odisha Limited, Odisha Rural Housing and Development Corporation Limited and IDCOL Kalinga Iron Works Limited, profit of ₹1,001.58 crore earned by these working PSUs during 2014-15 decreased to ₹854.71 crore in 2018-19. As per latest finalised accounts for the year 2018-19, out of 47 working State PSUs, 30 PSUs earned profit of ₹1024.07 crore and 11 PSUs incurred losses of ₹169.36 crore. One PSU had a break-even status. One PSU had not yet submitted its first account. Four State PSUs (non-power sector) have earned nil profit.

The top profit making companies were Odisha Mining Corporation Limited (₹789.88 crore), Odisha Construction Corporation Limited (₹67.16 crore) and Odisha State Beverages Corporation Limited (₹29.99 crore), while Industrial

Development Corporation of Odisha Limited (₹89.54 crore), Odisha Rural Housing and Development Corporation Limited (₹42.93 crore) and IDCOL Kalinga Iron Works Limited (₹(-)14.35 crore) incurred losses.

(Paragraph 4.12)

Quality of accounts

The quality of accounts of PSUs needs improvement. Out of 41 accounts forwarded to the Accountant General during 01 October 2018 to 30 September 2019, the statutory auditors issued certification with qualifications in respect of 25 accounts. There were 19 instances of non-compliance with Accounting Standards and four instances of non-compliance to the Indian Accounting Standard.

(Paragraph 4.25)

5. Performance Audit (Non-Power Sector)

Odisha Industrial Infrastructure Development Corporation

Performance Audit relating to "Infrastructure Development and Project Management Activities of the Odisha Industrial Infrastructure Development Corporation" covered the period from 2014-15 to 2018-19.

- Odisha Industrial Infrastructure Development Corporation (IDCO) was incorporated on 5 January 1981 under Section 3 of the Odisha Industrial Infrastructure Development Corporation (OIIDC) Act, 1980. The objective of establishment of the Corporation was securing and assisting in rapid and orderly establishment and organisation of industries, trade and commerce in the Industrial Areas (IAs) and Industrial Estates (IEs) in the State of Odisha.

  (Paragraph 5.1)

- In keeping with the relevant Industrial Policy Resolutions, IDCO experienced delays in creating the required Land Bank meant for orderly industrial growth, constraining availability of land to selected industries for ready use. In six districts test checked, as high as 38 per cent of category 'A' land acquired for Land Bank purposes was under encroachment, litigation and not available for allotment.

  (Paragraph 5.7.1)

- IDCO did not frame regulations for allotment of land from land bank as stipulated by the Government of Odisha, potentially impacting the achievement of the objective of allotment of land in a fair and transparent manner.

  (Paragraph 5.7.1)

- Contrary to Government/Central Electricity Authority stipulations that leasing and allotment of land should be preceded by a realistic assessment by IDCO of actual requirement, IDCO continued (March 2020) with the process of excess acquisition of land amounting to 2121.59 acres for two industries i.e., Sterlite Energy Limited and Vedanta Limited even when the industries had commissioned their respective Thermal Power Plants within their already allotted land.

  (Paragraph 5.7.2)

- IDCO allotted 117 acres of government land at concessional rates, in violation to Industrial Policy Resolution 2007, to two TPPs i.e., Lanco and GMR, who had failed to commence commercial production within the prescribed period and were not eligible for any incentive, resulting in short realisation of ₹10.04 crore.

(Paragraph 5.7.3)

- IDCO did not revert 537.82 acres of government land to revenue authorities, allotted between April and December 1996 to TISCO as advance possession for an integrated steel plant, even though TISCO did not utilise the land for its intended purpose. IDCO instead reallotted the said land to TISCO between 2014-18 for alternative use ignoring prevailing rates which resulted in short realisation of ₹14.23 crore towards land premium and ₹1.42 crore towards administrative charges.

(Paragraph 5.7.4)

- Due to its failure to monitor and maintain an updated database, IDCO did not recover GR and Cess of ₹18.52 crore which remained outstanding against all of the industries to whom land was allotted. Besides, IDCO failed to pursue the correction of Record of Rights (RoRs) of private land of 44,932.29 acres resulting in loss of ₹33.16 crore per annum to the State exchequer since April 2019, due to non-collection of GR and Cess.

(Paragraph 5.7.5)

- In respect of 116 Industrial Estates/Industrial Areas (IEs/IAs) which IDCO was tasked to establish and manage, of a total area of 24,084.28 acres under the management and control of IDCO, 14,649.09 acres (61 per cent) had been allotted while 9,435.19 acres (39 per cent) remained unutilised. There were no allotments to 14 IEs/IAs. Additionally, IDCO also did not make and execute a proper development plan for providing infrastructural facilities to the IEs/IAs, despite availability of funds.

(Paragraph 5.8.1)

- IDCO allotted 62.16 acres of land to 18 units in Kholadwar and Sea Food Park, Deras without required notification of Industries Department and failed to comply with the relevant instructions of the Board, resulting in short recovery of ₹10.96 crore towards collection of land value.

(Paragraph 5.8.3)

- IDCO allotted 26.87 acres of land to 14 industrial units coming under the negative list of IPRs without obtaining the Bench Mark Value of the land from the respective sub-registrars, resulting in short realisation of land cost worth ₹13.34 crore.

(Paragraph 5.8.5)

- As regards transfer of lease hold properties and change of activities involving 43.50 acres of land, IDCO charged normal transfer fees instead of application of prevailing rates, resulting in short recovery of ₹27.20 crore.

(Paragraph 5.8.6)

- IDCO allotted 106.13 acres of land and 65.21 acres of land before and after notification of Land Regulations 2016 respectively to 10 Educational Institutions without determining the land rate as specified in the Regulations 2016 and as specified in the decisions of its Board, resulting in short recovery of ₹18.29 crore.

(Paragraph 5.8.8)

- Failure of divisional offices to conduct periodical physical verification and failure of the Board to strictly monitor its decisions, constrained a review (2014-19) of rightful utilisation of allotted land and affected both finances and overall objectives of IDCO. It was noticed that though 1128.99 acres of land allotted to 1267 units remained un-utilised, IDCO neither reverted nor utilised the said land for any other purpose under OIIDC Act.

(Paragraph 5.8.9)

- IDCO could not carry out completion of GoI sponsored projects due to inefficient planning and ineffective mobilisation of resources such as requirement of hindrance free land, ensuring necessary and critical infrastructure in place for units to be set up, etc. These impeded the purpose of setting up the industrial parks/areas and generating commensurate employment.

  - IDCO failed to develop the Government of India sponsored Aluminium Park at Angul despite creating a Joint Venture (JV) company with NALCO, Angul Aluminium Park Private Limited in 2010, for carrying out the project. IDCO did not secure sourcing of required quantity of raw material and the JV did not develop required infrastructure for the allottees to set up their units.

  - Tardy development of Sea Food Park at Deras by IDCO due to higher cost of land acquired for the project, slow pace and inadequate development of infrastructure on the site affected the project.

  - IDCO declared availability of hindrance free land despite encumbrances and obtained approval and funds for the Government of India sponsored Plastic Park at Paradeep by setting up an SPV to carry out the project. Together with land hindrances and non-development of required infrastructure on the land, project implementation continues to be delayed even after lapse of seven years.

  - The Electronic Manufacturing Cluster at Khorda could not take off due to non-resolution of land disputes.

  - As IDCO could not acquire required land, the master plan for the land use could not be finalised, leading to PCPIR project becoming a non-starter.

(Paragraphs 5.9.1 to 5.9.5)

6. Compliance Audit Observations (Non-Power Sector)

Compliance audit observations included in this chapter highlight deficiencies in management of PSUs with financial implications. The irregularities pointed out are as briefed below:

Delayed surrender of non- mineable land which fell within Hadagarh sanctuary and within its one kilometre radius resulted in avoidable payment of NPV and dead rent amounting to ₹65.21 crore by Odisha Mining Corporation Limited.

(Paragraph 6.1)

Avoidable payment on transportation of ore worth ₹0.73 crore by Odisha Mining Corporation Limited due to incorrect calculation of escalation cost.

(Paragraph 6.2)

Failure to produce sized Calibrated Lump Ore and consequent sale of lump ore by IDCOL Kalinga Iron Works Limited resulted in loss of ₹7.56 crore.

(Paragraph 6.3)

Loss of interest of ₹5.58 crore due to imprudent fund management by the Agricultural Promotion and Investment Corporation of Odisha Limited.

(Paragraph 6.4)

Loss of ₹0.99 crore due to sale of chrome ore at lower price by IDCOL Ferro Chrome and Alloys Limited.

(Paragraph 6.5)

CHAPTER-I
INTRODUCTION

CHAPTER-I

Introduction

Functioning of State Public Sector Undertakings

General

1.1 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 2019, there were 82 PSUs in Odisha, including three[1] Statutory Corporations and 79 Government Companies (including 26 inactive government companies[2]) under the audit jurisdiction of the Comptroller & Auditor General of India. Of these, GRIDCO Limited has listed its debt security on the Bombay Stock Exchange. During the year 2018-19, one new PSU[3] came within the audit jurisdiction of the C&AG of India.

1.2 The financial performance of the PSUs on the basis of latest finalised accounts as on 30 September 2019 is covered in this report. The nature of PSUs and the position of accounts are indicated in table below:

Table 1.1: Nature of PSUs covered in the Report

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period[4]				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 30 September 2019
		Accounts up to 2018-19	Accounts up to 2017-18	Accounts up to 2016-17	Total	
Working Government Companies	53	17	22	05	44	36 (65)
Statutory Corporations	3	01	01	1	03	02 (03)
Total working PSUs	**56**	**18**	**23**	**06**	**47**	**38 (68)**
Inactive Government Companies	26	0	0	0	0	26 (770)
Total	**82**	**18**	**23**	**06**	**47**	**64 (838)**

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

The working PSUs registered an annual turnover of ₹27,103.37 crore as per their latest finalised accounts as on 30 September 2019. This turnover was equal to 5.58 *per cent* of Gross State Domestic Product (GSDP) for the year 2018-19 (₹4,86,003.80 crore). The working PSUs incurred a profit of ₹832.26 crore as per their latest finalised accounts. As on 31 March 2019, the State PSUs had employed approximately 16,000 employees. There are 26 PSUs which were inactive for last 5 to 53 years with a total investment of ₹95.96 crore (capital (₹65.30 crore) and long-

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1 Odisha State Financial Corporation, Odisha State Road Transport Corporation and Odisha State Warehousing Corporation.

2 Inactive PSUs are those which have ceased to carry out their operations.

3 GEDCOL SAIL Power Corporation Limited.

4 From October 2018 to September 2019.

term loans (₹30.66 crore)). This is an important area as the investments in inactive PSUs do not contribute to the economic growth of the State.

Accountability framework

1.3 The procedure for audit of Government companies is laid down in Section 139 and 143 of the Companies Act, 2013 (Act 2013). According to Section 2(45) of the Act, 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 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.

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 sub-Section 7 of Section 143 of the Act 2013, 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 CAG's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

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

1.4 The financial statements of the Government Companies (as defined in Section 2(45) of the 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 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, audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

Submission of accounts by PSUs

1.5 *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 tabled in 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 an 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 non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Role of Government and Legislature

1.6 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 PSUs

1.7 The Government of Odisha (GoO) has high financial stakes in the PSUs. This 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.

1.8 The sector-wise summary of investment in the PSUs as on 31 March 2019 is given Table 1.2:

Table 1.2: Sector-wise investment in PSUs

Name of sector	Government Companies		Statutory Corporations		Total	Investment[5] (₹ in crore)		
	Working	Inactive	Working	Inactive		Equity	Long Term Loans	Total
Power	09	-	-	-	09	4,048.67	11,354.60	15,403.27
Finance	05	-	01	-	06	582.08	570.14	1152.22
Service	07	04	01	-	12	259.82	15.63	275.45
Infrastructure	12	-	-	-	12	678.31	240.05	918.36
Others	20	22	01	-	43	502.85	98.14	600.99
Total	**53**	**26**	**03**	**-**	**82**	**6,071.73**	**12,278.56**	**18,350.29**

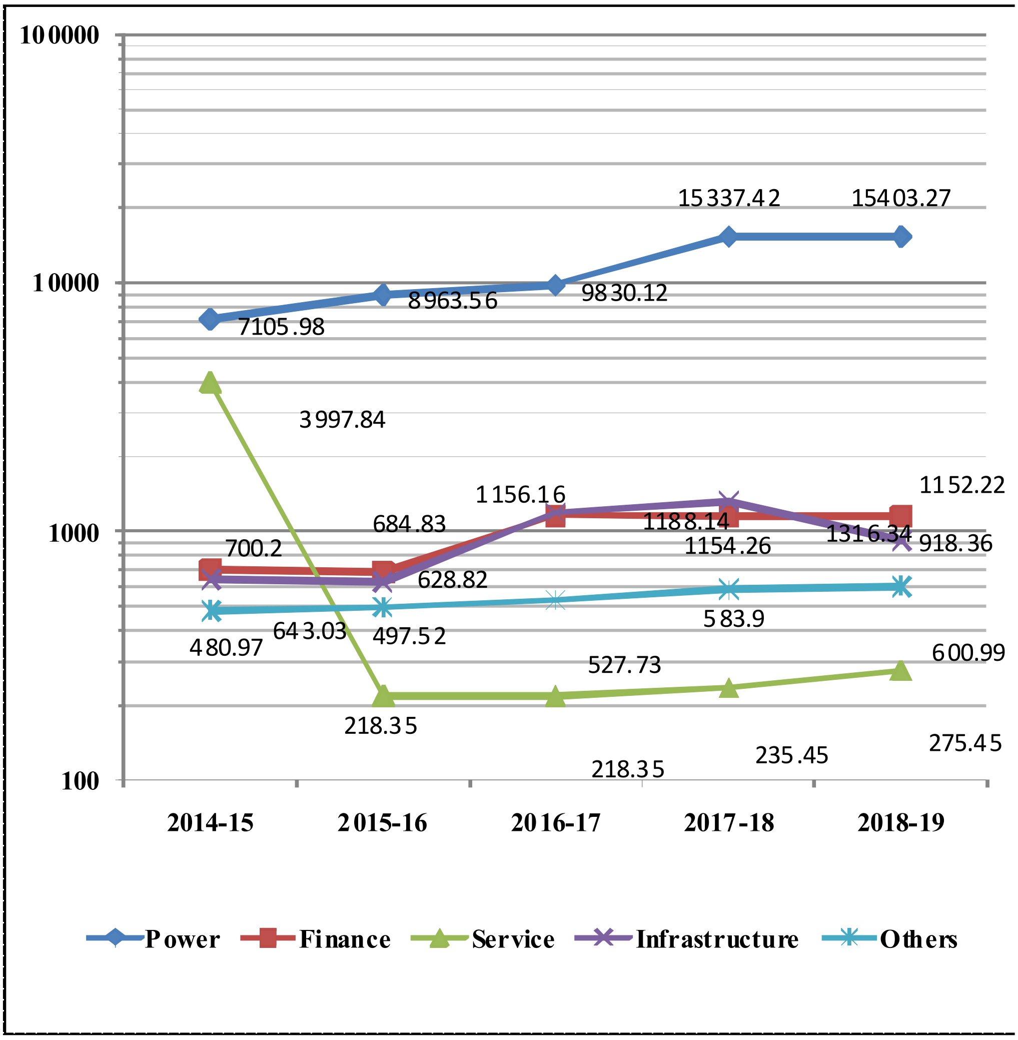
(Source: Compiled based on information received from PSUs)

The thrust of PSU investment was mainly on power sector during the last five years. The power sector received investments of ₹6754.77 crore (87.15 *per cent*) out of total investment of ₹7750.38 crore made during the period from 2014-15 to 2018-19. The investment in various important sectors at the end of 31 March 2015 and 31 March 2019 is indicated in the **Chart 1.1**:

5 Investment includes equity and long term loans

Chart 1.1: Sector-wise investment in PSUs

(₹ in crore)



Keeping in view the high level of investment in power sector, the results of audit of nine power sector PSUs is presented in Part I of this report and of the 73 PSUs (Non- power sector) in Part II of the report.

PART-I

CHAPTER-II
Functioning of Power Sector PSUs

CHAPTER-II

Functioning of Power Sector PSUs

2. Introduction

2.1 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. Table 2.1 provides the details of turnover of the power sector PSUs and GSDP of Odisha for a period of five years ending March 2019:

Table 2.1: Details of turnover of power sector PSUs *vis-a-vis* GSDP of Odisha

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover	8003.66	8325.75	8530.83	9601.63	9641.40
Percentage change of Turnover over Previous Year	-3.54	4.02	2.46	12.55	0.41
GSDP of Odisha	3,10,810.24	3,32,329.13	3,14,363.78	4,15,981.68	4,86,003.80
Percentage change of GSDP over Previous Year	7.77	6.92	-5.41	32.32	16.83
Percentage of Turnover to GSDP of Odisha	2.58	2.51	2.71	2.31	1.98

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

The compounded annual growth[6] of GSDP of Odisha was 10.99 *per cent* during the years 2014-19, while the turnover of power sector PSUs recorded lower compounded annual growth of 3.05 *per cent* during the same period. This resulted in decrease in share of turnover of the power sector PSUs to the GSDP from 2.58 *per cent* in 2014-15 to 1.98 *per cent* in 2018-19.

2.2 *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

6 Rate of Compounded Annual Growth [[{(value of 2018-19/ value of 2013-14) ^ (1/ 5years)} -1] * 100] where turnover and GSDP for the year 2013-14 were ₹8297.18 crore and ₹2,88,414.31 crore respectively.

charge of hydel generation business. 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 included equity of ₹326.20 crore in GRIDCO and ₹300 crore in OHPC.

Odisha Power Generation Corporation Limited (OPGC) the only thermal power company was established as a wholly owned Government Company in November 1984. GoO divested 49 *per cent* of its equity in OPGC in favour of a private investor in early 1999.

Pursuant to enactment of Odisha Electricity Reform (Transfer of Assets, Liabilities, Proceedings and Personnel of GRIDCO to Distribution Companies) Rules 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 and these were 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 license obtained from Odisha Electricity Regulatory Commission (OERC).

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, five[7] other power sector companies were incorporated (January 2007 to September 2018) as subsidiary/ joint venture companies of OPGC/ Odisha Mining Corporation Limited (OMC)/ Power Grid Corporation of India Limited (PGCIL)/ OHPC/ OPTCL.

Thus, there were nine power sector PSUs in the State as on 31 March 2019. Of these nine Power Sector PSUs, three[8] PSUs could not commence commercial activities till 2018-19.

Disinvestment, restructuring and privatisation of Power Sector PSUs

2.3 During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in the State PSUs. The government did not furnish information about disinvestments during 2018-19, despite correspondence.

[7] Odisha Thermal Power Corporation Limited (January 2007), Kalinga Bidyut Prasaran Nigam Private Limited (December 2012), Green Energy Development Corporation of Odisha Limited (April 2013), Odisha Coal and Power Limited (January 2015) and GEDCOL SAIL Power Corporation Limited (September 2018).

[8] Kalinga Bidyut Prasaran Nigam Private Limited, Odisha Thermal Power Corporation Limited and GEDCOL SAIL Power Corporation Limited.

Investment in Power Sector PSUs

2.4 The activity-wise summary of investment (GoI, Government of Odisha and other financial institutions) in the power sector PSUs as on 31 March 2019 is given Table 2.2:

Table 2.2: Activity-wise investment in power sector PSUs

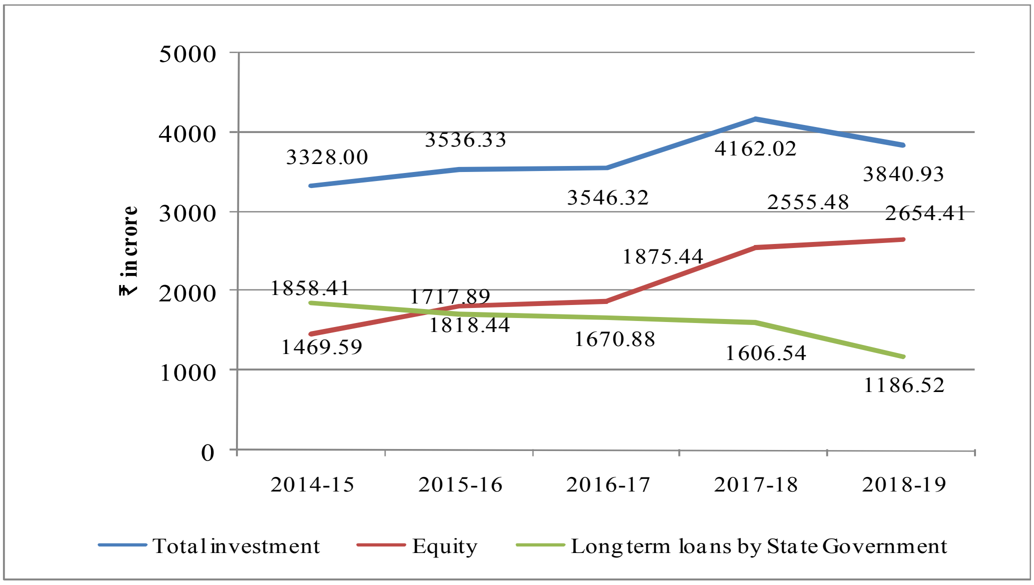
Activity	No. of power sector PSUs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Generation of Power	5	2661.88	6466.93	9128.81
Transmission of Power	2	510.18	634.30	1144.48
Distribution of Power	-	-	-	-
Other[9]	2	876.61	4253.37	5129.98
Total	**9**	**4048.67**	**11354.60**	**15,403.27**

(Source: Compiled based on information received from PSUs)

As on 31 March 2019, the total investment (equity and long term loans) in nine power sector PSUs was ₹15,403.27 crore. Out of the total long term loans of ₹11,354.60 crore, ₹1,186.54 crore (10.45 *per cent*) was availed from the State Government and balance ₹10,168.08 crore (89.55 *per cent*) was availed from financial institutions.

Of the above, the year wise status of investment of Government of Odisha specifically, in the form of equity and long-term loans in the four holding power sector PSUs during the period 2014-15 to 2018-19 is as follows:

Chart 2.1: Total investment of GoO in four power sector PSU as at end of the year



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9 There are two power sector undertakings. 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. Odisha Coal and Power Limited for supply of coal exclusively to OPGC expansion Power Project at Thermal Power Station, Banaharpali, Jharsuguda, Odisha.

Budgetary Support to Power Sector PSUs

2.5 The Government of Odisha (GoO) provides financial support to power sector 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 power sector PSUs for the last four years ending March 2019 are as follows:

Table 2.3: Details of budgetary support to power sector PSUs during the years

(Amount ₹ in crore)

Particulars[10]	2015-16		2016-17		2017-18		2018-19	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital (i)	1	57.00	3	352.35	3	557.69	3	272.42
Loans given (ii)	1	48.75	1	121.66	1	20.00	1	45.48
Grants/Subsidies provided (iii)	2	967.00	1	66.90	1	10.00	1	10.00
Total Outgo (i+ii+iii)	**3#**	**1072.75**	**5**	**540.91**	**4#**	**587.69**	**4#**	**327.90**
Loan repayment written off	1	30.23	-	-	-	-		
Loans converted into equity	-	-	-	-	-	-		
Guarantees issued[11]	-	-	1	1100	-	-	1	2350
Guarantee Commitment[12]	2	1,343.53	1	971.18	1	2,836	1	4186

(Source: As per information furnished by PSUs)

The budgetary assistance received by these PSUs ranged between ₹327.90 crore and ₹1,072.75 crore during 2015-16 to 2018-19. The budgetary assistance of ₹327.90 crore received during the year 2018-19 included ₹272.42 crore, ₹45.48 crore and ₹10.00 crore in the form of equity, loans and grants/subsidies respectively. During 2018-19, grants/subsidies was given for infrastructure assistance to Green Energy Development Corporation of Odisha Limited (₹10.00 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 47.60 *per cent* from ₹2,836.00 crore in 2017-18 to ₹4,186.00 crore in 2018-19 as GRIDCO Limited sought additional guarantee commitment from GoO to avail loans from banks/financial institutions for bridging revenue gap left by OERC. During the year 2018-19, guarantee commission of ₹45.28 crore was paid by the two power sector PSUs.

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10 Amount represents outgo from State Budget only.

11 Government guarantee issued to the PSUs during a particular year.

12 Closing balance of Government guarantee in respect of PSUs at the end of a particular year.

\# Odisha Power Transmission Corporation Limited received equity and grant in 2015-16 and equity and loans in both the years i.e. 2017-18 and 2018-19.

Reconciliation with Finance Accounts of Government of Odisha

2.6 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 2019, there were differences in figures in respect of equity, loans and guarantees as stated below:

Table 2.4: Loans outstanding as per Finance Accounts vis-à-vis records of power sector PSUs

(₹ 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	GRIDCO	576.71	0.00	4186.00	573.44	179.17	4068.87	3.27	-179.17	117.13
2	OHPCL	761.65	986.52		462.80	1278.36		298.85	-291.84	0.00
3	OPGCL	806.05	0.00		1130.46			-324.41	0.00	0.00
4	OPTCL	510.00	200.00			182.49		510.00	17.51	0.00
Total		**2654.41**	**1186.52**	**4186.00**	**2166.70**	**1640.02**	**4068.87**	**487.71**	**-453.50**	**117.13**

(Source: Information furnished by PSUs and SFAR for the year ended March 2019)

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

2.7 There were nine power sector PSUs under the audit purview of CAG as on 31 March 2019. Accounts for the year 2018-19 were submitted by four[13] of these working PSUs by 30 September 2019 as per statutory requirement. Five PSUs i.e. Kalinga Bidyut Prasaran Nigam Limited, Odisha Coal and Power Limited, Odisha Power Transmission Corporation Limited, GRIDCO Limited and Odisha Power Generation Corporation Limited submitted their accounts on 01 October 2019, 11 October 2019, 16 October 2019, 31 October 2019 and 25 November 2019 respectively. Details of arrears in submission of accounts of power sector PSUs as on 30 September 2019 of each financial year for the last five years ending 31 March 2019 are given below:

Table 2.5: Position relating to submission of accounts of power sector PSUs

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of PSUs	8	8	8	8	9
2.	Number of accounts submitted during current year	7	8	5	12	5
3.	Number of PSUs which finalised accounts for the current year	5	6	3	7	4
4.	Number of previous year accounts finalised during current year	2	2	2	5	1
5.	Number of PSUs with arrears in accounts	2	2	5	1	5
6.	Number of accounts in arrears	2	2	5	1	5
7.	**Extent of arrears**	**1 year**	**1 year**	**1 year**	**1 year**	**1 year**

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

[13] Odisha Hydro Power Corporation Limited, Odisha Thermal Power Corporation Limited, Green Energy Development Corporation of Odisha Limited and GEDCOL SAIL Power Corporation Limited.

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

Performance of Power Sector PSUs

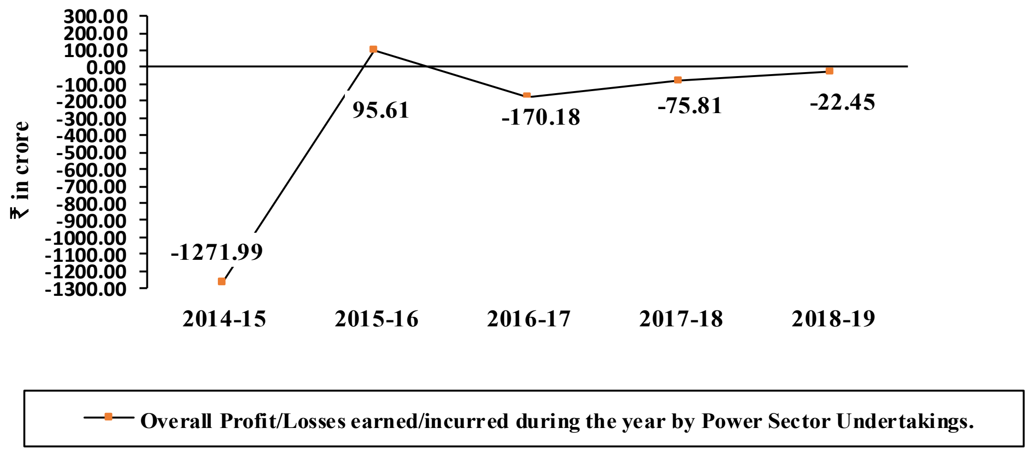
2.8 The financial position and working results of nine power sector Companies as per their latest finalised accounts as on 30 September 2019 are detailed in ***Annexure-1***.

The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed.

Rate of Real Return on Investment

2.9 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[14] earned/incurred by all the power sector PSUs during 2014-15 to 2018-19 is depicted in following chart 2.2:

Chart 2.2: Profit/Losses earned/incurred by power sector PSUs



Losses incurred by these nine power sector PSUs were ₹(-)22.45 crore in 2018-19 against loss of ₹(-)1271.99 crore incurred in 2014-15. As per latest finalised accounts for the year 2018-19, out of nine power sector PSUs, five PSUs earned profit of ₹178.34 crore, three PSUs incurred loss of ₹200.79 crore and three[15] PSUs, including one profit making and one loss making PSU, had not yet started operation/commercial production ***(Annexure-1)***.

[14] Figures are as per the latest finalised accounts during the respective years.

[15] Out of three, GEDCOL SAIL Power Corporation Limited (GSPCL) incurred loss due to administrative and preliminary expenses and Odisha Thermal Power Corporation Limited (OTPCL) earned profit from interest on bank deposits.

The top profit making companies were Odisha Hydro Power Corporation Limited (₹144.39 crore), Odisha Power Transmission Corporation Limited (₹19.80 crore) and Odisha Power Generation Corporation Limited (₹4.79 crore) while GRIDCO Limited incurred substantial loss of ₹197.50 crore.

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

2.10 For the purposes of calculation of the RORR, the total figure of 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.

Accordingly, the investment of GoO, GoI and others as on 31 March 2019 in these nine power sector PSUs was ₹16845.13 crore consisting of ₹4048.67 crore as equity and ₹11354.60 crore as long term loans (₹15403.27 crore) and ₹1,441.86 crore as grants, subsidies for operational & management expense. Out of the released long term loans, only ₹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 ₹346.44 crore (₹1,112.64 crore - ₹766.20 crore) the investment of GoO, GoI and others in these nine PSUs on the basis of historical cost stood at ₹5836.97 crore (₹4048.67 crore + ₹346.44 crore + ₹1441.86 crore).

The Rate of Real Return on investment on historical cost basis for the period 2014-15 to 2018-19 is as given below:

Table 2.6: Rate of Real Return on Investment on historical cost basis

(₹ in crore)

Financial year	Investment by GoO in form of Equity, interest free loans and Grants, Subsidies on historical cost basis	Investment by GoI in form of Grants, Subsidies on historical cost basis	Investment by others in form of Equity and Grants, Subsidies on historical cost basis	Total Investment in the form of equity, interest free loans and grants/subsidies on historical cost basis	Total Earnings/ Losses[16] for the year	Rate of Real Return on Investment (in *per cent)*
2014-15	2904.98	0.00	572.19	3477.17	-1271.99	-36.58
2015-16	3454.63	2.98	572.67	4030.28	95.61	2.37
2016-17	3578.53	2.98	612.67	4194.18	-170.18	-4.06
2017-18	4268.57	2.98	1446.86	5718.41	-75.81	-1.33
2018-19	4367.50	21.54	1447.93	5836.97	-22.45	-0.38

(Source: Compiled based on information received from PSUs)

The Rate of Real Return on investment of the nine power sector PSUs in 2018-19 was negative. Heavy losses of GRIDCO Limited during the above period contributed to overall losses of the power sector.

16 As per annual accounts of the respective years.

(b) On the basis of Present Value of Investment

2.11 Traditional calculation of return based only on historical cost, however, ignores the present value of money. Calculating the RORR on the basis of PV is a more adequate assessment of RORR. However, the eight Power Sector PSUs had a positive return on investment only during the year 2015-16. Therefore, for the year 2015-16 only, the return on investment could be 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[17] 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.

2.12 The company wise position of investment by the State Government in the nine 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 2019 is indicated in ***Annexure-2.***

Accordingly, the PV of investments of the Government and others up to 31 March 2019 worked out to ₹22,425.35 crore. For 2015-16, RoRR at historical cost and at present value is as given in Table 2.7:

Table 2.7: 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 for operational and management expenses on historical cost basis	Investment by GoI in form of Grants, Subsidies for operational and management expenses on historical cost basis	Investment by others in form of Equity and Grants, Subsidies for operational and management expenses on historical cost basis	Total Investment in the form of equity, interest free loans and grants/subsidies for operational and management expenses on historical cost basis	PV of the total investment at end of the year	Total Earnings/ Losses[18] 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)*
2015-16	3,454.63	2.98	572.67	4,030.28	16,281.08	95.61	2.37	0.59

(Source: Compiled based on information received from PSUs)

[17] 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.

[18] As per annual accounts of the respective years.

It is evident from the table that the rate of real return on total investment computed on the present value is very low (0.60 *per cent* 2015-16) even in the year when the eight power sector PSUs had positive earnings.

For the period 2014-15, 2016-17 and 2017-18, when the eight companies taken together incurred losses and in 2018-19 when the nine companies taken together incurred losses, the most appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the companies has been commented upon in Para 2.13.

Erosion of Net worth

2.13 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.

The table below indicates paid up capital, accumulated profit/loss and net worth of all power sector PSUs which included the holding and subsidiary companies during the period 2014-15 to 2018-19:

Table 2.8: Net worth of power sector PSUs

(₹ in crore)

Year	No. of power sector PSUs	Paid up Capital	Free Reserves	Surplus	Accumulated Losses	Net worth
1	*2*	*3*	*4*	*5*	*6*	*7=3+4+5-6*
2014-15	8	1988.11	316.86	1431.78	3359.23	377.52
2015-16	8	2337.44	328.16	1411.99	3468.03	609.56
2016-17	8	2434.44	341.68	1417.08	3830.72	362.48
2017-18	8	3948.67	355.96	1927.93	4469.84	1762.72
2018-19	9	4048.67	377.42	2064.99	4443.12	2047.96

(Source: Compiled based on information received from PSUs)

Of the nine Power Sector PSUs, net worth of GRIDCO Limited had fully eroded (₹ -3,853.75 crore).

The State Government continued to provide financial support to the four[19] holding power sector PSUs by infusing substantial equity during the period 2014-19. However, despite infusion of substantial capital, the accumulated losses of these power companies increased from ₹1920.21 crore in 2014-15 to ₹2382.51 crore in 2018-19.

Dividend Payout

2.14 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

[19] Odisha Hydro Power Corporation Limited, Odisha Power Generation Corporation Limited, Odisha Power Transmission Corporation Limited and GRIDCO Limited.

power generation sector should be 30 *per cent* of profit after tax. Subsequently, GoO issued revised (February 2016) guidelines for payment of dividend at the rate of 30 *per cent* for all PSUs. Dividend Payout relating to four power sector PSUs where equity was infused by GoO during the period is shown in Table 2.9:

Table 2.9: Dividend Payout of four power sector PSUs during 2014-15 to 2018-19

(₹ *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 (%)
	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
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
2018-19	4	2654.41	3	2077.70	1	18.65	0.90

(Source: Compiled based on information received from PSUs)

During the period 2014-15 to 2018-19, only three PSUs earned profit. During 2018-19, only one PSU (Odisha Hydro Power Corporation Limited) declared/paid dividend to GoO.

The Dividend Payout Ratio during 2014-15 to 2018-19 was very nominal which ranged between 0.90 *per cent* and 3.17 *per cent*. Further, the Dividend Payout Ratio reduced from 2.12 *per cent* in 2014-15 to 0.90 *per cent* in 2018-19 as the base figure of equity by GoO increased.

Return on Equity

2.15 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' funds.

Shareholders' funds 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' funds reveals that the company has enough assets to cover its liabilities while negative shareholders' equity means that liabilities exceed assets.

Return on Equity has been computed in respect of all power sector PSUs which included the holding and subsidiary companies and is detailed in the table below:

Table 2.10: RoE relating to power sector PSUs

(₹ in crore)

	Year	No. of power sector PSUs	Net Profit/Loss	Shareholders' funds	RoE in *per cent*
	1	*2*	*3*	*4*	*5=3*100/4*
Profit Earning	2014-15	4	193.56	2784.71	6.95
	2015-16	3	233.29	3103.97	7.52
	2016-17	5	237.28	3518.52	6.74
	2017-18	5	124.75	5322.62	2.34
	2018-19	5	178.34	5607.09	3.18
Loss Incurring	2014-15	2	-1465.55	-2407.20	-
	2015-16	4	-137.68	-2494.42	-
	2016-17	2	-407.46	-3156.05	-
	2017-18	2	-200.56	-3559.91	-
	2018-19	3	-200.79	-3559.14	-
Total	2014-15	6	-1271.99	377.51	-336.94
	2015-16	7	95.61	609.55	15.69
	2016-17	7	-170.18	362.47	-46.95
	2017-18[&]	7	-75.81	1762.71	-4.30
	2018-19[#]	8	-22.45	2047.95	-1.10

(Source: Compiled based on information received from PSUs)

& *KBPNPL and OTPCL had not yet started commercial operation. OTPCL, however, earned profit during the year 2017-18.*

\# *KBPNPL, OTPCL and GSPCL had not yet started commercial operation. OTPCL, however, earned profit during the year 2018-19 and GSPCL incurred loss during the year 2018-19. KBPNPL has neither earned profit nor incurred loss during 2018-19.*

The RoE of loss making PSUs were not worked out since both the net profit and shareholders' funds were negative. The RoE in power sector PSUs has shown extremely divergent trends. It was positive in 2015-16 at 15.69 *per cent*. However, it was negative in 2014-15, 2016-17, 2017-18 and 2018-19 ranging from (-) 1.10 *per cent* to (-) 336.94 *per cent*. The main reason for this negative RoE was the huge losses by GRIDCO in these years.

Return on Capital Employed

2.16 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[20]. The details of RoCE of all the nine power sector undertakings during the period from 2014-15 to 2018-19 are given in table below:

Table 2.11: Return on Capital Employed

(₹ in crore)

	Year	No. of power sector PSUs	EBIT	Capital Employed	RoCE (in *per cent*)
	1	*2*	*3*	*4*	*5=3*100/4*
Profit Earning	2014-15	4	426.47	5647.11	7.55
	2015-16	3	582.75	6742.64	8.64

[20] 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.

	Year	No. of power sector PSUs	EBIT	Capital Employed	RoCE (in *per cent*)
	2016-17	5	649.78	7297.45	8.90
	2017-18	5	306.74	12458.00	2.46
	2018-19	5	413.19	12708.32	3.25
Loss Incurring	2014-15	2	-210.32	-151.73	-
	2015-16	4	390.56	493.03	79.22
	2016-17	2	114.63	460.70	24.88
	2017-18	2	302.82	693.46	43.67
	2018-19	3	302.59	694.23	43.59
Total	2014-15	6	216.15	5495.38	3.93
	2015-16	7	973.31	7235.67	13.45
	2016-17	7	764.41	7758.15	9.85
	2017-18[&]	7	609.56	13151.46	4.63
	2018-19[#]	8	715.78	13402.55	5.34

(Source: Complied based on information received from PSUs)

& *KBPNPL and OTPCL had not yet started commercial operation. OTPCL, however, earned profit during the year 2017-18.*

KBPNPL, OTPCL and GSPCL had not yet started commercial operation. OTPCL, however, earned profit during the year 2018-19 and GSPCL incurred loss during the year 2018-19. KBPNPL has neither earned profit nor incurred loss during 2018-19.

During 2018-19 out of eight power sector PSUs, three were loss making. The RoCE in respect of loss making PSUs, however, was 43.59 *per cent* as the Capital Employed and Earnings before Interest and Tax (EBIT) of these three PSUs were positive. RoCE of all the power sector PSUs increased to 5.34 *per cent* in 2018-19 from 4.63 *per cent* in 2017-18 due to increase in EBIT.

Analysis of long-term loans of the Companies

2.17 The analysis of the long term loans of the companies which had leverage[21] during 2014-15 to 2018-19 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

2.18 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 2014-15 to 2018-19 are given in table below:

[21] Leverage means the amount of debt a firm uses to finance assets.

Table 2.12: 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[22]
2014-15	567.78	216.15	4	2	1	1
2015-16	718.09	973.31	5	4	1	-
2016-17	810.23	764.41	5	4	1	-
2017-18	646.91	609.56	5	3	1	1[23]
2018-19	644.14	715.78	5	4	1	-

(Source: 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 2014-15 to 2018-19.

Debt-Turnover Ratio

2.19 During the last five years, the turnover of the nine power sector undertakings recorded compounded annual growth of 3.05 *per cent* and compounded annual growth of debt was 15.36 *per cent* due to which the Debt-Turnover Ratio deteriorated from 0.64 in 2014-15 to 1.18 in 2018-19 as given in table below:

Table 2.13: Debt Turnover ratio relating to the power sector PSUs

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government/ Banks and Financial Institutions	5117.87	6626.12	7395.68	11388.75	11354.60
Turnover	8003.66	8325.75	8530.83	9601.63	9641.40
Debt-Turnover Ratio	0.64:1	0.80:1	0.87:1	1.19:1	1.18:1

(Source: Compiled based on information received from PSUs)

Comments on Accounts of Power Sector PSUs

2.20 Out of nine power sector companies, five companies forwarded five audited accounts for the years 2017-18 and 2018-19 to the Principal Accountant General during 1 October 2018 to 30 September 2019. All five 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 needed some improvement. The details of aggregate money value of the comments of statutory auditors and the CAG for the accounts of 2016-19 are as follows:

[22] Interest coverage ratio could not be calculated as the interest expenses for the year has been capitalised by the company.

[23] Odisha Coal and Power Limited.

Table 2.14: Impact of audit comments on power sector PSUs

(Amount ₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	0.48	4	417.12	2	43.54
2.	Increase in profit	1	15.85	2	39.03	1	17.43
3.	Increase in loss	1	221.47	Nil	Nil	Nil	Nil
4.	Decrease in loss	0	0	0	0	Nil	Nil
5.	Non-disclosure of material facts	Nil	Nil	1	6.00	1	2.42
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 2018-19, the statutory auditors had issued certifications with qualifications for all the five accounts. Compliance to the Accounting Standards by the PSUs remained poor as the statutory auditors pointed out five instances of non-compliance to the Ind-Accounting Standards in one account of one PSU.

Compliance Audit Paragraphs

2.21 For Part-I of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2019, two compliance audit paragraphs were issued to the Secretary of Department of Energy with request to furnish replies within six weeks. Replies in respect of both the audit paragraphs were received from the State Government which were suitably incorporated in this report. The total financial impact of the compliance audit paragraphs is ₹222.10 crore.

Follow up action on Audit Reports

2.22 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 12 Paragraphs/Performance Audits in respect of Department of Energy were awaited (September 2019). The details are given in following table:

Table No.2.15: Explanatory notes pending in respect of power sector PSUs (as on 30 September 2019)

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
2015-16	16 September 2017	0	3	0	3
2016-17	26 March 2018	0	4	0	4
Total	**--**	**1**	**11**	**1**	**11**

(Source: Database maintained in the AG Office)

Discussion of Audit Reports by CoPU

2.23 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 2019 was as under:

Table No.2.16: Power sector Performance Audits/ Paragraphs appeared in Audit Reports *vis-à-vis* discussed as on 30 September 2019

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
Total	**5**	**31.5**	**2**	**20.5**

(Source: Database maintained in the AG Office)

Committee on Public Undertakings was apprised of the pendency in the discussion of Audit Report Paragraphs in their first meeting (June 2018). During 2018-19, CoPU had not discussed any paragraphs appearing in the Audit Report relating to Power Sector PSUs.

Compliance to Reports of Committee on Public Undertakings (CoPU)

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

CHAPTER – III
Compliance Audit Observations
(Power Sector PSUs)

CHAPTER-III

3. Compliance Audit Observations (Power Sector PSUs)

Important audit findings emerging from test check of transactions of the State power sector PSUs are included in this Chapter.

Odisha Power Transmission Corporation Limited (OPTCL)

3.1 Implementation of Odisha Distribution System Strengthening Project (ODSSP) by Odisha Power Transmission Corporation Limited

Introduction

3.1.1 Power distribution function under electricity sector is vital as ultimate supply of power to the consumers rests with it. Reliable and quality power depends on the efficiency of distribution system consisting of 33/11 KV sub-stations and connected lines. Private sector participation in Odisha was allowed in the distribution system in 1999 to strengthen it by infusion of fresh capital. That did not materialise as envisaged rendering the distribution system extremely overstretched to cater to the increasing demand of the consumers. The Capital Expenditure (CAPEX) programme introduced by the Government of Odisha (GoO) in 2010 to ensure capital infusion also did not work as the private partners did not cooperate with counterpart funding as envisaged in the scheme. Suffering from high Aggregate, Technical and Commercial (AT&C) loss of 36.52 *per cent* as against the approved norm of 22.17 *per cent* by Odisha Electricity Regulatory Commission (OERC) during 2013-14, the Distribution Companies (DISCOMs) were failing to provide reliable and quality power to the consumers. Further, only 550 distribution (33/11 KV) sub-stations were available as against the requirement of 1200 at that time.

In view of the above and after careful consideration, the State Cabinet approved (July 2013) the proposal for construction of about 500 new 33/11KV sub-stations in the State with an investment of ₹2,600 crore to be entirely funded by the GoO over a period of three years from 2013-14. The scheme was later named as "Odisha Distribution Systems Strengthening Project (ODSSP)". GoO modified (November 2017) the cost to ₹3843 crore for 473 sub-stations due to changes in the design to develop a robust cyclone/flood resilient system after severe cyclone struck (October 2013) the coastal belt and extended the implementation period up to 2018-19. ODSSP envisaged reduction of AT&C loss at the rate of three *per cent* per annum with an estimated additional revenue generation of ₹255 crore per annum. The project also aimed at providing quality and reliable power by upgrading the distribution infrastructure.

Odisha Power Transmission Corporation Limited (OPTCL), a State Public Sector Undertaking was engaged as implementing/Nodal Agency. OPTCL would co-ordinate with Department of Energy, Government of Odisha, Finance Department, Project Management Consultants (PMCs), DISCOMs and Steering Committee to manage the implementation of the project. As of

August 2019, an amount of ₹3130.08 crore (81 *per cent*) has been spent and only 170 sub-stations (36 *per cent*) have been completed. Further, as of January 2021, an amount of ₹3346 crore (87 *per cent*) has been spent and 356 substations (75.26 *per cent*) have been completed. Work is incomplete even after the extended timelines due to which objectives of the scheme could not be achieved, at the same time disproportionate expenditure also led to avoidable losses.

Reasons for the above failures were analysed in the present compliance audit conducted during May to August 2019 by examining whether:

- The project was planned and implemented as envisaged, to achieve reduction of AT&C loss of three *per cent* every year; and
- Monitoring and supervision systems at various levels were effective to achieve the envisaged objective.

Audit findings

Project Planning

3.1.2 Planning is the most critical stage in a project. It guides the stakeholders, entities involved in implementation, project teams on how to go about important phases of the project. It helps prioritise goals, identify stages, manage tasks, identify risks and deliver the results. For implementation of the scheme, OPTCL was engaged as nodal agency. It was responsible for coordinating with different agencies for construction of 473 sub-stations. However, it was observed that due to inadequacies observed in planning, the project was affected by delays, as mentioned below:

Delays by PMCs in approval of drawings and designs affected project implementation

3.1.2.1 Government of Odisha had planned to construct 500 sub-stations within three years (2013-14 to 2015-16). GoO empowered OPTCL to select PMCs amongst the Central Public Sector Undertakings (CPSUs).

PMCs were to approve drawing and design within seven days of submission by EPC contractors. It was observed in audit that PMCs neither approved the survey report in time for execution nor ensured completion of the work as per timeline fixed in the contract for Engineering, Procurement and Construction (EPC). Audit verification in respect of 343 substations revealed that, in 205 substations, PMCs approved drawing and design after 8 to 165 days. This delayed completion of project work.

Audit noted that while inviting Request for Proposals (RFPs), OPTCL did not include job specific experience of CPSUs as criteria under techno-commercial bid. Management replied (May 2020) that the consultants have vast exposure in electrical field. However, in view of the delays experienced in approvals at the design stage, as mentioned above, requisite and specific experience with PMCs would have been an enabling factor in timely execution of projects.

Improper selection of EPC contractors

The project involving construction of 473 sub-stations in the State was divided into 22 packages of works. A package consisted of several sub-stations consisting of 9 to 53 sub-stations. Works for each package was tendered separately on the basis of geographical location for parallel execution. As per Technical Qualification, the bidder was required to have successfully erected, tested and commissioned at least 50 *per cent* of the sub-stations mentioned in the packages they bid for, on EPC contract/Turnkey Contract basis during last five years, preceding the year of Notice Inviting Tender (NIT). OPTCL awarded each package to an EPC contractor on the basis of the above criteria on tender basis. Considering that total 473 substations were to be erected, experience of commissioning of at least 237 substations in last five years was required. However, no restriction was placed on participation of bidders for different packages to ensure such experience and capacity to deliver. Consequently, this resulted in EPC contractors participating and getting works awarded beyond their capacity.

Test check of records revealed that five contractors who should have been awarded 100 substations in total, were actually awarded 397 substations as given below:

Table 3.1.1: Award of Substations vis-à-vis capacity

(No. of substations)

Name of the EPC contractor	Previous experience of completion	No. of packages awarded	Total no. awarded	Eligibility as per experience	Excess awarded	Handed over/ completed (May 2020)
M/s GPIL	18	5	131	36	95	35
M/s L&T	12	4	147	24	123	36
M/s Vishwanath Projects Ltd.	12	3	78	24	54	27
M/s Shrusti Contech Pvt. Ltd	5	1	16	10	6	7
M/s Sterling & Wilson Ltd.	3	3	25	6	19	4
Total	**50**	**16**	**397**	**100**	**297**	**109**

(Source: Records furnished by OPTCL)

As may be observed from the above, the contractors who were eligible to be awarded orders to construct 100 substations in terms of their experience were awarded 397 substations out of which they could complete only 109 substations till date (May 2020). As of now 284 substations (out of 397) were completed with a delay ranging from 1 to 55 months. Remaining 113 substations are yet to be completed.

The management replied (May 2020) that there would have been disadvantages in linking qualification requirements among the packages. This would lead to participation of limited bidders quoting higher rates. The reply was not acceptable as the OPTCL management should have appreciated the bidding process in totality as different packages of the same project were not to be taken as independent assignments. It should have taken appropriate action to mitigate the risk of contractors bidding beyond their capacity for different packages simultaneously and its consequent impact on delays and non-delivery of work, which was observed to be the case.

Imprudent change in method of procurement

3.1.2.3 OPTCL had been awarding EPC contracts for various other projects without keeping procurement of transformers in the scope of EPC contractors. These were being procured directly to ensure economy and quality. However, OPTCL permitted the EPC contractors in this instance to include procurement of transformers in their scope of work. This change of policy for ODSSP resulted in extra expenditure of ₹173.91 crore for procurement of 946 transformers on account of significant variation in cost of transformers between those purchased by OPTCL in other contracts and by the EPC contractors[24] in ODSSP.

Management replied (May 2020) that de-scoping of procurement of transformers from EPC contractors would lead to quoting of higher price in other items to keep fixed overhead expenses. The reply was not tenable as it assumed elements of cost in prospective bids before they were actually received through a competitive bidding process.

Execution of the project

3.1.3 OPTCL awarded construction of 473 sub-stations under 22 packages to nine EPC contractors. These were to be executed within 14 months from date of Letter of Acceptance (LoA) for 312 sub-stations and within 18 months for 161 sub-stations. All the sub-stations were to be completed between May 2015 and March 2019. The status of sub-stations actually completed and handed over to DISCOMs up to March 2019 is detailed below:

Table 3.1.2: Status of sub-stations actually completed and handed over to DISCOMs up to March 2019

Year	No of sub-stations to be Handed over to DISCOMs	Progressive sub-stations to be handed over to DISCOMs	No. of sub-stations handed over to DISCOMs	Progressive handing over of sub-stations to DISCOMs	Cost of handed over sub-stations (₹ in crore)	Total expenses on all projects including handed over substations (₹ in crore)
2014-15	-	-	-	-	-	82.67
2015-16	163	163	-	-	-	717.00
2016-17	149	312	29	29	220.43	1,106.13
2017-18	161	473	93	122	747.62	786.97
2018-19			48	170	338.95	437.31
Total					**1,307.00**	**3,130.08**

(Source: Data submitted by OPTCL and Accounts figure of OPTCL from 2014-15 to 2018-19)

Audit observed from the above table that physical achievement was only 36 *per cent* (170 out of 473 sub-stations) against the financial achievement of 81 *per cent* (₹3130.08 crore utilised out of ₹3843 crore) within the stipulated

24 Comparing transformers of similar specifications in various categories, purchases by OPTCL ranged from ₹30 lakh to ₹56.16 lakh and by the EPC contractors the range was from ₹33.88 lakh to ₹80.18 lakh.

period of 2018-19. The followings reasons were observed in audit as contributing to the delays:

- Absence of monitoring mechanism
- Delayed handing over of sites
- Improper scrutiny of technical parameters

These are discussed in detail with their financial implications as below:

Absence of monitoring mechanism

3.1.3.1 Effective monitoring of any project is possible when it is done by any authority other than the implementing agency. It was envisaged for ODSSP that multistage control and review would be made at different levels *viz*., Nodal Agency (OPTCL), Energy Department and a steering committee which was to be constituted to oversee the implementation of the project.

The Steering Committee under the Chairmanship of Commissioner-cum-Secretary, Energy Department with representatives from Finance Department, Planning & Coordination Department, MD/CEO, DISCOMs, representative of OPTCL, former OERC member, former Director, Central Power Research Institute (CPRI) would be responsible for monitoring the entire project and provide necessary guidance for effective implementation of the project. No such committee was, however, formed as yet.

The facts were accepted (November 2020) by the Government.

Delayed handing over of sites

3.1.3.2 Handing over of identified sites to the EPC contractors was critical for project implementation. The contractors were to make a detailed survey and finalise Bill of Quantity (BoQ) within 30 to 300 days from the date of LoA. Work could not commence without these.

OPTCL was responsible for land acquisition. Out of data analysed[25] in respect of 457 sub-stations, land for 34 sub-stations was handed over within 30 days, for 316 sub-stations it was handed over in 2 to 6 months, for 83 sub-stations within six months to one year, for 22 sub-stations within 1 to 2 year and for 2 sub-stations after two years. This delayed the progress of work.

The two PMCs engaged (April 2014) by OPTCL had to assist in project implementation starting with detailed field survey. OPTCL had to pay them fees amounting to ₹130.58 crore up to March 2019, out of which ₹15.10 crore was paid without any work as the handover of sites was delayed.

The Management replied (May 2020) that there was delay in many cases in handing over of the land as DISCOMs official and Revenue Inspectors had other engagements. The response only confirmed the failure in coordination

[25] Data submitted by Project Management Consultant.

by OPTCL with concerned State Authorities compounded by absence of the Steering Committee as mentioned above, which delayed getting hold of sites and handing them over to the contractors. While endorsing the observation of Audit, Government stated (November 2020) that there was scope for better project monitoring.

Non-operationalisation of the completed substations

3.1.3.3 Since, after execution, the project was to be ultimately handed over to the DISCOMs, proper coordination was required with them for early operationalisation of the completed substations for transferring the intended benefits to the consumers. Deficiencies were found in this regard as below:

- Out of 473 sub-stations, 101 were charged but not handed over to DISCOMs by March 2019. In case of 98 charged and handed over sub-stations, the delay in handing over ranged from 31 to 878 days from the date of charging. Since substations were completed but not handed over, the benefit of reliable power supply with appropriate voltage could not be made available to the consumers and funds amounting to ₹774.20 crore remained blocked.

  Management replied (May 2020) that DISCOMs were unable to take over substations due to shortage of manpower.

- Out of 170 sub-stations handed over to DISCOMs, two sub-stations[26] were not in operation due to non-availability of incoming source. This led to idle investment of ₹14.58 crore.

  Management replied (May 2020) that due to non-installation of source transformers by DISCOMS and non-receipt of forest clearance, the substations were not in operation.

  Under ODSSP, DISCOMs had identified the location and construction of 33/11 kV substations and these were proposed primarily to improve the voltage profile and reduce loss. Critical factors necessary for taking over and functioning of sub-stations should have been addressed by OPTCL and DISCOMS at the planning phase. Possibility of increase in O&M costs and shortage of manpower is mentioned by DISCOMS in OERC order dated October 2017, to which Government had stated that any additional costs, if required, to implement the Scheme will be funded by the Government.

  OERC had, while reviewing the performance of OPTCL (July 2020), emphasised on early completion of projects executed under ODSSP in coordination with DISCOMs and their immediate handing over to the DISCOMs. Government, while accepting the observation, stated (November 2020) that handing over of sub-stations to DISCOMs was being expedited.

[26] Meramundali and Tangarpali.

- OPTCL planned the sub-stations keeping the provision for Supervisory Control and Data Acquisition (SCADA) for real time monitoring, operation and control of line and sub-stations. No arrangement was made with the DISCOMs for regular operation of such devices. It was observed that computer systems valued at ₹18.12 crore were provided for SCADA facility in seven closed packages for 94 sub-stations but they could not be used due to non-provision of trained manpower by the DISCOMs.

The Management replied (May 2020) that DISCOMs will train their personnel to use it.

3.1.4 Improper scrutiny of technical parameters

As per the technical specification of the bid document, the maximum load loss in case of five Mega Volt Ampere (MVA) transformers would be up to 21 Kilowatt (KW). However, it was observed that due to improper scrutiny of Guaranteed Technical Particulars and drawings, 64 defective 5 MVA transformers having higher load loss of 26.789 KW, supplied by a manufacturer, were installed and commissioned by EPC contractors. This implied there would be excess technical loss of 3.25 Million Units (MUs) per year amounting to annual loss of ₹90.06 lakh[27] and a total loss of ₹27.02 crore during the transformer life of 30 years.

The Management replied (May 2020) that the transformers were sent (February 2020) to Central Power Research Institute to find out the actual loss and after getting the report appropriate decision will be taken by the technical committee of OPTCL.

Absence of due scrutiny in permitting installation of such transformers goes against the very objective of reduction of AT&C losses. OPTCL must address how such approvals were granted while rectifying the issue as stated.

The work orders were issued to L&T for construction of 53 sub-stations. In three out of 53 sub-stations, there was a mismatch in capacity of transformers in LoA of supply and LoA of erection. There was delay in taking decision to rectify the discrepancy in the orders which resulted in installation of higher capacity transformer with additional cost of ₹1.96 crore.

Management accepted the facts.

- New sub-stations were proposed with drawal of power either from 33 KV source feeder or by tapping from existing 33 KV line. In case of 161 out of 215 sub-stations connected through tapping, it was observed that the existing 33 KV line from which the new sub-stations had been tapped had conductor size ranging from 34 sq.mm. to 100 sq.mm. as against the 148 sq.mm. size conductor erected for 33 KV incoming line for new sub-station. Erection of higher conductor size without having higher size from source may lead to less drawal of power in higher conductor. Despite non-

[27] (5.789 KW x 24 hrs x 365 days x 14nos x 197 paise=₹13.99 lakhs)+(5.789 KW x 24 hrs x 365days x 50 nos x 300 paise = ₹76.07 lakhs) = ₹90.06 Lakh.

availability of higher conductor size from source to tapping point, the erection of higher conductor size from tapping point to new sub-stations resulted in idle expenditure of ₹7.98 crore giving no benefit to the system.

The Management replied (May 2020) that the DISCOMs would upgrade the conductor shortly.

3.1.5 Outcome of the project

3.1.5.1 Detailed Project Reports (DPRs) were prepared by proposing installation of transformer capacity in each sub-station based on future load up to 80 *per cent*. During scrutiny of 121 out of 170 sub-stations handed over to DISCOMs, it was observed that in 56 sub-stations, the load of transformers remained below 25 *per cent* even after being in operation for more than one year. Improper load forecasting in DPR resulted in installation of higher capacity transformer. This led to both extra expenditure of ₹22.31 crore and excess load loss[28] of 0.636 MUs per annum, valuing ₹16.01 lakh at 2018-19 tariff. Such excess load loss contributes to AT&C loss.

The Department, while accepting the observation, replied (November 2020) that DISCOMs have been asked to do proper load balancing to improve the utilisation of assets created under ODSSP.

3.1.5.2 271 sub-stations were charged by March 2019 out of which 170 sub-stations were handed over to DISCOMs for operation. However, as stated in Paragraph 3.1.3, the benefit of quality power could not be provided to the consumers due to non-handing over of 101 sub-stations.

The Management replied (May 2020) that due to shortage of manpower in DISCOMs, they were unable to take over the substations. The entire scheme was intended for supplying power with appropriate voltage to consumers, to reduce AT&C loss, which was not achieved. Further, the views of the management were not supported by any response from the DISCOMs.

3.1.5.3 Although the project aimed at reduction of technical loss at the rate of three *per cent* per annum with generation of additional revenue of ₹255 crore per year to plough back the investment within 10 years, no mechanisms like metering arrangement at each sub-station and energy audit were put in place to measure the actual reduction.

Government stated (November 2020) that the DISCOMs have been asked to do proper energy auditing of all 11 KV feeders for proper load balancing resulting in lower technical loss.

Government must take immediate measures to address the structural issues and obtain results of energy audits as the investment in trying to reduce AT&C losses is not just a part of ODSSP but this scheme is simultaneously implemented with several other schemes *viz.*, Integrated Power Development Scheme, Odisha Dedicated Agriculture and Fishery Feeder Project and Rajiv

[28] The losses associated with the coils are load losses.

Gandhi Grameen Vidyutikaran Yojana- II *etc*. which together entail a huge outlay.

Undue favour to contractors

3.1.6 Several instances of undue favours being extended to the EPC contractors were also observed in audit as discussed below:

Premature release of Liquidated Damages

3.1.6.1 As per the EPC contracts entered into, OPTCL deducted liquidated damages (LD) of ₹55.70 crore from the EPC contractors during 2015-16 to 2018-19 for delay in supply and erection of the project. Board of Directors (BoD) decided (February 2018) to release the LD after completion of the work if the delay was not found attributable to the contractor. The matter of time extension was submitted to the BoD attributing the delay to change in drawing and design, Right of Way issue *etc*. Board thereafter approved the extension of time authorising the CMD for necessary action regarding release of LD. However, LD amounting to ₹49.39 crore out of ₹55.70 crore was released to EPC contractors before completion of work in violation of the earlier directive which led to loss of interest of ₹8.28 crore.

The Management replied (May 2020) that LD had been returned due to extension of project completion period. The reply was not acceptable as BoD had decided that LD would be released after completion of the project.

Discriminatory reimbursement for extra work

3.1.6.2 The works of drawing lines[29] always involve Right of Way (RoW) problems. The owners of land over which the stringing of conductors[30] was to be done, usually resist such stringing causing delay in execution. The EPC contracts, however, stipulated that the contractors were to have their own survey before finalisation of BoQ. Further, the responsibilities of acquiring RoW would lie with contractor at its risk and cost. Four EPC contractors claimed reimbursement for extra work carried out due to RoW issue for change of site/route. OPTCL allowed reimbursement of ₹46.76 lakh to three EPC contractors. Reimbursement was denied to one EPC contractor on the ground that RoW issues were within the contractor's scope. Such discriminatory treatment led to undue favour of ₹46.76 lakh to three EPC contractors.

The Management replied (May 2020) that the EPC contractors paid some compensation to avoid damage of lines which was reimbursed. The reply was not acceptable as compensation for RoW issue was to be paid by the EPC contractor.

[29] Drawing line: Erection of conductors from pole to pole for a entire stretch of line.
[30] Stringing of conductor: Erection of conductor from pole to pole.

Undue deviation from contractual terms

3.1.6.3 As a general prudence, subsequent modifications to contracts were allowed only when it was mutually beneficial. However, while the EPC contracts were under execution, OPTCL allowed various modifications in the clauses of contracts which were beneficial to the contractors at the cost of project. These are discussed below:

- An EPC contractor requested OPTCL for permitting them to supply power and control cable on direct sale instead of on bought out[31] basis as was agreed in the contract. OPTCL allowed the change despite the fact that there was no provision for it in the contract. It was observed that due to change from bought-out to direct supply, the EPC contractor was extended undue benefit of ₹0.63 crore as it got a price for his product higher than the price it was getting from other customers.

The Management replied (May 2020) that EPC contractor was allowed the change from bought-out to direct supply as per the quoted price. The reply was not acceptable as change of mode of supply resulted in procurement at higher price.

- Package 1-IAR was awarded to an EPC contractor (in a joint venture) for construction of 35 sub-stations. On the request of the JV partners, OPTCL allowed separation of quantity between them, 24 sub-stations for one partner and 11 sub-stations for other partner although there was no such provision in the LoA. Thereafter, materials which were to be supplied on bought-out basis were supplied by one partner after procuring from other partner. Although material was procured at a price lesser than the quoted price by one partner, it was paid for at the quoted price resulting a benefit of ₹2.04 crore. As was clarified by OPTCL in case of procurement from another partner, procurement was not to be treated as bought-out basis but as supply on direct sale basis. Hence, change in contractual terms after placement of LoA resulted in the aforesaid undue benefit to the contractor.

The Management replied (May 2020) that the quantity separation was with due approval of the competent authority and payment was made as per quoted prices. OPTCL may review its policy and process of grant of modifications to contracts as this had resulted in undue benefit which was not intended in the contract.

Avoidable loss due to disproportionately higher financial outlay

3.1.7 While analysing the reasons for 81 *per cent* of financial progress against only 36 percent of physical progress, it was revealed in audit that avoidable expenditures in the form of procurement were made with consequential losses as below:

[31] Bought out items were those which the contractors purchased from open market for utilisation in the project as against the direct sale items which the contractor utilised out of his own production.

Procurement without requirement

3.1.7.1 OPTCL could complete and finalise BoQ for 7 out of 22 packages by March 2019. Materials valued at ₹16.47 crore, against which OPTCL had paid ₹12.35 crore were lying without any adjustment from the date of completion of the packages. Procurement of materials without assessing proper utilisation led to idling of surplus material valuing ₹16.47 crore with consequential loss of interest of ₹0.69 crore.

The Management replied (May 2020) that one cannot ascertain the exact quantity of poles and conductors to be used for the projects. The reply was not acceptable as it could be ascertained in the survey for standardised jobs like these. Moreover, the EPC contract also stipulated that the contractors were to have their own survey before finalisation of BoQ. Government, however, endorsed (November 2020) the observation of Audit.

- As per the contractual agreement, the EPC contractors were to supply the materials as per schedule submitted at the time of tender. The project included both sub-stations and line items. The line items were required to be procured as per site condition and on the basis of requirement. EPC contractors submitted proposal for purchase of line items and sub-station items even before finalisation of survey report and approval of drawing and designs. PMCs and ODSSP cell approved materials dispatch clearance certificate based on the LoA quantity. Audit analysis in five out of 22 packages awarded to EPC contractors revealed that the line items procured prior to July 2017 valuing ₹70.96 crore for five packages were still lying in the store without utilisation. OPTCL had already paid ₹53.22 crore towards 75 *per cent* of the cost and thereby lost an opportunity to earn interest of ₹9.31 crore.

The Management replied (May 2020) that materials were required to be procured in order to avoid cost escalation in future. OPTCL could not ask EPC contractors to stop procurement. The reply was not acceptable as such possibility of cost escalation was best dealt with by incorporation of price escalation clause in the contract which was not there. Government, however, endorsed (November 2020) the observation of Audit.

Uneconomic procurement

3.1.7.2 It was stipulated that changes in the quantity within the limit of ±25 *per cent* of the BoQ of the scope of work would be allowed by owner at the same unit price. "Any change in quantity more than 25 *per cent* of the BoQ, the contractors would have to allow a discount of 5-10 *per cent* to their unit price". This clause was kept for eight packages. However, the clause was changed to "any increase in the quantity resulting in increase in the contract price beyond 25 *per cent* at a discount of 5 *per cent* of the unit price" for rest 14 packages. The change of clause led to loss of discount of ₹1.18 crore in one package out of seven closed packages.

The Management replied (May 2020) that the bidders quote the value as per the terms and conditions. The reply was not acceptable as this was a change of terms and conditions without any reason which was an undue extension of benefits to the bidders.

- Consumers requiring dedicated feeders were required to deposit with DISCOMs, the cost of feeder along with 22 *per cent* supervision charges for power supply to their units. It was observed that a dedicated feeder was constructed under the project for a consumer without asking for deposit of cost of feeder leading to undue favour of ₹0.28 crore.

The Management replied (May 2020) that it was an incident in which there was just one consumer for the feeder. However other consumers would be able to avail power from the feeder in due course. The reply was not acceptable as the public expenditure could not have been made for exclusive benefit of a single consumer at the first instance. This could not be justified with a probable situation.

Conclusion

ODSSP was conceived for implementation within the time line of 2018-19 in order to reduce AT&C loss and to increase the supply of quality and reliable power to the consumers by up-gradation of distribution infrastructure.

The project did not yield the desired result and was affected by delays due to inadequacies in project planning. Execution of the project suffered due to delayed handing over of sites and lack of coordination with the DISCOMs. In some instances, structural deficiencies like installation of higher capacity transformers (leading to improper load balancing), installation of defective transformers, usage of oversized conductors continued to potentially impact AT&C losses negatively instead of arresting them. Instances of unplanned and uneconomic procurement of materials led to larger financial outlay without the corresponding benefit for attainment of the envisaged project objective. This led to a situation where by even after spending 81 *per cent* of the project outlay, the physical progress of the project was 36 *per cent* (August 2019).

Effective monitoring is essential for successful implementation of project of this size and importance. Although a suitable high level monitoring steering committee was required to be constituted involving all important stakeholders including Government of Odisha, the committee was never constituted. There was significant absence of co-ordination between OPTCL and DISCOMS which was evident at many critical stages of the project. Even completed substations could not be handed over to the DISCOMs. Deficiency of staff at DISCOMS, which could have been addressed much earlier in the project, was cited as the reason for not handing over completed sub-stations and consequently huge funds continued to remain blocked.

OERC expressed concern (March 2019) over continued huge AT&C loss varying from 50 *per cent* to 74 *per cent* in several areas of the DISCOMs. Overall, intended improvement in quality and reliability of power supply did not materialise even for the closed packages due to non-completion of the project after the extended time and despite cost estimates going up from ₹2600 crore to ₹3,843 crore.

3.2 Undue benefit

Irregular award of tender and extension of undue benefit to the contractor in the procurement of conductors

Conductors[32] are used for the purpose of transmission of electricity. OPTCL procured ACSR[33] Panthor and ACSR Zebra conductors from the market through open tender for utilisation in the operation.

OPTCL invited open tender (March 2017) under two part bidding system for procurement of 71 KMs ACSR Panthor and 1,015 KMs ACSR Zebra conductors. The tender *inter alia* stipulated that the quoted price would be variable as per Indian Electrical and Electronics Manufacturers' Association (IEEMA) price variation (PV) clause. The last date of submission of tender was 5 April 2017. The base date of quoted price was given as 06 March 2017 *i.e.*, 30 days prior to opening of techno commercial part of the tender.

However, before evaluation of the price bids of techno-commercially qualified bidders, the Goods and Services Tax came into force on 1 July 2017. Hence, the techno-commercially qualified bidders were asked (September 2017) to submit the GST compliant price bid on or before 06 October 2017. Accordingly, as per price variation stipulations, OPTCL changed the base date to 6 September 2017 *i.e.*, 30 days prior to last date of submission of GST compliant price bid to give effect to the price variation clause. The parties were required to mention either 'Firm' or 'Variable' only against nature of price in the price bid wherein a variable nature of price implies that price was subject to change during the tender period.

In this regard, audit observed the following:

- Based on price bids received, purchase order was placed on the L1 bidder on 17 February 2018 for supply of 71 KMs of ACSR Panther conductor and 1,015 KMs of ACSR Zebra conductor at price of ₹26.29 crore.

- The L1 bidder, mentioned 'variable' against price in the bid but mentioned the base date for price variation as 06 March 2017 instead of 6 September 2017 as set in the revised tender conditions The other firms who submitted the bid mentioned 'variable' nature of price only without any mention of the base date for price variation.

- The purchase committee of OPTCL, in their meeting on 3 February 2018, did not consider the above fact and placed the purchase order (February 2018) with L1. Purchase order was, thus, granted to a bidder who had submitted ineligible bid not in consonant with tender conditions.

- The L1 bidder did not accept the purchase order and requested (February 2018) OPTCL to revert to the earlier base date for applicability of price

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[32] Conductor is an object or type of material that allows the flow of charge (electrical current) in one or more directions.

[33] ACSR – Aluminium Conductor Steel Reinforced.

variation. Though the purchase committee got another chance to declare the L1 bidder as ineligible, the committee accepted their request.

- OPTCL justified its decision by comparing the price implication of the quote of L1 with base date as 6 March 2017 with the quotes of other bidders with base date as 6 September 2017.

- During this comparison, L1 turned out to be L2. In order to remain L1, the bidder offered a flat discount of ₹200 per km of conductor in the offered price. Consequently, the bidder again became L1 on the date of evaluation but the applicability of PV clause for the supply remained 6 March 2017.

- While accepting the above proposal, OPTCL issued amended purchase order on 26 April 2018 for procurement of 1,086 KMs of conductor at a price of ₹26.27 crore. Further, repeat purchase order was issued (September 2018) to the party for procurement of 203 KMs of ACSR

- Audit noted that the IEEMA price index for the conductor was at ₹1.42 lakh on 6 March 2017 and ₹1.48 lakh on 6 September 2017. By accepting the request to change the base date, OPTCL was liable to pay higher amount of escalation, as the price of conductor was on increasing trend as also observed by the purchase committee in April 2018.

- OPTCL procured 1,287.978 KMs of conductor for ₹39.13 crore during June 2018 to October 2018 though they could have purchased the same for ₹38.09 crore had they followed the base date as per tender conditions.

- Consequently, applicability of price variation clause in deviation to tender condition resulted in extension of undue benefit to the supplier and avoidable expenditure of ₹1.04 crore (₹39.13 – ₹38.09 crore).

Government stated (September 2019) that the purchase committee did not consider cancellation of the tenders as there was rising trend in prices of raw materials and retendering was a time consuming process. So they negotiated with the bidder with little deviation of tender procedure as there was no financial implication.

The reply was not acceptable as the purchase committee considered an ineligible bidder and recommended to negotiate with the bidder. The entire tender procedure was further rendered faulty as underlying quotes between L1 and other bidders were not based on same tender conditions. Price was on an increasing trend. Allowing price variation from an older base date which had a lower price to a bidder and from a later base date which had a higher price to other bidders naturally favoured the former to be L1. Audit observed this to be a clear case of extension of undue benefit to the contractor by accommodating his requests which were contrary to the tender conditions.

PART-II

CHAPTER-IV
Functioning of State PSUs (Non-Power Sector)

CHAPTER-IV

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

Introduction

4.1 There were 73 State Public Sector Undertakings (PSUs) as on 31 March 2019 which were related to sectors other than Power. These State PSUs were incorporated between 1942-43 and 2016-17. These include 70 Government Companies (26 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 70 Government Companies, 26 are subsidiary/joint venture companies owned by other Government/Private Companies. 11 Government Companies did not commence commercial activities till 2018-19, out of which one company named Inland Waterways Consortium of Odisha Limited have not submitted their first account. Two companies namely Lanjigarh Project Area Development Foundation and Odisha Sports Development and Promotion Company are registered under Section 25(1) of the Companies Act, 1956 and one company named Odisha Mineral Bearing Area Development Corporation is registered under Section 8(1) of the Companies Act, 2013.

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 73 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 fund in the rest of 27 State PSUs (including eight inactive Companies) which were incorporated as joint venture/ subsidiary of other Government Companies. Equity of these 27 joint venture/subsidiary companies was contributed by the respective Co-partner/ Holding Companies.

Contribution to Economy of the State

4.2 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 2019:

Table 4.1: Details of turnover of State PSUs (non-power sector) *vis-a-vis* GSDP of Odisha

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover	8470.35	11544.28	13065.71	15521.43	17461.97
Percentage change of Turnover over Previous Year	10.69	36.29	13.18	18.80	12.50
GSDP of Odisha	310810.24	332329.13	314363.78	415981.68	486003.80
Percentage change of GSDP over Previous Year	7.77	6.92	-5.41	32.32	16.83
Percentage of Turnover to GSDP of Odisha	2.73	3.47	4.16	3.73	3.59

(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 2018-19, the turnover of the PSUs relative to GSDP was 3.59 *per cent* and had decreased from 3.73 *per cent* in the previous year. The compounded annual growth[34] of GSDP was 10.99 *per cent* during last five years, while the turnover of Public Sector Undertakings (non-power sector) recorded compounded annual growth of 17.93 *per cent* during the same period. This resulted in increase in share of turnover of these PSUs to the GSDP from 2.73 *per cent* in 2014-15 to 3.59 *per cent* in 2018-19.

Investment in State PSUs (Non-Power Sector)

4.3 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[35] 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 73 State PSUs in form of equity and long-term loans up to 31 March 2019 are detailed in ***Annexure-3.***

4.4 The sector-wise summary of investment in these State PSUs as on 31 March 2019 is given below:

Table 4.2: Sector-wise investment in State PSUs (non-power sector)

Sector	Number of PSUs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Social Sector	18	242.89	37.88	280.77
PSUs in Competitive Environment	52	1274.54	886.08	2160.62
Others	3	505.63	0.00	505.63
Total	**73**	**2,023.06**	**923.96**	**2947.02**

(Source: Compiled based on information received from PSUs)

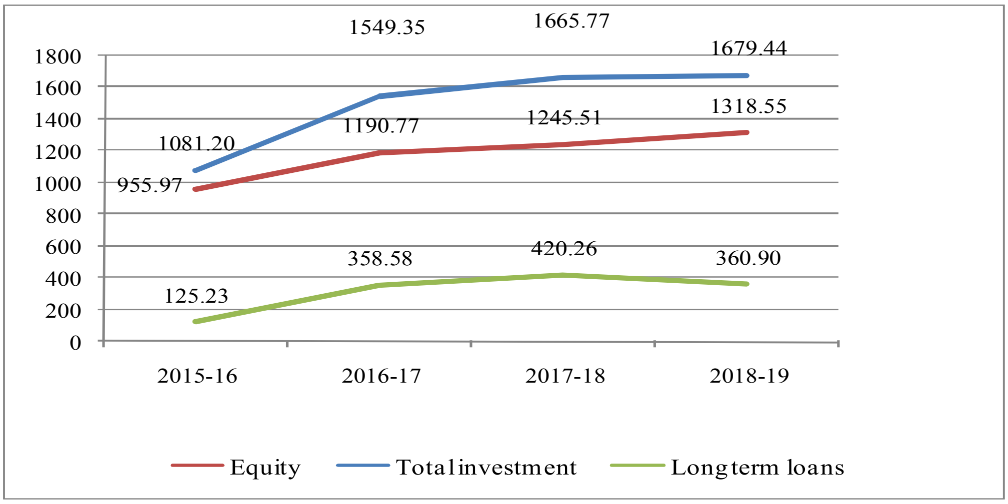
As on 31 March 2019, the total investment (equity and long term loans) in 73 PSUs was ₹2947.02 crore. Out of the total long-term loans of ₹923.96 crore, ₹360.89 crore (39.06 *per cent*) was availed from the State Government and ₹563.07 crore (60.94 *per cent*) was availed from financial institutions.

The year wise statement of investment of GoO in the State PSUs (non-power sector) during the period 2014-15 to 2018-19 is as follows:

34 Rate of Compounded Annual Growth [[{(Value of 2018-19/Value of 2013-14)^(1/5 years)}- 1]*100] where turnover and GSDP for the year 2013-14 was` 7652.64 crore and ` 288414.31 crore respectively.

35 Odisha State Police Housing and Welfare Corporation Limited, Bhubaneswar Smart City Limited and Rourkela Smart City Limited.

Chart 4.1: Total investment of GoO at the end of the year State PSUs (non-power sector)



Disinvestment, restructuring and privatisation of State PSUs

4.5 During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in the State PSUs. The government did not furnish information about disinvestments during 2018-19, despite correspondence.

Budgetary Support to State PSUs

4.6 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 four years ending March 2019 are as follows:

Table 4.3: Details regarding budgetary support to State PSUs (non-power sector)

(₹ in crore)

Particulars[36]	2015-16		2016-17		2017-18		2018-19	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital outgo (i)	**0**	**0**	1	20.00	1	40.00	0	0
Loans given (ii)	**0**	**0**	0	0	0	0	0	0
Grants/Subsidy provided (iii)	**11**	**1296.31**	11	1040.25	13	1725.75	11	1211.75
Total Outgo (i+ii+iii)	**11**	**1296.31**	**11**	**1060.25**	**13***	**1765.75**	**11**	**1211.75**
Loan repayment written off	**0**	**0**	0	0	0	0	0	0
Loans converted into equity	**0**	**0**	0	0	0	0	0	0
Guarantees issued	**0**	**0**	0	0	0	0	0	0
Guarantee Commitment	**0**	**0**	0	0	0	0	0	0

(Source: As per information furnished by PSUs)

The budgetary assistance to these PSUs ranged between ₹1060.25 crore and ₹1765.75 crore during the period 2015-16 to 2018-19. The budgetary assistance of ₹1211.75 crore given during the year 2018-19 was in the form of

36 Amount represents outgo from State Budget only.

grants/subsidy. The State Government did not provide any loan to these PSUs during the period of 2014-15 to 2018-19. The grants/subsidy given by the State Government was primarily to provide food security, free medicines, irrigation and urban development. During the year 2018-19, maximum grants/subsidy was provided to Odisha State Civil Supplies Corporation Limited (₹1061.86 crore), Odisha Lift Irrigation Corporation limited (₹57.49 crore) and Odisha State Road Transport Corporation (₹38.38 crore).

GoO provides guarantee in accordance with criteria and guidelines issued (November 2002) by the Government subject to the limits prescribed by the Constitution of India to 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 2014-15 to 2018-19, GoO neither issued any guarantee nor made any guarantee commitment to any non-power sector PSUs. IDCOL did not pay guarantee commission during the year 2018-19 and accumulated outstanding guarantee commission against it was ₹7.87 crore.

Reconciliation with Finance Accounts of Government of Odisha

4.7 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.

It was observed that out of 73 State PSUs, such differences occurred in respect of 39 PSUs as shown in **Annexure-4**. The differences between the figures are persisting for 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 was observed in Odisha Rural Housing and Development Corporation Limited, Rourkela Smart City Limited, Bhubaneswar Smart City Limited, Odisha State Seeds Corporation Limited and The Industrial Development Corporation of Odisha 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

4.8 Of the total 73 State PSUs, there were 47 working PSUs *i.e.,* 44 Government Companies and three Statutory Corporations and 26 inactive PSUs under the purview of CAG as on 31 March 2019. 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

4.8.1 Accounts for the year 2018-19 were required to be submitted by all the working PSUs by 30 September 2019. However, out of 44 working Government Companies, 13 Government Companies submitted their accounts for the year 2018-19 for audit by CAG on or before 30 September 2019 whereas accounts of 31 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 two Statutory Corporations for the year 2018-19 were awaited as on 30 September 2019.

Details of arrears in submission of accounts of working PSUs as on 30 September 2019 are given below:

Table 4.4: Position relating to submission of accounts by the working State PSUs (non-power sector)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of Working PSUs	39	44	48	48	47
2.	Number of accounts submitted during current year	36	42	48	40	44
3.	Number of working PSUs which finalised accounts for the current year	12	10	14	10	14
4.	Number of previous year accounts finalised during current year	24	32	34	30	30
5.	Number of working PSUs with arrears in accounts	27	32	34	37	33
6.	Number of accounts in arrears	52	56	59	63	63[37]
7.	**Extent of arrears**	**1 to 7 years**	**1 to 8 years**	**1 to 8 years**	**1 to 9 years**	**1 to 10 years**

(Source: Compiled based on accounts of PSUs received during the period October 2018 to September 2019)

Of these 47 working State PSUs, 36 PSUs had finalised 44 annual accounts during the period 1 October 2018 to 30 September 2019 which included 14 annual accounts for the year 2018-19 and 30 annual accounts for previous years. Further, 63 annual accounts were in arrears which pertain to 33 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 Chief Secretary to the Government of Odisha is informed quarterly regarding arrear in accounts.

The GoO had provided ₹1179.39 crore (Grants/Subsidy: ₹1179.39 crore) to eight of the 33 working State PSUs, accounts of which had not been finalised by 30 September 2019 as prescribed under the Companies Act 2013/ The Road Transport Corporations Act, 1950. No investment was made in remaining 25 PSUs during the period for which accounts are in arrears. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in **Annexure-5**. However, accounts of 14 of these working State PSUs for the period 2018-19 were finalised and submitted for audit during the period from October 2018 to September 2019. 63 accounts pertaining to 33 working State PSUs were awaited till September 2019.

In absence of finalisation of accounts and their subsequent audit in remaining 33 PSUs, no assurance could be given whether the investments and expenditure incurred had been properly accounted for and the purpose for

37 This relates to 33 PSUs whose accounts are in arrears ranging between one and ten years.

which the amount was invested was achieved. The GoO investment in these PSUs, therefore, remained outside the oversight of State Legislature.

4.8.2 In addition to above, as on 30 September 2019, 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 5 to 53 years. Remaining 10 inactive PSUs had arrears of accounts for 18 to 48 years

Table 4.5: 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	1966-67 to 2018-19	5 to 53 years

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

Placement of Separate Audit Reports of Statutory Corporations

4.9 Out of three working Statutory Corporations, one Corporation had forwarded its account of 2018-19 by 30 September 2019.

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 4.6: 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	2017-18	2018-19	23/10/2019
2.	Odisha State Warehousing Corporation	2016-17	2017-18	Accounts not finalised
			2018-19	Accounts not finalised
3.	Odisha State Road Transport Corporation	2016-17	2017-18	25/03/2018
			2018-19	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)

4.10 As pointed in paragraph 4.8, 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 2018-19 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

Recommendation: *It is, therefore, recommended that the Administrative Departments 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.*

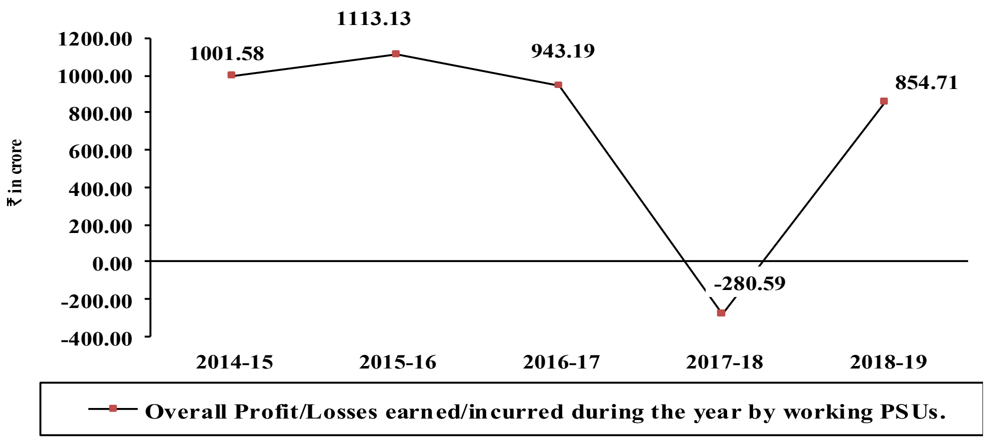
Performance of State PSUs (Non-Power Sector)

4.11 The financial position and working results of the 73 State PSUs (Non Power Sector) as per their latest finalised accounts as on 30 September 2019 are detailed in ***Annexure-6***.

The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed.

4.12 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[38] earned/incurred by the working State PSUs (non-power sector) during 2014-15 to 2018-19 is depicted in chart 4.2:

Chart 4.2: Profit/Losses earned/incurred by working PSUs (non-power sector) during the years



The profit of ₹1,001.58 crore earned by these working PSUs in 2014-15 decreased to ₹854.71 crore in 2018-19 due to losses incurred by Industrial Development Corporation of Odisha Limited, Odisha Rural Housing and Development Corporation Limited and IDCOL Kalinga Iron Works Limited. As per latest finalised accounts for the year 2018-19, out of 47 working State PSUs, 30 PSUs earned profit of ₹1,024.07 crore and 11 PSUs incurred losses of ₹169.36 crore as detailed in ***Annexure-6***. Odisha State Civil Supplies Corporation Limited prepared its accounts on 'no profit no loss'[39] basis. One[40] non-power sector company had not yet submitted its first account. Four[41] non-power sector companies have earned nil profit.

38 Figures are as per the latest finalised accounts of the respective years.
39 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.
40 Inland Waterways Consortium of Odisha Limited.
41 Odisha Mineral Bearing Areas Development Corporation Limited, Rourkela Smart City Limited, Odisha Mineral Exploration Corporation Limited and Kalinga Studios Limited.

The top profit making companies were Odisha Mining Corporation Limited (₹789.88 crore), Odisha Construction Corporation Limited (₹67.16 crore) and Odisha State Beverages Corporation Limited (₹29.99 crore) while, The Industrial Development Corporation of Odisha Limited and (₹89.54 crore) Odisha Rural Housing and Development Corporation Limited (₹42.93 crore) and IDCOL Kalinga Iron Works Limited (₹14.35 crore) incurred losses.

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

4.13 For the purposes of calculation of the RORR, the total figure of investment of Government of Odisha, Government of India and others in these non-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.

Accordingly, the investment of equity of the GoO, GoI and others PSUs as on 31 March 2019 in these 73 was ₹2023.06 crore and grants, subsidies for operational & management expense of ₹43,080.32 crore. Out of the released long term loans of ₹923.96 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 73 PSUs on the basis of historical cost stood at ₹45,126.66 crore (₹2023.06 crore + ₹43,080.32 crore + ₹23.28 crore). The sector-wise rate of real return on investment on the basis of historical cost of investment for the period 2014-15 to 2018-19 is given below:

Table 4.7: Return on Investment on the basis of historical cost

(₹ in crore)

Year wise Sector-wise break-up	Total Earning 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 (%)
2014-15						
Social Sector	61.08	8853.22	17384.24	22.71	26260.17	0.23
Competitive Sector	917.79	948.70	105.94	236.47	1291.11	71.09
Others	13.35	5.63	0.00	0.00	5.63	237.12
Total	**992.22**	**9807.55**	**17490.18**	**259.18**	**27556.91**	3.60
2015-16						
Social Sector	95.10	10108.04	20714.34	22.72	30845.10	0.31
Competitive Sector	997.02	994.37	105.94	241.54	1341.85	74.30
Others	15.51	5.63	0.00	0.00	5.63	275.49
Total	**1107.63**	**11108.04**	**20820.28**	**264.26**	**32192.58**	3.44
2016-17						
Social Sector	177.02	11072.15	24562.06	23.43	35657.64	0.50
Competitive	757.57	1061.61	116.16	238.75	1416.52	53.48

Year wise Sector-wise break-up	Total Earning 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 (%)
Sector						
Others	2.37	244.25	276.12	48.00	568.37	0.42
Total	**936.96**	**12378.01**	**24954.34**	**310.18**	**37642.53**	2.49
2017-18						
Social Sector	134.76	12585.46	29695.63	23.48	42304.57	0.32
Competitive Sector	-428.17	1102.46	118.49	280.88	1501.83	-28.51
Others	7.97	470.25	388.62	50.00	908.87	0.88
Total	**-285.44**	**14158.17**	**30202.74**	**354.36**	**44715.27**	-0.64
2018-19						
Social Sector	**102.14**	12658.92	29731.96	23.46	42414.34	0.24
Competitive Sector	**743.53**	1144.03	53.92	379.50	1577.45	47.13
Others	**4.19**	660.25	199.62	275.00	1134.87	0.37
Total	**849.86**	**14463.20**	**29985.50**	**677.96**	**45126.66**	1.88

(Source: Compiled based on information received from PSUs)

The Rate of Real Return on investment has been worked out by dividing the total earnings[42] 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 73 State PSUs (non-power sector) in 2018-19 was positive due to high profit earned by Odisha Mining Corporation Limited (competitive sector) (₹789.88 crore) and Odisha Construction Corporation Limited (Competitive sector) (₹67.16 crore).

Return on Investment on the basis of Present Value of Investment

4.14 Traditional calculation of return based only on historical cost however ignores the present value of money. Calculating the RORR on the basis of PV is a more adequate assessment of RORR. During the period from 2014-15 to 2018-19, these 73 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 73 PSUs was computed on the following assumptions:

- 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

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

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[43] 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.

4.15 PSU wise position of State Government investment in these 73 State PSUs in the form of equity, interest free loans and grants, subsidies on historical cost basis for the period from 2000-01 to 2018-19 is indicated in ***Annexure-7***.

The investment by the GoO, GoI and others in these PSUs at the end of the year 2018-19 was ₹45,126.66 crore consisting equity ₹2023.06 crore, interest free loans ₹23.28 crore and grants, subsidies ₹43,080.32 crore. The PV of funds infused by the GoO, GoI and others up to 31 March 2019 amounted to ₹83769.01 crore.

4.16 As during the years 2014-15, 2015-16, 2016-17 and 2018-19, the 73 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 4.8.

Table 4.8: Return on State Government Funds

(₹ 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	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 (%)
	2014-15							
Social Sector	61.08	8853.22	17384.24	22.71	26260.17	39283.16	0.16	0.23
Competitive Sector	917.79	948.70	105.94	236.47	1291.11	7658.99	11.98	71.09
Others	13.35	5.63	0.00	0.00	5.63	69.97	19.08	237.12
Total	**992.22**	**9807.55**	**17490.18**	**259.18**	**27556.91**	**47012.12**	**2.11**	**3.60**
			2015-16					
Social Sector	95.10	10108.04	20714.34	22.72	30845.10	46526.48	0.20	0.31
Competitive Sector	997.02	994.37	105.94	241.54	1341.85	8177.06	12.19	74.30
Others	15.51	5.63	0.00	0.00	5.63	74.21	20.90	275.49
Total	**1107.63**	**11108.04**	**20820.28**	**264.26**	**32192.58**	**54777.75**	**2.02**	**3.44**
			2016-17					
Social Sector	177.02	11072.15	24562.06	23.43	35657.64	55251.06	0.32	0.50
Competitive	757.57	1061.61	116.16	238.75	1416.52	8880.65	8.53	53.48

43 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.

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	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 (%)
Sector								
Others	2.37	244.25	276.12	48.00	568.37	685.49	0.35	0.42
Total	**936.96**	**12378.01**	**24954.34**	**310.18**	**37642.53**	**64817.20**	**1.45**	**2.49**
2018-19								
Social Sector	102.14	12658.92	29731.96	23.46	42414.34	71862.18	0.14	0.24
Competitive Sector	743.53	1144.03	53.92	379.50	1577.45	10474.14	7.10	47.13
Others	4.19	660.25	199.62	275.00	1134.87	1432.68	0.29	0.37
Total	**849.86**	**14463.20**	**29985.50**	**677.96**	**45126.66**	**83769.00**	**1.01**	**1.88**

(Source: Compiled based on information received from PSUs)

The return earned on total investment on historical cost basis was 3.60 *per cent* in 2014-15 which decreased to 1.88 *per cent* during 2018-19 due to decrease in overall profits though there was infusion of additional equity, grants, subsidies, whereas the returns earned on total investment considering the present value of the investments was 2.11 *per cent* and 1.01 *per cent* during the same period. Further, during this period, the returns from competitive sector on present value worked out to 11.98 *per cent* and 7.10 *per cent* only as against return of 71.09 *per cent* and 47.13 *per cent* respectively based on the historical cost of investment.

Erosion of Net worth

4.17 Net worth means 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 reserves, surpluses and accumulated losses of these 47 State PSUs (non-power sector) as per their latest financial accounts were as on 31 March 2019 as detailed in ***Annexure-6***.

Analysis of investment and accumulated losses revealed that net worth has been eroded fully in eight out of 47 working PSUs (non-power sector) as the capital investment, free reserve and accumulated losses of these eight PSUs were ₹688.89 crore, ₹56.19 crore and ₹965.46 crore respectively as on 31 March 2019. Of these eight PSUs, the maximum net worth erosion was in Odisha Rural Housing Development Corporation Limited (₹97.89 crore), Odisha State Financial Corporation (₹46.60 crore), Konark Jute Limited (₹32.21 crore) and Odisha Forest Development Corporation Limited (₹27.59 crore). Of these eight PSUs where net worth had been fully eroded, three[44]

44 Odisha Forest Development Corporation Limited, Odisha Pisciculture Development Corporation Limited, Odisha State Financial Corporation.

PSUs earned profit as per their latest finalised accounts although there were substantial accumulated losses.

The table below indicates total paid up capital, total free reserves, total surpluses, total accumulated losses and net worth of the 47 working PSUs (non-power sector) during the period 2014-15 to 2018-19:

Table 4.9: Net worth of State PSUs (non-power sector)

Year	No. of non-power sector PSUs	Paid up Capital	Free Reserves	Surplus	Accumulated Losses	Net worth
1	*2*	*3*	*4*	*5*	*6*	*7=3+4+5-6*
2014-15	39	1229.65	2199.32	4176.27	913.19	6692.05
2015-16	44	1241.95	2213.58	4095.00	1070.73	6479.80
2016-17	48	1635.16	2367.78	4346.74	1131.88	7217.80
2017-18	48	1845.92	2399.38	4056.27	1079.26	7222.31
2018-19	47	1957.76	2404.91	4249.56	1156.86	7455.37

(Source: Compiled based on information received from PSUs)

As can be seen, the net worth of the State PSUs (non-power sector) was positive during the five year period. The net worth has increased from ₹6,692.05 crore in 2014-15 to ₹7,455.37 crore in 2018-19 due to increase in paid up capital, free reserves and surpluses.

Dividend Payout

4.18 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 4.10: Dividend Payout of the State PSUs (non-power sector) during 2014-15 to 2018-19

(₹ 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
2014-15	44	959.75	21	504.10	472.65	6	514.79	14.79	102.12	3.13
2015-16	45	955.97	22	500.32	468.87	8	530.51	30.51	106.03	6.51
2016-17	47	1190.77	19	444.88	413.43	8	532.48	32.48	119.69	7.86
2017-18	46	1245.51	20	868.12	868.12	7	37.49	37.49	4.32	4.32
2018-19	47	1308.55	23	913.01	881.56	9	540.60	40.60	60.95	4.75

(Source: Compiled based on information received from PSUs)

During the period 2014-15 to 2018-19, the number of PSUs which earned profits ranged between 19 and 23. During this period, number of PSUs which declared/paid dividend to GoO ranged between six and nine.

The Dividend Payout Ratio (DPR) in 2018-19 increased to 60.95 *per cent* from 4.32 *per cent* in 2017-18 as Odisha Mining Corporation Limited had declared dividend in 2018-19. The DPR which was 102.12 *per cent* in 2014-15 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 higher market price of chrome ore and iron ore than its cost of production. Excluding the share of payment of dividend by OMC Limited the DPR, however, ranged between 3.13 to 7.86 *per cent* during the period 2014-15 to 2018-19.

Of the nine PSUs which declared/paid dividend during 2018-19, three[45] PSUs declared dividend higher than the prescribed limit, while six[46] PSUs declared dividend lower than the prescribed limit.

Return on Equity

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

Shareholders' funds 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' funds reveals that the company has enough assets to cover its liabilities while negative shareholders' 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.

Return on Equity computed in respect of all working State PSUs (non-power sector) which have earned profit or incurred loss as per their latest annual financial account is detailed in the table below:

Table 4.11: Return on Equity relating to State PSUs (non-power sector)

(₹ in crore)

	Year	No. of non-power sector PSUs	Net Profit/Loss	Shareholders' fund	RoE in *per cent*
	1	*2*	*3*	*4*	*5=3*100/4*
Profit Earning	2014-15	26	1099.37	6750.44	16.29
	2015-16	29	1154.22	6538.75	17.65
	2016-17	30	1044.16	6861.64	15.22
	2017-18	31	237.92	1345.26	17.69
	2018-19	30	1024.07	7053.61	14.52
Loss Incurring	2014-15	6	-97.79	-88.73	-
	2015-16	8	-41.09	-69.98	-
	2016-17	13	-100.97	209.63	-
	2017-18	11	-518.51	5615.79	-

45 The Odisha Mining Corporation Limited, Odisha Construction Corporation Limited and The Odisha State Police Housing and Welfare Corporation Limited.

46 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, Orissa Bridge and Construction Corporation Limited and Odisha Tourism Development Corporation Limited.

	Year	No. of non-power sector PSUs	Net Profit/Loss	Shareholders' fund	RoE in *per cent*
	1	*2*	*3*	*4*	*5=3*100/4*
	2018-19	11	-169.36	141.79	-
Total*	2014-15	32	1001.58	6661.71	15.03
	2015-16	37	1113.13	6468.77	17.21
	2016-17	43	943.19	7071.27	13.34
	2017-18	42	-280.59	6961.05	-
	2018-19	41	854.71	7195.4	11.88

(Source: Compiled based on information received from PSUs)

* *PSUs which earned neither profit nor incurred loss and PSUs which had not submitted its first accounts since inception had been excluded.*

During 2018-19, 11 out of 41 PSUs were loss making. Since the Net Income was negative, the Return on Equity of loss making PSUs was not worked out. Shareholders' fund for loss making company was negative during 2014-15 and 2015-16. During the last five years ending March 2019, the Net Income was positive during 2014-15, 2015-16, 2016-17 and 2018-19 and the RoE during these years ranged between 11.88 *per cent* and 17.21 *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. Return on Equity in respect of all working PSUs is given in a table below:

Table 4.12: Return on Equity relating to all working State PSUs (non-power sector)

(₹ in crore)

Year	No. of non-power sector PSUs	Net Profit/Loss	Shareholders' fund	RoE in *per cent*
1	*2*	*3*	*4*	*5=3*100/4*
2014-15	39	1001.58	6692.05	14.97
2015-16	44	1113.13	6479.80	17.18
2016-17	48	943.19	7217.80	13.07
2017-18	48	-280.59	7222.31	-
2018-19	47	854.71	7455.37	11.46

(Source: Compiled based on information received from PSUs)

Return on Capital Employed

4.20 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 (EBIT) by the capital employed[47]. The details of total RoCE of all the profit making and loss incurring working State PSUs (non-power sector) during the period from 2014-15 to 2018-19 are given in table below:

Table 4.13 Return on Capital Employed relating to State PSUs (non-power sector)

(₹ in crore)

	Year	No. of non-power sector PSUs	EBIT	Capital Employed	RoCE (in *per cent*)
	1	*2*	*3*	*4*	*5=3*100/4*
Profit Earning	2014-15	26	1713.85	7342.17	23.34
	2015-16	29	1753.06	7117.77	24.63
	2016-17	30	1723.44	7509.05	22.95

47 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.

	Year	No. of non-power sector PSUs	EBIT	Capital Employed	RoCE (in *per cent*)
	1	*2*	*3*	*4*	*5=3*100/4*
	2017-18	31	341.1	2173.18	15.70
	2018-19	30	1628.39	7202.97	22.61
Loss Incurring	2014-15	6	-113.65	26.73	-
	2015-16	8	-39.57	41.85	-
	2016-17	13	-69.27	920.72	-
	2017-18	11	-877.31	6135.94	-
	2018-19	11	-131.4	884.95	-
Total	2014-15	32	1600.2	7368.9	21.72
	2015-16	37	1713.49	7159.62	23.93
	2016-17	43	1654.17	8429.77	19.62
	2017-18	42	-536.21	8309.12	-
	2018-19	41	1496.99	8087.92	18.51

(Source: Compiled based on information received from PSUs)

* *PSUs which earned neither profit nor incurred loss and PSUs which had not submitted their first accounts since inception had been excluded.*

During 2018-19, 11 out of 41 working PSUs were loss making. Since the EBIT was negative in respect of these 11 PSUs, the RoCE of Loss making PSUs could not be worked out. The RoCE of PSUs ranged between 18.51 *per cent* and 23.93 *per cent* during the period 2014-15 to 2018-19. The RoCE of 42 PSUs during 2017-18 could not be worked out due to negative EBIT.

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

4.21 Analysis of the Long Term Loans of the PSUs which had leverage during 2014-15 to 2018-19 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

4.22 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 interest coverage ratio in respect of PSUs which had interest burden during the period from 2014-15 to 2018-19 are given in table below:

Table 4.14: 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
2014-15	48.87	1600.20	18	14	04
2015-16	46.44	1713.49	15	13	02

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
2016-17	87.48	1654.17	17	12	05
2017-18	63.38	-536.21	14	12	02
2018-19	67.82	1469.51	12	09	03

(Source: Compiled based on information received from PSUs)

Of the 12 State PSUs (Non Power Sector) having liability of loans from Government as well as banks and other financial institutions during 2018-19, nine PSUs had interest coverage ratio of more than one whereas remaining three PSUs had interest coverage ratio below one. This indicates that these three PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

Debt Turnover Ratio

4.23 During the last five years, the turnover of the 73 PSUs recorded compounded annual growth of 17.90 *per cent* and compounded annual growth of debt was 5.36 *per cent* due to which the debt turnover ratio improved from 0.093 in 2013-14 to 0.089 in 2017-18 but again decreased to 0.053 in 2018-19 as given in table below:

Table 4.15: Debt Turnover Ratio relating to the State PSUs (non-power sector)

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and others (Banks and Financial Institutions)	4525.67	721.51	1389.16	1378.73	923.96
Turnover	8488.72	11562.65	13084.08	15539.81	17480.34
Debt-Turnover Ratio	0.53:1	0.06:1	0.11:1	0.089:1	0.053:1

(Source: Compiled based on information received from PSUs)

The debt-turnover ratio ranged between 0.053 and 0.53 during this period.

Winding up of Inactive State PSUs

4.24 Twenty six of the 73 State PSUs (other than 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 2019. The number of inactive PSUs at the end of each year during last five years ended 31 March 2019 is given below:

Table 4.16: Inactive State PSUs

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
No. of inactive companies	28	28	28	26	26

(Source: Compiled from the information included in Audit Report (PSUs) and information obtained from Registrar of Companies-cum-Official Liquidator, Odisha 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)

4.25 Thirty three working companies forwarded 41 audited accounts to the Principal Accountant General during the period from 1 October 2018 to 30 September 2019. Of these, 17 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 to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are as follows:

Table 4.17: Impact of audit comments on working companies (non-power sector)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)
1.	Decrease in profit	15	217.30	12	733.82	12	183.53
2.	Increase in profit	4	10.70	7	19.77	09	211.58
3.	Increase in loss	4	85.26	3	296.95	4	22.81
4.	Decrease in loss	2	10.84	0	0	0	0
5.	Non-disclosure of material facts	6	145.20	5	208.99	2	564.09
6.	**Errors of classification**	**Nil**	**Nil**	**4**	**3.89**	**Nil**	**Nil**

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

During the year 2018-19, the Statutory Auditors had issued qualified certificates on twenty five accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 19 instances of non-compliance to the Accounting Standards in 10 accounts and four instances of non-compliance to the Indian Accounting Standards in one account.

4.26 Odisha 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). Out of three working Statutory Corporations, one Corporation forwarded its annual accounts for the year 2018-19 whereas two corporations forwarded annual accounts for the year 2017-18 during 01 October 2018 to 30 September 2019. 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 in the following table:

Table 4.18: Impact of audit comments on Statutory Corporations

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)
1.	Decrease in profit	1	1.19	2	6.71	2	2.14
2.	Increase in profit	0	0	0	0	1	0.11

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)
3.	Increase in loss	1	5.00	1	1.68	0	0
4.	Decrease in loss	0	0	0	0	0	0
5.	Non-disclosure of material facts	0	0	0	0	0	0
6.	Errors of classification	0	0	0	0	0	0

(Source: Database maintained in the AG Office)

Performance and Compliance Audit Paragraphs

4.27 For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2019, one Performance Audit on the Infrastructure Development and Project Management Activities of the Odisha Industrial Infrastructure Development Corporation (IDCO) and six compliance audit paragraphs were issued to Secretaries of the departments concerned with request to furnish replies within six weeks. Replies in respect of all compliance audit paragraphs have been received from the State Government and suitably incorporated in this report. The total financial impact of these paragraphs is ₹261.98 crore.

Follow up action on Audit Reports

Replies outstanding

4.28 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 4.19: Position of explanatory notes on Audit Reports related to State PSUs non-power sector (as on 30 September 2019)

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	-	2
2015-16	16 September 2017	1	10	1	5
2016-17	26 March 2018	1	5	1	5
Total	**--**	**8**	**45**	**3**	**14**

(Source: Database maintained in the AG Office)

Explanatory notes on 17 Paragraphs/Performance Audits were pending with five departments till September 2019.

Discussion of Audit Reports by CoPU

4.29 The status of discussion of Performance Audits and paragraphs related to State PSUs (non-power sector) that appeared in Audit Reports (PSUs) by the CoPU as on 30 September 2019 was as under:

Table 4.20: Performance Audits/Paragraphs appeared in Audit Reports *vis-a-vis* discussed as on 30 September 2019

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
Total	**12**	**85.5**	**4**	**54**

(Source: Database maintained in the AG Office)

Committee on Public Undertakings was apprised of the pendency in the discussion of Audit Report Paragraphs in their first meeting (June 2018). During 2018-19, with the co-ordination and assistance of PAG, CoPU had in its six meetings, discussed one Performance Audit (Industrial Development Corporation of Odisha Limited) and six paragraphs relating to Audit Reports of 2012-13 to 2014-15.

Compliance to Reports of CoPU

4.30 Action Taken Notes (ATNs) on two Paragraphs pertaining to two Reports of the CoPU presented to the State Legislature between August 2001 and March 2019 had not been received (September 2019) as detailed below:

Table 4.21: 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	1	1	1
Total	**2**	**9**	**9**

(Source: Database maintained in the AG Office)

These reports of CoPU contained recommendations in respect of Paragraphs pertaining to two departments which appeared in the Reports of the CAG of India for the years 1989-90 to 2003-04.

CHAPTER-V

Performance Audit
(Non-Power Sector)

CHAPTER-V

5. Performance Audit on 'Infrastructure Development and Project Management Activities of the Odisha Industrial Infrastructure Development Corporation (IDCO)'

Introduction

5.1 The Odisha Industrial Infrastructure Development Corporation (IDCO) was incorporated on 5 January 1981 under Section 3 of the Odisha Industrial Infrastructure Development Corporation (OIIDC) Act, 1980. The objective of establishment of the Corporation was securing and assisting in rapid and orderly establishment and organisation of industries, trade and commerce in the Industrial Areas (IAs) and Industrial Estates (IEs) in the State of Odisha. The Corporation was also authorised to make available buildings on hire to the industries.

In the wake of policy of liberalisation adopted by the Government of India (GoI) in 1991, Government of Odisha (GoO) also embarked on the policy of making the State industrially vibrant through successive Industrial Policy Resolutions (IPRs) which, among other things, identified development of industrial and allied social infrastructure as a strategic tool. Availability of land for infrastructural development being key to such development, IPR 2001 provided for creation of Land Bank and IDCO was given a key role for identifying land at strategic locations and getting possession thereof from concerned revenue authorities for onward allotment to potential investors. Role of IDCO was further elevated beyond OIIDC Act by IPR 2007 where IDCO was entrusted with the authority to frame comprehensive land management regulations. IPR 2015 further authorised IDCO to fix value of land to be allotted in certain cases like educational and medical institutions.

Organisational set up

5.2 IDCO is under the administrative control of the Industries Department, GoO. The general superintendence, direction and management of the affairs and business of IDCO is carried out through a Board of Directors (BoD) consisting of 13 Directors under the chairmanship of the Chairman-cum-Managing Director (CMD), who is assisted by six Chief General Managers (CGMs[48]). IDCO executed its activities through 17 division offices out of which eight are functional at Headquarters, Bhubaneswar and the rest nine are functional at different districts in the State.

Scope of Audit

5.3 The Performance Audit, conducted during April to December 2019, covered the activities of IDCO relating to infrastructure development and project management activities for the last five years ending March 2019. The activities of IDCO were reviewed on the basis of test check of records at the

48 CGM (Civil), CGM (Planning & Coordination), CGM (MSME), CGM (P&A), CGM (Land) and CGM (Finance).

Head Office and five of its division offices[49] selected using Stratified Random Sampling method. Audit also test checked related records at Industries Department, GoO. An 'Entry Conference' was held on 15 October 2019 where the objectives, criteria, scope and methodologies for conducting the Performance Audit were explained to the representatives of GoO/IDCO. The audit findings were discussed with the Principal Secretary (Department of Industries), GoO and CMD, IDCO along with the senior officials in an Exit Conference held on 24 August 2020. Responses of the Government/IDCO, wherever received, have been taken into account while finalising the Report.

Audit Objectives

5.4 The Performance Audit was conducted to assess whether role of IDCO in promotion of industries was economic, efficient and effective in:

- Acquisition and allotment/post allotment of land to industries;
- Development and maintenance of IEs/IAs;
- Project construction activities under various schemes of GoI;
- Making buildings and complexes available on hire to industries; and
- Proactive financial management and internal control measures.

Audit Criteria

5.5 The sources of audit criteria adopted for achievement of the audit objectives were:

- OIIDC Act, 1980 and OIIDC Rules, 1981;
- Odisha Industries (Facilitation) Act, 2004;
- OIIDC (Disposal of Land, Building and Amenities) Regulations, 2016;
- The Odisha Irrigation Rules 1961;
- Scheme guidelines of GoI for execution of various projects along with Detail Project Reports (DPR); and
- Circulars, Resolutions and Notifications issued by Government of Odisha and IDCO.

Financial position and working results

5.6 The financial position and working results of IDCO for the last five years ending 31 March 2019 are detailed in ***Annexure-8***:

[49] Cuttack, Jajpur Road, Berhampur, MSME-I and MSME-II.

- It could be seen from the financial position of IDCO that the capital funds increased from ₹1,336.71 crore in 2014-15 to ₹1,796.01 crore in 2018-19. The reasons for increase in capital funds were attributed to profits being earned by IDCO and increase in premium received from leased out land in IEs/IAs.

- IDCO received ₹227.80 crore during 2014-19 from GoI/GoO as grants for construction of various infrastructure development activities which formed part of non-current liabilities.

- Audit observed that the consistent profits as stated above did not accrue from the operations carried out by IDCO. Rather, IDCO earned the profit due to interest income arising out of investment of unutilised grant received from the Government. IDCO earned interest on deposits (non-operating income) which ranged from ₹79.86 crore to ₹100.58 crore. However, its profit after taxes were less and ranged from ₹30.02 crore to ₹60.72 crore due to operating losses ranging from ₹2.63 crore to ₹38.41 crore, during 2014-19.

Audit findings

Acquisition and allotment of land to industries

5.7 Availability of land is the key for development of industrial infrastructure. Successive IPRs entrusted responsibility to IDCO to identify land and obtain the same on lease basis from the GoO for onward allotment to large industries after collecting 10 *per cent* of land value towards administrative charges. In the process, IDCO was to pass on the incentive on land in the form of concessional rates to the industries under IPR. The overall position of acquisition and allotment of land by IDCO as of March 2019 is given below:

Table 5.1: Position of acquisition and allotment of land by IDCO as of March 2019

(area in acres up to two decimal places)

	Government	Private	Total
Land for Large Industries			
Applied	43,586.40	86,395.83	1,29,982.23
Acquired	24,704.59	49,825.67	74,530.26
Allotted	22,104.39	44,932.29	67,036.68
Land for MSME in IAs / IEs			
Acquired	24,084.28	0	24,084.28
Allotted	14,649.09	0	14,649.09

(Source: Information furnished by IDCO)

Scrutiny of acquisition/allotment of land for the large industries during the period 2014-15 to 2018-19 revealed the following:

Implementation of Land Bank scheme and inability to frame Regulations for allotment of land

5.7.1 IPR 2007 directed IDCO to vigorously implement the Land Bank scheme to ensure orderly industrial growth in the State in cooperation with Revenue & Disaster Management (R&DM) Department. R&DM Department notified (November 2015) land to be included under category 'A', which were to be handed over to IDCO on requisition at prevailing IPR rates for onward allotment to already selected industries with ready to use status, and category 'B', which were kept in reserve for which project priority had not been finalised. The aforesaid notification also directed IDCO to frame suitable regulations for allotment of land to industries from Land Bank in a fair and transparent manner.

Audit observed the following in the implementation of the Land Bank scheme by IDCO.

- The MoU with Industries Department had envisaged target for creating a Land Bank of 15,000 acres under category 'A' and 85,000 acres under category 'B' during the year 2016-17. As against this, IDCO could create Land Bank of 62,725.05 acres[50] (62.73 *per cent*) as of March 2019.

- Out of the land so acquired, Audit test checked the detailed status of category 'A' land of 9,157.50 acres in six districts[51]and observed that 3,524.65 acres (38 *per cent*) of land was under encroachment, litigation and included land surrendered to Government which was not readily available for allotment thus seriously constraining the objective of handing over such land to industries for ready use.

  IDCO stated (August 2020) that the matter was being pursued with the district level authorities for getting more land and steps were being taken to allot land wherever possible or for reverting the land to Government wherever allotment was not feasible.

- IDCO could not formulate the regulations for allotment of land from Land Bank as per the principles laid down in the notification (November 2015) by GoO. Absence of such Regulations potentially impacted the achievement of the objective of allotment of land in a fair and transparent manner as was observed in audit in case of allotment of land to social infrastructure projects as discussed in ***Paragraph 5.8.8***.

IDCO stated (August 2020) that Land Regulation, 2016 included the provisions for allotment of land including land from the Land Bank. The reply was not correct as provisions for allotment of land from the Land Bank were not included in the Land Regulation, 2016. In addition, specific regulations for allotment from Land Bank for different projects, including social infrastructure, were not formulated.

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[50] Category 'A' 12,728.82 acres and category 'B' 49,996.23 acres.

[51] Dhenkanal, Jharsuguda, Jagatsingpur, Boudh, Cuttack and Khordha.

Acquisition of excess land for large industries

5.7.2 Under the Odisha Industries (Facilitation) Act, 2004, Industrial Promotion & Investment Corporation of Odisha Limited (IPICOL), a State PSU, in terms of its role as the Single Window Clearance Authority (SWCA), recommended (October 2006 to February 2009) land requirements at the rate of one acre for one MW of power generation capacity to coal based Thermal Power Plants (TPPs), as per the norms of Central Electricity Authority (CEA). IPICOL stipulated that their recommendations were subject to further assessments by IDCO.

CEA also reviewed its earlier report on land requirement in 2010 and recommended for reduction in land requirement urging the Government agencies for meeting the objective of optimum utilization of land. Further, R&DM Department directed (May 2012) that while leasing out land IDCO should go by a realistic assessment of land requirement to avoid a situation under which a promoter succeeded in getting more land than required.

Audit observed the following cases:

- IDCO was acquiring land for requirement of 11 TPPs (till January 2020) at the previously recommended rate of one acre for one MW. Audit scrutiny revealed that a total of 2,400 acres of land was recommended (February 2009) in favour of only one out of 11 TPPs *i.e.*, Sterlite Energy Limited (SEL) for their 2,400 MW TPP. Accordingly, IDCO allotted land measuring 536.46 acres. SEL commissioned (April 2012) and synchronized its 2,400 MW TPP in this allotted land. Despite this, IDCO was in the process of acquisition of further 1,097.65 acres of land for that TPP without any review for reduction as per aforesaid recommendation of CEA/GoO or a review of actual requirement.

- In another case, IDCO applied for 3,190 acres of land to the Government in favour of Vedanta Limited (VL) for establishment of a 0.25 MTPA Aluminium smelter plant including nine captive TPPs of 1,215 MW (9x135 MW) at Jharsuguda. IPICOL recommended (December 2005) 3,350 acres of land for the project. As against this, IDCO allotted 2,166.06 acres to VL as of March 2019. The smelter plants were operational and its TPPs were already commissioned (July 2008). During scrutiny, it was observed that out of 2,166.06 acres of land allotted, VL had diverted (April 2009) 544.82 acres of land for its other manufacturing units under the Special Economic Zone (SEZ) scheme. Despite allotment of excess land, which was now being utilized for setting up an SEZ, IDCO was still (March 2020) in the process of acquisition of further 1,023.94 acres (3,190 acres – 2,166.06 acres) of land for VL.

Thus, without adhering to the recommendations of CEA, which gave general guidelines for reduction in requirement and assessing any further requirement in consultation with IPICOL, IDCO was acquiring additional land even after the primary objective of such acquisition was achieved.

IDCO stated (August 2020) that they did not possess the required technical expertise to assess land requirement. Hence, they followed the recommendation of IPICOL. Moreover, the future expansion of the project was also taken into consideration.

The reply was untenable as both the plants had already been commissioned in the land allotted to them. Hence, any further acquisition for the above plants should have been referred to IPICOL for their technical assessment. Moreover, GoO also entrusted the responsibility for realistic assessment to IDCO to check allotment beyond requirement.

Recommendation 1: *IDCO should be in regular consultation with IPICOL for technical inputs in terms of the requirements of land as per the latest guidelines. Adherence to Government guidelines should be ensured while allotting land to different industries so that a scarce resource is prudently allotted. Active steps need to be taken so that excess land is not allotted and leakage of Government revenue is stopped.*

Allotment of land to TPPs at concessional IPR rates

5.7.3 IPR 2007 defines a "New Industrial Unit" as an industrial unit which goes into commercial production within three years from the date of starting its first fixed capital investment for large industries. Such units are eligible for incentive of land at a concessional rate. IPR 2015 states that industrial units covered under earlier IPRs shall continue to enjoy the incentives, if admissible under the said policy as per certain eligibility conditions. However, it included TPPs under negative list rendering them ineligible for fiscal incentives and for allotment of land at concessional rates.

IDCO allotted (November 2015 to February 2017) 117 acres of government land to two TPPs[52] (Lanco and GMR) after notification of IPR 2015. IDCO collected land premium at concessional rate of ₹2 lakh to ₹4 lakh against benchmark/market value of ₹10 lakh to ₹12 lakh from Lanco and GMR citing that they were eligible under IPR 2007. It was, however, observed in audit that both the TPPs failed to commence commercial production within the prescribed period[53], which was an eligibility condition under IPR 2007 Hence, both the TPPs were not eligible for allotment of land at concessional rates under earlier IPR and were required to pay the land premium as per market rate. Therefore, IDCO was required to realise differential land dues of ₹9.13 crore[54] from them as per IPR 2015.

Non-realisation of such differential dues also led to short recovery of administrative charges to the extent of ₹0.91 crore (10 *per cent* of differential land cost).

52 Lanco (58.78 acres) and GMR (58.22 acres).

53 Lanco started capital investment in March 2012 and commercial production has not yet started. GMR started capital investment in January 2009 and commercial production started in April 2013.

54 Lanco:{11.58 acres x (₹10 lakh - ₹4 lakh) + 47.20 acres x ((₹10 lakh - ₹2 lakh)}, GMR:58.22 acres (₹12 lakh - ₹4 lakh).

IDCO stated (August 2020) that all these projects had commenced the construction of their plant for which they were eligible for land at concessional rates under IPR 2007. GoO stated in the Exit Conference that TPPs were not eligible for fiscal incentives but eligible for concessional land under IPR 2015. The contention was not acceptable as these units were not eligible for incentives, including land at concessional rate under IPR 2007, as they did not commence commercial production within the stipulated time of three years.

Short realisation of premium and administrative charges in allotment of land to TATA for SEZ and DTA projects

5.7.4 Government of Odisha signed an MoU with TATA Iron and Steel Company Limited (TISCO) on 28 August 1995 for an integrated steel plant at Gopalpur in Ganjam District. In order to meet the requirement of land for that project, District Collector, Ganjam sanctioned 537.82 acres of government land in favour of IDCO between April and December 1996 with the stipulation that if the land was not utilised for the intended purpose, the same would revert to the R&DM Department. The sanction orders were valid for execution of lease deeds within six months. Subsequently, IDCO handed over advance possession of the said government land to TISCO between September 1996 and January 1997. Although, lease deeds were not executed, TISCO paid land cost to IDCO at the rate of ₹75,000 per acre *i.e.*, as per rate prescribed by IPR 1996.

TISCO, however, did not utilize the land for the intended purpose and had offered (August 2002) to utilize the land for SEZ projects. Accordingly, GoO cancelled the MoU with TISCO in 2003. IDCO, however, did not take any initiative to renew the sanction order or take back the land and restore the same with the Revenue Authorities as was stipulated in the sanction letters. Subsequently, R&DM Department decided that the land acquired for the steel plant at Gopalpur would instead be utilized for development of multiproduct SEZ (October 2007) and for Domestic Tariff Area (DTA) projects (June 2018).

Accordingly, between December 2014 and November 2018, IDCO re-allotted 537.82 acres of government land, already given as advance possession to TISCO more than a decade and half back, for the new SEZ and DTA projects. IDCO allotted162.47 acres of government land for SEZ projects in December 2014 at IPR 1996 rate of ₹75,000 per acre instead of prevailing IPR 2007 rate of ₹2 lakh per acre. Similarly, IDCO allotted 375.35 acres of government land for DTA projects during October/November 2018 also at ₹75,000 against the current IPR 2015 rate of ₹4 lakh per acre. This resulted in short realisation of ₹14.23 crore towards premium and ₹1.42 crore as its administrative charges on the allotment of 537.82 acres of government land to TISCO.

CMD, IDCO stated (August 2020) during the Exit Conference that it was difficult to separate the private land from the government land in view of their contiguity (for resumption purposes as the land co-existed).

The contention was untenable as there was a clear sanction of 537.82 acres of government land which should have been taken back by IDCO in terms of the sanction letter and after the cancellation of MoU in 2003 land should have been allotted afresh for SEZ and DTA projects at prevailing rates to safeguard revenues.

Non-monitoring of payment of Ground Rent and Cess

5.7.5 (i) IDCO had been executing lease deeds for 99 years with GoO for alienation of government land and acquisition of private land. As per the terms of the deeds, IDCO is liable to pay in advance the Ground Rent (GR) at the rate of one *per cent* and Cess at the rate of 0.75 *per cent* per annum on the land premium to the GoO on the second day of January each year. IDCO, in turn made similar stipulations for recovery of GR and Cess in the lease deeds executed with the industries. Audit observed that:

- As of March 2019, GR and Cess worth ₹18.52 crore was outstanding against allotment of 58,773.91 acres of land due to default in payment by 139 allottee industries. The defaulted GR and Cess amount was also not deposited by IDCO with GoO. The reason for such lapses was lack of monitoring by IDCO in identifying/short listing the defaulting industries in time as it did not maintain the data base towards the annual payment of GR and Cess by the industries.

- Further in case of private land GR and Cess were chargeable by GoO only after correction of RoRs. IDCO did not pursue the correction of RoRs in case of private land of 44,932.29 acres. This resulted in loss to the State exchequer amounting to ₹33.16 crore *per annum* since April 2019 (calculated at the rate of one *per cent* GR and 0.75 *per cent* cess on the minimum value of land as notified under IPR 2015).

IDCO stated (August 2020) that steps were being taken to collect the GR and Cess and this process had now been included into ERP through a separate module. However, IDCO caused a loss to Government exchequer. Steps must be taken to prevent such loss by correction of RoRs on priority.

5.7.5 (ii) IPR 2015 stipulated the concessional rates of government land for alienation and transfer to IDCO and to levy GR and Cess on the land value specified therein. R&DM Department, however, continued charging the GR and Cess on the market value of land instead of the value stipulated in the IPR. Further, R&DM Department stated (September 2017) that cases where IDCO had made payment of annual GR and Cess on the market value of the land, the amount collected in excess shall be treated as advance payment of annual GR and Cess for the succeeding years. Audit observed that:

- Six allottees to whom 1,068.29 acres of government land was allotted after the notification of IPR 2015, paid excess amount towards GR and Cess on the market value of land. In the process, audit observed that R&DM Department charged GR of ₹0.87 crore and Cess of ₹0.66 crore (total ₹1.53 crore) at market value of land instead of GR of ₹0.14 crore and Cess of ₹0.11 crore (total ₹0.25 crore) at the concessional IPR rate. As a result, the allottees paid an excess amount of ₹1.28 crore towards GR and Cess. Also, IDCO had not yet (January 2020) approached the R&DM Department for revision/rectification of the lease deeds. Inaction of both R&DM Department and IDCO in this regard is a disincentive to the promoters. IDCO accepted the audit observation and stated (August 2020) that they had approached GoO for revision of lease deeds. However, for now it has been done in respect of allotment of only 118.55 acres of Government land.

Collection of excess administrative charges on allotment of land

5.7.6 Considering the responsibilities like identification of land and preparation of land plan *etc.*, GoO allowed (July 2002) IDCO to charge 10 *per cent* of land cost) only as administrative charges. Audit test checked the allotment of 4,975.26 acres land during 2014-15 to 2018-19 and observed that IDCO collected administrative charges at the rate of 10 *per cent* on the total cost of the land which included statutory dues like GR, Cess and incidental charges resulting in excess collection of ₹5.37 crore which was a disincentive to the entrepreneurs.

Government accepted the observation during Exit Conference and advised IDCO for necessary action accordingly.

Blockage of funds due to delay in utilisation of the acquired land at four locations

5.7.7 Successive IPRs made IDCO responsible for acquisition of land to develop IEs and IAs with enabling infrastructure for their onward allotment to the entrepreneurs. IDCO was asked to undertake comprehensive land zoning plan for development of IEs and IAs along with comprehensive land management regulations.

Between March 1999 and March 2015, IDCO had initiated proposals to acquire 1,432.57 acres of land by paying ₹31.32 crore including ₹2.06 crore towards GR and Cess to develop IEs/IAs at four locations[55] in the State. Out of 1,432.57 acres, only 324.27 acres were acquired but this also remained unutilized for periods ranging from 4 to 21 years. It was observed in audit that IDCO failed in discharging its primary responsibility for identification of suitable land and consequent non-acquisition in case of Remuna, despite payment of ₹20.69 crore and non-utilisation of acquired land in Dhamnagar, Bisiapada and Panchpada.

In case of Remuna, IDCO failed to implement its own decision taken in October 2016 to pay the enhanced premium demanded by the revenue authorities till date, resulting in non-acquisition of the land.

Possession of the acquired land at Dhamnagar could not be taken as the boundary wall could not be constructed due to encroachment and public resistance. In case of Panchpada, the land was unsuitable due to encroachment and the intervening railway line and state highway. Similarly, in case of Bisiapada, the land had been encroached by local people. In all these three

[55] Bisiapada, Panchpada, Dhamnagar, Remuna.

cases, the unsuitability could have been discovered through a diligent process of identification.

IDCO accepted the observation and stated (August 2020) that 59.62 out of 217.71 acres of land in Dhamnagar had already been allotted to M/s IOCL. In other cases, the matter was under process with GoO at different levels. Hence, the above cases were affected by absence of due diligence by IDCO in discharging its primary responsibility of identification of suitable land which resulted in delay in acquisition as well as non-utilisation of acquired land.

Recommendation 2: *IDCO must put in place an effective mechanism for timely identification and acquisition of suitable land for IEs and IAs, through diligent survey in terms of hassle free possession as well as ensure compliance with relevant laws relating to land acquisition.*

5.8 Development and maintenance of IEs/IAs

Development of IEs/IAs by IDCO

5.8.1 OIIDC Act, 1980 entrusted IDCO with the function to establish and manage IEs/IAs at places notified by GoO. IDCO was primarily responsible for identification of land, preparation of land plan and for expediting the land acquisition process till handing over of possession in the areas notified by the State Government to the industrial entrepreneurs.

For development and maintenance of IAs/IEs, IDCO was authorised under the Act to recover the development cost from the allottees towards creation of infrastructural facilities *viz.,* roads, drains, water and electricity, waste management system and earmarked area for green belt in the IEs/IAs. IDCO also collected administrative charges at the rate of 10 *per cent* of land value as a component of land cost.

As of March 2019, there were 116 IEs/IAs with a total area of 24,084.27 acres under the management and control of IDCO. The percentage of utilization of area in the IEs/IAs varied from 0 to 100 *per cent* as depicted in the table below.

Table 5.2: Utilisation of area in the IEs/IAs

No. of IEs/IAs	Total Area (in acres)	Allotted Area (in acres)	Percentage of area allotted
14	313.48	Nil	0
25	2,772.47	220.50	up to 25
17	1,425.47	589.28	25 to 50
38	16,608.96	11,421.04	50 to 75
22	2,963.90	2,418.27	above 75
116	**24,084.28**	**14,649.09**	**~ 61**

(Source: Records of IDCO)

Only 61 *per cent* of the total area had been allotted leaving 39 *per cent* unutilised till date (August 2020). Out of 116 IAs/IEs, no allotment had been made in 14 IAs/IEs with available area of 313.48 acres.

In this backdrop the reasons of non-utilisation of area were analysed by Audit in the five selected divisions as below:

- As of March 2019, IDCO had allotted 44.92 out of 50.47 acres of land at Kholadwar IE without notification of the same as IE and without any action plan for providing infrastructural facilities.

  IDCO stated (August 2020) that they had requested GoO (December 2019) to notify 50.47 acres of land as IE at Kholadwar.

- IDCO did not have any uniform development plan to decide the percentage of land to be earmarked for provisioning of the aforesaid infrastructural facilities which resulted in lack of uniformity in availability of such facilities. Land available for such facilities varied from 14.34 *per cent* (11.650 out of 81.25 acres in Bamani IE) to 37.37 *per cent* (4.66 out of 12.47 acres in Kapileswarpur IE) in four IEs[56] while there was no plan for such facilities in the case of seven IEs[57] with 411.81 acres of land.

  While accepting the facts, IDCO stated (August 2020) that preparation of uniform development plan was under process.

- In five IEs[58], with a total area of 202.54 acres of land, no allotment could be made as they were unsuitable for industrialisation due to encroachments, presence of overhead electrical lines, non-contiguous land parcels, RoR problems, *etc*.

  IDCO stated (August 2020) that allotments were not made in absence of receipt of proposals. The contention was not acceptable as IDCO was primarily responsible for identification of land and preparation of land plan, *etc*.

- There was under-valuation of developmental costs worth ₹1.30 crore at Kapileswarpur IE due to consideration of total land instead of allottable land as was done for other IEs while calculating land rate[59]. Similarly, IDCO did not revise the land rate of Sainkula IE to recover the additional cost of ₹1.59 crore incurred for construction of boundary wall at the site.

  IDCO stated (August 2020) that action was being taken for recovery of the differential dues.

- The Industries Department constituted Industrial Infrastructure Development Fund (IIDF) under IPR 2015, with an initial corpus of ₹100 crore to assist timely implementation of external infrastructure like road, power, water and waste management for industries. IDCO had so far availed ₹38.24 crore against project proposals worth ₹86.50 crore relating

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56 Kapileshwarpur, Auto Nagar, Ambapua and Bamani IEs.

57 Balarampur, Bitargarh, Bileipada, Rengali, Sainkula,Kholadwar and Kamakyanagar.

58 Ambapua- 4.97 acres, Kamakhynagar- 5.00 acres, Bhitargarh- 118.70 acres, Bileipada- 52.70 acres and Rengali- 21.17 acres.

59 (Land premium + development cost) / allottable area, where allottable area means total area – area earmarked for different infrastructural facilities.

to the period 2017-18 for development of external infrastructure at seven IEs/IAs. The balance amount of ₹48.26 crore was not released by Industries Department as IDCO had submitted the Utilisation Certificates for ₹23.80 crore only. Hence, IDCO failed to provide required infrastructure for which funds were available.

IDCO accepted the audit observation and stated (August 2020) that they would endeavour to complete all the projects at the earliest with better planning.

Recommendation 3: *IDCO should exercise due diligence for identification of suitable land for industrial use and ensure its timely notification by the GoO as IAs/IEs. Appropriate development plan should also be prepared and implemented for required infrastructure development which is a critical prerequisite to help allottees set up units and for timely development of*

Water supply arrangement at IAs/IEs

5.8.2 The Odisha Irrigation Rules 1961 (as amended in 2010) stipulated that industries would lift water from the Government sources after execution of agreement with Department of Water Resources (DoWR). Drawing of water without agreement was liable to penal water charges at six times the normal rate. IDCO was drawing water from Government sources for supply to only three[60] out of 116 IEs against recovery of water charges from the allottees. In another 18 IEs, IDCO arranged water supply by making own arrangements. In the remaining 95 IEs, the allottees had their own arrangement by tapping ground water for which IDCO did not have any information and control. In absence of agreement by IDCO, those industries were unauthorisedly using the ground water without paying water charges. IDCO failed to act upon the GoO direction (June 2015) to seal such unauthorised sources of use of ground water and to execute agreement with DoWR.

Lack of monitoring un-authorised utilisation of water resources in IAs/IEs also led to failure on the part of IDCO to submit data required by GoO for monitoring of depletion of ground water by them with the objective of drawing a sectoral status of ground water utilisation in the State.

The following deficiencies were also noticed regarding use of water in IEs where IDCO executed agreements:

- IDCO unauthorisedly supplied (April 2015 to August 2015) water from Government sources to industries in Kalinganagar industrial complex without executing agreement with DoWR. DoWR, thus, claimed penal water charges worth ₹6.57 crore from IDCO for unauthorised use of water for that period. IDCO, however, did not pay the penal dues till September 2019 for which they had received (October 2019) the increased demand of ₹21.56 crore including interest.

60 Kalinga Nagar Industrial Complex (KNIC), Kalunga and Khordha.

- The supply of water by IDCO to IEs[61] in Khurda was governed by a bulk water supply agreement under PPP mode from October 2018. Under the agreement, IDCO was committed to draw 13.19 Million Litres per Day (MLD) volume of water and to pay for the same at the approved rate even if the actual drawl fell short. Audit observed that IDCO could draw only 5 MLD water during the period from October 2018 to June 2020. This created a liability for IDCO to pay ₹13.88 crore for the entire agreed quantity of 13.19 MLD. The reasons for not being able to draw projected water was due to lack of allotment of land by IDCO to potential allottees as envisaged at Sea Food Park, Deras and Infovalley projects. The basis of projection of 13.19 MLD was also not clear in audit.

  IDCO replied (August 2020) that lack of clarity on the issue of deposit of Water Conservation Fund (WCF) did not materialize and impacted the execution of appropriate agreement with DoWR and payment for lifting of water. The reply was not relevant as the WCF was passed by a resolution of DoWR in November 2015 only and the observation pertained to the period before 2015. Also, IDCO stated that the monitoring arrangement was being put into ERP through a specific module. The fact, however, remained that IDCO despite being a Government body did not comply with the relevant statute regarding use of a scarce resource like ground water

Irregularities in allotment of land in the IEs/IAs

5.8.3 Industries Department notified 10 IEs/IAs under Section 14 (ii) of the OIIDC Act during 2014-15 to 2018-19 with 636.66 acres of allottable land, out of which IDCO had allotted 197.73 acres of land to 14 industrial units. Secondly, without required notification, 62.16 acres of land were allotted to 18 units in Kholadwar and Sea Food Park, Deras having 139.25 acres of allottable land, with provisional valuation. Audit noted that IDCO failed to comply with the stipulation of allotment as decided by the Board (March 2017) for collection of differential land value in case of subsequent fixation of a higher value after notification of the said land as Industrial Estates. This resulted in short recovery as below:

Table 5.3: Short realization of land value

(₹ in crore)

Sl. No.	Name of the industrial unit	Area allotted (in acre)	Land value as per Board decision	Land value collected	Short recovery
Kholadwar					
1	Kalinga Bio Fortichem	0.48	0.21	0.15	0.06
2	Sobha Industries	1.00	0.43	0.30	0.13
3	ITC	26.00	11.24	7.80	3.44
	ITC	4.00	2.59	1.80	0.79
4	Calsen Private Limited	1.00	0.43	0.30	0.13
	Total	**32.48**	14.90	10.35	**4.55**
Ramdaspur					
1	Jay Bharat Spices Private Limited	14.00	3.50	1.19	2.31

[61] Infovalley; Sea Food Park, Deras; and Khurda, IE.

Sl. No.	Name of the industrial unit	Area allotted (in acre)	Land value as per Board decision	Land value collected	Short recovery
2	Precasters India Limited	12.08	3.02	1.03	1.99
3	M.K Plast Private Limited	3.00	0.75	0.45	0.30
	Total	**29.08**	7.27	2.67	**4.60**
Jaymangal					
1	M/s Suguna Foods	3.00	1.34	1.20	0.14
2	M/s Malani Foams	18.20	8.11	7.28	0.83
	Total	**21.20**	9.45	8.48	**0.97**
Sea Food Park					
1	Sabri foods	4.10	2.87	2.46	0.41
2	Coastal Corporation	4.28	3.00	2.57	0.43
	Total	**8.38**	5.87	5.03	**0.84**
	Grand Total	**91.14**			**10.96**

(Source: Records of IDCO)

Audit analysed the allotment of the above land and observed the following:

- IDCO allotted 32.48 acres of land to four units in Kholadwara IE at the rate of ₹30 lakh per acre during the period 2015-16 without approval of Price Fixation Committee (PFC)/Board[62]. The allotment orders stipulated that the land cost was provisional which would be revised on receipt of instructions of Government/IDCO Board and the differential cost, if any, would be recovered. Though BoD approved the land rate in its meeting held in August 2016 at ₹43.22 lakh per acre, IDCO did not demand the differential cost of ₹4.55 crore from the four units.

  IDCO stated (August 2020) that the land rate was so fixed with prospective effect and hence not applicable to the units. The contention was not acceptable as the allotment order specifically stipulated that land cost was provisional subject to revision on receipt of instruction from GoO and IDCO Board.

- IDCO allotted 29.08 acres of land at Ramdaspur IE to three industries[63] prior to its notification (August 2018) at the bare land rate of ₹8.50 lakh per acre with the condition to recover the differential land rate in case the area was developed into an IE. Board approved the land rate at ₹25 lakh per acre and allotted 30 acres of land to 15 units. But IDCO did not collect the differential land value of ₹4.60 crore from those three units.

  IDCO stated (August 2020) that recovery was not made in case of the cited units as they were allotted before revision of the land cost. The reply was not acceptable as it was decided (10 March 2017) by the Board to recover the differential land cost if it was revised in the future.

- The land rate of Jayamangal IE was neither fixed by PFC nor approved by the Board till date (December 2019). IDCO allotted 3 acres of land to M/s

[62] As per the Land Regulations, 2016 IDCO determined the land premium approved by the Board through the Premium/Price Fixation Committee constituted by the Corporation.
[63] Jay Bharat Spices, Precasters India Limited and M.K Plast Private Limited.

Suguna Foods and 18.20 acres to M/s Malani Foams at the rate of ₹40 lakh per acre without considering its own administrative charges of 10 *per cent i.e.*, ₹0.97 crore resulting in short recovery of land cost to that extent.

IDCO stated (August 2020) that the land value was fixed by the Board at ₹40 lakh per acre. The reply was not relevant as it was silent regarding non-realisation of administrative charges.

- IDCO approved (August 2016) the land cost of ₹70 lakh per acre for the Sea Food Park, Deras with an early bird discount (EBD) price of ₹60 lakh per acre up to March 2019, with the approval of the Board. It was further observed that the Board on 27 March 2019 did not approve the extension of the early bird discount beyond 31 March 2019. IDCO, however, allotted (May 2019) 4.10 acres of land to M/s Sabri Food Products and 4.28 acres of land (June 2019) to M/s Coastal Corporation at EBD price of ₹60 lakh per acre resulting in short realisation of ₹ 83.80 lakh.

  IDCO stated (August 2020) that early bird discount was allowed to the above parties as the demand letters were issued to them before 31 March 2019 although allotments were made later. The reply was not acceptable as it was decided in the Land Allotment Committee (LAC) meeting on 23 December 2016 that all allotments should be made at the rate prevailing on the date of allotment and not on the date of issue of demand letter.

Effectiveness of LAC as part of single window clearance

5.8.4 IDCO constituted the Land Allotment Committee, as a part of single window clearance mechanism, to be convened on 15th of every month to deal with recommendations from Single Window Clearance Authority and issue of allotment letters to allottees within eight days.

It was, however, observed that the same was not followed as only 23 (50 *per cent)* meetings were held by March 2019 out of 46 stipulated meetings. During the period 2014-19, IDCO issued allotment letters to 164 industries after a gap of 53 to 2401 days (more than six years) from the recommendations of SWCAs. The main reason for such delays was non-conducting of regular LAC meetings.

While accepting the fact, IDCO stated (August 2020) that steps were being taken to convene the LAC meetings regularly for allotment of land in favour of industrial units. Odisha ranked lowest in the Ease of Doing Business (EoDB) for the year 2019. Hence, it is incumbent on IDCO to ensure that the LAC mechanism and its collaboration with SWCA proceeds as envisaged to give boost to the provision of critical inputs for industrial infrastructure. There has been deterioration in Odisha's EoDB rank as it slipped from 7th in 2015 to 29th in 2019 EoDB ranking.

Allotment of land at concessional rates to industries under negative list

5.8.5 The IPRs specified categories of units under negative list which were neither eligible for fiscal incentives such as interest subsidies, exemption of stamp duties, *etc*. nor for allotment of land at concessional rates in the State, but were eligible for investment facilitation and allotment of land under normal rules at benchmark value (BMV)[64]/ market rate. Further, as per the Master Circular issued in July 2016 regarding allotment of land, IDCO could charge 15 *per cent* above the industrial land rate for allotment of land to the units coming under negative list under the IPRs.

Audit observed that IDCO allotted 26.87 acres of land at its 9 IEs at the prevailing land rates to 14 out of 100 industrial units coming under the negative list **(*Annexure-9*)** of IPRs without obtaining the BMV of the land from the respective sub-registrars. This resulted in short realisation of land cost worth ₹13.34 crore in the above allotments.

IDCO accepted the audit observation and stated (August 2020) that steps were being taken for realisation of dues as per BMV.

Post Allotment proposals of land at IEs/ IAs

5.8.6 IDCO was carrying out post allotment proposals at its IEs/IAs based on provisions of the Master Circular and the decisions/guidelines of its Board issued from time to time. The post allotment proposals included transfer of lease hold property from the original allottee and change of activities for which original allotment was made. IDCO, during 2014-19, approved 150 post allotment proposals relating to transfer of lease hold properties and change of activities involving 107.62 acres of land in seven divisions[65].

In this regard, Audit observed the following:

i. ***Transfer of mis-utilised/un-utilised land***

As per the provisions of allotment letters, IDCO had the right to resume back the leased land if the same was not used for the purpose for which it was leased out. Similarly, Land Regulations, 2016 empowered IDCO to permit the allottee to transfer his land, provided the land was un-utilised or utilized for unauthorised purpose. Audit noticed that IDCO allowed (2014-19) transfer of lease hold properties of 36 units with 39.81 acres of land which were either lying un-utilised or being mis-utilised by the units for purposes other than for which allotments were made, against normal transfer fees of ₹2.57 crore. IDCO did not resume the aforesaid land for carrying out fresh allotment at the prevailing price, which resulted in short recovery of ₹23.06 crore.

IDCO stated (August 2020) that transfer of land was done as per terms and conditions envisaged in Regulation 2016 and Master Circular. The reply was not acceptable as the Regulation 2016 vide Clause 19 allows transfer of land subject to the condition that such land was not lying vacant and there was no violation of terms and conditions of the lease agreement with the Corporation by the allottee.

[64] Benchmark value is the market driven price of land determined by GoO.
[65] Angul, Jajpur, Sambalpur, Cuttack, Berhampur, MSME-I and MSME-II.

ii. ***Transfer of land/change of activity at pre-revised land rate***

Board of Directors of IDCO fixed (September 2014) rates of transfer fees as percentage (5 to 15 *per cent*) on prevailing land value depending upon the period of utilisation of land which would be increased by 1.5 times for change of activity *i.e.*, from industrial to social infrastructure like hospitals and health services and by 2.5 times for change of activity *i.e.*, hotels, multiplex, *etc*. under Bhubaneswar Municipal Corporation area.

Audit observed that IDCO approved (August 2015) the mutual transfer of leasehold interest of 0.39 acre of land of M/s Vignesh Chemtech Private Limited in favour of M/s Kasi Equipments at Chandaka IE with change of activity from industrial to multiplex. IDCO also approved change of activity from industrial to super specialty hospital at Mancheswar IE for 3.30 acres in favour of M/s Ipitex International Private Limited. In both the cases, transfer of land was allowed at pre-revised land rate of ₹0.75 crore instead of prevailing rate of ₹1.25 crore. Thus, there was short realisation of transfer fees worth ₹4.14 crore due to non-application of the prevailing land rate as above in violation to the directions of the Board.

IDCO stated (August 2020) that the transfer fee was calculated on land cost prevailing at the time of application. The reply was not acceptable as the relevant Board Resolution (September 2014) did not specify the prevailing rate to be the rate prevailing on the time of application. IDCO was also collecting such fees as per rate prevailing on the date of allotment rather than date of application in other cases. Further, mere application does not create any obligation on either party. Hence, the date of allotment should have been considered with reference to prevailing rate at the time of allotment.

Excess collection of GR and Cess from the allottees at IEs/IAs

5.8.7 In terms of the lease deed executed by IDCO with GoO, IDCO was liable to pay Ground Rent and Cess at the rate of 1 *per cent* and 0.75 *per cent* of the land premium respectively. In compliance with instructions (September 1996) of Industries Department, IDCO was paying GR and Cess to GoO on the land premium only *i.e.*, land value excluding the development cost. The resolution of Board dated 17 May 2016 also approved charging GR and Cess on the land value excluding developmental cost.

Audit test checked 36 IEs in five selected divisions and found that IDCO had allotted 313.69 acres of land during the period covered under audit and collected ₹2.62 crore towards GR and Cess by charging on land value including development cost. However, IDCO paid ₹0.32 crore as per demand raised by the GoO which was charged on land premium only resulting in excess collection of GR and Cess of ₹2.30 crore from the allottees which was a disincentive for them.

While accepting the observation, IDCO stated (August 2020) that necessary action would be taken.

Allotment of land to Educational Institutions for promotion of social infrastructure

5.8.8 IDCO, in its 61st BoD meeting held on 04 December 2003 approved guidelines to create separate institutional zones (20 *per cent* of the saleable land) at its IEs/IAs to accommodate educational, professional institutions *etc*. and to allot the land at 1.5 times of the prevailing land rate applicable for industrial use. The IPR 2015 had also recommended (August 2015) for promotion of high quality social infrastructure to sustain industrial development in the State and directed IDCO to issue separate notifications on the rates for allotment of land to select category of social infrastructures like educational and medical institutions. Clause 15 (3) of the Land Regulations 2016 notified by IDCO stipulated that while allotting land for social infrastructure projects, market demand price was to be considered with other overhead charges for determining the land premium. Audit observed that:

i. IDCO allotted 106.13 acres of land before notification of Land Regulations, 2016 *i.e.*, February 2017 at rate applicable to industries instead of enhanced rate (1.5 times) in violation of the aforesaid decision of the Board, to four educational institutions at two IEs for the social infrastructure projects resulting in short recovery of ₹2.77crore[66].

   IDCO stated (August 2020) that land has been allotted considering the rates on the basis of IPR and OIIDC Act. This was not acceptable in view of the specific decision taken by the Board in this regard as quoted above. In case of St. Siridi Sai Educational Society, IDCO stated that the allotment was made on back to back basis on the basis of Government order. This was not acceptable as the Government order for allotment of land did not specify the price to be collected which should have been collected as per Board resolution.

ii. IDCO allotted 65.21 acres of land to six institutions[67] at three IEs after notification of the Land Regulations, 2016 at the rate which was 1.5 times of the existing rate for IEs instead of determining the land rate by considering the BMV as stipulated in the Regulations. This resulted in short recovery of ₹15.52 crore.

   IDCO stated (August 2020) that application of BMV would contradict the principle of allotment of land on lease basis. This was not acceptable as IDCO leases out land to industries at IPR rate or at BMV/market rate as prescribed under clause 16 (3) of IPR 2015 and clause 15 (3) of Land Regulation 2016. Secondly, in terms of IDCO office order dated 15 May

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66 Birla Institute of Management Technology-29.40 acres (₹1.03 crore), International Management Institute-15.84 acres (₹0.55 crore), International Institute of Information Technology-23.24 acres (₹0.81 crore) and St. Siridi Sai Educational Society-37.65 acres (₹0.38 crore).

67 Centurion University of Technology and Management-13.35 acres, Asian Institute of Public Health-20.00 acres, CIPET-15.00 acres, Swosti Institute of Management and Social Science-2.00 acres, Cohen International-10.00 acres and St. Siridi Sai Educational Institute-4.86 acres.

2017, the units not eligible for land at concessional rate were liable to pay land cost at BMV/market rate during the time of allotment.

iii. Besides, IDCO had allotted the entire land at Ramchandrapur IA to Centurion University of Technology and Management (CUTM) in violation of the Board's decision to allot land up to 20 *per cent* of the saleable land for the social infrastructure projects in an IE/IA.

It was evident from above that IDCO allotted land to the above educational institutions at lower rates resulting in short realization of ₹18.29 crore.

Non-review of the project implementation activities of the allottees at IEs/IAs

5.8.9 Section 34 of the OIIDC Act, 1980 stipulated provisions for acquisition of un-utilised surplus land at IAs and allotment to other industries. IDCO provisionally allotted land/plots to the industries at IEs/IAs with the condition to start civil construction and commercial production within six months and three years respectively from the date of possession, failing which the land/plot would be reverted to IDCO free from all encumbrances.

As per the said provisions, Board shall carry out six monthly reviews to ascertain that the plot allotted in an IA was utilised for the industrial purpose so that any un-utilised area could be utilised for any other purpose under this Act.

In this context, the Board (25 September 2014) directed all the divisional heads of IDCO to strictly monitor utilisation and mis-utilisation of land and take immediate action as per rules and decided to impose penalty at double the normal transfer fee or differential land premium whichever was higher, for transfer of land to third parties without prior consent of IDCO.

However, no such monitoring was done by the Divisional Managers during the period 2014-15 to 2018-19. Consequently, Board was also not informed regarding utilisation of allotted land. It was revealed only in 2019-20, when IDCO conducted physical verification, that 1,128.99 acres of land allotted to 1,267 units remained un-utilised as the units were either closed or not working.

In this connection audit observed the following deficiencies:

- As IDCO did not carry out periodical physical verification, it had no data base to determine the periods for which such land parcels were kept unutilized or were being mis-utilised. Considering the prevailing land rate, the present land value of 1,128.99 acres of un-utilised land at the 47 IEs/IAs was arrived at ₹517.32 crore.

- Such non-review of land utilisation status also resulted in non-recovery of Infrastructure Maintenance Charges (IMC) worth ₹2.65 crore from 319 allottees as of March 2019. From the only physical verification report conducted during May 2019 to September 2019, it was noticed that 98 out of 319 units were either not working or closed against whom IMC worth ₹1.72 crore was outstanding.

- IDCO failed to recover penalty of ₹17.14 crore in compliance with the decision (September 2014) of the Board from 10 industrial units at Mancheswar and Chandaka IEs which had sublet their 11.84 acres of land to third parties without prior consent of IDCO.

Hence, failure of the Divisional Managers to conduct periodical review of the utilisation of allotted land as per the Act not only affected the finances of IDCO adversely but also deprived it of the ability to plan for better and rightful utilization of land and infrastructure in the interest of industrial promotion.

IDCO stated (Aug 2020) that divisional heads were strictly monitoring such cases of non-utilisation/mis-utilisation of land. On the above mentioned issues being pointed out during Exit Conference, GoO, while accepting the observations, stated that necessary action would be taken.

Development of industrial parks under Government of India schemes

5.9 Successive IPRs entrusted specific responsibility to IDCO to develop industrial parks, both general and sector specific, through adequate provisioning of land and allied infrastructure. IDCO executed various schemes of GoI on its own or by forming Joint Ventures (JV)/Special Purpose Vehicles (SPV) for development of industrial parks. The projects were sanctioned under GoI scheme based on the project proposal submitted by IDCO. During the period from 2014-19, IDCO was in the process of developing five projects sanctioned by GoI. An analysis of five such projects which were under different stages of development revealed the following:

Development of Aluminium Park at Angul

5.9.1 Government of India sanctioned (March 2015) a project for development of Aluminium Park at Angul to be constructed on 454 acres of land at a cost of ₹184.69 crore. The project was sanctioned under Modified Industrial Infrastructure Upgradation Scheme (MIIUS) under which GoI contribution was limited to 50 *per cent* of the project cost subject to a ceiling of ₹50 crore. The project cost was revised (August 2015) to ₹99.60 crore in 223 acres to be developed within two years under Phase-I. The project cost mainly included infrastructure development of land acquired by IDCO. The project was sanctioned for development of downstream Aluminium industries in the project area by supply of molten metal from NALCO[68]. IDCO formed (July 2010) a JV[69] Company with NALCO for execution of the project. As of March 2019, the JV Company received ₹42.07 crore (GoO-₹32.04 crore and GoI-₹10.03 crore) as grant and ₹33.11 crore (IDCO-₹16.89 crore and NALCO- ₹16.22 crore) as equity. In this regard, Audit observed that:

[68] National Aluminium Company Limited.
[69] Angul Aluminium Park Limited.

- Construction of an approach road by the JV Company was stopped by NALCO before its completion as it was planned for construction partly on land belonging to NALCO. This led to increase in project cost due to wasteful expenditure of ₹2.56 crore already incurred on such construction.

- The JV Company, which should have developed the project within two years from the date of approval (August 2015), could spend only ₹10.67 crore (10.71 *per cent* of the project cost) towards construction of internal road, external approach road and electrical infrastructure *etc*. out of the funds received, even though 51 months had elapsed from the date of approval. It also did not develop basic infrastructure like approach roads, roads for transportation of molten metal, power and water supply. This led to non-payment of dues amounting to ₹44.13 crore by the allottees who insisted that infrastructure be completed for them to set up their units.

- IDCO, without ensuring the availability of required 3.29 lakh MTPA of molten metal, had gone ahead with developmental activities though NALCO only committed for supplying 0.50 lakh MTPA.

- Government of India decided (June 2018) to close the project in view of the dismal progress of the work and instructed (November 2018) IDCO to refund ₹9.88 crore along with interest to GoI. IDCO requested (January 2020) GoI for reconsideration of the above decision where upon GoI set the deadline as July 2020 for completion of the project. Audit noted that IDCO had set its internal target for completion of all works as December 2020.

The above, along with utilisation of only 14 *per cent* of available funds, indicated lack of project planning on the part of IDCO for better implementation of the project which envisaged direct employment of 2,500 and indirect employment of 5,000 in the promoted industries.

While accepting the above observations on inefficient and ineffective project implementation during the Exit Conference, GoO stated that necessary action would be taken by IDCO for implementation of the project.

Development of Sea Food Park at Deras

5.9.2 Government of India sanctioned (November 2015) establishment of a Sea Food Park at Deras under Mega Food Park Scheme. The project was to be developed over an area of 152.78 acres at a total cost of ₹125.42 crore within 30 months from the date of sanction/approval. The project envisaged construction of one Central Processing Centre (CPC) at Deras and three Primary Processing Centres (PPCs) at Balasore, Jagatsinghpur and Ganjam.

As of October 2019, IDCO had received ₹37.79 crore from GoI as central grant, obtained term loan of ₹24 crore and contributed ₹45.42 crore as promoters' contribution. Out of this, IDCO had spent ₹105.30 crore towards development of the project including the cost of land. In this regard, Audit observed the following:

- The construction of CPC and PPCs were still in progress. As per the scheme guidelines, the completion of the project meant operationalisation of CPC and PPCs, allotment of at least 75 *per cent* of total leasable area and commencement of operations of at least 25 *per cent* of the units. However, it was seen that only 19.42 *per cent* (17.24 out of 88.78 acres of land meant for allotment) of the land could be allotted to five industries even after 19 months from scheduled date of completion. The allottees could not start operations as the basic infrastructure like construction of suitable approach roads had not yet been taken up. The units observed (February 2018) that the existing roads, though widened, were inadequate for regular running of their refrigerated containers.

- IDCO had acquired 199.66 acres of government land for the project in non-municipal area but paid cost of the land applicable for municipal areas which was higher. This resulted in excess payment of ₹6.09 crore. Further, 41.10 acres of land was encroached by the Horticulture Department, the cost of which was absorbed in the land rate. This had also inflated the land cost by ₹0.13 crore per acre which adversely affected the allotments of land in the project area.

- IDCO had called for offer letters from banks to avail term loan for Deras project. Odisha State Co-operative Bank and Allahabad Bank offered loan at the rate of 6.60 *per cent* and 9.70 *per cent* respectively. IDCO availed term loan from Allahabad Bank which was offering a higher rate of interest. This resulted in payment of ₹0.74 crore extra interest *per annum,* thereby further increasing the cost of land.

While accepting the above observations during the Exit Conference, GoO stated that necessary action would be taken by IDCO for implementation of the project.

Development of Plastic Park at Paradeep

5.9.3 IDCO incorporated (June 2013) an SPV *i.e.*, Paradeep Plastic Park Limited (PPPL) for development of a plastic park at Paradeep in compliance with the plastic park scheme of GoI. The project was approved by GoI (October 2013) with a project cost of ₹106.78 crore on 120 acres of land with scheduled completion period of three years. IDCO obtained approval for the project on the basis of its declaration that the land required for the project was immediately available with it without hindrance. During the period from December 2013 to October 2019, PPPL received ₹31.84 crore from GoI as central grant and ₹29.31 crore from IDCO towards equity contribution. In order to make the project viable, GoO released (February/June 2018) grants worth ₹19.99 crore. An additional amount of ₹24.12 crore under IIDF (Industrial Infrastructure Development Fund) scheme of GoO was received (March 2018) by IDCO for construction of approach roads. Expenditure of ₹98.85 crore as of December 2019 had been incurred in the development of this project. In this regard, Audit observed that:

- IDCO awarded (April 2016) the work of development of internal infrastructure of the project after a delay of more than 30 months from the approval due to hindrance from land owners regarding settlement of their claims. This was in contrast to the fact intimated to GoI in July 2013 that land was immediately available. The work was further delayed due to delay in submission of drawings and design by the consultant, delay in decision making by IDCO regarding laying of water supply and sewerage lines, low land with water logging, *etc*. As IDCO failed to provide basic infrastructural facilities at sites like approach road, power and water supply, it could allot only 2.08 acres to one industry in the project.

- External approach road to the project site was incurred from IIDF fund of GoO. However, ₹2.04 crore incurred for the same was included in the land cost of 120 acres, thereby, inflating the per acre land rate of the project.

- Equity contribution for the project were to be borne by the SPV members with IDCO's contribution of ₹7.62 crore. However, due to initial delay in taking up of the project, IDCO was not able to attract the required number of industries for the Park. Therefore, as per the scheme guidelines and commitment as principal promoter, IDCO had to contribute the excess equity of ₹21.69 crore on behalf of SPV members.

While accepting the facts, IDCO stated (August 2020) that consent letters for contribution from GoO and IOCL have already been received and contribution would be sought from prospective entrepreneurs as and when their production starts. Further, during the Exit Conference, GoO stated that necessary action would be taken by IDCO for implementation of the project.

Development of PCPIR at Paradeep

5.9.4 Government of India notified (December 2010) the scheme for setting up of Petroleum, Chemical and Petrochemical Investment Region (PCPIR) at Paradeep. The total investment envisaged for the project was ₹2,77,734 crore to be developed in two phases. The Phase-I of PCPIR required total 22,232 acres out which 13,572 acres of land were under possession by the existing industries. The remaining 8,660 acres of land were to be acquired by IDCO during 2010-20 as per project proposal. Audit observed that:

- As of November 2019, IDCO had acquired only 1,277.88 acres of land for the project by incurring ₹181.89 crore out of its own funds. IDCO also incurred additional ₹16.52 crore towards project development and various professional studies[70]. IDCO, however, could not finalise the master plan specifying the land use for the project as per Policy Guidelines attached to the scheme, even after a delay of nine years from the notification. Such abnormal delay in project implementation was contrary to the facilitation role assigned to IDCO for industrial promotion.

[70] Environmental Impact Analysis (EIA), Environment Management Plan (EMP), preparation of Master Plan and water availability study report.

- Government of Odisha committed to provide ₹200 crore to IDCO for acquisition of land for the project. However, expenditure incurred by IDCO worth ₹181.89 crore is yet to be reimbursed by GoO. IDCO has also never approached GoO for funding after February 2011.

While accepting the above observations during the Exit Conference, GoO stated that necessary action would be taken by IDCO for implementation of the projects.

Development of EMC Park

5.9.5 Government of India approved (September 2016) establishment of an Electronic Manufacturing Cluster (EMC) over an area of 203.37 acres at a cost of ₹200.75 crore (including GoI grant of ₹93.09 crore) to be completed within 19 months. IDCO formed (December 2016) an SPV *i.e.*, Odisha Electronic Park Limited (OEPL) for execution of the project. OEPL received (July 2017) ₹18.62 crore towards GoI grant and ₹21.67 crore from Odisha Computer Application Centre as contribution (April 2017) of SPV partner. Besides, IDCO had also invested (February 2015) ₹5.24 crore as promoter's contribution.

Audit observed that as of September 2019, an amount of ₹21.58 crore (10.75 *per cent*) was spent by IDCO towards infrastructure development for the project. However, the project work could not be started in time due to law and order issues at project sites. Only 7 out of 115.82 acres of available land was allotted to two industries in the project area. As a result, even after 36 months of inception, the project was at a nascent stage.

While accepting the above observation during the Exit Conference, GoO stated that necessary action would be taken by IDCO for implementation of the projects.

As may be observed from the above, non-completion of the GoI projects was mainly attributable to inefficient and ineffective mobilization of resources by IDCO in terms of availability of required land, lack of development of infrastructural facilities on available land, lack of feasibility study for required raw material *etc*. Consequently, such non-completion of the GoI projects impeded the very purpose of establishment of industries and employment generation in the State despite lapse of considerable time and blockage of significant capital. As of December 2019, an amount of ₹434.81 crore spent by IDCO in these schemes remained blocked due to delay in completion of the project. Further, an amount of ₹174.43 crore received by IDCO towards grant for the projects remained un-utilised.

Making available buildings on hire

5.10 IDCO constructed Office-cum-Commercial Complexes (business towers) for renting out for industrial purpose. IDCO rented out space to tenants at the rate per sq.ft. of area by signing agreements and collected water, energy charges and holding tax as per actual from the tenants. Audit observed the following:

Allotment of space at Business Towers on rent

5.10.1 IDCO had three business towers[71] with 4, 98,686 sq.ft. of allottable space out of which 95,934 sq. ft. (19.24 *per cent*) remained (August 2019) vacant for a period ranging from 6 to 75 months. IDCO did not have any mechanism to review the situation and take appropriate measures for utilization of the vacant space. From the rented out space, IDCO had outstanding dues worth ₹11.08 crore from 48 tenants towards rent, energy charges and air conditioning charges. IDCO had not calculated interest on overdue amount as per provision in the agreement due to non-maintenance of proper records. Audit observed that non-collection of dues was mainly on account of improper maintenance of data, non-renewal of agreements in time, dispute with tenants, non-maintenance of lifts, *etc*. The renting of business tower had significant inefficiencies built-in, because of the above mentioned reasons.

IDCO stated (Aug 2020) that observations made by audit were noted and steps would be taken to realise the arrears.

Construction of Business Towers outside Bhubaneswar

5.10.2 As a special drive for business expansion, IDCO proposed (October 2013) to construct office-cum-commercial complexes at Jharsuguda, Dhenkanal, and Balasore. In this regard, Audit observed the following:

- IDCO paid (July 2015) ₹0.72 crore to a consultant for preparation of DPR for the proposed building over an area of 5.58 acres of land at Balasore. However, 2.64 acres of land was occupied by the DIC Office and RoR of 2.94 acres of land was still in the name of M/s Raniganj Tile Factory. Thus, without ascertaining the ownership of land, IDCO had incurred ₹0.72 crore towards preparation of a DPR for construction of the complex at Balasore which was yet to be taken up (August 2020). IDCO awarded (December 2014) the work at Dhenkanal at a cost of ₹26.14 crore to the contractor. Due to RoR problem, location of the work changed which (November 2015) required a change in design due to increase in plinth area by 29 *per cent* and a revised estimate of ₹36.11 crore was framed (March 2017) by IDCO.

  As per terms and conditions with the contractor, payment of the unit cost in excess of 25 *per cent* of the work order quantity would be paid at current schedule of rates instead of the contracted rates. Despite the change in work site and increase in work content, IDCO did not revise the work order with the contractor based on revised estimate. As a result, the contractor was paid at current schedule of rates for the work beyond 25 *per cent* of original quantity instead of beyond 25 *per cent* of the increased quantity. Consequently, payment at a higher rate was made for more work quantity leading to an extra expenditure of ₹2.70 crore out of which an amount of ₹0.58 crore had already been paid to the contractor (June 2019). The work at Jharsuguda was awarded (March 2017) after a

[71] IDCO Tower (G+10), Fortune Tower (G+7) and Tower-2000 (G+6).

delay of more than three years as the tender for the work could not be finalised due to claims of the bidders for Service Tax. After cancellation of tenders for third time (January 2015), tender was invited for fourth time in October 2015 accepting the claim of Service Tax. Hence, the delay was mainly attributable to the lack of clarity on the implication of relevant statute on the tender.

GoO accepted the observations in course of Exit Conference and stated that necessary action would be taken.

Hence IDCO failed to make detailed study of the sites and execute efficient and effective contract management in its bid to provide rented space for industrial promotion outside Bhubaneswar.

Recommendation 4: *Since huge investment is made for providing rented space to the entrepreneurs, IDCO should develop capacity to ensure economy, efficiency and effectiveness in building up such facilities through prudent contract management.*

Financial Management, Internal Control and Monitoring

5.11 IDCO invested its surplus funds as per the guidelines issued by Finance Department, GoO by inviting bids for rates of interest through Expression of Interest (EOI). As of 31 March 2019, IDCO had invested a total sum of ₹816.13 crore as Fixed Deposits (FDs), out of which a sum of ₹55.63 crore was kept as lien against Bank Guarantees (BG). Audit observed the following deficiencies in investment of surplus funds:

i. IDCO had kept huge amounts in sweep deposit accounts instead of term deposits which provided higher interest rate of 6.01 to 9.60 *per cent*. As of March 2018, ₹201.43 crore had been invested in the sweep deposits, out of which, ₹107.86 crore had been kept in two banks (SBI and Indian Bank) from which no transaction was made since December 2013. Such swift deposits earned interest of ₹12.37 crore. IDCO could have earned interest of ₹17.50 crore had the amount been invested in term deposit. Such non-investment in term deposit resulted in loss of interest worth ₹5.13 crore.

ii. It was observed that the banks were providing higher interest rate of 6.25 *per cent* to 9 *per cent* for investment of funds in lower slab (*i.e.*, up to ₹10 crore) against higher slab (*i.e.*, beyond ₹10 crore) yielding interest of 6.01 to 8.81 *per cent*. During the period 2014-19, IDCO invested ₹1,263 crore in lower interest rates as it did not segregate its total investment value in lower slabs. This had resulted in loss of ₹5.15 crore towards interest.

iii. As of March 2019, though IDCO had already returned (December 2013) BGs of ₹2.50 crore, the FDs against the returned BGs were still kept as lien without reinvesting them. This resulted in loss of additional interest of ₹0.57 crore as IDCO earned interest of only ₹2.38 crore against which it could have earned ₹2.95 crore by reinvesting the same in term deposit immediately after the lien was over.

GoO accepted the audit observations and advised IDCO for necessary control mechanism during Exit Conference. In response, IDCO stated that the required monitoring was being built into the ERP under implementation.

iv. The Audit Committee formed (October 2016) by IDCO was non-functional since its inception. As a result, the internal control and financial reporting process could not be overseen by the Committee as required under Corporate Governance Manual (Manual).

v. As per the Manual, all operational areas should come under the purview of Internal Audit. However, it was revealed that the scope of Internal Audit did not include important areas like allotment of land of more than one acre, project implementation activities by the industrial units at IEs/IAs, collection of IMC, GR and Cess from the industries, *etc*. affecting the role of industrial promotion. Consequently, there was no oversight mechanism to ensure that the operational areas were really contributing to the attainment of envisaged role by IDCO. All these had adverse impacts on industrial promotion with loss of associated benefits like employment generation in the State.

GoO accepted the audit observation and assured to take necessary action.

Conclusion

Audit noticed that the pace of implementation of the Land Bank scheme by IDCO was slow which did not fulfil requirement of timely availability of land to entrepreneurs as it could acquire only 62,725 acres of land under the scheme notified to acquire a targeted 1,00,000 acres. IDCO also did not secure the acquired land as 38 *per cent* of category 'A' land acquired was unusable due to encroachment *etc.* and hence could not be allotted to industries for immediate use. Audit noticed that IDCO continued to acquire land for thermal power projects without taking into account their exact requirement and even after these had been completed on the already allotted land, which did not indicate prudent management of a scarce resource. Allotments were also made to ineligible units at concessional rates.

IDCO consistently came up short in making proper development plans for providing infrastructural facilities to IAs/IEs, though funds were available, which was a pre-requisite for the units to set up base. Consequently, in the absence of requisite development plans, IDCO's performance in their core role of providing infrastructural facilities for the establishment of IAs/IEs at different strategic locations was not satisfactory. Absence of basic arrangement of water supply for the allottees in 95 out of 116 IAs/IEs resulted in unauthorized exploitation of ground water in violation of relevant statute.

Government of India schemes for promotion of industrial parks were being implemented without setting timelines for completion of their individual elements and without ensuring their feasibility parameters for availability of required finance, raw materials and infrastructure support. This led to delays in completion with consequential non-achievement of envisaged employment generation.

Absence of effective mechanism for collection of statutory dues like GR and Cess from the allottees resulted in significant outstanding of such charges levied. Loss to state exchequer was estimated at ₹33.16 crore per annum due to non-levy of such charges in respect of private lands as, action to get the Record of Rights corrected was not taken by IDCO.

IDCO needs to institute requisite mechanism to ensure that land allotments take place at the correct rates as audit observed instances of inconsistent and incorrect application of the same.

CHAPTER – VI
Compliance Audit Observations
State PSUs (Non-Power Sector)

CHAPTER-VI

6. Compliance Audit Observations (Non-Power Sector PSUs)

Important audit findings emerging from test check of transactions of the State non-power sector PSUs/corporations are included in this Chapter.

Odisha Mining Corporation Limited

Odisha Mining Corporation Limited (OMC) was incorporated on 16 May 1956 as a joint venture Company of Government of Odisha and Government of India (GoO and GoI) with the objective of harnessing the mineral wealth of the State of Odisha through exploration, extraction as well as value addition. Four years later, following the withdrawal of the GoI from the Company, OMC became a wholly State owned corporation of GoO on 17 November 1961. As of now, it continues to be a wholly owned corporation of the Odisha Government. The major minerals mined by OMC are chrome, iron and manganese ore which cater to the requirement of mineral based industries such as steel, sponge iron, pig iron, ferro-manganese, ferro-chrome, *etc*.

6.1 Unfruitful expenditure

Delayed surrender of non-mineable land resulted in avoidable payment of ₹65.21crore

Operation of mines are carried out while complying with the rules framed by Ministry of Environment, Forest and Climate Change (MoEF&CC), GoI, guidelines issued by GoI/GoO/Pollution Control Board and stipulations by courts.

OMC obtained a lease for a Chromite mine from GoO covering 1,582.833 hectare of land in January 1986. The above area included 617.520 hectare falling under Hadagarh Wildlife Sanctuary and situated within one Kilometre radius from the sanctuary boundary and comprised 141.111 hectare of forestland and 476.409 hectare of non-forest land. The remaining 965.313 hectare constituted 811.035 hectare of non-forest land and 154.278 hectare of forest land but which was not situated in and within one kilometre radius of the sanctuary. Despite obtaining lease, OMC could not commence (February 2019) mining operation due to want of statutory and environmental clearances and the possession of mine was under deemed renewal.

- Hon'ble Supreme Court in their order dated 16 September 2005 stipulated that areas situated in and within one kilometre radius of National Park/Sanctuary would not be permitted for mining operations. Consequently, 617.520 hectare of land was no longer eligible for mining. In terms of Rule 29(1) of Mineral Concession Rule 1960, any part of lease hold area could be surrendered to the State Government if the land was properly surveyed and contiguous. However, OMC did not surrender the land as per the above rule.

- In terms of Forest Conservation Act, 1980 and decision of Hon'ble Supreme Court (October 2002/August 2003), a lessee had to pay Net Present Value (NPV) in respect of forest land proposed for diversion to non-forest purpose. Despite a ban on mining operations on the land by the Hon'ble Supreme Court**,** OMC requested the concerned Divisional Forest Officer in March 2011 to permit exploration work on that land. Subsequently, in response to the claim of DFO, Keonjhar, OMC had paid NPV of ₹74.78 crore on the forest land in April 2015 including NPV of ₹63.03crore[72] on the forest land situated within Hadagarh sanctuary.
- In terms of clause 9A of MMDR Act,1957 a lease holder is required to pay dead rent over the lease area for the period of non-operation of mines. Accordingly, OMC has been paying dead rent to GoO for the lease since 2005-06.

As mining operation was not possible in the area near sanctuary, OMC decided, only in January 2019, to surrender the entire land of 617.520 hectare on the ground that GoO would not allow mining operation as per Hon'ble Supreme Court's decision dated 16 September 2005. The surrender proposal was submitted to GoO in February, 2019. Presently OMC is surveying the lease area for surrender and once the survey is over, mine closure plan will be prepared. It was stated that the present delay in survey was due to the pandemic situation.

Audit observed that OMC's decision not to surrender the entire land of 617.52 hectare as the mining of chrome ore was not possible (per Hon'ble Supreme Court verdict dated 16 September 2005) resulted in avoidable expenditure of ₹63.03 crore towards NPV. Timely surrender would have saved payment of dead rent of ₹2.18 crore for the period from December 2005 to December 2019. Thus delayed decision to surrender non-mineable area of 617.520 hectare leasehold land resulted in avoidable payment of ₹65.21 crore.

Management stated (July 2019) that there was no clear cut order from the Hon'ble Supreme Court and directions from GoI/GoO regarding prohibition of mining activity in and within one kilometre of wildlife sanctuary. Government while endorsing the contention added that the payment of both NPV and dead rent had been made to the Government exchequer only.

The reply was not acceptable as the Supreme Court order was very specific that such mining in and within one kilometre of sanctuary was not allowed. Further, GoO, in its instruction (December 2009), clarified that the use of forest land falling in National Parks/Wildlife Sanctuaries would be permissible only in totally unavoidable circumstances for public interest projects only after obtaining permission from National Board of Wildlife and Supreme Court of India. Since no such permission was obtained, seeking permission from DFO for exploration work in 2011 and consequential payment of NPV were completely unwarranted. While the payment has been made to the State exchequer, OMC as a corporation has its own legal identity and is required to be efficient in its conduct of operations and is responsible for its financial and operational performance.

[72] ₹9.39 lakh per hectare * 134.25 hectare * 5 times.

6.2 *Undue favour*

Extension of undue favour to the contractor on transportation of ore ₹0.73 crore

The production of iron ore includes removal of overburden[73], raising of Run of Mines (ROM)[74] and sizing/crushing/screening of ROM. ROM is crushed into lump ore which is further crushed into Calibrated Lump Ore (CLO)[75]. This process also generates iron ore fines**.** The work is to be carried out through contractors. The produced ore are transported by contractors to stockyard situated in the Mine. Contractors are deployed through tender process and rates for production and transportation are finalised on per metric ton basis. As the mining operations involved deployment of labour, machineries, vehicles, agreement with contractors envisages escalation on account of wages, diesel and spares over the rates finalised in the tender. In the production of iron ore, explosives are used during drilling and blasting of surface. The cost of explosives used in the production of iron ore is to be reimbursed to the contractor.

In terms of Clause 12 of the agreement, escalation would be given in the prescribed formula which attached different weights to different components of cost as a percentage of their composition in the awarded rate. For example explosive was considered to be constituting five *per cent* of the awarded rate. Escalation was to be computed considering the wholesale price index of the office of the Economic Advisor[76] published every month.

OMC invited tender in May 2017 for production of 20 lakh MT of iron ore in the first year and 30 lakh MT from subsequent years at Gandhamardan Block-B iron ore mines for a period of five years from the date of execution of agreement. The tender also envisaged transportation of produced ore to the stockyard of the mines. The tender invited different price bids for production and for transportation of iron ore. Based on the evaluation of tender, an agreement with a contractor[77] was signed on 31 October 2017.

As per the agreement, rate of production of CLO was awarded at ₹394 per MT and for the fine at ₹315.20 per MT. The rate of transportation was awarded at ₹89 per MT which was subject to revision in case of change in strategic location of the stockyard.

Audit observed that as per Clause 12.5 of the agreement, explosives (used for drilling and blasting during production) constituted five *per cent* of total cost which included cost on production and transportation of ore. Consequently, escalation on explosive was claimed by the contractor and paid by OMC both

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73 Rock or soil overlying in mineral deposit.

74 ROM is the immediate excavated material from earth which is predominately ore with certain amount of impurities.

75 Calibrated Lump Ore (CLO) is saleable ore obtained after crushing and processing of ROM.

76 This is an attached office of the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry. Its main functions include compiling and releasing monthly index of core industries production, wholesale price indices *etc*.

77 M/s. Kalinga Commercial Corporation Limited (KCCL).

on production and transportation bills. As explosives were used in production of iron ore, it was required to be paid for production of ore only instead of both production and transportation.

During the period September 2017 to August 2019, the contractor transported 59.09 lakh MT of ore and was paid ₹0.73 crore towards explosives and escalation on it. As explosives did not form part of transportation activity, payment towards explosives resulted in extension of undue benefit of ₹0.73 crore to the contractor.

Management stated (July 2019) that the cost estimates were made for the entire work as a whole considering the raising as well as transportation activity. Therefore, common heads of expenditure which are subject to escalation have been applied for both the contracts. This method/policy has been incorporated in the tender without any mention of raising and transportation of the ore separately.

The reply was not acceptable as the notice inviting tender for the work envisaged separate rate for raising and processing of iron ore and another for transportation of the ore. Moreover, explosive is not a common head of expenditure and was to be used for raising only. By allowing payment towards explosives and its escalation on transportation instead of restricting it to production only, OMC extended undue benefits of ₹0.73 crore to the contractor and incurred an avoidable expenditure to the same extent**.**

IDCOL Kalinga Iron Works Limited

6.3 Loss of revenue

Failure to produce sized Calibrated Lump Ore (CLO) and sale of lump ore resulted in loss of ₹7.56 crore

The IDCOL Kalinga Iron Works Limited (IKIWL) is a unit of the Industrial Development Corporation of Odisha Limited (IDCOL). IKIWL is engaged in the production of iron ore from a captive mine and utilisation in its pig iron[78] plant. The pig iron plant was closed with effect from February 2015 and the entire surplus ores produced from the captive mines were sold in the market.

Production process of iron ore involved excavation of lump ore (5-200 mm size) which was processed in a crusher to reduce it to CLO of 5-18 mm/ 10-30 mm size. CLO of 10-30 mm size were used in the pig iron plant. The process also involved generation of fines (0-5 mm size). IKIWL carried out production work of iron ore through engagement of contractor and sold all types of ore *i.e.*, lump, CLO and fines in the market.

For production of CLO, IDCOL, the holding company of IKIWL, invited tender on 21 August 2014 and issued work order on 29 September 2014 to a contractor[79]. The agreement period was from 01 October 2014 to 07 February

[78] Pig iron is an intermediate product of the iron industry, also known as crude iron, which is obtained by smelting iron ore in a blast furnace.
[79] M/s P K Ores Limited.

2017 with provision for annual extension based on the performance. The tender condition *inter alia* envisaged that:

- The party would extract lump ore and the entire lump ore would be processed to produce CLO. The monthly target for production of CLO (5-18 mm) was fixed at 8,000 MT from December 2014 to March 2015 and 6,350 MT from April 2015 onwards. Similarly, the target for production of CLO (10-30 mm) was fixed at 5,520 MT per month. As there was no demand for 10-30 mm size ore due to closure of plant, the company revised the targets to produce only CLO (5-18 mm) at the rate of 11,870 MT per month from September 2015.

- The contractor has to deploy sufficient and suitable constructional plant, equipment and materials for production (Clause 3.23).

- If the contractor failed to achieve the targeted production, penalty would be imposed on the shortfall quantity at the rate of ₹10 per MT if the failure is attributable to the contractor (Clause 2.8.2).

- In the event of the contractor failing to carry out the work in accordance with contract schedule and failure to deploy sufficient/suitable equipment, IKIWL had the authority to cancel the contract at the risk, responsibility and cost of the contractor (Clause 3.23).

Scrutiny of records revealed that:

- The contractor commenced production from February 2015. Against the targeted quantity of 4,45,330.40 MT of CLO (5-18 mm: 4,17,730.40 MT and 10-30 mm: 27,600.00 MT) during December 2014 to March 2018, the actual production was 2,47,921.30 MT (5-18 mm) only leading to shortfall of 1,97,409.10 MT. This was due to non-processing of 3,08,451.72 MT of lump ore. The Management of IKIWL attributed reasons for non-processing of lump ore to achieve required quantity of CLO, to frequent break down of crusher deployed by the contractor and the time consumed for its repair and maintenance. As a result, required quantity of lump ore could not be fed to crusher for production of CLO.

- As the contractor could not produce CLO, IKIWL in order to generate adequate cash to meet existing pressing liabilities, decided (March 2016) to sell lump ore in the market. During May 2016 to February 2018, IKIWL sold 2,92,704.51 MT of lump ore in the market. As sale from lump ore fetched lower price over CLO, there was under realisation of revenue of ₹7.56 crore. The contractor, however, replaced the old crusher in December 2017 and commenced production of CLO from the crusher from 3 March 2018.

- IKIWL had noticed (September 2015) the poor performance of crusher and non-fulfilment of target for production of CLO by the contractor. A team of officers during their review in January 2016 had recommended for cancelling the contract at the risk and cost of the contractor if targeted production of CLO was not achieved. The contractor, however, could not achieve production target of CLO thereafter. IKIWL, while enforcing the penalty (which had a marginal effect monetarily) did not invoke the contract condition to get the work done at the risk and cost of the contractor or persuade the contractor to replace the crusher at the earliest.

Thus, due to its failure to enforce contract conditions which required the contractor to work at his risk, responsibility and cost, IKIWL could not recoup the loss in production of CLO and instead decided to sell lump ore in the market at a much lower realisation, which resulted in loss of ₹7.56 crore.

Government stated (September 2019) that there was uncertainty in operation of mine as the handing over of the mine to OMC Limited was under inter departmental consultation. The extension to the contractor was accorded as the possibility of getting a new tender was remote.

The reply was not tenable as the required enforceability of contractual terms in the interest of IKIWL cannot be avoided under the pretext of an uncertain future event *i.e.*, handing over of the mine to OMC.

The Agricultural Promotion and Investment Corporation of Odisha Limited

6.4 Loss of revenue

Loss of interest due to imprudent fund management: ₹5.58 Crore

The Agricultural Promotion and Investment Corporation of Odisha Limited (APICOL) was incorporated (March 1996) with the objective of promoting commercial enterprises in agriculture and allied sector. It also acts as a nodal agency of Government of Odisha (GoO) for providing incentives to agro and food processing industries. The incentives are provided in the form of Capital Investment Subsidy (CIS) to the entrepreneurs in agriculture sector for setting up of agri-enterprises besides other incentives under State Agriculture Policy in the form of assistance to construct private lift irrigation points, installation of pump sets, *etc*.

The Agriculture and Farmer' Empowerment Department (A&FED), GoO through Directorate of Agriculture and Food Production (DA&FP) places funds with APICOL for providing subsidy to farmers' under different schemes. The subsidies are to be released by APICOL to the beneficiaries within 30 days from receipt of the subsidy claim documents from the District Agricultural Officer. APICOL parked the funds placed with it in eight savings bank accounts[80] of private banks during 2016-17 to 2018-19 from where subsidies were subsequently disbursed to the beneficiaries.

In connection with investment of such funds, Finance Department (GoO) instructed (October 2012 and November 2014) to keep unspent scheme funds in *flexi deposit accounts*[81] with the banks instead of savings bank accounts to earn higher rate of interest which can be ploughed back to expand the

80 Five savings accounts in Axis Bank Limited and three savings accounts in ICICI Bank Limited.

81 Deposit account where funds above a threshold limit (as per instruction issued to the bank) would automatically be deposited in fixed deposit account to fetch higher rate of interest than normal savings bank account.

coverage of the scheme. The Board of Directors of the Company had also decided (November 2014) to convert all the accounts of the Company to saving accounts with flexi deposit feature. Accordingly, APICOL had instructed (November 2014/May 2015) the banks to keep account balances up to ₹1 crore in the savings bank account and amount over ₹1 crore was to be transferred to the linked fixed deposit account/flexi account. Audit observed the following:

- During the period 2016-19, the utilisation of subsidy was continuously less than receipt of funds resulting in excess balances in these eight bank accounts which ranged between ₹1.66 crore to ₹85.04 crore. Further, there were monthly minimum balances in excess of ₹1 crore in 253 out of 264 months[82]. During 167 months, monthly minimum balance ranged between ₹10 crore and ₹50 crore and it was more than ₹50 crore for 15 months.
- Despite the instructions of APICOL (November 2014/May 2015), funds above ₹1 crore were lying idle in eight savings/current accounts during 2016-19. The reasons for non-compliance to the instructions by banks were not on record. APICOL neither pursued the matter with the banks for transfer of excess funds to flexi/term deposit accounts nor took any action to explore banking operations with other banks.

During the year 2016-19, the flexi deposit rate of interest offered by the banks ranged between 5.25 and 5.75 *per cent* against the saving banks deposit rate of four *per cent* per annum. As the surplus funds of APICOL over ₹1 crore were not converted into *flexi* accounts bearing higher rate of interest, there was under realisation of interest income of ₹5.58 crore.

Government stated (August 2019) that due to frequent changes in appointment of Managing Director of the Corporation, management of funds was affected and steps have been taken to keep minimum balance in saving accounts by transferring amounts above rupees ₹1 crore to fixed/flexi accounts.

Audit observed that under-realisation of interest income continued over a long period of three years. GoO could have intervened to ensure compliance of instructions issued by Finance Department by directly asking the banks for necessary compliance as the financial power of MD, APICOL was also delegated (July 2016) in favour of the FA-cum-Additional Secretary of the Department for some time. Action should have been taken in timely manner to avoid under-realisation of interest income of ₹5.58 crore.

IDCOL Ferro Chrome and Alloys Limited

6.5 Undue favour

Loss of ₹0.99 crore due to sale of chrome ore at lower price

IDCOL Ferro Chrome and Alloys Limited (IFCAL), a subsidiary of IDCOL, is engaged in mining Low Grade Chrome Ore (LGCO) and production of High Carbon Ferro Chrome (HCFC). It has been operating Tailangi-A Chrome ore

82 Eight bank accounts *12 months*3 years (during 2015-16 there was six bank accounts).

mine of IDCOL on agency basis[83] from 27 March 2002 with objective to meet the raw material requirement of its Ferro Chrome plant. Due to downward trend of HCFC, the management felt a liquidity crunch. In order to meet the working capital and other liabilities, it decided (March 2015) to dispose the LGCO in the market through open tender without processing it as HCFC.

IFCAL invited (October 2016) tender for sale of 35,000 MT of LGCO in first phase. The terms and conditions of tender *inter alia* envisaged that:

- The selected buyer had to deposit in advance 100 *per cent* sale value of the allotted quantity and the same to be lifted by the buyer within the time period as stipulated in the release order. The management reserved the right to cancel the sale order if the buyer failed to deposit the sale value in advance.
- EMD or any amount refundable under any previous transaction could not be adjusted with the transaction in this tender.
- The buyer had to quote the basic price only in the price bid excluding the royalty, cess, taxes, levies, etc. The price obtained in the tender was valid for a period of 60 days from the last date (17 October 2016) of submission of the bid *i.e.*, up to 16 December 2016.
- The royalty and other dues applicable during the time of dispatch shall be charged on the approved sale price of Chrome ore. The excess amount collected as advance would be refunded to the purchaser.

On evaluation of the tender, the highest basic price (H1) of LGCO was ₹900 per MT. Accordingly, the sale order was issued (27 October 2016) to the H1 buyer[84] (the buyer) requesting to deposit ₹4.53 crore[85] towards 100 *per cent* sale value of 35,000 MT of LGCO within 7 days of issue of sale order. The H1 buyer deposited only ₹3 crore on 31 October 2016. However, IFCAL issued (November 2016) release order to lift 26,336 MT (proportionate quantity) with sale value of ₹3.49 crore by adjusting an amount of ₹0.49 crore refundable to the buyer in an earlier transaction. Out of 26,336 MT, the buyer lifted 24,439.530 MT of LGCO up to January 2017 and short lifted 1,896.470 MT.

In the meantime, another tender was invited (November 2016) for sale of 50,000 MT of LGCO where the highest basic price was ₹1,840 per MT. While the lifting of LGCO under the new tender was in progress, IFCAL on its own, issued release order (January 2017) to the buyer of the previous tender for lifting the residual quantity of 8,664 MT (35,000 MT - 26,366 MT) of LGCO at the basic price of ₹900 per MT and asked to deposit the advance of ₹1.15 crore. The buyer deposited (January 2017) ₹1.11 crore in advance towards sale value and completed lifting 10,560.470 MT, which included previously short lifted quantity of 1,896.470 MT.

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83 IDCOL was the lessee of the Talangi chromite mine and IFCAL was operating the mine as their agent. Hence, it was operated on agency basis.

84 M/s Anand Exports.

85 Basic price-₹900x35000 MT=₹3.15 crore and tax, royalties, etc.: ₹1.38 crore.

Audit observed that since the buyer failed to deposit the amount of sale value for full quantity including tax within due time, the sale order was liable to be cancelled. Further, the permission to lift partial quantity after adjusting ₹0.49 crore refundable to the buyer in an earlier transaction, in violation to terms of the tender, was irregular and unjustified. The validity of price at ₹900 per metric ton expired in December 2016. Hence, allowing the buyer of the previous tender to lift balance quantity of 10,560.470 MT after lapse of validity period resulted in undue favour to the buyer with consequential loss of revenue worth ₹0.99 crore [(₹1840-₹900)x10560.47 MT].

Government replied (September 2019) that the buyer had paid the basic price *i.e.*,₹900 per MT for the entire quantity and intimated to pay the royalty part as and when dispatch was made.

The reply was not acceptable as the buyer had failed to fully pay even the basic price. Further, the tender condition to deposit 100 *per cent* of sale value in advance was violated by allowing payment of royalty to be made during dispatch. IFCAL, by allowing the contractor to lift the balance quantity of LGCO at the lower price beyond the expiry of the contract and by adjusting ₹0.49 crore in violation of tender conditions, extended undue favour to the buyer in a situation when IFCAL itself was struggling to come out of the cash crunch.

Bhubaneswar
The 18 February 2021

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

Countersigned

New Delhi
The 19 February 2021

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

ANNEXURES

Annexure – 1

(Referred to in Paragraph 2.8 and 2.9)

Summarised financial results of Power Sector PSUs 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
A.	**Generation**								
1	Odisha Hydro Power Corporation Limited	2018-19	300.61	144.39	480.09	761.65	2805.30	1818.78	1057.13
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	2018-19	0.12	0.12	0.00	268.41	262.14	262.14	-6.27
4	Green Energy Development Corporation of Odisha Limited	2018-19	14.53	9.24	16.69	50.32	67.36	67.36	17.04
5	GEDCOL SAIL Power Corporation Limited	2018-19	-0.23	-0.23	0.00	1.00	0.77	0.77	-0.23
	Sub-total		**323.82**	**158.31**	**1103.98**	**2661.88**	**11329.38**	**4862.45**	**2052.13**
B.	**Transmission**								
6	Odisha Power Transmission Corporation Limited	2017-18	89.14	19.80	692.30	510.07	1379.71	745.41	6.36
7	Kalinga Bidyut Prasaran Nigam Private Ltd.	2017-18	0.00	0.00	0.00	0.01	0.01	0.01	0.00
	Sub-total		**89.14**	**19.80**	**692.30**	**510.08**	**1379.72**	**745.42**	**6.36**
C.	**Others**								
8	Odisha Coal and Power Limited	2017-18	-0.16	-3.06	0.00	300.00	695.11	293.84	-6.16
9	GRIDCO Limited	2017-18	302.98	-197.50	7845.12	576.71	-1.65	-3853.75	-4430.46
	Sub-total		**302.82**	**-200.56**	**7845.12**	**876.71**	**693.46**	**-3559.91**	**-4436.62**
	Grand total		**715.78**	**-22.45**	**9641.40**	**4048.67**	**13402.56**	**2047.96**	**-2378.13**

[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 2.12)

Statement showing State Government funds infused in Power Sector PSUs during the period from 2000-01 to 2018-19

Sl. No.	1				2				3				4				5			
Year	GRIDCO LIMITED				GEDCOL				Odisha Hydro Power Corporation Limited				Odisha Power Transmission Corporation Limited				Odisha Power Generation Corporation Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	200		50.44	0	0	0	0	0	912.64	0	3.1	0.00	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0	0	0	0	0
2002-03	5.45	0	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0	0	0	0	0
2003-04	0	0	0	33.32	0	0	0	0	0	0	0	0	0.00	0	0	0	0	0	0	0
2004-05	0.69	-200	0	22.9	0	0	0	0	0	0	0	0.09	0.07	200	0	0	0	0	0	0
2005-06	-60.00	0	0	10.36	0	0	0	0	0	0	0	0.4	0.00	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0.04	60.00	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	23.06	0	0	0.77	0	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0	0	0	5.00	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	0	0	0	0	71.94	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	43.00	0	0	0	0	0	0	0
2012-13	143.73	0	0	0	0	0	0	0	0	0	0	0	50.00	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	19.00	0	0	0	50.00	0	0	255	0	0	0	0
2015-16	0	0	0	0	0	0	0	12.98	298.85	0	766.2	0	50.00	0	0	957	0	0	0	0
2016-17	0	0	0	0	0.00	0	0	66.9	0.00	0	0	0	57.00	0	0	0	0.00	0	0	0
2017-18	0	0	0	0	0	0	0	10.00	74.00	0	0	0	50	0	0	0	556.04	0	0	0
2018-19	0	0	0	0		0	0	0	49.00	0	0	0	49.93	0	0	18.56	0.00	0	0	0
	89.87	**0.00**	**0.00**	**117.02**	**0.00**	**0.00**	**0.00**	**89.88**	**440.85**	**912.64**	**766.20**	**3.63**	**510.00**	**200.00**	**0.00**	**1231.33**	**556.04**	**0.00**	**0.00**	**0.00**

Annexure-3
(Referred to in Paragraph 4.3)
Statement showing position of equity and outstanding loans relating to State PSUs (Non Power Sector) as on 31 March 2019

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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)
A.	**Social Sector**										
I.	**Working Government Companies**										
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	0.13	2.63	1.98	0.00	29.21	31.19
7	Odisha Pisciculture Development Corporation Limited	Fisheries & Animal Resources Development	05/05/1998	2.21	0.00	0.00	2.21	2.90	0.00	2.18	5.08
8	The Odisha Small Industries Corporation Limited	Industries	03/04/1972	20.17	0.00	0.00	20.17	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	0.49	1.00	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	Health & Family	08/11/2013	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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)
	Limited	Welfare									
14	Odisha Sports Development and Promotion Company Limited	Sports & Youth Services	16/11/2013	0.00	0.00	0.25	0.25	0.00	0.00	0.00	0.00
15	Brahamani Railways Limited	Industries	21/05/2013	10.00	0.00	11.00	21.00	0.00	0.00	0.00	0.00
16	Odisha Rail Infrastructure Development Limited	Industries	23/03/2017	26.01	24.99	0.00	51.00	0.00	0.00	0.00	0.00
Total A-I				**204.22**	**26.43**	**11.88**	**242.53**	**5.30**	**0.00**	**32.58**	**37.88**
II.	**Inactive Government Companies**										
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
Total A-II				**0.36**	**0.00**	**0.00**	**0.36**	**0.00**	**0.00**	**0.00**	**0.00**
Total A (I+II)				**204.58**	**26.43**	**11.88**	**242.89**	**5.30**	**0.00**	**32.58**	**37.88**
B.	**Competitive Sector**										
I.	**Working Government Companies**										
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	5.39	0.00	0.01	5.40	1.29	0.00	1.31	2.60
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	81.93	0.00	158.12	240.05
24	Odisha Construction Corporation Limited.	Water Resources	22/05/1962	17.50	0.00	0.00	17.50	0.00	0.00	0.00	0.00
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	Industries	26/03/1999	0.00	0.00	18.81	18.81	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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)
	(subsidiary of Sl.No.B-23)										
30	IDCOL Kalinga Iron Works Limited (Subsidary 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 (Subsidary of Sl. No. B-23)	Industries	27/01/1975	0.00	0.00	5.94	5.94	4.31	0.00	7.78	12.08
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	29.31	29.31	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	0.43	0.43	0.00	0.00	0.00	0.00
38	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
39	Lanjigarh Project Area Development Foundation	Steel & Mines	06/10/2009	0.01	0.00	0.04	0.05	0.00	0.00	0.00	0.00
40	Odisha Tourism Development Corporation Limited	Tourism	03/09/1979	9.62	0.00	0.00	9.62	0.00	0.00	0.00	0.00
41	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
42	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
43	Kalinga Studios Limited (Subsidiary of Sl. No.B-20)	Industries	20/07/1980	0.00	0.00	1.75	1.75	0.00	0.00	0.78	0.78
44	Odisha State Financial Corporation	Micro, Small & Medium Enterprise	20/03/1956	342.72	0.00	75.89	418.61	0.00	0.00	98.61	98.61
45	Odisha State Road Transport Corporation	Commerce and Transport	15/05/1974	206.51	15.92	0.01	222.44	8.97	0.00	1.30	10.27
46	Odisha State Warehousing Corporation	Co-operation	21/03/1958	1.80	0.00	1.80	3.60	0.00	0.00	0.00	0.00
Total B-I				**829.97**	**15.92**	**363.71**	**1209.60**	**328.10**	**0.00**	**527.33**	**855.42**
II.	**Inactive Government Companies**										
47	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
48	Gajapati Steel Industries Limited (Company closed since 1969-70, under	Industries	15/02/1959	0.04	0.00	0.00	0.04	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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)
	voluntary liquidation since 01 March 1974)										
49	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
50	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
51	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
52	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
53	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
54	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
55	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
56	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
57	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
58	Orissa Instruments Company Limited	Industries	14/03/1961	0.09	0.00	0.00	0.09	0.00	0.00	0.00	0.00
59	Orissa Leather Industreis 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
60	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
61	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
62	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
63	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
64	Orissa State Textile Corporation Limited	Handlooms, Textiles	10/09/1981	2.62	0.00	0.00	2.62	1.62	0.00	0.00	1.62

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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)
		& Handicrafts									
65	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
66	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
67	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
68	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
69	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
70	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
Total B-II				**53.37**	**0.00**	**11.57**	**64.94**	**27.50**	**0.00**	**3.16**	**30.66**
Total B (I+II)				**883.34**	**15.92**	**375.28**	**1274.54**	**355.60**	**0.00**	**530.49**	**886.08**
C.	**Other Sector**										
I.	**Working Government Companies**										
71	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
72	Bhubaneswar Smart City Limited	Industries	08/03/2016	112.50	0.00	137.50	250.00	0.00	0.00	0.00	0.00
73	Rourkela Smart City Limited	Industries	21/12/2016	112.50	0.00	137.50	250.00	0.00	0.00	0.00	0.00
Total C-I				**230.63**	**0.00**	**275.00**	**505.63**	**0.00**	**0.00**	**0.00**	**0.00**
II.	**Inactive Government Companies**										
	Total C-II			**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total C (I+II)			**230.63**	**0.00**	**275.00**	**505.63**	**0.00**	**0.00**	**0.00**	**0.00**
	Grand Total (A+B+C)			**1318.55**	**42.35**	**662.16**	**2023.06**	**360.89**	**0.00**	**563.07**	**923.96**

[1] Equity includes share application money.
[2] Government of Odisha
[3] Government of India

ANNEXURE-4

(Referred to in Paragraph 4.7)

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 2019

(₹ 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	38.79	0.00		38.48			0.31	0.00	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	0.42	57.99	74.73			0.00	0.42	57.99
6	Odisha State Seeds Corporation Limited	2.63	1.98		2.21	60.00		0.42	-58.02	0.00
7	Odisha Pisciculture Development Corporation Limited	2.22	2.90		10.96			-8.74	2.90	0.00
8	Industrial Promotion and Investment Corporation of Odisha Limited	89.69	0.00		82.47			7.22	0.00	0.00
9	The Odisha Film Development Corporation Limited	5.39	1.29		5.40	0.98		-0.01	0.31	0.00
10	Odisha Rural Housing and Development Corporation Limited.	48.16	231.60		48.16			0.00	231.60	0.00
11	Odisha Small Industries Corporation Limited	20.17	0.00		14.32			5.85	0.00	0.00
12	The Industrial Development Corporation of Odisha Limited	57.12	81.93		57.12	25.48		0.00	56.45	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

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
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	4.31					0.00	4.31	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	Lanjigarah Project Area Development Foundation	0.01	0.00					0.01	0.00	0.00
26	Odisha State Civil Supplies Corporation Limited	11.03			11.03			0.00	0.00	0.00
27	Odisha Tourism Development Corporation Limited	9.62			9.62			0.00	0.00	0.00
28	Odisha State Medical Corporation Limited	10.00	0.00		10.00			0.00	0.00	0.00
29	Odisha State Finance Corporation	342.72	0	**0.00**	342.72		11.50	0.00	0.00	-11.50
30	Odisha State Road Transport Corporation	206.51	8.97		206.51	1.81		0.00	7.16	0.00
31	Odisha State Warehousing Corporation	1.8	0		1.77			0.03	0.00	0.00
32	Eastern Aquatic Products Limited		0.72		0.01			-0.01	0.72	0.00
33	Odisha Fisheries Development Corporation Limited		0.57		0.35			-0.35	0.57	0.00
34	ABS Spinning Odisha Limited	2.34	8.55					2.34	8.55	0.00
35	Gajapati Steel Industries Limited	0.04			0.04			0.00	0.00	0.00
36	IPITRON Times Limited		1.68					0.00	1.68	0.00
37	Konark Television Limited	6.07	2.01		6.56			-0.49	2.01	0.00
38	Mayurbhanj Textiles Limited	0.04			0.04			0.00	0.00	0.00
39	Modern Malleable Casting Company Limited	0.04			0.04			0.00	0.00	0.00
40	New Mayurbhanj Textiles Limited	0.17			0.17			0.00	0.00	0.00
41	Odisha Boat Builders Limited	0.04			0.02			0.02	0.00	0.00
42	Odisha Electrical Manufacturing Company Limited	0.04			0.04			0.00	0.00	0.00
43	Odisha Instruments Company Limited	0.97			0.91			0.06	0.00	0.00
44	Odisha Leather Industries Limited		1.77					0.00	1.77	0.00
45	Odisha Textile Mills Limited	21.04	14.68		16.77	25.5		4.27	-10.82	0.00
46	Odisha State Electronics Development Corporation Limited	20.04	0.19		20.03			0.01	0.19	0.00
47	Odisha State Handloom Development Corporation Limited	3.63	1.58		3.73	0.09		-0.10	1.49	0.00
48	Odisha State Leather Corporation Limited	3.97	0.37		3.97			0.00	0.37	0.00
49	Odisha State Textile Corporation Limited	4.53	1.62		4.53	3.81		0.00	-2.19	0.00
50	Premier Bolts and Nuts Limited	0.01			0.01			0.00	0.00	0.00
51	ELCOSMOS Electronics Limited		2					0.00	2.00	0.00

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
52	ELCO Communication and Systems Limited		0.72					0.00	0.72	0.00
53	ELMARC Limited		0.57					0.00	0.57	0.00
54	Odisha State Commercial Transport Corporation Limited	2.34	8.55		6.10			-3.76	8.55	0.00
Total		**1330.66**	**378.98**	**57.99**	**1098.75**	**117.67**	**12.06**	**231.91**	**261.31**	**45.93**

ANNEXURE- 5

(Referred to in Paragraph 4.8)

Statement showing position of State Government investment in working State PSUs (Non- Power Sector) accounts of which are in arrears up to 30 September 2019

Sl. No.	Name of PSU	Period upto which accounts finalized	Period for which accounts are in arrears	No. of accounts 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
A	**Government Companies**								
1	Odisha Construction Corporation Limited.	2017-18	2018-19	1	17.50	0.00	0	0	0
2	The Agricultural Promotion and Investment Corporation of Odisha Limited	2017-18	2018-19	1	1.10	0.00	0	0.71	0.71
3	Odisha Lift Irrigation Corporation Limited	2015-16	2016-17 to 2018-19	3	74.73	0.00	0	57.49	57.49
4	The Odisha Small Industries Corporation Limited	2015-16	2016-17 to 2018-19	3	20.17	0.00	0	0	0
5	Odisha State Seeds Corporation Limited	2015-16	2016-17 to 2018-19	3	2.11	0.00	0	0.00	0
6	Odisha Pisciculture Development Corporation Limited	2016-17	2017-18 to 2018-19	2	2.21	0.00	0	0	0
7	The Odisha Agro Industries Corporation Limited	2016-17	2017-18 to 2018-19	2	38.79	0.00	0	0	0
8	The Odisha Film Development Corporation Limited	2015-16	2016-17 to 2018-19	3	5.39	0.00	0	6.50	6.5
9	Lanjigarh Project Area Development Foundation	2016-17	2017-18 to 2018-19	2	0.01	0.00	0	0	0
10	Odisha State Cashew Development Corporation Limited	2017-18	2018-19	1	1.55	0.00	0	3.97	3.97
11	Odisha State Civil Supplies Corporation Limited	2016-17	2017-18 to 2018-19	2	11.03	0.00	0	1061.86	1061.86
12	Odisha Rural Housing and Development Corporation Limited	2008-09	2009-10 to 2018-19	10	48.16	0.00	0	0	0
13	Odisha Mineral Bearing Areas Devlopment Corporation Limited	2017-18	2018-19	1	0.01	0.00	0	0	0
14	Water Corporation of Odisha Limited	2017-18	2018-19	1	0.51	0.00	0	0.48	0.48
15	Bhubaneswar Smart City Limited	2017-18	2018-19	1	112.50	0.00	0	0.00	0
16	The Industrial Development Corporation of Odisha Limited	2017-18	2018-19	1	57.12	0.00	0	10.00	10
17	IDCOL Kalinga Iron Works Limited	2017-18	2018-19	1	0.00	0.00	0	0.00	0
18	Shamuka Tourism Development Corporation Limited	2017-18	2018-19	1	0.00	0.00	0	0.00	0
19	Odisha Sports Development & Promotion Company	2017-18	2018-19	1	0.00	0.00	0		0
20	Paradeep Investment Region Development Limited	2017-18	2018-19	1	0.00	0.00	0	0.00	0
21	Brahmani Railways Limited	2017-18	2018-19	1	10.00	0.00	0	0.00	0
22	IDCO SEZ Development Limited	2017-18	2018-19	1	0.00	0.00	0	0.00	0
23	Odisha Electronic Park Limited	2017-18	2018-19	1	0.00	0.00	0	0.00	0
24	Paradeep Plastic Park Private Limited	2017-18	2018-19	1	0.00	0.00	0	0.00	0
25	Kalinga Studios Limited	2016-17	2017-18 to 2018-19	2	0.00	0.00	0	0.00	0
26	Odisha Bridge & Construction Corp. Limited	2017-18	2018-19	1	20.00	0.00	0	0.00	0

Sl. No.	Name of PSU	Period upto which accounts finalized	Period for which accounts are in arrears	No. of accounts 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
27	Mandakini-B Coal Corporation Limited	2015-16	2016-17 to 2018-19	3	0.00	0.00	0		0
28	Nuagaon Coal Company Limited	2014-15	2015-16 to 2018-19	4	0.00	0.00	0		0
29	Inland Waterways Consortium of Odisha ltd	2015-16	2016-17 to 2018-19	3		0.00			0
30	Odisha Tourism Development Corporation Limited	2017-18	2018-19	1	9.62	0.00	0		0
31	Odisha Forest Development Corporation Limited	2017-18	2018-19	1	5.00	0.00	0	0.00	0
	Total A			**60**		**0.00**	**0.00**	**1141.01**	**1141.01**
B	**Statutory Corporations**								
32	Odisha State Road Transport Corporation	2017-18	2018-19	1	206.51		0	38.38	38.38
33	Odisha State Warehousing Corporation	2016-17	2017-18 to 2018-19	2	1.80		0	0	0.00
	Total B			**3**		**0.00**	**0.00**	**38.38**	**38.38**
	Grand Total (A+B)			**63**		**0.00**	**0.00**	**1179.39**	**1179.39**

ANNEXURE- 6

(Referred to in Paragraph 4.11, 4.12 and 4.17)

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

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 interest & tax	Turnover	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
A	**Social Sector**									
I.	**Working Government Companies**									
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	2017-18	2018-19	0.21	0.07	0.46	1.10	2.19	2.19	1.09
2	The Odisha Agro Industries Corporation Limited	2016-17	2019-20	20.31	12.80	380.18	39.85	85.51	85.51	45.61
3	Odisha State Cashew Development Corporation Limited	2017-18	2018-19	13.99	13.46	29.64	1.55	40.66	40.66	39.11
4	Odisha Forest Development Corporation Limited	2017-18	2018-19	37.20	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	2014-15	2018-19	3.46	0.68	138.86	2.63	46.65	23.01	20.38
		2015-16	2018-19	4.15	0.11	161.55	2.63	52.67	21.48	18.85
7	Odisha Pisciculture Development Corporation Limited	2016-17	2018-19	0.04	0.03	75.32	2.21	4.96	-0.12	-2.33
8	The Odisha Small Industries Corporation Limited	2015-16	2018-19	13.97	7.88	551.05	20.17	44.61	43.42	23.17
9	Odisha Mineral Bearing Areas Development Corporation Limited	2017-18	2018-19	0.00	0.00	0.00	0.01	0.01	0.01	0.00
10	Water Corporation of Odisha Limited	2017-18	2018-19	-0.12	-0.12	0.00	1.00	0.83	0.83	-0.17
11	Odisha State Beverage Corporation Limited	2018-19	2019-20	46.52	29.99	4738.36	1.00	320.11	320.11	286.00
12	Odisha State Civil Supplies Corporation Limited	2016-17	2017-18	0.00	0.00	4994.18	11.03	11.03	11.03	0.00
13	Odisha State Medical Corporation Limited	2018-19	2019-20	12.95	9.10	21.81	10.00	58.37	58.37	48.37

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 interest & tax	Turnover	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
14	Odisha Sports Development and Promotion Company	2016-17	2018-19	-3.30	-3.30	14.60	0.25	0.25	0.25	0.00
		2017-18	2018-19	4.48	4.48	5.00	0.25	17.93	17.93	17.68
15	Brahamani Railways Limited	2016-17	2018-19	1.25	0.84	0	21.00	20.64	20.64	-0.36
		2017-18	2019-20	1.31	0.94	0	21.00	21.81	21.81	0.81
16	Odisha Rail Infrastructure Development Limited	2017-18	2018-19	0.54	0.40	0	51.00	51.40	51.4	0.4
		2018-19	2019-20	1.91	1.38	0	51.00	52.78	52.78	1.78
Total A-I				**157.54**	**102.18**	**11699.60**	**242.53**	**764.32**	**726.44**	**400.82**
II.	**Inactive Government Companies**									
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
Total A-II				**-0.04**	**-0.04**	**0.00**	**0.36**	**0.36**	**0.36**	**0.00**
Total A (I+II)				**157.50**	**102.14**	**11699.60**	**242.89**	**764.68**	**726.80**	**400.82**
B.	**Competitive Environment sector**									
I.	**Working Government Companies**									
19	The Industrial Promotion and Investment Corporation of Odisha Limited	2018-19	2019-20	10.09	6.19	53.11	89.69	112.79	112.79	23.10
20	The Odisha Film Development Corporation Limited	2015-16	2018-19	0.01	0.01	0.42	5.40	8.57	5.97	0.57
21	Odisha Rural Housing and Development Corporation Limited.	2008-09	2016-17	-16.18	-42.93	5.11	48.16	369.85	-97.89	-146.05
22	Paradip Investment Region Development Limited	2017-18	2018-19	-0.02	-0.02	0.00	0.05	0.15	0.15	0.10
23	The Industrial Development Corporation of Odisha Limited	2017-18	2018-19	-79.80	-89.54	41.17	57.12	233.60	-6.45	-63.57
24	Odisha Construction Corporation Limited.	2017-18	2018-19	104.23	67.16	763.35	17.50	117.41	117.41	99.91

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 interest & tax	Turnover	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
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	2017-18	2018-19	0.40	0.32	0.00	4.05	7.30	7.30	3.25
27	Odisha Electronics Park Limited	2017-18	2018-19	-0.38	-0.38	0.00	1.00	0.60	0.60	-0.40
28	Baitarani West Coal Company Limited	2017-18	2018-19	-0.67	-0.67	0	30.00	29.15	29.15	-0.85
		2018-19	2019-20	1.93	1.62	0	30.00	30.77	30.77	0.77
29	IDCOL Ferro Chrome & Alloys Limited	2017-18	2018-19	-3.46	-4.83	142.81	18.81	37.18	37.18	18.37
		2018-19	2019-20	-6.97	-8.43	81.86	18.81	28.75	28.75	9.94
30	IDCOL Kalinga Iron Works Limited	2017-18	2018-19	-14.35	-14.35	81.34	150.10	-8.02	-8.02	-158.12
31	Konark Jute Limited	2017-18	2018-19	-0.03	-0.03	0	5.94	-20.14	-32.18	-38.12
		2018-19	2019-20	-0.03	-0.03	0	5.94	-20.14	-32.21	-38.15
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	1265.06	789.88	4052.05	31.45	5622.14	5622.14	3282.66
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	2017-18	2018-19	-0.65	-0.65	0.00	29.31	51.27	27.98	-1.33
36	Angul Aluminium Park Private Limited	2018-19	2019-20	1.32	0.95	0.00	33.11	35.47	35.47	2.36
37	Odisha Mineral Exploration Corporation Limited	2018-19	2019-20	0.00	0.00	0.25	0.43	0.43	0.43	0.00
38	IDCOL Software Limited	2018-19	2019-20	0.29	0.20	8.88	1.00	2.60	2.60	1.60
39	Lanjigarh Project Area Development Foundation	2016-17	2019-20	0.51	0.51	0.00	0.05	61.74	61.74	61.69
40	Odisha Tourism Development Corporation Limited	2016-17	2017-18	18.80	5.89	25.96	9.62	35.82	35.82	26.20
41	Shamuka Tourism Development Corporation Limited	2017-18	2018-19	-0.01	-0.02	0.00	0.10	0.00	0.00	-0.10
42	Inland Waterways Consortium of Odisha Limited									
43	Kalinga Studios Limited	2016-17	2019-20	0.00	0.00	0.26	1.75	-0.72	-1.50	-3.25

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 interest & tax	Turnover	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
Total B-I				**1289.25**	**719.89**	**5178.77**	**564.95**	**6731.21**	**5984.68**	**3111.70**
II.	**Statutory Corporation**									
44	Odisha State Financial Corporation	2017-18	2018-19	8.10	7.62	9.17	418.14	46.37	-52.24	-475.68
		2018-19	2019-20	5.73	5.26	6.68	418.61	52.01	-46.60	-471.55
45	Odisha State Road Transport Corporation	2017-18	2018-19	3.80	2.48	88.07	222.44	72.71	62.44	-167.45
46	Odisha State Warehousing Corporation	2016-17	2017-18	27.26	20.71	112.84	3.60	126.74	126.74	123.14
Total B-II				**36.79**	**28.45**	**207.59**	**644.65**	**251.46**	**142.58**	**-515.86**
III.	**Inactive Government Companies**									
47	ABS Spinning Orissa Limited (Under liquidation)	2006-07	2010-11	12.24	12.24		3.00	-44.49	-45.89	-48.89
48	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	
49	Hira Steel and Alloys Limited (Under liquidation.)	1975-76	1976-77				0.12	0.12	0.12	
50	IPITRON Times Limited (Under liquidation since 1998)	1997-98	2005-06	-0.92	-0.92		0.81	-6.98	-8.66	-9.47
51	Konark Detergent and Soaps Limited	1981-82	1996-97				0.06	0.06	0.06	
52	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
53	Mayurbhanj Textiles Limited	1981-82	1976-77				0.04	0.04	0.04	
54	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	
55	New Mayurbhanj Textiles Limited	1981-82	2003-04	0.03	0.03		0.02	0.05	0.05	0.03
56	Orissa Boat Builders Limited (under liquidation)	1970-71	1997-78				0.05	0.05	0.05	
57	Orissa Electrical Manufacturing Company Limited	1966-67	1973-74				0.05	0.05	0.05	

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 interest & tax	Turnover	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
58	Orissa Instruments Company Limited	1987-88	2000-01	-0.06	-0.06		0.09	0.09	0.09	
59	Orissa Leather Industries Limited	1991-92	1995-96				0.65	2.42	0.65	
60	Orissa Textile Mills Limited (Under liquidation since 2001)	1997-98	1998-99	-10.24	-10.24		24.70	-14.03	-28.71	-53.41
61	Orissa State Electronics Development Corporation Limited	2005-06	2009-10	-0.35	-0.35		20.03	17.42	17.23	-2.80
62	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
63	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
64	Orissa State Textile Corporation Limited	1993-94	2003-04	-3.10	-3.10	3.52	2.62	-11.71	-13.33	-15.95
65	Orissa Tools and Engineering Company Limited (619-B)	1982-83					0.44	0.01	0.01	-0.43
66	Premier Bolts and Nuts Limited (Under liquidation; assets have been disposed of)	1966	1973-74				0.02	0.02	0.02	
67	ELCOSMOS Electronics Limited	1997-98	2005-06	-0.50	-0.50		1.58	-3.29	-5.29	-6.87
68	ELCO Communication and Systems Limited (Under liquidation since 1998)	1997-98	2005-06				0.64	1.36	0.64	
69	ELMARC Limited	2000-01	2006-07	-0.07	-0.07	0.77	1.02	-0.66	-1.23	-2.25
70	Orissa State Commercial Transport Corporation Limited	2000-01	2016-17	-0.16	-0.16		2.34	-20.62	-22.69	-25.03
Total B-III				**0.93**	**-4.81**	**18.37**	**64.94**	**-98.74**	**-129.40**	**-194.34**
Total B (I+II+III)				**1326.97**	**743.53**	**5404.73**	**1274.54**	**6883.93**	**5997.86**	**2401.50**
C.	**Others**									
I.	**Working Government Company**									
71	The Odisha State Police Housing and Welfare Corporation Limited	2017-18	2018-19	21.61	14.12	363.82	5.63	112.71	112.71	107.08
		2018-19	2019-20	26.30	17.08	376.01	5.63	123.62	123.62	117.99
72	Bhubaneswar Smart City Limited	2017-18	2018-19	-12.89	-12.89	0.00	250.00	228.05	228.05	-21.95
73	Rourkela Smart City Limited	2018-19	2019-20	0.00	0.00	0.00	250.00	250.00	250.00	0.00

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 interest & tax	Turnover	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
Total C-I				**13.41**	**4.19**	**376.01**	**505.63**	**601.67**	**601.67**	**96.04**
II.	**Inactive Government Company**									
Total C-II				**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total C (I+II)				**13.41**	**-0.94**	**376.01**	**505.63**	**601.67**	**601.67**	**96.04**
Grand Total (A+B+C)				**1497.88**	**844.73**	**17480.34**	**2023.06**	**8250.28**	**7326.33**	**2898.36**
i	**Working Government Companies**			**1460.20**	**826.26**	**17254.38**	**1313.11**	**8097.20**	**7312.79**	**3608.56**
ii	**Statutory Corporations**			**36.79**	**28.45**	**207.59**	**644.65**	**251.46**	**142.58**	**-515.86**
iii	**Working PSUs (i+ii)**			**1496.99**	**854.71**	**17461.97**	**1957.76**	**8348.66**	**7455.37**	**3092.70**
iv	**Inactive Government Companies**			**0.89**	**-4.85**	**18.37**	**65.30**	**-98.38**	**-129.04**	**-194.34**
	Grand Total (iii+iv)			**1497.88**	**849.86**	**17480.34**	**2023.06**	**8250.28**	**7326.33**	**2898.36**

ANNEXURE-7

(Referred to in Paragraph 4.15)

Statement showing State Government funds infused in State Non-Power Sector PSUs during the period from 2000-01 to 2018-19

A. Social Sector

S. No.	1.				2.				3.				4.			
Year	Odisha Agro Industries Corporation Limited				Odisha Film development Corporation Limited				Odisha Pisciculture Development Corporation Limited				Odisha Small Industries Corporation Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0.53	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0.3	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0.31	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0.1	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0.69	0.03	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0.04	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0.98	0	1.54	0	0	0	2.62	31.14	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0	0	1.02	0	0	0	0
2010-11	0	0	0	0	0	0	0	0.25	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	3.72	0	0	0	0	0	0	0	0.00	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	2	0.00	0	0	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0
2015-16	0.00	0	0	0	0	-1.28	0	2.37	0	0	0	0	-11.79	0	0	0
2016-17	0	0	0	0	0	0	0	1	0	0	0	0	-2.95	0	0	0
2017-18	32.7	0	0	0	0	0	0	3.35	0	0	0	0	-2.95	0	0	0
2018-19	0	0	0	0	0	0	0	0	0	0	0	0	-2.94	0	0	
Total	**32.7**	**0**	**0**	**0**	**3.72**	**-0.3**	**0**	**10.48**	**0.03**	**0**	**0**	**5.64**	**10.51**	**0**	**0**	**0**

A. Social Sector

S. No.	5.				6.				7.				8.			
Year	Odisha Mineral Bearing Areas Development Corporation Limited				Water Corporation of Odisha Limited				Odisha State Beverages Corporation Limited				Odisha State Civil Supplies Corporation Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0	0	0	0	0	1.00	0	0	0	0	0	0	40
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23
2002-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	57.27
2003-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21.79
2004-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	57.54
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	1.00	0	0	564
2009-10	0	0	0	0	0	0	0	0	0	0	0	0	0.25	0	0	847.85
2010-11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	924.45
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	971.15
2012-13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1182.66
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1283.41
2014-15	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1212.08
2015-16	0.01	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	1201.37
2016-17	0	0	0	0	0.51	0	0	0	0	0	0	0	0	0	0	890.67
2017-18	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	844.36
2018-19	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0
Total	**0.01**	**0**	**0**	**0**	**0.51**	**0.00**	**0.00**	**1.00**	**1.00**	**0.00**	**0.00**	**0.00**	**1.25**	**0.00**	**0.00**	**10231.60**

A. Social Sector

S. No.	9.				10.				11.				12.			
Year	Odisha State Medical Corporation Limited				Odisha Lift Irrigation Corporation Limited				Odisha State Cashew Development Corporation Limited				Odisha State Seeds Corporation Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0	0	0	0	30	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	30	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	31	0	0	0	0	0	0	0	0.12
2003-04	0	0	0	0	0	0.07	0	10.07	0	0	0	0	0	0	0	0.01
2004-05	0	0	0	0	0	0	0	14	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	17	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	10.59	0	0	0	0	0	0	0	0.42
2007-08	0	0	0	0	0	0	0	10.59	0	0	0	0	0	0	0	2.18
2008-09	0	0	0	0	0	0.58	0	28	0	0	0	0	0	0	0	3.34
2009-10	0	0	0	0	0	0	0	28.63	0	0	0	0.38	0	0	0	7.97
2010-11	0	0	0	0	0	0.30	0	30	0	0	0	0	0	0	0	1.96
2011-12	0	0	0	0	0	0	0	30	0	0	0	0.47	0	0	0	6.64
2012-13	0	0	0	0	0	0	0	37	0	0	0	1.47	0	0	0	35.61
2013-14	0	0	0	0	0	0	0	43.88	0	0	0	0.98	0	0	0	0
2014-15	10.00	0	0	1.12	0	0	0	44.48	0	0	0	1.52	0	0	0	0
2015-16	0	0	0	0	0	0	0	48.18	0	0	0	0	0	0	0	0.62
2016-17	0	0	0	0	0	0	0	48.94	0	0	0	8.52	0	0	0	18.00
2017-18	0	0	0	521.01	0	0	0	93.46	0	0	0	10.97	0	0	0	13.02
2018-19	0	0	0	0	0	0	0	49.31	0	0	0	0	0	0	0	0
Total	**10.00**	**0.00**	**0.00**	**522.13**	**0.00**	**0.95**	**0.00**	**635.13**	**0.00**	**0.00**	**0.00**	**24.31**	**0.00**	**0.00**	**0.00**	**89.89**

A. Social Sector (13) and B. Competitive Sector

S. No.	13.				14.				15.				16.			
Year	Odisha Sports Development Corporation				Odisha Mining Corporation Limited				Odisha Tourism Development Corporation Limited				Odisha State Financial Corporation			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0	0	0	0	0	0.50	0	0	0	0	0	0	1.75
2001-02	0	0	0	0	0	0	0	0	0.10	0	0	0	0	0.81	0	0.2
2002-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0.45	0	0.4
2003-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.27
2004-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.38
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.36
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.76
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	271.04	0	0	6.77
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	23.16	0	0	4.09
2009-10	0	0	0	0	0	0	0	0	0	0	0	0	0	-33.97	0	1.55
2010-11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.99
2011-12	0	0	0	0	0	0	0	0.08	0	0	0	0	0	0	0	1.48
2012-13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.45
2014-15	0	0	0	0	0	0	0	0.03	0	0	0	0	-0.01	0	0	0.43
2015-16	0	0	0	6.00	0	0	0	0	0	0	0	0	0	0	0	3.74
2016-17	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0
2017-18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0.00**	**0.00**	**0.00**	**6.00**	**0.00**	**0.00**	**0.00**	**0.11**	**0.60**	**0.00**	**0.00**	**0.00**	**294.19**	**-32.71**	**0.00**	**24.12**

B. Competitive Sector

S. No.	17.				18.				19.				20.			
Year	Odisha State Road Transport Corporation				Odisha State Warehousing Corporation				Industrial Development Corporation of Odisha Limited				Orissa State Electronics Development Corporation Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	1.6	0.20	0	0	0	0	0	0	0	1.39	0	0	0
2001-02	0	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	1.6	0	0	0	6	0	10.51	0	0	0	0	0	0
2003-04	0	0	0	1.6	0	0	0	1.5	0	1.21	0	0	0	0	0	0
2004-05	0	0	0	1.6	0	0	0	0.37	0	0	0	0	0	0	0	0.02
2005-06	0	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	9.94	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	5.01	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0.04
2009-10	0	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0.04
2010-11	0	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0.00	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0.07
2013-14	0.00	0	0	3.6	0	0	0	0	0	0	0	0	0	0	0	0
2014-15	3	0	0	10.6	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	8	0	0	25	0	0	0	0	0	0	0	1.00	0	0	0	0
2016-17	0.00	0	0	20	0	0	0	0	0	0	0	1.00	0	0	0	0
2017-18	20	0	0	1.6	0	0	0	0	0	0	0	1.00	0	0	0	0
2018-19	40	0	0	1.6	0	0	0	0	0	0	0	0	0	0	0	0
Total	**85.95**	**0.00**	**0.00**	**83.20**	**0.20**	**0.00**	**0.00**	**7.87**	**0.00**	**11.71**	**0.00**	**3.00**	**1.39**	**0.00**	**0.00**	**0.17**

B. Competitive Sector

S. No.	21.				22.				23.				24.			
Year	Industrial Promotion and Investment Corporation of Odisha Limited				The Agricultural Promotion and Investment Corporation of Odisha Limited				Paradeep Plastic Park Limited				Odisha State Commercial Transport Corporation Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0.2	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0.2	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0.2	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0.2	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0.2	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0
2008-09	0	0	0	1.68	0	0	0	0.5	0	0	0	0	0	0	0	0.12
2009-10	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0
2010-11	0	0	0	0.3	0	0	0	0.5	0	0	0	0	0	0	0	0.08
2011-12	0	0	0	0.33	0	0	0	0.5	0	0	0	0	0	0	0	0
2012-13	0	0	0	0.5	0	0	0	0.55	0	0	0	0	0	0	0	0
2013-14	0	0	0	1.6	0	0	0	0.5	0	0	0	0	0	0	0	0.04
2014-15	0	0	0	3	0	0	0	0.5	0	0	0	0	0	0	0	0
2015-16	0	0	0	7.5	0	0	0	0.5	0	0	0	0	0	0	0	0
2016-17	6.55	0	0	33	0	0	0	0.5	0	0	0	0	0	0	0	0
2017-18	0	0	0	0	0	0	0	0.58	0	0	0	9.9	0	0	0	0
2018-19	0	0	0	0	0	0	0	0.58	0	0	0	10.22	0	0	0	
Total	**6.55**	**0**	**0.00**	**47.91**	**0.00**	**0.00**	**0**	**7.21**	**0.00**	**0.00**	**0.00**	**20.12**	**0.00**	**0.00**	**0.00**	**0.24**

B. Competitive Sector

S. No.	25.				26.				27.				28.			
Year	Orissa State Handloom Development Corporation Limited				Orissa State Textile Corporation Limited				Konark Television Limited				Odisha Construction Corporation Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0	0	0	0	0	0	0	0	0	0.50	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0.07	0	0	0	0.05	0	0	0	0	0	0	0	0
2008-09	0	0	0	0.05	0	0	0	0.05	0	0	0	0.06	3.00	0	0	0
2009-10	0	0	0	0.05	0	0	0	0.06	0	0	0	0.04	2.00	0	0	0
2010-11	0	0	0	0	0	0	0	0.05	0	0	0	0.03	1.00	0	0	0
2011-12	0	0	0	0.05	0	0	0	0.05	0	0	0	0	0	0	0	0
2012-13	0	0	0	0.07	0	0	0	0.08	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2017-18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
Total	**0.00**	**0.00**	**0.00**	**0.29**	**0.00**	**0.00**	**0.00**	**0.34**	**0.00**	**0.00**	**0.00**	**0.13**	**6.50**	**0.00**	**0.00**	**0.00**

B. Competitive Sector (29, 30, 31) and C. Other Sector

S. No.	29.				30.				31.				32.			
Year	Odisha Bridge Construction Corporation Limited				Lanjigarh Project Area Development Foundation				Odisha Rural Housing and Development Corporation Limited				Rourkela Smart City Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0	0	0	0	0	2.40	0	0	1.46	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	10.00	0	0	2.98	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	14.00	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	4.00	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	4.76	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	6.00	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009-10	4.31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0.03	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	5.69	0	0	0	0	0	0	0	0	0	0	0	112.50	0	0	0
2017-18	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	224.00
2018-19		0	0	0	-0.02	0	0	0	0	0	0	0	0	0	0	224.00
Total	**15.00**	**0.00**	**0.00**	**0.00**	**0.01**	**0.00**	**0.00**	**0.00**	**41.16**	**0.00**	**0.00**	**4.44**	**112.50**	**0.00**	**0.00**	**448.00**

C. Other Sector

S. No.	33.			
Year	Bhubaneswar Smart City Limited			
	Equity	IFL	IFL converted into interest bearing loan	Grants and subsidies for operational and management expense
2000-01	0	0	0	0
2001-02	0	0	0	0
2002-03	0	0	0	0
2003-04	0	0	0	0
2004-05	0	0	0	0
2005-06	0	0	0	0
2006-07	0	0	0	0
2007-08	0	0	0	0
2008-09	0	0	0	0
2009-10	0	0	0	0
2010-11	0	0	0	0
2011-12	0	0	0	0
2012-13	0	0	0	0
2013-14	0	0	0	0
2014-15	0	0	0	0
2015-16	0.00	0	0	0
2016-17	112.50	0	0	13.62
2017-18	5	0	0	2.00
2018-19		0	0	2.00
Total	**112.50**	**0.00**	**0.00**	**17.62**

ANNEXURE-8

(Referred to in Paragraph 5.6)

Financial position and working results of IDCO

Financial position					
					(₹ in Crore)
Particulars	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19 (Prov.)**
EQUITY AND LIABILITIES					
Capital Funds	1,336.71	1,416.74	1,511.68	1,605.12	1,796.01
Non Current Liabilities	365.27	435.86	493.83	561.24	617.07
Current Liabilities & Provisions	4,129.58	4,208.19	4,272.73	4,595.12	4,691.07
Total	**5,831.56**	**6,060.79**	**6,278.24**	**6,761.48**	**7,104.15**
ASSETS					
Fixed Assets	214.29	253.16	258.42	304.03	333.05
Capital Expenditure (*percentage* of Total Assets)	4,466.31 *(76.59)*	4,609.74 *(76.06)*	4,824.08 *(76.84)*	4,964.93 *(73.43)*	5,073.88 *(71.42)*
Non Current Investments	60.03	97.24	37.88	63.02	63.02
Current Assets, Loans and Advances	1,090.93	1,100.65	1,157.86	1,429.50	1,634.20
Total	**5,831.56**	**6,060.79**	**6,278.24**	**6,761.48**	**7,104.15**

Working results						
						(₹ in Crore)
Sl. No.	**Particulars**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19 (Prov.)**
1	Operating Income	77.21	115.24	112.57	128.53	118.82
2	Interest on Deposit	92.16	84.32	79.86	95.98	100.58
3	**Total Income**	**169.37**	**199.56**	**192.43**	**224.51**	**219.40**
4	**Total Expenditure**	**102.36**	**153.65**	**115.20**	**134.02**	**124.70**
5	Profit before Taxes	67.01	45.91	77.23	90.49	94.70
6	Provision for Taxes	22.78	15.89	27.42	31.32	33.98
7	Profit after Taxes	44.23	30.02	49.81	59.17	60.72
8 (1-4)	Operating Profit/(Loss) without Interest on Deposit	(25.15)	(38.41)	(2.63)	(5.49)	(5.88)
9 (1/4*100)	**Operating Income as percentage to Total Expenditure**	**75.43**	**75.00**	**97.72**	**95.90**	**95.28**

(Source: Annual Reports of IDCO)

ANNEXURE-9

(Referred to in Paragraph 5.8.4)

Statement showing land allotted at lower rate to units coming under negative list

Sl. No.	Name of IE/IA	Name of the Unit	Purpose	Area in acre	Date of Allotment
1	Somanathpur	Siridi Sai Stone Crusher	Stone Crusher Unit	1.00	15-10-15
2	Bhagbanpur	BDM Industries	Grain, Flour Mill	5.69	25-09-17
3	Mancheswar	S.K Foods	Spices	0.31	28-01-16
4	Kapileswarpur	Pioneer Vrigin	Refining of Edible Oil	0.50	22-05-19
5	Khurda	AKM Agro Processing	Vegetable Oil and Refinery	17.00	10-01-19
6	Jaraka	Niranjan Industries	Spices Manufacturing	0.49	12-04-17
7	Jagatpur Old	Odisha Plastic Products	Injection Blow Moulded	0.09	12-02-18
8	Jagatpur Old	Behera Udyog	Atta Besan Unit	0.09	08-08-16
9	Chowdrar	Pari Plastics	Injection Blow Moulded	0.86	02-06-17
10	Jagatpur New	Hindustan Food Products	Spices Manufacturing	0.19	05-08-16
11	Jagatpur New	Mahaveer Plastiks	Plastic Granules	0.18	21-09-15
12	Jagatpur New	Modern Plasticks	Injection Blow Moulded	0.14	28-04-16
13	Jagatpur New	Maa Sarala Plastic	Recycled Plastic Granules	0.19	28-04-16
14	Jagatpur New	Abhijit Plastic	Injection Blow Moulded	0.14	28-04-16
Total				**26.87**	

(Source: Records of IDCO)

GLOSSARY

Glossary of Abbreviations

Sl. No.	Abbreviation	Description
1.	A&FED	Agriculture and Farmers' Empowerment Department
2.	AG	Accountant General
3.	APICOL	Agricultural Promotion and Investment Corporation of Odisha Limited
4.	ATNs	Action Taken Notes
5.	AT&C	Aggregate Technical and Commercial
6.	BG	Bank Guarantees
7.	BMV	Bench Mark Value
8.	BoD	Board of Directors
9.	BoQ	Bill of Quantity
10.	CAG	Comptroller and Auditor General of India
11.	CAPEX	Capital Expenditure
12.	CEA	Central Electricity Authority
13.	CIS	Capital Investment Subsidy
14.	CGMs	Chief General Managers
15.	CLO	Calibrated Lump Ore
16.	CMD	Chairman-cum-Managing Director
17.	CoPU	Committee on Public Undertakings
18.	CPC	Central Processing Centre
19.	CPRI	Central Power Research Institute
20.	CPSUs	Central Public Sector Undertakings
21.	CUTM	Centurion University of Technology and Management
22.	DAFP	Directorate of Agriculture & Food Production
23.	DISCOMs	Distribution Companies
24.	DPR	Dividend Payment Ratio
25.	DPR	Detailed Project Reports
26.	DTA	Domestic Tariff Area
27.	EBIT	Earnings Before Interest and Taxes
28.	EMC	Electronic Manufacturing Clusters
29.	EOI	Expression of Interest
30.	EPC	Engineering, Procurement and Construction
31.	FDs	Fixed Deposits
32.	GDP	Gross Domestic Product
33.	GoO	Government of Odisha
34.	GoI	Government of India
35.	GR	Ground Rent
36.	GRIDCO	Grid Corporation of Odisha Limited
37.	HCFC	High Carbon Ferro Chrome
38.	IAs	Industrial Areas
39.	IBM	Indian Bureau of Mines
40.	IDCO	Industrial Infrastructure Development Corporation
41.	IEs	Industrial Estates
42.	IFCAL	IDCOL Ferro Chrome and Alloys Limited
43.	IIDF	Industrial Infrastructure Development Fund
44.	IKIWL	IDCOL Kalinga Iron Works Limited
45.	IMC	Infrastructure Maintenance Charges
46.	IPICOL	Industrial Promotion and Investment Corporation of Odisha Limited
47.	JV	Joint Ventures
48.	KCCL	M/s Kalinga Commercial Corporation Limited
49.	KW	Kilowatt
50.	LAC	Land Allotment Committee
51.	LD	Liquidated damages
52.	LGCO	Low Grade Chrome Ore
53.	MIIUS	Modified Industrial Infrastructure Upgradation Scheme
54.	MoU	Memorandum of Understanding
55.	MoEF&CC	Ministry of Environment, Forest and Climate Change
56.	MT	Metric Tonne

Sl. No.	Abbreviation	Description
57.	MU	Million Units
58.	MVA	Mega Volt Ampere
59.	MW	Mega Watt
60.	NIT	Notice Inviting Tender
61.	ODSSP	Odisha Distribution Systems Strengthening Project
62.	OEPL	Odisha Electronic Park Limited
63.	OERC	Odisha Electricity Regulatory Commission
64.	OIIDC	Odisha Industrial Infrastructure Development Corporation
65.	OMC	Odisha Mining Corporation Limited
66.	OPTCL	Odisha Power Transmission Corporation Limited
67.	PCPIR	Petroleum, Chemical and Petrochemical Investment Region
68.	PFC	Price Fixation Committee
69.	PMCs	Project Management Consultants
70.	PPCs	Primary Processing Centres
71.	PSUs	Public Sector Undertakings
72.	PV	Present value
73.	RFPs	Request for Proposals
74.	RoCE	Return on Capital Employed
75.	RoE	Return on Equity
76.	ROM	Run of Mines
77.	RoW	Right of Way
78.	R&DM	Revenue & Disaster Management
79.	SARs	Separate Audit Reports
80.	SCADA	Supervisory Control and Data Acquisition
81.	SEL	Sterlite Energy Limited
82.	SEZ	Special Economic Zone
83.	SPV	Special Purpose Vehicles
84.	SWCA	Single Window Clearance Authority
85.	TISCO	TATA Iron and Steel Company Limited
86.	TPPs	Thermal Power Plants
87.	VL	Vedanta Limited
88.	WCF	Water Conservation Fund