

CHAPTER – III

PROFILE OF STATE OWNED ENTERPRISES IN GUJARAT

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CHAPTER – III

3.0 INTRODUCTION:

The State of Gujarat has 69 percent literacy rate, which plays an important role in development of Gujarat, even in the scheduled caste the literacy rate is 70 percent. The gross domestic product (GDP) of Gujarat for the year 2003-04 stood at Rs.1,67,356 crore which is nearly 7 percent of GDP of India and per capita income is Rs.26,979 and nearly 30 percent of land is having irrigation facility. As per 1999 census, Gujarat has 19877 factories which is nearly 15 percent of India whereas Government and Non Government Companies as per the Census 2001-02 stood at 39223 factories which stand 7 percent of India. The electricity generated as on 31.03.2003 is 55127 MKWH which is nearly 10.5 percent of India. Gujarat has 5186 kilometers length of railway track which is 8.5 percent of India whereas 137617 kilometers of total length of roads Gujarat holds which is 6 percent of India. The telephone connections including both fixed lines and mobiles are 48,49,000 that is per 100 populations 9 persons in Gujarat have telephone connection as on 31.03.2004 whereas for India it is only 7 percent. This gives overall picture of growth and development of Gujarat, which is 45 years old, as a result of Government and Non Government efforts of Gujarat.

Climbing the steps, the State Owned Enterprises contributed a lot. Since 1961, gradually the Government of Gujarat has established 84 State Owned Enterprises, which till date are in the form of Boards Corporations and Govt. Companies. These State Owned Enterprises, reporting to the Government of Gujarat, played an important role in investment in infrastructure during all these years. The Government of Gujarat retained the ownership of key State owned enterprises in order to ensure that they contribute to development of the economy of Gujarat. State owned enterprises are involved in economic activities generating goods and services and simultaneously provide employment to the people of Gujarat.

3.1 INVESTMENT IN WORKING STATE OWNED ENTERPRISES:

Government of Gujarat continues to invest in SOEs since 1961. SOEs have developed with Government investments. Following is investment in SOEs.

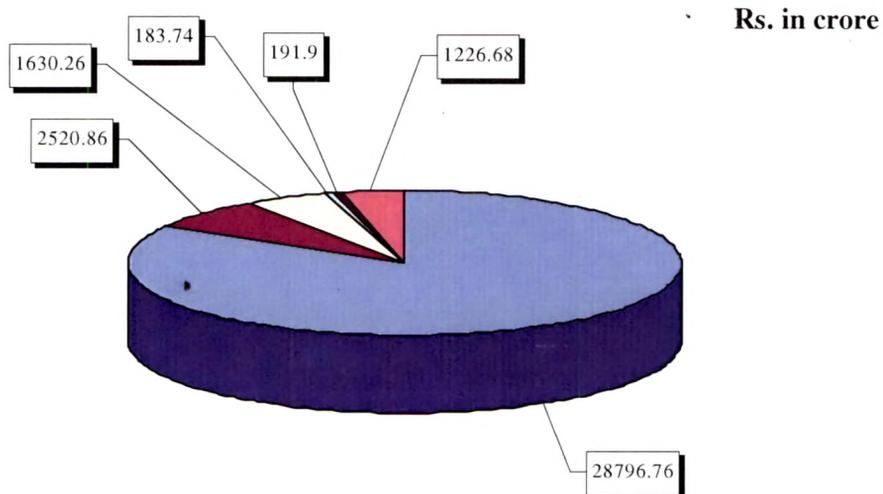
3.1.1 Investment as on 31st March 2004

Table: 3.1 Sector wise Investment in working state owned enterprises as on 31st March 2004

| Sector | Rs. in crore | |
|--|--------------|--------------------------------|
| | Investment | Percentage to total investment |
| Power and Water Resources | 28796.76 | 83.55 |
| Finance | 2520.86 | 7.3 |
| Mining, Construction and Industries | 1630.26 | 4.72 |
| Agriculture, Handloom, Forest and Miscellaneous | 183.74 | 0.53 |
| Area Development, Economically Weaker Section Development, Public Distribution and Tourism | 191.9 | 0.55 |
| Transport | 1226.68 | 3.55 |

Source: CAG Report 2005, pp 10

Chart: 3.1 Pie chart indicating the investments in various sectors



The pie chart clearly indicates the major thrust of government investment in the form of equity and long-term loans is on power and water resources. 83.35 percent of the total investment is in power and water resources, second comes finance sector where the investment is 7.30 percent, 4.72 percent in mining and construction industries and 3.55 percent in transport.

3.1.2 Investment as on 31st March 2005

Chart: 3.2 Pie chart indicating the investments in various sectors

Rs. in crore

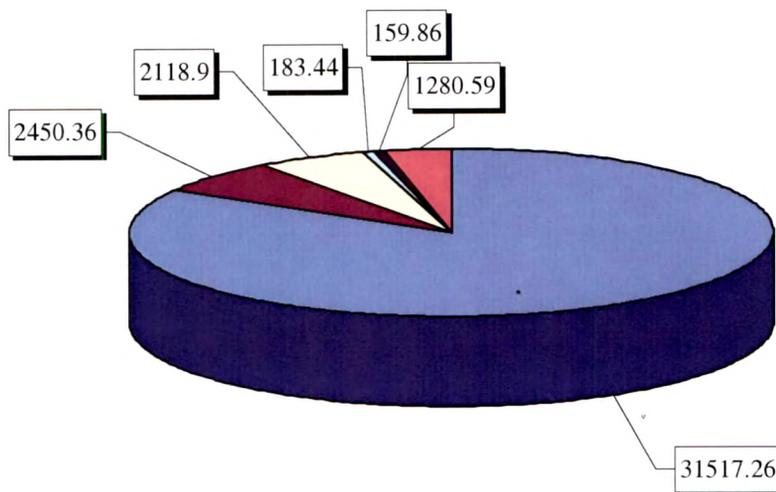


Table: 3.2 Sector wise Investment in working state owned enterprises as on 31st March 2005

Rs. in crore

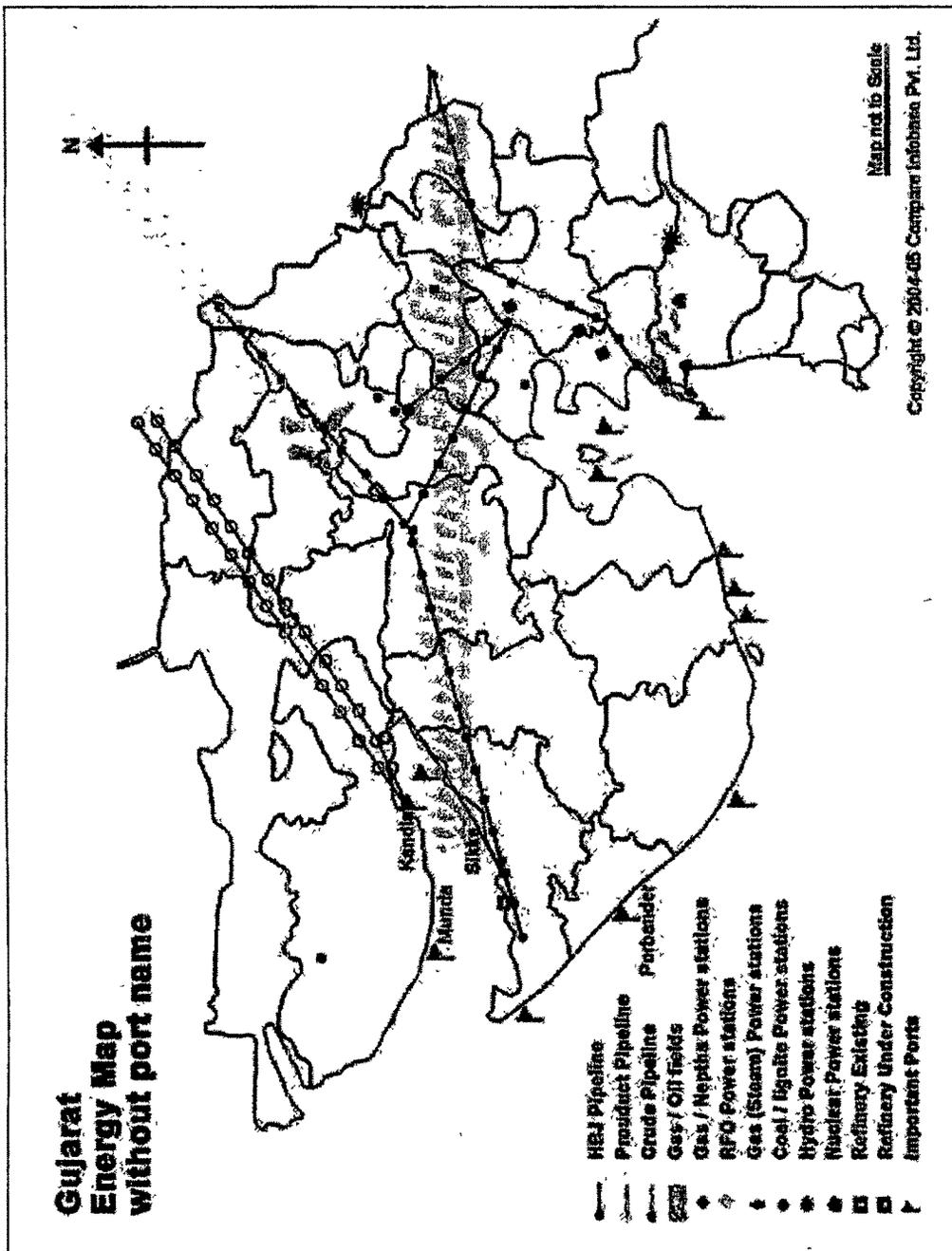
| Sector | Investment | Percentage to total investment |
|--|------------|--------------------------------|
| Power and Water Resources | 31517.26 | 83.58 |
| Finance | 2450.36 | 6.5 |
| Mining, Construction and Industries | 2118.9 | 5.62 |
| Agriculture, Handloom, Forest and Miscellaneous | 183.44 | 0.49 |
| Area Development, Economically Weaker Section Development, Public Distribution and Tourism | 159.86 | 0.42 |
| Transport | 1280.59 | 3.39 |

(Source: CAG Report 2005, pp 10)

The government investment in the year 2005 remain unchanged at 83.58 percent but there is marginal reduction in the finance sector which reduced to 6.5 percent from 7.3 percent, in mining and construction marginal increased from 4.72 percent to 5.62 percent, still in both the years power and water resources sectors consumed the major portion of investment.

3.2 GUJARAT ELECTRICITY BOARD:

The Gujarat Electricity Board (GEB) was established alongwith the formation of Gujarat State in the year 1960 under section 5 of The Electricity (Supply) Act 1958 to generate, transmit and distribute electricity to domestic and industrial sectors of all over Gujarat except Surat and Ahmedabad.



3.2.1 Legendry of Electricity Generation in India

Power development in India commenced at the end of the 19th Century with the commissioning of electricity supply in Darjeeling during 1897, followed by commissioning of Hydro Power Station at Sivasamudram in Karnataka in 1902. In the pre-independence era, the power supply was mainly in the hands of private sector and that too restricted to urban areas. With the formation of State Electricity Boards during Five Year Plans, a significant step was taken in bringing about systematic growth of power supply industry all over the country. A number of multi-focal projects came into existence and with the setting up of thermal, hydro and nuclear power stations, power generation started increasing significantly.

The construction and operation of generation and transmission projects in the central sector are entrusted to the National Thermal Power Corporation and the Power Grid Corporation of India Limited. The Power Grid is responsible for all the existing and future transmission projects in the central sector and also for the formation of the National Power Grid. The Rural Electrification Corporation (REC) under the Ministry of Power provides financial assistances to the programmes of rural electrification. The Power Finance Corporation (PFC) provides term-finance to projects in the power sector. A Power Trading Corporation has also been incorporated primarily to support the Mega Power Projects in private sector by acting as a single entity to enter into Power Purchase Agreement.

3.2.2 Progress of Gujarat Electricity Board

Starting with the generation capacity of 315 MW and the consumer base of 1.40 million, GEB today is the lifeline for over 7.3 million consumers across the State of Gujarat.

During 1970 and 1980s, the major thrust was on the supply of electricity in the rural areas. It was largely due to Gujarat Electricity Board's steady focus on rural electrification that made the Gujarat, the first State to achieve the landmark of 100 percent electrification of villages. As per the 1991 census, 17940 villages out of 18028 have been electrified which is close to 100 percent.

GEB stands committed to build Gujarat as a power hub of the nation with equal emphasis on serving both, the urban as well as the rural population. It ensures a harmonious and balanced growth of the economy by achieving its twin goals of social upliftment of the people as well as economic regeneration in the State.

Over the last four decades, GEB has been lighting up the lives of millions of people in Gujarat and has surpassed many milestones, bagged several awards and achieved path breaking success in its mission of building Gujarat as the power nurtured State of the nation.

When GEB was established in 1961, the electricity generation capacity was 393 MKWH on steam and 42 MKWH on diesel station. But after a period of four decades, in the year 2001, GEB created a remarkable result by generating 23327 MKWH electricity including 436 MKWH by Hydro, 22037 by steam and 854 MKWH by gas stations in Gujarat. The total electricity generated in Gujarat during the year 2001 was 50506 MKWH including private sector and central sector. The generation of electricity in the private sector mainly includes GSECL of 2884 MKWH, AE Co. 3361 MKWH, GIPCL 2528 MKWH, ESSAR 2083 MKWH, GTEC 2480 MKWH, GACL 195 and RPOL 114 MKWH during the year 2001.

During the year 2004, the generation of electricity in Gujarat was 54727 MKWH summing up the electricity generated by GEB 21363 MKWH, private sector 17864 and share of electricity contributed to State by Central share was 15500 MKWH.

The per capita consumption of electricity in Gujarat is 932 KWH which is very high compared to 365 KWH in India. Gujarat is one of the progressive and industrial States of the country, which has highest consumption of electricity in agriculture sector that is 40.92 percent of total consumption after Hariyana of 45.39 percent and Karnataka of 44.38 percent.

Under the Kutir Jyoti Scheme, during the year 2003-04, 20179 connections have been released and in the year 2004-05 (April–October 2004) 3168 new connections have been released by the Gujarat Electricity Board.

With an objective to provide continuous three phase power supply other than agriculture consumers of rural areas for upliftment of rural population and to

restrict the migration from rural to urban area, Government of Gujarat has introduced Jyotigram Yojana from the year 2003-04. During the year 2003-04, nearly 2516 villages and in the year 2004-05, 1750 villages and two districts that are Mehsana and Anand have been fully covered upto October 2004 under the Jyotigram Yojana. Upto the end of financial year 1995-96, total electrification of all districts will be completed under Jyotigram Yojana in Gujarat

The consumption of electricity during 2003-04 in different sectors of Gujarat were emphasised with 34.1 percent in agriculture sector, 33 percent in industrial sector, 13.5 percent in domestic, 4.5 percent in commercial, 1.2 percent in railways traction, 2.6 percent in water works and public lighting and 11.1 percent in other sectors.

3.2.3 Electricity Generation

At the time of bifurcation of Bombay State, Gujarat had electricity generation capacity of 315 MW, which was increased to 8615 MW at the end of year 2002. Out of which GEB was having generation capacity of 4507 MW and from Private Sector like AECL, SECL, ESSAR, GIPCL, GTEC and GSECL were having generation capacity of 2576 MW and the share of 1532 MW from National Grid inclusive of National Thermal Power Corporation.

Therefore the total 8615 MW power generation of Gujarat includes 160 MW of Tarapur Nuclear Thermal Power Station and share of National Thermal Power Stations of Korba (Vindhyachal) 829 MW, Kawas 184 MW, and Gandhar 234 MW.

In January 2003, total 4918 KWH of power was available in the State, indicating an increase of 14 percent compared to January 2002. The maximum demand for power in the State touched to 8893 million KWH, an increase of 7.5 percent compared to January 2002, consequently the State could meet about 84 percent of the demand for power in January 2003. The shortage of power supply against its demand during year 2002 was 1275 KWH. The State witnessed a 14 percent increase in total availability of power in January 2003.

Gujarat Electricity Board's power stations are –

- a) **Coal based**
 - 1. Dhuvaran Thermal Power Station,
 - 2. Ukai Thermal Power Station,
 - 3. Gandhinagar Thermal Power Station,
 - 4. Wanakbori Thermal Power Station, and
 - 5. Sikka Thermal Power Station

- b) **Gas based**
 - 1. Utran Gas Based Power Station
 - 2. Dhuvaran Gas Based Power Station (1 Unit)

- c) **Lignite based**
 - Kutchh Lignite Thermal Power Station, Panandhro

- d) **Hydro**
 - 1. Ukai Hydro Power Station
 - 2. Kadana Hydro Power Station

3.2.4 Electricity Transmission and Distribution

The GEB has its own structure of power transmission and distribution network throughout the State. It has a wide network to transmit the electricity through sub stations that is 9 Sub Stations of 400 KV, 64 of 220 KV, 48 of 132 KV, 632 of 66 KV and 5 of 33 KV totaling to 758 Sub Stations in the entire State of Gujarat.

Moreover the GEB has structures of High Tension and Low Tension lines connecting its Thermal Power Stations to Sub Stations with 200 MW-RHT capacitors Bank to distribute the power at the 50 MHz frequency in the State.

In Gujarat about 18000 villages, 650 towns and 6 big cities have been covered with electrification in all walks of life except 150 villages which are in very hilly and remote places. The whole State of Gujarat is electrified in Industrial, Urban, Agricultural, and Rural Sectors.

3.2.5 Forthcoming projects

In addition to the present generation capacity of Gujarat State, following generation projects are under constructions or commissioning stage –

Table: 3.3 Projects under constructions or commissioning stage – GEB.

| Sr. No. | Particulars | Installed Capacity |
|---------|---|--------------------|
| 1. | Lignite based Power Station owned by Reliance Industries at Ghogha, Dist. Bhavnagar | 375 MW |
| 2. | Lignite based Power Stationed owned by GMDC at Akrimota, Dist. Kutchh | 250 MW |
| 3. | Petroleum Coke based Power Station at Jamnagar | 500 MW |
| 4. | Gas based joint cycle Power Station at Dhuvaran | 110 MW |
| 5. | Gas based Power Station owned by KRIBHCO at Pipavav | 615 MW |
| 6. | Extension of Gas based Power Station owned by GSEG at Hazira | 200 MW |
| 7. | Extension of Lignite based Power Station Unit No. 4 owned by GEB at Panandhro | 75 MW |
| 8. | Extension of Thermal Power Station of GEB at Sikka (imported Coal) | 500 MW |

(Source: Annual Reports 2003-04)

Over and above, Gujarat and Chhatisgarh State have made Memorandum of Understanding for 500 MW coal based Pithead Power Station and from ensuing Narmada Project Gujarat will get its share of 232 MW which will put forth the Gujarat State in a best position to supply the electricity up to its best productive demand.¹

3.2.6 Reforms in State Electricity Boards

In 2003-04, the Center decided to provide Rs.20000 crore in the next five years as incentive to States for strengthening information and reducing SEB losses. This money was to be given as Central Plan Assistances under the Accelerated Development Reforms Programme and Incentive Financing Scheme respectively to the implementing States.

By March 2003, State Electricity Regulatory Commission had been set up in 21 States for determining tariff structure, unbundling of electricity boards into separate entities for power generation, transmission and distribution, increasing power tariffs, measures for reducing transmission and distribution losses, etc.

¹ Annual Reports of GEB

Similarly, 21 States had signed Memorandum of Understanding with Ministry of Finance, GOI.²

3.2.6.1 Reforms in Gujarat Electricity Board

Gujarat has taken a number of measures on power sector reforms and under ADB's recommendation, it has moved towards Corporatization of generation, transmission and distribution activities of Gujarat Electricity Board. Gujarat Electricity Board is restructured as per Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 into seven companies that is Gujarat State Electricity Corporation Limited (Generation Company), Gujarat Energy Transmission Corporation Limited (Transmission Company), Four Distribution Companies viz Dakshin Gujarat Vij Company Limited, Madhya Gujarat Vij Company Limited, Uttar Gujarat Vij Company Limited and Paschim Gujarat Vij Company Limited and one holding company of all the successor companies is Gujarat Urja Vikas Nigam Limited.

3.2.7 Financial Performance of Gujarat Electricity Board

Gujarat Electricity Board had accumulated losses of Rs.7359.02 crore on 31st March 2004.

Table 3.4 Summarised financial results of Gujarat Electricity Board

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss(-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|--------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | Under Process | 11948.00 | - | 77162.00 | 728085.00 | 83020.00 | 11.40 | - | - |
| 2000-01 | - do - | -254298.00 | - | -432938.00 | 376584.00 | - 131545.00 | - | 628048.00 | 51003 |
| 2001-02 | 2002-03 | -62203.00 | - | -495141.00 | 224793.00 | 39531.00 | 17.59 | 727430.00 | 50628 |
| 2002-03 | 2003-04 | -47581.00 | - | -542722.00 | 407103.00 | 29647.00 | 7.28 | 840665.00 | 50687 |
| 2003-04 | 2004-05 | -193180.00 | - | -735902.00 | 316599.00 | -58722.00 | - | 900312.00 | 45023 |

(Source: CAG Reports)

The Gujarat Electricity Board had delayed finalisation of its accounts for the year 1997-98 and 2000-01 but after that it has maintained them regularly upto 2003-04. The GEB has earned a net profit of Rs.119.48 crore in 1997-98 but then after

² Public Finance, By H.L. Bhatia – 24th revised edition -2003, page 587

continuously it has marked the loss of Rs.1931.80 crore upto 2003-04 and consequently the accumulated net loss grown upto Rs.7359.04 crore. The capital employed was Rs.7280.85 crore in 1997-98 reduced substantially to Rs.3165.99 crore in 2003-04 and in the same pattern the total return on capital employed has also declined every year. During the period of seven years from 1997-98 to 2003-04 the turnover of GEB has rose upward while the number of employees have reduced from 51003 to 45023. Reduction in number of employees has not adversely affected turnover of GEB but conversely it has gone up.

3.3 GUJARAT STATE ENERGY GENERATION LIMITED:

The GSPC group decided to move into power generation as a part of its corporate diversification plan and embarked on short gestation power project based on the use of natural gas from its gas fields. The Hazira area of Gujarat was chosen as the site for a combined cycle plant. To implement the project, GSPC promoted a separate company named Gujarat State Energy Generation Limited (GSEG) in December 1998.

The Gujarat State Energy Generation Limited is deployed to develop the high efficiency power generation facilities in the state, with the most advance and clean technologies available in the world today. GSEG is a Special Purpose Vehicle (SPV) for generating power incorporating the most advanced eco friendly science in Gujarat.

3.3.1 Financial Performance for the year 1998-99

Table 3.5 Summarized financial results of Gujarat State Energy Generation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1998-99 | 1999-00 | -1.74 | 1000.00 | -1.74 | 932.74 | -1.74 | - | - | - |

(Source: CAG Reports)

GSEGL had incurred loss of Rs.1.74 lakh in the year 1998-99 with paid up capital of Rs.1000 lakh and capital employed Rs.932.74 lakh.

3.4 GUJARAT ENERGY DEVELOPMENT AGENCY:

In June 1979, Gujarat Energy Development Agency (GEDA) was established to promote and popularize renewable source of energy technologies and energy conservation measures and undertake research and development in this area.

GEDA is registered under the Charitable Societies Act 1969 and was established by the government of Gujarat. It disseminates energy information and plays a catalytic role in development and promotion of renewable energy technologies.

3.5 GUJARAT INDUSTRIES POWER COMPANY LIMITED:

The Gujarat Industries Power Company Limited was incorporated as a public limited company in June, 1985. It has its registered office at PO-Petrochemicals, Vadodara, Gujarat. Gujarat Electricity Board (GEB), Gujarat State Fertilizers & Chemicals Limited (GSFC), Gujarat Alkalies & Chemicals Limited (GACL) and Petrofils Co-Operative Limited promoted the company. GIPCL is currently engaged in the business of generation of electric power.

It has commissioned its first power project of 145 MW Gas Based Combined Cycle Power Plant in February 1992 at Vadodara. The power from this plant is distributed to its promoters in proportion to their original equity holding. The company expanded its capacity and commissioned 160 MW Naptha & Gas based combined cycle Power Plant at Vadodara in November 1997 as an independent power producer with Power Purchase Agreement with GEB.

It has commissioned 250 MW Lignite based Power Plant at Nani Naroli, District Surat in November 1999 as an independent power producer with Power Purchase Agreement with GEB. It has its own lignite mines for Surat Lignite Power Plant.

3.6 GUJARAT STATE PETRONET LIMITED:

Gujarat State Petronet Limited was established by Government of Gujarat under Companies Act 1956. The SOE was established with the aim to search out the petroleum products under the water from the sea basin.

In the recent time the corporation has searched but approximately Rs.3,00,000 crore petroleum products from Krishna river basin of Andhra Pradesh by entering in the international bid in the year 2004-05.

3.6.1 Financial Performance

Table 3.6 Summarised Financial Results of Gujarat State Petronet Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 2000-01 | 2001-02 | -220.28 | 12015.53 | -223.86 | 20245.13 | -59.56 | - | 196.02 | 48 |
| 2001-02 | 2002-03 | -546.23 | 13513.53 | -636.13 | 27685.62 | 221.62 | 0.80 | 1940.87 | 50 |
| 2002-03 | 2003-04 | 1148.36 | 21015.13 | 785.28 | 40635.43 | 2932.04 | 7.22 | 9071.15 | 81 |
| 2004-05 | 2005-06 | 2934.29 | 34995.53 | 1419.10 | 86551.98 | 6481.69 | 7.49 | 20348.76 | 79 |

(Source: CAG Reports)

Gujarat State Petronet Limited has finalised the accounts regularly, though it was a newly formed company. The Company has incurred loss of Rs.220.28 lakh in 2000-01 that went up to Rs.546.23 lakh in 2001-02 but then after within two years it has realized profit of Rs.2934.29 lakh in 2004-05. During 2002-03 to 2004-05 two years company's profit increased by 155 percent.

The capital employed in the year 2000-01 Rs.20245.13 lakh has increased by more than four times i.e. Rs.86551.98 lakh in 2004-05. The total return on capital employed in the year 2000-01 was (-) Rs.59.56 lakh but then it increased up to positive amount Rs.6481.69 lakh in 2004-05, hence the rate of return on capital employed also increased from 0.80 percent in 2001-02 to 7.49 percent in 2004-05. During the 5 year period the paid up share capital has increased nearly thrice from Rs.12015.53 lakh in 2000-01 to Rs.34995.53 in 2004-05 and the same trend has been maintained in turn-over, which is increased from Rs.196.02 lakh in 2000-01 to Rs.20348.76 lakh in 2004-05. The number of employees during these five years period has increased from 48 in 2000-01 to 79 in 2004-05.

3.7 GUJARAT STATE PETROLEUM CORPORATION LIMITED:

The Gujarat State Petroleum Corporation Limited (GSPCL) the Government of Gujarat undertaking is actively engaged in the exploration, development and production of oil and natural gas. Government of Gujarat incorporated GSPCL in 1979 under Companies Act 1956. At present GSPCL discovered oil and gas fields, nine exploration blocks, both within and outside the State of Gujarat.

The GSPC has discovered the countries largest gas reserve at the Krishna Godavari block of the coast of Andhra Pradesh on 17th June 2005. This is one of the most significant discoveries in the hydrocarbon sector of India because it is the largest ever discoveries in India, deepest off-shore well in India at 5061 meters. The well has an estimated reserve of 20 TCF (Trillion Cubic Feet) which makes it the largest gas reserve of India. The value of which is estimated to be Rs.2 lakh crore as per current rate of natural gas.

3.7.1 Financial Performance

Table: 3.7 Summarized financial results of State Petroleum Corporation Limited
Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | 938.47 | 2561.11 | 1329.60 | 1973.09 | 938.47 | 47.56 | - | - |
| 2000-01 | 2001-02 | 4519.63 | 10411.11 | 6692.52 | 8584.37 | 6433.55 | 74.94 | 7009.40 | 31 |
| 2001-02 | 2002-03 | 14221.12 | 11501.11 | 18667.56 | 11383.32 | 15247.42 | 133.95 | 16399.06 | 38 |
| 2002-03 | 2003-04 | 27761.81 | 11411.11 | 42996.48 | 34354.31 | 28182.39 | 82.03 | 29348.98 | 74 |
| 2004-05 | 2005-06 | 30516.98 | 11411.11 | 91763.56 | 79630.56 | 60527.38 | 38.34 | 128676.35 | 79 |

(Source: CAG Reports)

Gujarat State Petroleum Corporation Limited has finalized its accounts regularly and in time. It is significant that the SOE has a consistent increasing trend of net profit i.e. from 1997-98 Rs.938.47 lakh to Rs.30516.98 lakh in 2004-05. The paid up share capital went up from Rs.2561.11 lakh in 1997-98 to Rs.11411.11 lakh in 2004-05. It was almost unchanged during last four years after a jump in 2000-01. The accumulated profit had a remarkable upward rising trend i.e. Rs. 1329.60 lakh in 1997-98 to Rs.91763.56 lakh in the year 2004-05. During the 8 years period from 1997-98 to 2004-05 the capital employed has increased by more than 40 times i.e. from Rs.1973.09 lakh to Rs.79630.56 lakh. The percentage return on capital employed has increased from 47.56 in 1997-98 to 133.95 in 2001-02, but then after it is reduced upto 38.34 in 2004-05. Company has uncomparable percentage of return on capital employed amongst the SOEs. The most important thing is that the SOE has successively increased the turnover from Rs.7009.40 lakh to Rs.128676.35 lakh as well as the number of employees from 31 to 79 during these 8 years period from 1997-98 to 2004-05.

3.8 GUJARAT STATE POWER CORPORATION LIMITED:

With rapid industrialization the demand of power and supply has triggered imbalance in the power sector. The limited resources of the State Government for capital investment in power sector have created a scarcity of power. In view of the responsibility to provide power to the industries which is increasing day by day, the Gujarat Power Corporation Limited was incorporated in June 1990. It was formed with association of GEB under Companies Act 1956 with an object of enhancing the power capacity in the state.

The authorized share capital of the company is Rs.300 crore and paid up share capital is Rs.219 crore.

The main objectives of the power corporation are to raise capital investment in power sector by private industrialists to generate power based on various fuels in various areas of the state.

3.8.1 Financial Performance

Table 3.8 Summarised financial results of Gujarat State Power Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 2001-02 | 2002-03 | 2047.26 | 21957.57 | 21663.90 | 40561.68 | 2048.99 | 5.52 | 2105.25 | 29 |
| 2002-03 | Under Process | 2412.79 | 21957.57 | 22899.71 | 26678.63 | 2416.65 | 9.06 | 2817.82 | 29 |
| 2003-04 | 2004-05 | 2800.24 | 21957.57 | 24647.58 | 28914.96 | 2800.24 | 9.68 | 3217.74 | 30 |
| 2004-05 | 2005-06 | 2082.42 | 21957.57 | 25877.23 | 30527.77 | 2082.42 | 6.82 | 2736.69 | 30 |

(Source: CAG Reports)

Table 3.8 reflects that Gujarat Power Corporation Limited has earned net profit Rs.2047.26 lakh in 2001-02 to Rs.2800.24 lakh in 2003-04 but then reduced to Rs.2082.42 lakh in 2004-05 resulting in total accumulated profit Rs.25877.23 lakh in the year 2004-05. The total capital employed during the year 2001-02 was Rs.40561.68 lakh later it reduced to Rs.26678.63 lakh and again it increased to Rs.30527.77 lakh in 2004-05. The rate of return on capital employed and turnover of the SOE declined during this period but the numbers of employees remained almost unchanged.

3.9 GUJARAT STATE FUEL MANAGEMENT COMPANY LIMITED:

The Gujarat State Fuel Management Company Limited (GSFMC) was incorporated under Companies Act 1956 with the main objectives to facilitate development of secondary market in energy sector, and to provide comprehensive range of commercial, technical and legal advisory services for efficient and economic management of fuels in Gujarat.

The company, today, offers varied services basket straddling the entire gamut of energy management services like fuel pricing, developing gas sales and gas transmission agreements, transmission tariff analysis, demand–supply analysis and gas regulatory affairs.

3.10 GUJARAT INDUSTRIAL INVESTMENT CORPORATION:

The Gujarat Industrial Investment Corporation Limited (the Company) was incorporated as a wholly owned Government company in August 1968 with main objective to promote investment in projects and to provide financial assistance to large and medium industrial undertakings within the State (including Union Territory of Dadra and Nagar Haveli). The Company commenced other financial services such as bill discounting, rediscounting, leasing and merchant banking from October 1994 and activity of corporate loans from April 1995.

3.10.1 Banking services for development by GIIC

Mainly GIIC through its different schemes gives financial assistances to the large and medium size industries. It also funds new industries to be established in backward areas. Government of Gujarat in the year 1986 announced subsidized interest rate loan scheme for electronic industries and industries in backward area. GIIC works for these schemes also.

From 1968 till 2004, GIIC has funded 4097 industrial units amounting to Rs.2817 crore of which Rs.2522 crore are already disbursed and 4040 industrial units have obtained the funds. During the year 2001-02, looking to the market situation and for other reasons, temporarily GIIC stopped its funding activity. Directly or indirectly 545166 peoples of Gujarat got employment opportunities through the activities of GIIC.

3.10.2 Financial Services of GIIC

From October 1994, GIIC has commenced financial services like discounting of bills, rediscounting, leasing, merchant banking, underwriting, and corporate loans etc. Again in the year 2001-02, all these activities were stopped by GIIC temporarily and it decided to concentrate on recovery of loans.

Table 3.9 Earning through Financial Activities of Gujarat Industrial Investment Corporation

Rs. in crore

| Particulars | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Aggregate finance sanctioned | 196.57 | 141.38 | 138.24 | 256.09 | 284.09 | 302.49 | 227.11 | 232.00 | 146.86 | 104.87 | 0 | 0 | 0 |
| Aggregate disbursement sanctioned | 104.93 | 122.71 | 117.68 | 181.37 | 172.24 | 207.84 | 188.41 | 93.57 | 135.65 | 74.47 | 0 | 0 | 0 |
| Ratio of disbursement in percent | 53 | 86 | 85 | 70 | 61 | 69 | 83 | 40 | 92.36 | 71 | 0 | 0 | 0 |
| Assistance in backward areas | 72.71 | 52.55 | 47.89 | 92.32 | 117.48 | 106.19 | 111.77 | 00.00 | 00.00 | 00.00 | 0 | 0 | 0 |
| Financial investment | 363.81 | 293.94 | 219.10 | 450.32 | 729.37 | 897.71 | 597.02 | 865.00 | 352.86 | 104.00 | 0 | 0 | 0 |
| Cash subsidy | 6.04 | 5.70 | 1.54 | 4.11 | 14.90 | 14.57 | 3.92 | 2.28 | 1.15 | 0.38 | 0 | 0 | 0 |
| Employment opportunity | 43633 | 39770 | 36890 | 48690 | 37500 | 40000 | 25000 | 8065 | 6300 | 3534 | 1648 | 0 | 0 |
| Net profit (+) / Loss (-) | 8.08 | 19.89 | 32.97 | 37.72 | 23.21 | 11.14 | 40.58 | -20.10 | -13.07 | -42.39 | -69.72 | 0 | 0 |

(Source: Annual Reports)

Table 3.9 reflects that Gujarat Industrial Investment Corporation being finance company has measurably failed in its operation, to the extent of stoppage of its investment activities since the last three years. Assistance to backward area is no more from the year 1998-99, the net profit of the corporation suddenly shows loss of Rs. 20 crore in the year 1998-99 compare to Rs.40 crore profit for the year 1997-98 which is unbelievable. Since 1998-99 the loss is continuously increasing

and for the year 2001-02 it reached to Rs.70 crore since then the company has stopped showing the financial results. The aggregate disbursement was climbing from 1991-92 to 1996-97 that is 105 crore to 108 crore for the year 1996-97 since then it has declined and then stopped. Same is the case for financial investment, it was 263 crore for the year 1991-92 showing rise to 898 crore for the year 1996-97. It is 865 crore in the year 1998-99, since then it declined and reached to zero.

3.10.3 Financial Performance

On 31st March 2004 the accumulated losses were Rs.231.33 crore whereas the total investment was Rs.256.98 crore. The accumulated losses were nearly equal to investment.

Table 3.10 Summarized financial results of Gujarat Industrial Investment Corporation

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | 4425.66 | 6915.70 | 6140.65 | 108106.39 | 15836.43 | 14.65 | NA | NA |
| 2000-01 | 2001-02 | -5241.98 | 25697.77 | -4239.46 | 114517.54 | 4040.08 | 3.53 | 8716.33 | 195 |
| 2002-03 | 2003-04 | -6701.60 | 25697.77 | -17882.38 | 89352.66 | 1340.07 | 1.50 | 4863.88 | 139 |
| 2003-04 | 2004-05 | -5279.88 | 25697.77 | -23132.85 | 87337.52 | 1690.25 | 1.94 | 5427.02 | 333 |

(Source: CAG Reports)

Gujarat Industrial Investment Corporation has maintained and finalised the accounts on a very regular basis and has earned a net profit of Rs.4425.66 lakh in the year 1997-98 but then after every year it has marked a loss of maximum (-) Rs.6701.60 lakh. After 1997-98 the paid up share capital increased from Rs.6915.70 lakh to Rs.25697.77 lakh by the end of 2003-04. The capital employed of the SOE after a maximum limited of Rs.114517.54 lakh has set a downward falling trend up to year 2003-04 of Rs.87337.52 lakh. Hence the total return and rate of return on capital employed are also remained declining every year upto 2002-03. The notable thing is that the turnover of Rs.8716.33 lakh from 2000-01 to Rs.5427.02 upto 2003-04 has reduced by 40 percent but during the same period the number of employees are increased from 195 to 333.

3.11 GUJARAT STATE FINANCIAL SERVICES LIMITED:

Gujarat State Financial Services Limited was incorporated on November 20, 1992, under the Company's Act 1956. As per the Memorandum and Articles of Association, it was established to help the State Government to mobilize inter-corporate deposits. The surplus amount of State owned enterprises would be deposited in GSFC Limited and this inter corporate deposit would be invested in different industries and would be given the financial loans to enterprises.

The Government of Gujarat, presently permitted Rs.2000/- crore to take as inter corporate deposits. Since the establishment of GSFC Limited, it has figured out a successful performance with consistent rising trends of profit after tax. During the year 2002-03 the company achieved profit after tax Rs.2023 lakh and for the year 2003-04 Rs.2131 lakh.

The company also promoted one more finance company for the mobilization of debt / equity from the capital market for public sector in the year 1998-99 under Company's Act 1956 registered as 'GSFC Capital and Securities Limited'.

3.11.1 Financial Performance

Table 3.11 Summarized financial results of Gujarat State Financial Services Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss(-) | Paid up capital | Accumulated Profit(+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|--------------------------|-----------------|----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1998-99 | 1999-00 | 601.48 | 2628.00 | 639.00 | 28239.90 | 3865.55 | 13.69 | - | - |
| 2001-02 | 2002-03 | 1798.21 | 2628.00 | 1394.98 | 52149.79 | 6312.38 | 12.10 | 7343.15 | 22 |
| 2002-03 | 2003-04 | 2903.19 | 2628.00 | 2803.23 | 82657.56 | 9871.48 | 11.94 | 10204.63 | 21 |
| 2003-04 | 2004-05 | 2907.07 | 2628.00 | 4495.19 | 128544.79 | 9762.74 | 7.59 | 9884.83 | 21 |
| 2004-05 | 2005-06 | 3032.10 | 2628.00 | 5473.38 | 173520.08 | 13142.18 | 7.57 | 13722.61 | 20 |

(Source: CAG Reports)

The Gujarat State Financial Services Limited being a state owned enterprise regularly finalises its accounts in time. The paid up share capital of the SOE remained constant at Rs.26.28 crore from 1998-99 to 2004-05. The positive and important aspects of the SOE are upward rising trend of net profit, capital employed, rate of return on capital employed as well as the turnover. The net profit Rs.6.01 crore in 1998-99 grew up to Rs.30.32 crore in 2004-05 by making a rise of 80 percent, hence the accumulated profit also jumped

from Rs.6.39 crore in 1998-99 to Rs.54.73 crore in 2004-05. The capital employed Rs.282.39 crore in 1998-99 grew up to Rs.1735.20 crore in 2004-05 by more than 60 percent. The total return on capital employed marked a rise of Rs.92.76 crore from Rs.38.65 crore in 1998-99 to Rs.131.42 crore in 2004-05. The percentage of return on capital employed since 1998-99 to 2004-05 are declining and maintaining it's positive figured at 7.57 percent upto 2004-05. The number of employees of the SOE remained almost unchanged in these years.

3.12 GUJARAT STATE INVESTMENT CORPORATION LIMITED:

It is wholly owned government company registered under Company's Act 1956 on 29th January 1988. The authorized share capital of the company is Rs.1000 crore having a share of Rs.10 each. The paid up share capital is Rs.95 crore. Simultaneously it has the preference share capital of Rs.50 lakh. Corporation mainly makes investment by purchasing the shares either in IPO or Right Issues where Government of Gujarat has interest.

3.12.1 Financial Performance

Table 3.12 Summarized financial results of Gujarat State Investment Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | 1925.33 | 48437.91 | -425.67 | 52374.70 | 2602.37 | 4.97 | NA | NA |
| 2001-02 | 2002-03 | 1179.04 | 49476.91 | 6368.48 | 55321.75 | 1179.04 | 2.13 | 1208.61 | 6 |
| 2002-03 | Under Process | 900.81 | 44276.91 | 885.91 | 53104.11 | 900.81 | 1.70 | 1228.35 | 2 |
| 2003-04 | 2004-05 | 1126.41 | 44276.91 | 2201.85 | 51155.79 | 1126.41 | 2.20 | 1145.53 | 2 |

(Source: CAG Reports)

Gujarat State Investment Corporation Limited has marked a net profit of Rs.1925.33 lakh in 1997-98 but then upto 2002-03 it reduced to Rs.900.81 lakh, then again it retained a net profit of Rs.1126.41 lakh in the year 2003-04, hence it has grown up the accumulated profit amounting to Rs.2201.85 lakh in 2003-04.

The paid up share capital has increased upto a maximum limit of Rs.494.77 crore in 2001-02 but in the subsequent year it declined to Rs.442.77 crore in the year 2003-04. The capital employed of the SOE remained almost near to Rs.531.04 crore with little change. The rate of return on capital employed was marked a diminishing but positive trend. The turnover of the SOE amounted with a minor change nearly Rs.1200 lakh but the number of employees reduced from 06 in 2001-02 to 02 only in 2003-04.

3.13 GUJARAT STATE MUNICIPAL FINANCE BOARD:

Government of Gujarat established it in 1960 as a statutory Board under the Department of Urban Development. It provides the financial assistance to the different municipalities of Gujarat. This Board gives advice on matters like administration and finance of municipalities. This Board, like Health, Sanitation, Primary Education, and Upliftment of the Urban Poor etc is funding different schemes. The Board takes up certain schemes in coordination with Government of India as well as International Organisations like UNO, UNICEF, UNESCO, Asian Development Bank etc.

3.14 GUJARAT WATER SUPPLY AND SEWERAGE PLANNING BOARD:

The Government of Gujarat established the Gujarat Water Supply and Sewerage Planning Board in 1978 under Companies Act 1956.

The Government of Gujarat decides the policy for water and also makes the grants available for the projects. The Board also makes arrangement for cleaning the sewage and drainage system of cities, towns and villages of Gujarat.

3.15 GUJARAT STATE CIVIL SUPPLIES CORPORATION LIMITED:

Gujarat State Civil Supplies Corporation Limited (the Company) was incorporated in September 1980, as a wholly owned Government company under the Companies Act, 1956 with the main object of procurement of allotted quantities of food-grains and edible oils from central agencies such as, Food Corporation of India (FCI) / State Trading Corporation (STC), coarse grain from open market and distribution of the same to the fair price shops (FPS) under public distribution system (PDS)/ targeted public distribution system (TPDS). The Company, in order to strengthen its base, also undertook own activities by setting up departmental stores, liquefied petroleum gas (LPG) centers and

petrol and diesel outlets. Besides, the Company undertook other activities relating to civil supplies, as directed by the State Government from time to time.

3.15.1 Government Activities

The Company, being an agency of the State Government had carried out the Government activities under PDS / TPDS and received commission at the rates fixed by the State Government on yearly basis. The proportion of the Government activities to the total activities of the Company ranged between 59 to 70 percent during 1997-2002. The Company distributed wheat, rice and edible oil to a FPS from its godown for further distribution to the above poverty line (APL) category, below poverty line (BPL) category and antyodaya anna yojana (AAY) under PDS / TPDS.

3.15.2 Own Activities

The Company carried out its own activities such as, operation of Kalpataru departmental stores (KDS), liquefied petroleum gas (LPG) centers, petrol / diesel pumps, procurement and distribution of free sale cement to various Government departments / boards / corporations, and distribution of levy sugar.

Administrative department attended only one out of 11 BOD meetings during November 2000 to March 2003. The instability in tenure of directors and continuous absence of directors in BOD meetings had resulted in lack of proper guidance from them to the Company

3.15.3 Sources of funds

The funds received from the State Government towards equity share capital, cash credits sanctioned by the Reserve Bank of India (RBI) and profit earned in PDS / TPDS activities retained as surplus on Government activities by the Company for its working capital, were the main sources of finance for the Company.

Against the authorized share capital of Rs.25 crore, the paid-up share capital of the Company as on 31 March 2002 was Rs.10 crore, wholly subscribed by the State Government. The Company resorted to cash credit and inter-corporate deposits during 1998-2001 and retained surplus on Government activities as

interest bearing loan. In addition, it had also received interest free loan of Rs.30 crore from the State Government in 2000-01 for earthquake relief work.

Table 3.13 Major borrowings during 1999-2002 of Gujarat State Civil Supplies Corporation Limited

(Rs. in crore)

| Year | RBI Credit maximum sanctioned | RBI credit maximum availed | Cash credit (CC) outstanding at the end of the year | Inter-corporate deposits | Surplus on Government activities retained as loan |
|---------|-------------------------------|----------------------------|---|--------------------------|---|
| 1997-98 | 25 | 24.83 | -- | -- | 34.22 |
| 1998-99 | 40 | 39.52 | 30.46 | 10.00 | 29.74 |
| 1999-00 | 45 | 45.55 | 1.31 | 15.00 | 30.99 |
| 2000-01 | 75 | 62.28 | 19.18 | 10.00 | 40.71 |
| 2001.02 | 42 | 12.47 | 11.63 | -- | 49.34 |

(Source: CAG Report, March 2003)

The Company maintained separate account for Government activities wherein purchase of food grains, edible oils etc., and other expenditure and realization there against were booked. The excess of income over expenditure was considered as "Surplus on Government activities" payable to the Government.

The surplus was retained by the Company as loan, on which, interest at 14 percent per annum upto 2001-02 and 12 percent per annum from 2002-03 onwards, was payable to the State Government. The Company had to retain the surplus on Government activities for executing the PDS / TPDS activities due to non receipt of subsidy of Rs.118.55 crore from the State Government. As on 31 March 2002, Rs.31.95 crore was outstanding against accumulated interest accrued and due on the surplus on Government activities of Rs.49.34 crore. Though the Company was liable to pay interest on surplus on government activities, it was not entitled to claim any interest on subsidy receivable from the Government.³

The corporation has its own channels of distribution in the name of "Dindayal Upadhyay Sasta Anaj Bhandhar that is rationing shop from where the necessary food grains, rice, sugar, kerosene, edible oil and many other items are distributed to the poor and economically weaker (Low Income Group) people of Gujarat.

³ CAG Report March 2003 page No.33 – 36,

3.15.4 Financial Performance

On 31st March 2005 total investment amounted to Rs.10 crore whereas the total accumulated losses were Rs.2.37 crore nearly 1/5 times of the investment.

Table 3.14 Summarized financial results of Gujarat State Civil Supplies Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss(-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|--------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | -186.29 | 1000.00 | -109.75 | 4824.37 | 489.90 | 10.15 | NA | NA |
| 2000-01 | 2001-02 | -57.85 | 1000.00 | -471.75 | 10582.50 | 999.51 | 9.44 | 60834.37 | 2118 |
| 2001-02 | 2002-03 | 150.10 | 1000.00 | -325.70 | 6808.30 | 731.56 | 10.75 | 65547.98 | 2112 |
| 2002-03 | 2002-04 | -65.01 | 1000.00 | -354.79 | 11756.03 | 636.03 | 5.41 | 45217.44 | 1927 |
| 2004-05 | 2005-06 | 69.07 | 1000.00 | -236.74 | 15412.53 | 673.30 | 4.37 | 66910.47 | 398 |

(Source: CAG Reports)

Gujarat State Civil Supplies Corporation Limited is finalizing the accounts in time. The net profit observed a lot of fluctuations i.e. resulting in loss in first two years Rs.186.29 lakh in 1997-98 and Rs.57.85 lakh in 2000-01, then in 2001-02 it has earned profit of Rs.150.10 lakh and in 2002-03 it has incurred loss of Rs.65.01 lakh and in 2004-05 earned profit of Rs.69.07 lakh. The paid up share capital from 1997-98 to 2004-05 remained unchanged at Rs.1000 lakh. The accumulated loss increased from Rs.109.75 lakh to Rs.471.75.

The capital employed increased except for one year from 1997-98 Rs.4824.37 lakh to Rs.15412.53 lakh in 2004-05, hence total return on capital employed has fluctuated from Rs.489.90 lakh to Rs.999.51 lakh. The percentage of return on capital employed remained positive and the turnover advanced except in one year i.e. 2002-03.

The most important thing is eye opening, since the SOE has retrenched a total of 1720 employees during the period of five years and a total number of employees from 1927 reduced to 398 by 80 percent from 2002-03 to 2004-05 and still turnover climbed by 48 percent from Rs.45217 lakh to Rs.66910 lakh.

3.16 GUJARAT WATER RESOURCES DEVELOPMENT CORPORATION LIMITED:

Government of Gujarat established the Gujarat Water Resources Development Corporation Limited on May 3, 1971, under the Companies Act 1956. It is a wholly State owned public enterprise.

The paid up share capital of the corporation was Rs.3148.61 lakh on March 31, 2004, and Rs.1294.30 lakh grants was given by State Government for different schemes. At the end of year 2003-04 the aggregated loss of the corporation was Rs.2900.48 lakh.

3.16.1 Financial Performance

On 31st March 2004 the accumulated losses were Rs.29 crore whereas the total investment was Rs.31.49 crore. The accumulated losses were nearly equal to investment.

Table 3.15 Summarized financial results of Gujarat Water Resources Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turnover | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|----------|------------------|
| 1997-98 | 1999-00 | -46.75 | 3148.61 | -4163.37 | 10174.60 | -28.92 | - | - | - |
| 2001-02 | Under process | 66.99 | 3148.61 | -2821.38 | 21256.65 | 66.99 | 0.32 | 5345.75 | 4445 |
| 2002-03 | 2003-04 | 106.06 | 3148.61 | -2723.48 | 21368.34 | 106.06 | 0.50 | 5410.45 | 4405 |
| 2003-04 | 2004-05 | 67.49 | 3148.61 | -2900.48 | 24038.70 | 74.15 | 0.31 | 5168.62 | 3948 |

(Source: CAG Reports)

From the above table it is observed that company could not finalise its account for the financial year 2001-02, only in 1997-98 there was a loss of Rs.46 lakh and the accounts were finalized for this year in 2000. Except 1997-98 company has positive results of its operation. The paid up capital has remained constant at Rs.3148 lakh. Before 1997-98 company had huge accumulated losses to the tune of Rs.41.63 crore, they had gone down marginally to Rs.29 crore for the year 2003-04. The deployment of the capital has increased from Rs.102 crore to

Rs.240 crore during this period. The rate of return on capital employed is observed negligible that is less than one percent.

3.17 GUJARAT HOUSING BOARD:

Gujarat Housing Board was established in 1961 under Gujarat Housing Board Act, 1961 (Act). The main functions of the Board are to construct houses in urban areas and to allot these houses to different income groups in the State. The Board has schemes for (i) Industrial Workers, (ii) Economically Weaker Section (EWS), (iii) Lower Income Group (LIG), (iv) Middle Income Group (MIG) and (v) Higher Income Group (HIG). Before implementation of a housing scheme, the Board conducts survey to assess demand for houses planned to be undertaken and collects deposits ranging between Rs.5000 and Rs.10,000 from applicants of different income group schemes. Houses are allotted to applicants by drawing lots.

3.18 GUJARAT STATE POLICE HOUSING CORPORATION LIMITED:

The Gujarat State Police Housing Corporation Limited was incorporated in November 1988 as a wholly owned State Government company with the main objective of construction of residential and non-residential buildings for the Police and Jail.

3.2.1 Objectives and activities

The main objectives of the Company

- To formulate and execute schemes for construction and maintenance of all types of police buildings (residential and non-residential) and allied works;
- To formulate and execute various housing schemes for serving and retired employees of Police in the State Government;
- To promote the formation of residential townships, colonies, co-operative housing societies, trusts, or other association or organization for owning any of the properties for policemen;
- To invest the surplus funds of the Company from time to time in deposits, units, Government securities or in other securities including shares, bonds and debentures as may from time to time be determined by the Board of Directors and from time to time sell or vary investment and to execute all

assignments, transfers, receipts and documents that may be necessary in that behalf;

- To acquire or lease lands, buildings, sites necessary for carrying out any of the objects of the Company.

The Company is acting as nodal agency to the State Government for construction of residential and non-residential buildings for the police, jail, forensic science laboratory, anti-corruption bureau etc., maintenance and repairs of buildings of police and other offices under the Home Department and is operating on “no profit and no loss” basis.

The activities are coordinated and monitored from the Head Office at Gandhinagar.

3.2.2 Capital Structure

The State Government subscribed the entire paid up share capital of Rs.50 crore of the Company as on 31 March 2003.⁴

3.19 Financial Performance

Table 3.16 Summarized financial results of Gujarat State Police Housing Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+)/ Loss(-) | Paid up capital | Accumulated Profit (+)/Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|-------------------------|-----------------|---------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | -257.88 | 500.00 | -1770.86 | 1319.84 | -175.75 | - | NA | NA |
| 1998-99 | Under Process | Capitalised | 500.00 | Capitalised | 7080.57 | Capitalised | - | 2098.36 | 78 |
| 1999-00 | - do - | NA | 500.00 | NA | 7120.11 | NA | - | - | 78 |
| 2001-02 | 2003-04 | NA | 500.00 | NA | 5036.44 | NA | - | - | 137 |
| 2002-03 | 2004-05 | NA | 500.00 | NA | 5036.44 | NA | - | - | 177 |

(Source: CAG Reports)

Gujarat State Police Housing Corporation Limited is not regular in finalizing the accounts except one year i.e. in 1997-98. The paid up share capital of the SOE has almost remained the same at Rs.500 lakh during the period from 1997-98 to 2002-03.

⁴ CAG Report March 2003, page no. 20 – 21

The capital employed has been fluctuating for these years but number of employees increased from 78 in 1998-99 to 177 in 2002-03.

3.20 GUJARAT STATE WOMEN ECONOMIC DEVELOPMENT CORPORATION:

The Gujarat Women Economic Development Corporation Limited was established in 1981 under the Societies Registration Act, 1860 for conducting various activities for the well-being of women to make them economically self reliant. But consequently to facilitate the expansion of activities of the corporation, it was registered under the Companies Act 1956 on August 16, 1988 and the corporation has started functioning as company since 01.01.1989.

The authorized share capital of the corporation is Rs.10 crore, against which the paid up share capital as on 31.03.2004 is Rs.702.05 lakh.

During the year 2003-04, 24985 a total number of women beneficiaries have been covered under various schemes of the corporation and the corporation has incurred an expenditure to the tune of Rs.442.88 lakh by way of stipend, subsidy, equipment aid etc.

3.20.1 Financial Performance

Table 3.17 Summarized financial results of Gujarat State Women Economic Development Corporation.

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | 12.91 | 602.05 | - | 607.54 | 13.09 | 2.15 | NA | NA |
| 1999-00 | 2001-02 | -31.75 | 602.05 | - | 730.64 | -31.75 | - | 1.61 | 29 |
| 2001-02 | Under Process | -45.54 | 702.05 | - | 761.54 | -45.54 | - | 0.69 | 31 |
| 2003-04 | 2004-05 | -61.63 | 702.05 | - | 776.64 | -61.63 | - | - | 28 |

(Source: CAG Reports)

Gujarat Women Economic Development Corporation Limited has Rs.602.05 lakh paid up share capital for three years and Rs.702.05 lakh for another three years starting from 1997-98 to 2003-04. It has resulted in a profit of Rs.12.91 lakh in the year 1997-98 then it is continuously incurring the loss of Rs.61.63 lakh in the

year 2003-04. Hence the total return on capital employed went down to (-) Rs.61.63 lakh. Eventhough the capital employed increased regularly from Rs.607.54 lakh in 1997-98 to Rs.776.64 lakh in 2003-04, the number of employees remained unchanged.

3.21 GUJARAT SCHEDULED CASTE ECONOMIC DEVELOPMENT CORPORATION LIMITED:

Gujarat Scheduled Caste Economic Development Corporation Limited was established by Government of Gujarat in 1971 as a statutory Corporation.

3.21.1 Objectives

- ❖ To strengthen the economic condition of scheduled caste people in Gujarat.
- ❖ To help the people of scheduled caste in
 - Establishment of business and profession.
 - Getting education in well reputed institutions and payment of fees.
 - Training of small and cottage industries to specific artisans in the state and outside the state.
 - Arranging programmes in rural and slum areas to remove the old belief, wrong traditions and unwanted expenditure.

3.21.2 Financial Performance

Table 3.18 Summarised Financial Results of Gujarat Scheduled Caste Economic Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1993-94 | 1999-00 | 48.11 | 1418.73 | 454.22 | 2238.73 | 62.57 | 2.79 | NA | |
| 1995-96 | Under Process | 194.95 | 1500.55 | 709.11 | 3087.30 | 225.63 | 7.31 | 263.59 | NF |
| 1997-98 | 2005-06 | NA | 1437.00 | -145.29 | - | - | - | - | 99 |
| 2001-02 | 2002-03 | -42.71 | 1719.91 | -1732.51 | 3238.82 | 29.21 | 0.90 | 482.10 | 411 |

(Source: CAG Reports)

Gujarat Scheduled Caste Economic Development Corporation Limited failed in finalizing the accounts. A wide fluctuation in financial performance marked a loss

of Rs.42.71 lakh in the year 2001-02. The paid up share capital of the SOE was Rs.1418.73 lakh in 1993-94, gone up to Rs.1719.91 lakh in 2001-02 with a rise of Rs.300.18 lakh. The accumulated profit in 1993-94 Rs.454.22 lakh rose to accumulated loss of Rs.1732.51 lakh in 2001-02.

The amount of capital employed increased by Rs.1000 lakh and the total return on capital employed and rate of return is observed declining during all these years.

3.22 GUJARAT STATE MINORITY ECONOMIC DEVELOPMENT CORPORATION:

Government of Gujarat incorporated Gujarat State Minority Economic Development Corporation on June 14, 1999, under Companies Act 1956.

The authorized share capital of the corporation was Rs.5 crore and paid up share capital was Rs.95 lakh during the year 2002-03. During the year 2002-03 Rs.7, 39,00,000 assistance was given to the corporation by National Minority Development and Finance Corporation, (NMDFC) New Delhi. Thus, total aggregate assistance reached to the tune of Rs.36, 50,20,000 since inception of the corporation.

The main objective of the corporation is to improve the life standard of the religious minority by giving them financial loans and business infrastructure in Gujarat. The corporation also works as channel between Union Government and State Government to distribute the grants for the upliftment of minority community.

3.22.1 Financial Performance

Table 3.19 Summarized Financial Results of Gujarat State Minority and Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|---------------------------|---|----------------------------------|------------------------|--|-------------------------|---|---|------------------|-------------------------|
| 2001-02 | 2002-03 | 2.67 | 75.00 | 37.54 | 3037.85 | 63.46 | 2.09 | 25.00 | 7 |
| 2002-03 | 2003-04 | -20.36 | 95.00 | 19.06 | 3720.32 | 120.67 | 3.24 | 30.00 | 8 |
| 2003-04 | 2004-05 | -33.16 | 115.00 | -11.57 | 4145.87 | 106.54 | 2.57 | - | 8 |
| 2004-05 | 2005-06 | 59.79 | 135.00 | -87.65 | 3879.13 | 225.01 | 5.80 | 321.00 | 6 |

(Source: CAG Reports)

Table No. 3.19 indicates that Gujarat Minorities Development Corporation Limited has earned a net profit of Rs.2.67 lakh in 2001-02 and then after subsequently for two years it has marked loss but again in 2004-05 it regained net profit of Rs.59.79 lakh. The paid up share capital increased from Rs.75 lakh to Rs.135 lakh during 2001-02 to 2004-05. The capital employed was Rs.3037.85 lakh in 2001-02 increased to Rs.4145.87 lakh in 2003-04 then in 2004-05 it declined to Rs.3879.13 lakh. The percentage of return on capital employed increased from 2.09 to 5.80 during the said period.

3.23 GUJARAT WAKAF BOARD:

Government of Gujarat established Gujarat Wakaf Board under the Society Registration Act 1856 in 1998.

The Gujarat Wakaf Board is a religious Board for Muslims. It looks after the religious properties like Mosque, Maqbara, Crematorium, Old Hazira, Madresa and historical important places. This Board is administering the total work of religious properties.

3.24 GUJARAT STATE BACKWARD CLASS ECONOMIC DEVELOPMENT CORPORATION:

Government of Gujarat established Gujarat State Backward Class Economic Development Corporation in 1985 under Companies Act 1956.

The main objectives of the Corporation are –

- (i) To give loans to the economically poor people of other backward classes identified by Baxi Panch,
- (ii) To help for starting new businesses and trading shops,
- (iii) To plan for the new schemes for upliftment of poor,
- (iv) To start Vocation Centers, Balwadies and Training Centers for entrepreneurship,
- (v) To help the needy students who wants to study further at some well reputed institutions, colleges and schools and
- (vi) To carry on different welfare oriented schemes decided by Government of Gujarat for the poor people of Baxi Panch groups.

3.25 GUJARAT SAFAI KAMDAR VIKAS NIGAM:

The Gujarat Safai Kamdar Vikas Nigam was incorporated on 19.06.2001 under Companies Act 1956 by Government of Gujarat.

The main objectives of the corporation are to make sanitary workers and their dependents self-reliant and economically sound by giving them financial assistance. The main source of grants for the Safai Kamdar Nigam is from NSKFDC – New Delhi, working under the Department of Social Justice and Empowerment, Government of India.

To achieve objectives the corporation has started a project of “SANITARY MART” that is a shop of sanitary materials since June 2001. Under this scheme the scavenger would be allotted a shop with 100 percent government grants and Rs.5 lakh loan with subsidized rate of interest to purchase the sanitary materials. This scheme is renamed as “Dindayal Upadhyay Sanitary Mart” with specific intention of government to transfer the scavengers from their dirty and unhealthy profession of sweeping to healthy and respectful business.

3.25.1 Financial Performance

Table 3.20 Summarised financial results of Gujarat Safai Kamdar Vikas Nigam

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss(-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|--------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 2001-02 | Under Process | 0.16 | Rs. 900 | 0.16 | 517.78 | 5.81 | 1.12 | - | - |
| 2002-03 | 2003-04 | 8.17 | Rs. 900 | 8.17 | 857.31 | 40.67 | 4.74 | - | - |
| 2003-04 | 2004-05 | 28.29 | 50.01 | 34.86 | 804.07 | 49.68 | 6.18 | - | 6 |

(Source: CAG Reports)

Nigam failed to finalize the account for the year 2001-02 in time. It has rising profits from Rs.0.16 lakh to Rs.28.29 lakh from 2001-02 to 2003-04. Return on capital employed gone up from Rs.5.81 lakh to Rs.49.687 lakh in the said period.

3.26 GUJARAT LABOUR WELFARE BOARD:

Government of Gujarat incorporated the Gujarat Labour Welfare Board in 1960 under Companies Act 1956. The Board is carrying out its labour welfare activities and programmes under the Labour and Employment Department of Government of Gujarat.

The main objectives of the Labour Welfare Board are to take care of labourers and their children's health, education and overall development. To achieve these objectives the Board runs development centers, training camps, sports events, health check up camps, tuition classes, and many other activities for the welfare of the industrial labourers.

3.27 GUJARAT MARITIME BOARD:

There are 39 minor ports in Gujarat State, which were being managed by the State Government up to 4 April 1982. With effect from 5 April 1982 the management of these ports were taken over by Gujarat Maritime Board constituted under the Gujarat Maritime Board Act, 1981 (Act). The assets valued at Rs.6038 lakh (approximately) were taken over by the Board as loan capital from the Government. The terms and conditions of repayment of loan capital and interest thereon had however not been decided by the Government as of July 1992.

3.27.1 Functions

- ❖ To provide necessary facilities at various ports for landing and shipping of cargo alongwith handling equipments, transit and storage space, water supply, electrification, communication, navigational aids in harbor and their approaches, pilot age service and maintenance of adequate depth of water in harbor and approaches for safe navigation.
- ❖ To levy port dues and other port charges viz. lighter age, godown rent, crane charges etc.
- ❖ To frame rules, regulations and bye-laws under the Indian Port Act, Gujarat Maritime Board Act and to enforce various rules, viz. Gujarat Port Rules 1962, Gujarat Minor Ports (passenger vessels) Rules 1961 etc., and to prescribe port charges for various services.
- ❖ Enforcement of port health rules.
- ❖ Declaring port limits of various ports and landing places at these ports.⁵

3.27.2 Rate of Return

The Gujarat Maritime Board had rate of return on capital employed which ranged from minus 1 to minus 5 percent during 1986-87 to 1988-89 and had improved to 8 percent during 1989-90 and 1990-91, declined to 5 percent in 1991-92.

⁵ CAG Report, No.3 Civil, March 1992, Page140

Table:3.21 Capital employed, return realised for the year from 1986-87 to 1991-92

Rs. in lakh

| Year | Capital Employed | Net Surplus / Net Deficit | Rate of return (%) |
|---------|------------------|---------------------------|--------------------|
| 1986-87 | 8715.48 | (-) 221.77 | (-) 3 |
| 1987-88 | 8707.29 | (-) 392.97 | (-) 5 |
| 1988-89 | 8567.43 | (-) 82.44 | (-) 1 |
| 1989-90 | 9749.92 | (+) 787.95 | 8 |
| 1990-91 | 11190.87 | (+) 856.49 | 8 |
| 1991-92 | 12435.09 | (+) 570.46 | 5 |

(Source: CAG Report, No.3 Civil, March 1992, Page145)

Of the thirty-nine ports under the control of the Board, fourteen ports had not handled any traffic during 1986-87 to 1991-92 and traffic handled by 13 ports was negligible, being less than one percent. The Board could not state the expenditure on infrastructure and maintenance of these ports.⁶

3.28 GUJARAT STATE HANDLOOM DEVELOPMENT BOARD:

Weaving is the main profession of weavers but because of social and economical backwardness, they couldn't develop. Even for the weaving cloths on handlooms, they do not have raw materials like cotton and accessories. If some of the weavers prepare clothes by weaving, they face tremendous problems to get a reasonable market due to rigid and orthodox social structure of the Society.

The Gujarat State Handloom Development Corporation Limited was established in the year 1979 under Companies Act 1956 by Government of Gujarat to give employment opportunity to the weavers of Gujarat.

To overcome the problems faced by weavers, the Government of Gujarat incorporated the Gujarat Handloom Development Corporation Limited. The Corporation gives new handloom or loan for handloom and on job work basis; they give raw cotton to the weavers. On completion of job work the weavers get "Vankari" that is labour charge for weaving. In the contract of job work, the weavers prepare cloths of Kurta, trousers, cotton sarees, towel, bed sheet, shawl, uniform cloths etc.

⁶ CAG Report, No.3 Civil, March 1992

3.28.1 Financial Performance

On 31st March 2003 total investment amounted to Rs.10.23 crore whereas the total accumulated losses were Rs.32.45 crore which is nearly 3 times of the investment.

Table 3.22 Summarized financial results Gujarat State Handloom Development Board

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | -152.74 | 573.92 | -423.63 | 574.65 | -94.97 | - | NA | NA |
| 1999-00 | 2001-02 | -133.86 | 697.92 | -725.64 | 420.65 | -81.14 | - | 835.42 | 179 |
| 2002-03 | 2005-06 | -474.77 | 1164.83 | -3245.03 | 676.10 | -370.14 | - | 754.73 | 222 |

(Source: CAG Reports)

Board delayed the finalisation of account for 2 to 3 years. The Board incurred losses amounting to Rs.152 lakh for the year 1997-98 and to Rs.474.77 lakh for the year 2002-03. The capital has increased from Rs.573.92 lakh to Rs.1164.83 lakh. Number of employees have increased by 43 and turnover has gone down by Rs.80 lakh between 1999-00 and 2002-03.

3.28.2 Merger

Gujarat State Handloom Development Board merged with Gujarat State Handicrafts Development Corporation Limited in 1996.

3.29 GUJARAT STATE HANDICRAFTS DEVELOPMENT CORPORATION LIMITED:

Gujarat State Handicrafts Development Corporation Limited was incorporated by Government of Gujarat under The Companies Act 1956.

3.29.1 Objectives

- ❖ To pull out the people living below poverty line by providing the training, financial help, raw materials to start the traditional small and cottage industries in Gujarat.

- ❖ To provide a wide market to handicraft artisans in all over the State as well as in the country by opening show-rooms, public exhibition and special discount offer sell for the handicraft material prepared by the artisans.
- ❖ Artisans sale their products by themselves. The unsold articles are purchased by GoG and put in the showroom of Khadi Gramodhyog Bhavans of different districts.

3.29.2 Financial Performance

Table 3.23 Financial Results of Gujarat State Handicrafts Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | -193.19 | 255.92 | -714.53 | 66.50 | -165.68 | - | NA | NA |
| 1999-00 | 2001-02 | -200.33 | 326.92 | -1128.21 | -167.50 | -155.36 | - | 417.45 | 168 |
| 2000-01 | 2003-04 | -362.27 | -6.94 | 1164.83 | -2213.51 | 690.16 | -264.44 | 1061.00 | 244 |

(Source: CAG Reports)

The Gujarat State Handicrafts Development Corporation Limited delayed to finalise the accounts. It is incurring loss every year. The paid up capital in the year 1997-98 was Rs.255.92 lakh, which was increased in the year 1999-00 upto Rs.326.92 lakh. The accumulated loss of Rs.714.53 lakh in 1997-98 increased to Rs.1128.21 lakh in the year 1999-00 but unprecedentedly the SOE has shown Rs.1164.83 lakh profit in 2000-01. The capital employed in the year 1997-98 was Rs.66.50 lakh. The return on capital employed was negative Rs.165.68 lakh in 1997. The turnover has doubled from Rs.417.45 lakh in 1999-00 to Rs.1061.00 lakh in 2000-01 and in the same way the employees are also increased from 168 in 1999-00 to 244 in 2000-01.

It is important to note that Gujarat State Handloom Development Corporation was merged with Gujarat State Handicrafts Development Corporation Limited in June 2002.

3.30 GUJARAT STATE KHADI GRAMODHYOG BOARD:

It was established in 1960 to give employment to the weavers of villages in Gujarat. The age long trading of weaving the cotton cloths is on handlooms, not having rich market facilities and availability of raw materials as well in the villages for preparation of khadi. The Khadi Board therefore provides raw materials and also purchases the finished goods that is prepared khadi.

3.31 GUJARAT SHEEP AND WOOL DEVELOPMENT CORPORATION LIMITED:

It is registered as a wholly owned company of Government of Gujarat under the Company's Act 1956 in 1970. The authorized capital of the company is Rs.5 crore. The objective of the company is to promote sheep breeding and wool production in the State through various activities. Company assists the sheep breeders in marketing as well as production of wool. Company has a training center at Jasdan known as Sheep Breeding Farm. It has got five other depots at Shihor, Chalala, Aseda, Nana, Layja, and Mankuva. The government gives 100 percent grant for such activities.

3.31.1 Financial Performance

Table 3.24 Summarized financial results of Gujarat Sheep and Wool Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | -40.86 | 431.36 | -19.16 | 477.19 | -34.24 | - | - | - |
| 2000-01 | 2002-03 | 17.86 | 431.36 | -66.19 | 386.05 | 17.86 | 4.63 | 239.08 | 260 |
| 2001-02 | 2003-04 | 19.99 | 431.36 | -11.98 | 523.55 | 19.99 | 3.82 | 289.92 | 257 |
| 2002-03 | 2004-05 | 21.72 | 431.36 | 4.22 | 551.17 | 27.17 | 4.93 | 241.87 | 254 |
| 2003-04 | 2004-05 | 26.72 | 431.36 | 4.22 | 551.17 | 27.17 | 4.93 | 241.87 | 254 |
| 2004-05 | 2005-06 | -5.07 | 431.36 | -5.14 | 543.46 | 3.87 | - | 186.54 | 246 |

(Source: CAG Reports)

The paid up capital of the company has remained unchanged during 1997-98 to 2004-05 amounting to Rs.431.36 lakh. The net loss was incurred amounting to Rs.41 lakh during 1997-98 and then till 2003-04 profit is earned by the company. Once again a loss of Rs.5 lakh was incurred for the year 2004-05, accumulated

losses during 1997-98 to 2004-05 amounts to Rs.5 lakh. The capital employed has went up from Rs.477 lakh to Rs.543 lakh between 1997-98 and 2004-05. The return on capital employed has remained positive during the last five years but the rate of return on capital employed is insignificant. The turn over of the company is downward falling during last five years and insignificant decline in number of employees from 260 to 246.

3.32 GUJARAT DAIRY DEVELOPMENT CORPORATION:

The Gujarat Dairy Development Corporation Limited was established in 1962 as a commercial enterprise by the government of Gujarat.

Gujarat is the landmark for the Dairy Development because it has created a “White Revolution” at Anand district and is now world-famous for its successive performance.

The Government of Gujarat aimed to develop dairy industry in a large extent, so the Gujarat Dairy Development Corporation Limited was incorporated under Companies Act 1956.

With wide objectives of this Corporation, Sagar Dairy, Sugam Dairy, Baroda Dairy, Sabar Dairy, Mother Dairy, Sumul Dairy and many other small dairy have been developed by Dairy Development Corporation Limited.

3.32.1 Financial Performance

On 31st March 2005 the accumulated losses were Rs.123.44 crore.

Table 3.25 Summarized financial results of Gujarat Dairy Development Corporation

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss(-) | Paid up capital | Accumulated Profit (+) / Loss(-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|--------------------------|-----------------|----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | -1286.16 | 1045.81 | -7170.43 | 950.33 | -1081.12 | - | - | - |
| 2000-01 | 2001-02 | -953.68 | 1045.81 | -1045.81 | -12536.49 | -1140.57 | -858.41 | - | 421 |
| 2002-03 | Under Process | -1048.67 | 1045.81 | -14779.78 | -984.67 | -1048.67 | - | - | 27 |
| 2003-04 | 2004-05 | -205.93 | 1045.81 | -14984.00 | 441.01 | -205.93 | - | - | 15 |
| 2004-05 | 2005-06 | 2638.48 | 1279.58 | -12324.10 | -520.87 | 2544.89 | - | 2813.01 | 15 |

(Source: CAG Reports)

There was delay in finalizing the accounts for the year 1997-98, total accumulated losses till 2003-04 were Rs.150 crore but there is sudden profit for the year 2004-05 to the tune of Rs.26.38 crore which has reduced the accumulated loss to Rs.123 crore, the company has retrenched a total 406 employees during the five years period from 2000-01 to 2004-05.

3.33 GUJARAT STATE LAND DEVELOPMENT CORPORATION LIMITED:

Gujarat State Land Development Corporation Limited was incorporated on 28 March 1978, as a wholly owned government company with the main objective of executing land reclamation and soil conservation schemes in the state. The soil conservation schemes aimed at improvement and maintenance of quality of land through land and water management.

3.33.1 Objectives

The main objectives as envisaged in Memorandum of Association of the Company, inter alia were to undertake:

- ❖ Systematic assessment of land in the state (including Kotar and Khar land), which can be reclaimed for cultivation by treatment;
- ❖ Land reclamation and soil conservation activities, such as contour bunding, nala plugging, terracing, land leveling and land shaping;
- ❖ Ravine reclamation programme;
- ❖ Reclamation programme for water logging and coastal areas and other khar land; and
- ❖ Farm development works in irrigation commands areas, such as, construction of field channels, field drains, land leveling and kyari making

The Company confined its activities mainly to the soil conservation and failed to undertake other objectives viz. assessment of land in the State, prevention of water logging and farm development works in command area.

3.33.2 Sources of fund

The authorized share capital was Rs.10 crore and the paid up capital of the Company as on 31 March 2003 was Rs.5.86 crore fully subscribed by the State

Government. The Company received grants aggregating Rs.241.86 crore from State / Central Government for implementation of various schemes during 1999-2003. In addition, it had also received loans from State Government for implementing schemes. The loan outstanding as on 31 March 2003 was Rs.40 crore.

3.33.3 Financial Position and working results

The Company incurred aggregate loss of Rs 2.18 crore even though it recovered inadmissible establishment charges of Rs.13.35 crore under farm pond (Rs.2.92 crore), water-harvesting structure (Rs.5.18 crore) and village pond (Rs.5.25 crore) schemes during 1999-2002. The Company was incurring losses mainly due to excessive staffs cost and lack of avenues for revenue generation other than budgetary resources.

The State Government transferred (July 1982) the existing schemes of soil conservation to the Company along with the staff.

Table 3.26 Grants received for the schemes implemented by Gujarat State Land Development Corporation Limited during the period from 1999-2003.

Rs. in crore

| Sr. No. | Name of the Scheme | Amounts |
|---------|---|---------------|
| 1. | Soil conservation scheme in normal area | 51.53 |
| 2. | Soil conservation scheme in tribal area | 24.02 |
| 3. | Farm pond scheme | 19.52 |
| 4. | Village pond scheme | 50.27 |
| 5. | Macro management scheme | 66.63 |
| 6. | Flood relief scheme | 6.67 |
| 7. | Water harvesting structure scheme | 17.56 |
| 8. | Other schemes | 5.66 |
| | Total | 241.86 |

Source: CAG Report March 2004, page23

3.33.4 Financial Performance

Table 3.27 Summarized financial results Gujarat State Land Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1996-97 | Under process | -186.90 | 169.83 | -6713.96 | -5433.60 | -57.59 | | | |
| 1998-99 | 2001-02 | -36.88 | 344.91 | -7165.21 | -5529.68 | -36.88 | -7384.89 | 1603 | |
| 1999-00 | 2003-04 | -63.21 | 511.91 | -7228.42 | -5298.72 | 78.01 | -7039.13 | 1603 | |
| 2001-02 | 2004-05 | -270.73 | 586.11 | -7710.30 | 3710.05 | -72.78 | -7891.12 | 1413 | |
| 2002-03 | 2005-06 | -1162.03 | 586.31 | -9412.74 | -7223.39 | -961.59 | -3102.20 | 1097 | |

(Source: CAG Reports)

Company could not finalize its account for the year 1996-97 whereas the accounts for 1998-99 were finalized after three years, for the year 2000 also there was a delay of three years. It has an increasing trend of incurring losses during 1996-97 to 2002-03. Accumulated losses are at the peak of Rs.94 crore, in the year 2002-03. Rate of return on capital employed is negative. Nearly 500 employees out of 1600 are retrenched by the company during this period.

3.33.5 Observations of Comptroller Auditor General of India

- ❖ The Company had diverted grants of Rs.33.43 crore (89 percent) from soil conservation schemes towards meeting expenditure on pay and allowances and other administrative expenditure during 1999-2003.
- ❖ Under village pond scheme the Company, in violation of terms of sanction of grants, exceeded the financial limit of rupees two lakh per pond. The actual expenditure per pond ranged from Rs.2.02 lakh to Rs.96.38 lakh on 1,047 ponds during 1999-2003, which resulted in irregular expenditure of Rs.14.91 crore.
- ❖ Bulldozer utilization charges were fixed at higher rate, which resulted in excess appropriation of grants under village pond scheme by Rs.10.11 crore.
- ❖ In violation of State Government directives, the Company kept its surplus fund in current accounts instead of placing in liquid deposit schemes of Gujarat State Financial Services Limited. As a result, it suffered loss of interest of Rs.88.67 lakh during April 2000 to August 2003.

- ❖ The Company neither had consolidated position of the work done and amount recoverable from farmers nor developed any recovery mechanism, for effecting the recovery. During 1999-2000 an amount of Rs.11.67 crore became due for recovery from farmers against which the Company could recover only Rs.24.50 lakh.
- ❖ Despite directives of the State Government (February 1998) for easing out surplus employees, the Company incurred extra expenditure of Rs.3.15 crore on surplus manpower during 1998-2003.⁷
- ❖ On 31st March 2003 total investment amounted to Rs.5.87 crore whereas the total accumulated losses were Rs.94.13 crore which is nearly 15 times of the investment.

3.34 GUJARAT STATE ROAD DEVELOPMENT CORPORATION LIMITED:

The Government of Gujarat under the Company's Act 1956 floated the Company in the year 1999. The fully paid up share capital of GSRDC is Rs.500 lakh. This corporation works in association with Road and Building Department of Government of Gujarat. The company is aiming at development of infrastructure in the State of Gujarat by construction, improvement of roads and bridges by way of participation of private sector. It also undertakes the work of feasibility studies for projects through independent consultants and on recommendation of the studies it interacts with State Government to develop the project; the concept is on BOT (Built, Operate, and Transfer basis).

3.34.1 Financial Performance

On 31st March 2004 total investment amounted to Rs.6 crore whereas the total accumulated losses were Rs.2.91 crore which is nearly half times the investment.

Table 3.28 Summarised financial results of Gujarat State Road Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss(-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|--------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 2001-02 | 2002-03 | -179.02 | 600.00 | -276.74 | 570.01 | -179.02 | - | - | 10 |
| 2003-04 | 2004-05 | 25.98 | 600.00 | -290.77 | 623.91 | 25.98 | 4.16 | - | 9 |

(Source: CAG Reports)

⁷ CAG Report, March 2004, pp20

Gujarat State Road Development Corporation Limited has a net loss of Rs.179.02 lakh in 2001-02 and then in 2003-04 earned net profit of Rs.25.98 lakh resulting in total accumulated loss of Rs 290.77 lakh. The capital employed increased from Rs.570 lakh to Rs.624 lakh during the period. The total return on capital employed in the year 2003-04 amounted to Rs.25.98 lakh.

3.35 GUJARAT GROWTH CENTRE DEVELOPMENT CORPORATION:

Government of Gujarat incorporated the Gujarat Growth Centre Development Corporation on 11th December 1992 under Companies Act 1956. The main objectives behind establishment of this corporation are to channelise the projects of growth centers granted and sanctioned by Union Government. The Government of India has sanctioned three growth centers at Vagara (Dist. Bharuch), Amirgarh (Dist. Banaskantha) and Bhachao (Dist. Kuchh). Government of India at Porbandar Taluka has sanctioned one more project of Integrated Infrastructure Development Growth Centre in the year 2002-03. The Government of India is providing the large amount of grants and technical assistance to boost up the industrialization and development of backward remote areas of the country.

3.36 GUJARAT STATE FOREST DEVELOPMENT CORPORATION LIMITED:

Gujarat State Forest Development Corporation Limited is a Government of Gujarat undertaking registered under the Companies Act 1956 on 20th August, 1976.

3.36.1 Financial Performance

Table 3.29 Summarized financial results of Gujarat State Forest Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | -8.13 | 402.76 | 850.37 | 2196.61 | -7.00 | - | NA | |
| 2000-01 | 2001-02 | -15.17 | 571.65 | 998.79 | 2255.90 | -6.67 | - | 724.40 | 278 |
| 2002-03 | Under Process | 52.07 | 571.65 | 1035.04 | 2136.83 | 63.53 | 2.97 | 683.59 | 259 |
| 2003-04 | 2004-05 | 81.31 | 601.65 | 1087.13 | 2289.92 | 81.49 | 3.56 | 858.01 | 255 |

(Source: CAG Reports)

Gujarat Forest Development Corporation has incurred loss of Rs.8.13 lakh and Rs.15.17 lakh in the year 1997-98 and 2000-01 but subsequently for the next two years i.e. in 2002-03 to 2003-04 profit of Rs.52.07 lakh and Rs.81.31 lakh was realized. Hence the accumulated profit went up to Rs.1087.13 lakh in the year 2003-04. The capital employed has remained unchanged. Total return on capital employed has increase fom (-) Rs.7.00 lakh in 1997-98 to (+) Rs.81.49 lakh in 2003-04. In the same way the rate of return on capital employed has slightly increased from 2.97 percent in 2002-03 to 3.56 percent in 2003-04. During the period of four years the corporation has not retrenched any employee except 23 employees retired on attaining the age of superannuation.

3.37 GUJARAT INDUSTRIAL DEVELOPMENT CORPORATION LIMITED:

The Gujarat Industrial Development Corporation was established under companies Act 1956 by Gujarat government in 1962.

After separation of old Mumbai State into Maharashtra and Gujarat in 1960, the then Chief Minister Dr. Jivraj Mehta was very keen to lead the newly formed State towards industrialization.

To boost up the industrial development the availability of industrial plots, infrastructural facilities, electricity, market, financial resources are the prime necessities. To provide all these facilities to the entrepreneurs, the GIDC was incorporated.

3.37.1 Financial Performance

Table 3.30 Summarised financial results of Gujarat Industrial Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumu - lated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employ-ees |
|--------------------|----------------------------------|---------------------------|-----------------|--------------------------------------|------------------|----------------------------------|--|-----------|-------------------|
| 1996-97 | 1998-99 | 3159.26 | - | 4385.74 | 72041.10 | 4041.14 | 5.61 | NA | |
| 2000-01 | Under Process | 1267.74 | - | 13678.55 | 130260.85 | 1477.81 | 1.13 | 13972.07 | 2157 |
| 2001-02 | 2002-03 | 632.60 | - | 14311.16 | 138406.27 | 789.00 | 0.57 | 13024.16 | 2157 |
| 2002-03 | 2003-04 | 100.53 | - | 14411.68 | 144227.17 | 236.35 | 0.16 | 14633.98 | 1937 |
| 2004-05 | 2005-06 | 139.40 | - | 14697.27 | 157723.20 | 225.64 | 0.14 | 17909.11 | 1886 |

(Source: CAG Reports)

Gujarat Industrial Development Corporation has earned the net profit of Rs.3159.26 lakh in 1996-97 but after that it is falling down continuously upto Rs.139.40 lakh in 2004-05. The capital employed by the SOE was Rs.72041.10 lakh in 1996-97 but it increased consistently upto Rs.157723.20 lakh in 2004-05 but the total return on capital employed has reduced and the rate of return on capital employed remained positive throughout the period.

The turnover of the SOE has grown up and the number of employees remained same.

3.38 GUJARAT STATE RURAL DEVELOPMENT CORPORATION LIMITED:

The Gujarat State Rural Development Corporation Limited was incorporated in 1977 as a commercial enterprise under Companies Act 1956.

The main objectives of the corporation were to carry out the developmental projects of State Government as well as Central Government. This Corporation is working as a nodal agency to implement planning for village water facility, road linkage, and primary schools, building construction and for public health of rural area.

The Corporation also helps the people of rural areas by giving financial loans for agriculture, cottage industries and handicraft as well.

3.38.1 Financial Performance

On 31st March 2004 total investment amounted to Rs.0.58 crore whereas the total accumulated losses were Rs.1.4 crore which is nearly 2 times of the investment.

Table 3.31 Summarized financial results of Gujarat State Rural Development Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1996-97 | 1998-99 | 39.23 | 58.00 | 15.43 | 73.52 | 39.23 | 53.36 | NA | NA |
| 2000-01 | 2001-02 | 31.28 | 58.00 | 67.09 | 125.17 | 31.28 | 24.99 | 18.47 | 195 |
| 2001-02 | 2002-03 | -88.13 | 58.00 | -31.50 | 26.58 | -88.13 | - | 18.44 | 162 |
| 2002-03 | 2003-04 | -90.02 | 58.00 | -113.53 | -55.45 | -90.02 | - | 214.90 | 187 |
| 2003-04 | 2004-05 | -29.17 | 58.00 | -139.96 | -81.88 | -29.17 | - | 20.62 | 183 |

(Source: CAG Reports)

Gujarat State Rural Development Corporation Limited has no change in paid up share capital but the net profit is continuously reducing and gone to loss of Rs.29.17 lakh during the period from 1996-97 to 2003-04, hence the accumulated loss amounted to Rs.139.96 lakh. The capital employed was Rs.73.52 lakh in 1996-97 reached at (-) Rs.81.88 lakh after six years. The rate of return on capital employed was positive during first two years but then after it became negative for all three years. The numbers of employees are remained the same during this period.

3.39 GUJARAT DIAMOND DEVELOPMENT BOARD:

Government of Gujarat established the Gujarat Diamond Development Board in 1980 under Companies Act 1956.

This Board was established to develop diamond industries in Gujarat. Around 20 lakh people are working directly or indirectly in diamond industries to cut, polish and trade in diamonds. To give them employment opportunities, loan assistance, training, and good market facility, the Gujarat Diamond Development Board was established.

3.40 GUJARAT POLLUTION CONTROL BOARD:

The Gujarat Pollution Control Board (Board) was constituted on 15 October 1974 under the Water (Prevention and Control of Pollution) Act, 1974, which came into force on 23 March 1974. With the legislation of the Air (Prevention and Control of Pollution) Act, 1981, the Board was entrusted with the work of air pollution control activities as well. With the enforcement of Environment (Protection) Act, 1986 the Board has been assigned the responsibilities for the enforcement of some of the provisions under this Act, pertaining to water, soil and air pollution and for the management of hazardous wastes.

3.40.1 Functions of the Board

- ❖ To give consent to person who shall bring into use any new or altered outlet for the discharge of sewage or trade effluent besides promoting cleanliness of wells and streams and to improve the quality of air and to prevent control or reduce water / air pollution in the State;
- ❖ To advise the State Government with reference to the location or suitability of any premises for setting up of any industry which is likely to cause water / air pollution and to plan and execute state-wise programmes on pollution control.

- ❖ To identify sources of water and air pollution as also sites for storage and disposal of hazardous chemicals and waste;
- ❖ To lay down standards for treatment of sewage and trade effluent and for exhaust and stack gas cleaning systems for industrial plants, automobiles and for other polluting sources and to evolve economical and reliable methods of treatment of sewage and trade effluents and
- ❖ To disseminate the collected information relating to water and air pollution and to perform other such functions as may be prescribed by the State Government or Central Pollution Control Board (CPCB).

In addition, the Board was empowered to levy and collect cess on water consumption by certain industries / local authorities under the Cess Act 1977.⁸

3.41 GUJARAT STATE EXPORT CORPORATION:

The Company was formed in 1965 for purchase, sale and general trade in goods and commodities. It acts as merchant export house and its activities include arranging finance to exporters to process export orders, granting advances against raw material, providing cash assistance or post shipment advance and packing credits to exporters. It helps importers by establishment of letters of credit in favour of overseas sellers.

3.41.1 Objectives

The main objectives of the Corporation are to export the goods and import the commodities required from abroad. During these 40 years of operation, the corporation has exported around 100 products like diesel engine, pumps, electric motors, machine tools, drilling machines, industrial plants and machineries, pipe fittings, saftings, chemicals, handicraft items, readymade cloths, agricultural products etc.⁹

During the year 2002-03, the corporation has exported the goods of Rs.297 crore and imported the goods of Rs.1737 crore by Airways as a handling agency. The Export Corporation has been nominated as a nodal agency to take part in national and international exhibition. During the “India International Trade Fair – 2002” at

⁸ CAG Report (3 Civil), March 1995, page 100-101

⁹ Source: CAG March 1994, page35-36

New Delhi, the corporation took part with a project of “Gujarat Mandap” and this was awarded a “Khas Chandrak” for its beauty.

During the year 2002-03, the corporation has earned Rs.35 lakh foreign exchange by exporting the goods of Rs.38 lakh. The financial year 2001-02 was most favourable because the corporation has earned a profit of Rs.25.40 lakh but the results of the year 2002-03 was negative as because the corporation realized a net loss of Rs.78 lakh .

3.41.2 Financial Performance

Table 3.32 Summarized financial results of Gujarat State Export Corporation

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | 12.83 | 15.00 | 278.49 | 301.80 | 13.00 | 4.31 | NA | |
| 2000-01 | 2001-02 | 65.23 | 15.00 | 345.44 | 357.88 | 65.23 | 18.23 | 258.74 | 71 |
| 2001-02 | 2002-03 | 22.01 | 15.00 | 367.84 | 380.36 | 22.01 | 5.79 | 95.25 | 71 |

(Source: CAG Reports)

Gujarat State Export Corporation has earned a net profit of Rs.12.83 lakh in 1997-98 that went up to Rs.65.23 lakh in 2000-01 but later suddenly it reduced to Rs.22.01 lakh by 66 percent reduction. With rise in net profit the accumulated profit has also increased during 1997-98 to 2001-02 periods from Rs.278.49 lakh to Rs.367.84 lakh. The capital employed has remained upward rising from Rs.301.80 lakh to Rs.380.36 lakh but the total return on capital employed declined after reaching Rs.65.23 lakh in 2000-01 and in the same way the rate of return also declined but remained in positive figure. The eye-opening factor is that, when capital employed rises by 27 percent during four years, the turnover of the SOE reduced by 37 percent. The number of employees remained same during all these years.

3.42 GUJARAT STATE WAREHOUSING CORPORATION:

Government of Gujarat established Gujarat State Warehousing Corporation in 1960 under Companies Act 1956.

The main objective of the corporation was to keep the huge stock of food grains and other agricultural products as a buffer stock to fulfill the normal routine demand as well as any emergency demand for food grain being the responsibility of the State Government.

3.42.1 Financial Performance

On 31st March 2005 the accumulated losses were Rs.2.88 crore whereas the total investment was Rs.2.00 crore. The accumulated losses were nearly equal to the investment.

Table 3.33 Summarised financial results of Gujarat State Warehousing Corporation

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | Under Process | 13.53 | 400.00 | -13.67 | 824.43 | 13.53 | 1.64 | | |
| 2000-01 | 2001-02 | -49.61 | 400.00 | 329.38 | 515.70 | -49.61 | - | 246.87 | 236 |
| 2001-02 | 2002-03 | -3.95 | 400.00 | -335.37 | 511.69 | -3.95 | - | 383.81 | 230 |
| 2002-03 | 2003-04 | -14.70 | 400.00 | -373.73 | 475.35 | -14.70 | - | 253.26 | 213 |
| 2004-05 | 2004-05 | 246.26 | 400.00 | -288.41 | 495.77 | 246.26 | 49.67 | 332.28 | 190 |

(Source: CAG Reports)

Gujarat State Warehousing Corporation has earned a net profit of Rs.13.53 lakh in 1997-98 but then after subsequent three year it marked the loss upto Rs.49.61 and again in 2004-05 it realized the net profit of Rs.246.26 lakh resulting in total accumulated loss of Rs.288.41 in the year 2004-05.

The paid up share capital remained at Rs.400 lakh without any change for all these years. The capital employed has reduced from Rs.824.43 in 1997-98 to Rs.495.77 in 2004-05, and contradiction to it the total return on capital employed converted from negative to positive up to Rs.246.46 lakh in the year 2004-05. The turnover remained fluctuating but the 46 employees were retrenched during this period of 1997-98 to 2004-05.

3.43 GUJARAT WATER INFRASTRUCTURE LIMITED:

The Gujarat Water Infrastructure Limited was incorporated on 25.10.1999 under Companies Act 1956.

During the year 2002-03, the State Government funded Rs.10 crore as a share capital so aggregate share capital of the State Government has reached to the tune of Rs.39.92 crore on March 31,2003.

The main object for the establishment of the company was to implement the projects of drinking water from the canals of Sardar Sarovar.

3.43.1 Financial Performance

On 31st March 2004 the accumulated losses were Rs.15.23 crore whereas the total investment was Rs.59.92 crore. The accumulated losses were nearly 1/4th of the investment.

Table 3.34 Summarized financial results of Gujarat Water Infrastructure Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 2000-01 | 2001-02 | - | 2992.00 | - | 28515.26 | - | - | - | 32 |
| 2002-03 | Under Process | -584.64 | 3759.92 | -1194.25 | 57417.08 | 1589.70 | 2.77 | 528.56 | 51 |
| 2003-04 | 2004-05 | -333.85 | 4992.00 | -1522.95 | 63582.58 | 2085.77 | 3.28 | 615.85 | 32 |

(Source: CAG Reports)

Gujarat Water Infrastructure Water Limited had a loss of Rs.5.84 crore for the year 2002-03 which reduced to Rs.3.34 crore in the year 2003-04. Company has failed to finalise the account for the year 2002-03. Accumulated losses have increased to Rs.15.23 crore in the year 2003-04.

3.44 GUJARAT RURAL INDUSTRIES MARKETING CORPORATION LIMITED:

Government of Gujarat incorporated it in 1979 under the Company's Act 1956 as a commercial Enterprise. The authorized share capital of the company is Rs.905.17 lakh. Company helps artisans and skilled labours of Cottage and Village Industries by way of providing marketing facilities to sell their products. It also finances the artisans and skilled labours to grow and develop the handicraft industry. The company has commenced new scheme of installing the Hat and Market so that financial assistance and

market assistance can be provided to the 'Mandalies' of the village. Through this scheme, the company has provided employment of 93018 human days for the year 2002-03. The net profit for the year 2002-03 was Rs.34.64 lakh. Sales of the products of cottage industry went Rs.406.97 lakh.

3.44.1 Financial Performance

On 31st March 2004 the accumulated losses were Rs.0.54 crore whereas the total investment was Rs.9.17 crore.

Table 3.35 Summarized financial results of Gujarat Rural Industries Marketing Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalized | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | 39.81 | 611.26 | 1.63 | 836.30 | 62.34 | 7.45 | NA | - |
| 2000-01 | 2001-02 | 16.32 | 874.12 | -36.30 | 2737.60 | 53.10 | 1.94 | 708.72 | 92 |
| 2001-02 | 2002-03 | 1.97 | 874.12 | -82.81 | 1110.33 | 42.77 | 3.85 | 321.78 | 91 |
| 2002-03 | 2003-04 | 36.64 | 905.17 | -81.19 | 1573.04 | 54.45 | 3.46 | 406.95 | 87 |
| 2003-04 | 2004-05 | 41.88 | 917.44 | -54.26 | 1301.00 | 69.75 | 5.36 | 725.74 | 87 |

(Source: CAG Reports)

Gujarat Rural Industries and Marketing Corporation Limited has a good tract record in finalizing the accounts. It has earned the profit of Rs.39.81 lakh in 1997-98 but surprisingly it reduced upto Rs.1.97 lakh in 2001-02. Again it rose to Rs.41.88 lakh in the year 2003-04. The paid up share capital is increased by Rs.306 lakh during 1997-98 to 2003-04. The capital employed after reaching Rs.2737.60 lakh in 2000-01 has reduced upto Rs.1301 lakh in 2003-04, but total return on capital employed and percentage on capital employed kept increasing with positive figure. During the period the turnover has been fluctuating but the number of employees is not changed in any year.

3.44.2 Merger

Gujarat Rural Industries Marketing Corporation Limited is merged with Gujarat Leather Industry Development

3.45 GUJARAT STATE LEATHER INDUSTRY DEVELOPMENT CORPORATION LIMITED:

Gujarat State Leather Industry Development Corporation Limited was incorporated in March 1990 with a twin objective of development of leather industry in the State and assisting leather artisans by providing them training, latest equipments, machinery and marketing facilities.

3.45.1 Capital Structure

Against the authorized capital of Rs.500 lakh, the paid-up capital of the Company as on 31 March 1995 was Rs.75.00 lakh which was fully subscribed by the State Government. The Company did not issue shares to Government for Rs.50.41 lakh towards cost of certain assets such as building, machinery and inventory pertaining to leather industry taken over in August 1991 from another Government company viz. Gujarat Rural Industries Marketing Corporation Limited (GRIMCO), Ahmedabad and the money was lying under the head share application money.¹⁰

Table 3.36 Summarized Financial Results of Gujarat Leather Industry Development Corporation Limited for the year 1997-98

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | -28.27 | 215.41 | -69.24 | 145.96 | -28.27 | - | - | |

(Source: CAG Report)

Gujarat Leather Industry Development Corporation Limited has finalised its account for the year 1997-98 in 1998-99 wherein company has incurred loss of Rs.28.27 lakh with accumulated loss of Rs.69.24 lakh and total return on capital employed is negative Rs.28.27 lakh.

3.45.2 Merger

Gujarat Leather Industry Development Corporation Limited merged with Gujarat Rural Industries Marketing Corporation Limited in the year 2001.

¹⁰ CAG Report March 1996, Page No. 58-59

3.46 GUJARAT STATE TEXTILE CORPORATION:

The Gujarat State Textile Corporation Limited was incorporated in 1969 under Companies Act 1956 by government of Gujarat. The main objectives of the corporation were to develop the textile industries in Gujarat. After independence, the textile industry was developing rapidly in Gujarat. It was an industry giving the largest number of employment opportunities to the people of Gujarat.

Once upon a time, Ahmedabad was called "Manchester of Gujarat because highest number of textile mills (approximately more than 75) were operational and about half of the population of Ahmedabad was working in textile mills.

Gujarat Textile Corporation Limited contributed a largest role in the development of textile industries. The financial loans and technical know-how were also provided to the mill owners for the development of industries.

With the passage of time, a large number of textile mills became sick and were closed down. Thus, in the same direction the Gujarat Textile Corporation Limited had also got reduced importance in the market.

3.46.1 Financial Performance

On 31st March 2005 the accumulated losses were Rs.908.55 crore whereas the total investment was Rs.46.47 crore. The accumulated losses were nearly 20 times the investment.

Table 3.37 Summarized financial results of Gujarat State Textile Corporation

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-------------------|------------------|
| 1996-97 | Under Process | -29755.34 | | -90855.00 | -24162.81 | -24880.57 | 2.00 | Under Liquidation | |
| 1996-97 | Referred to BIFR | -29755.34 | 4646.73 | -90855.81 | -24162.81 | -24800.57 | | 756.60 | |

(Source: CAG Reports)

The SOE incurred a loss of Rs.29755.34 lakh in 1996-97 with total accumulated loss of Rs.90855 lakh. The capital employed during 1996-97 was (-)Rs.24162.81 lakh which resulted into total return on capital employed at (-)Rs.24880.57 because of weak performance and labour disputes, the SOE was transferred to Board for Industrial and Financial Reconstruction (BIFR) in the year 1996-97 under liquidation status.

3.47 GUJARAT STATE ROAD TRANSPORT CORPORATION:

Gujarat State Road Transport Corporation was incorporated in 1960 by Government of Gujarat to provide safe, secure and minimal cost effective transportation facility to the people of Gujarat. GSRTC is the largest organization in Gujarat, which operates maximum number of vehicles-buses for the services of people. It connects about 99.31 percent people and 95.82 percent of cities, towns and villages in Gujarat State. Only 0.40 percent population of 2.33 percent remote villages have yet not received bus services up to zero distance at their villages but these remote villages are having bus connectivity within the periphery of 3 kilometers.

Nevertheless, the GSRTC gives subsidized rate traveling facility to Students, Freedom Fighters, Blinds, Physically handicapped, Award winners at National level and Cancer patients. During the natural calamities like flood, draught, plague, earthquake or accident, the whole system of GSRTC put forth their priority to help the affected people.

In this era of cut throat competition with private transporters, the GSRTC has achieved certain awards from Union Govt. that is Best in Oil Conservation. The GSRTC put on second rank award in obtaining highest average of kilometer per liter diesel consumption at national level in 1996-97, a special trophy from Natural Gas – Govt. of India, Petroleum Conservation Trophy and Maximum Utilization Award from All India Association of Transportation.

At present, the GSRTC and its financial condition is weakening day-by-day. The Govt. of Gujarat is planning to restructure and to compete with private transporters. In the present situation the priority to serve the people by such facility has changed from its inception that is basic concept of 1960.

As on 31st March 2002, GSRTC had 7017 Leyland buses and 2504 Tata buses, other vehicles 583, in all GSRTC had 10114 vehicles. All over India the State Road Transport Corporations had 100507 buses on 31st March 2002, the Gujarat State Road Transport Corporation had 10 percent of the total. Gujarat stood third in all India, First is Andhra Pradesh, and second is Maharashtra.

GSRTC had a loss of Rs.31796.18 lakh on 31st March 2001 which increased to Rs.39368.17 lakh, there is an increase of Rs.8000 lakh of a loss. GSRTC incurred Rs.2.76 loss per kilometer for the year 2000-01 which went to Rs.3.6 loss per kilometer. The loss incurred State Road Transport Corporations all over India for the year 2001-02 amounted to Rs.2192.66 crore and the loss per kilometer is Rs.1.83, compared to GSRTC the all India loss per kilometer just 50 percent so it shows the financial performance of GSRTC is inefficient.

As per the statistical data provided by Central Institute of Road Transport, Pune, the capacity utilization by GSRTC is 443 passenger per day per bus whereas the all India figure is 595 passenger per day per bus, it clearly indicates that the capacity is underutilized, if it is compared with Andhra Pradesh it is 560 passenger per bus per day.

3.47.1 Financial Performance

On 31st March 2005 the accumulated losses were Rs.1093.45 crore whereas the total investment was Rs.502.37 crore. The accumulated losses were nearly two times of the investment.

Table 3.38 Summarised financial results of Gujarat State Road Transport Corporation

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1999-00 | -20765.57 | 43734.34 | -58299.88 | -16789.84 | -17550.68 | - | NA | NA |
| 2001-02 | Under Process | -37166.77 | 57466.89 | -187795.02 | -74041.09 | -30687.43 | - | 99684.00 | 59210 |
| 2002-03 | - do - | -25959.78 | 58871.63 | -216025.72 | -95712.23 | -19665.95 | - | 116756.26 | 58324 |
| 2003-04 | 2005-06 | -9077.83 | 608882.63 | -109344.74 | 13494.32 | -1226.93 | - | 134017.55 | 52043 |

(Source: CAG Reports)

Gujarat State Road Transport Corporation is irregular in finalizing the accounts. It suffered losses continuously since 1997-98 to 2003-04 from Rs.20765.57 lakh to Rs.9077.83 lakh in diminishing proportionate and hence the accumulated loss went up to Rs.109344.74 lakh by the year 2003-04

The capital employed has remained negative upto year 2002-03 but then in the year 2003-04 it turned to positive, amounted Rs.13494.32 lakh resulting in negative return on capital employed for all the years. The SOE's turnover is consistently increasing from Rs.99684 lakh in 2001-02 to Rs 134017.55 lakh in 2003-04 but the number of employees are reduced by 7167 during the period of 07 years and turnover has increased by Rs.34000 lakh

3.48 TOURISM CORPORATION OF GUJARAT LIMITED:

The Tourism Corporation of Gujarat Limited (TCGL) was incorporated as a wholly owned Government Company in June 1975 for the systematic exploitation and development of tourism on commercial basis. The State Government has accepted tourism as an industry in 1997, so tourism industry can become an engine to give considerable contribution to the economical development of the State. As per the report of World Tourism Organization, the tourism industry contributes 5.7% of GDP that is around 900 billions rupees to India.

The "Navratri Mahotsav – 2003" was celebrated as International Mega Event by Government of Gujarat to put the real and factual picture of Gujarat in front of world, this was a successful drive by the government.

The "Global Investment Summit – 2003" was also planned for the investors from all over the world to invest their capital in industries. In this summit total 08 Memorandum of Understandings of capital investment of Rs.3,060 crore for Tourism Department of Gujarat have been decided.

During the year 2002-03, the corporation has completed different tourist schemes at Nal Sarovar, Dholavira, Valthan, Shamlaji, Adesar, Sikka and Balasinor. The tourist heritage spot of Pavagarh and tourist hill station Saputara have been modernized with multiple facilities. The authorized share capital of the corporation is Rs.2000 lakh against which issued and paid up share capital is Rs.1719.90 lakh.

The financial position of the Corporation is weakening day-by-day because during the year 2001-02, the corporation has incurred a loss of Rs 42.71 lakh and during the year 2002-03 Rs.86.54 lakh. Therefore, the management has decided to go for privatization from the year 2002-03 and the resolution has already been passed in Annual General Meeting.

3.48.1 Objects

- ❖ To take over, establish, develop, improve, manage and organize places of tourist interest including pilgrimage centres, hill resorts, beaches, health resorts, dam sites, picnic spots etc.
- ❖ To carry on business as tourist and travel agents and contractors by providing facilities of all kinds for tourists and travelers and,
- ❖ To take over, manage and promote and develop existing hotels and/or improve, run and maintain hotels, motels, canteens, cafeteria and restaurants.
- ❖ To develop different centers for tours and travels,
- ❖ To find out natural picnic points and tourist spots,
- ❖ To administrate the tourism guesthouses and tourism hotels developed by Government of Gujarat,
- ❖ To organize fair, festivals and exhibitions to attract large number of people,
- ❖ To attract the foreigners to visit the State tourist spots and earn foreign exchange,

3.48.2 Share capital

The Company had an authorized share capital of Rs.700 lakh which was increased to Rs.1000 lakh in September 1994, and was further increased to Rs.2000 lakh in May 1998. The paid up share capital of the Company as on 31 March 1997 was Rs.817.80 lakh contributed by the State Government.

3.48.3 Borrowings

As at the end of 1996-97 the borrowings of the Company stood at Rs.639.79 lakh which were from State Government (Rs.528.16 lakh) and from other Government Companies / Corporations (Rs.111.63 lakh).

The Company was not in a position to repay the loan instalments which further increased burden of interest from Rs.384.31 lakh in 1992-93 to Rs.822.28 lakh in 1996-97.

3.48.4 Tourist inflow

The data reflected to Indian and Foreign tourist inflow to Gujarat as well as to the Company's establishments, as furnished by the Company:

Table 3.39 Tourist inflow to Gujarat as well as to the Gujarat State Tourism Corporation during the past five years of 1998.

| Year | Tourist who visited Gujarat | | Tourist who either stayed at TCGL Holiday Home or visited TCGL's Restaurant | | Percentage availing TCGL facilities | |
|---------|-----------------------------|-------|---|------|-------------------------------------|----|
| | | | | | | |
| 1992-93 | 9401020 | 21126 | 404297 | 3326 | 4 | 15 |
| 1993-94 | 6690293 | 17797 | 422506 | 2535 | 6 | 14 |
| 1994-95 | 8106360 | 2424 | 298805 | 1629 | 3 | 67 |
| 1995-96 | 9268778 | 3921 | 451744 | 3661 | 4 | 93 |
| 1996-97 | 15808157 | 5274 | 534117 | 1543 | 3 | 29 |

Source: Page: 49, CAG Report March 1998

It would be observed that the tourists utilizing the TCGL's facilities had declined in proportion to total tourists visiting Gujarat. Though the inflow of Indian tourists increased, those visiting TCGL's establishment ranged between 3 to 6 percent only. It was stated (December 1998) by the Company that the data of tourist inflow to Gujarat was based on rough estimates and the same was not reliable. The Government / Company should establish necessary administrative structure for collecting and computing the correct data, in the absence of which a number of policy decisions taken can be adhoc and unrealistic.

3.48.5 Tourist Information Bureau

The Company was operating 12 Tourist Information Bureaus (TIBs) at various places in India, as at the end of March, 1998.

The Company had got grant of Rs.134.45 lakh towards TIBs during the five years ending 1996-97 against which the expenditure incurred aggregated to Rs.410.73 lakh. TIBs had generated income of Rs.448.67 lakh for the same period of five years and there was an overall profit of Rs.172.39 lakh.

3.48.6 Holiday Homes, Tourist Bungalows etc.

As on March 1997, the Company had 20 establishments where accommodation of various types was provided to tourists. An analysis of the working results, tariff structure and occupancy in these homes revealed that though most of the units

were running on a loss, neither any attempt was made to restructure the tariff rates in terms of facilities available to make it comparable to private operators nor the reasons for low occupancy rate were analysed.¹¹

3.48.7 Financial Performance

On 31st March 2004 total investment amounted to Rs.20 crore whereas the total accumulated losses were Rs.19.73 crore which is nearly equal to investment.

Table 3.40 Summarized financial results of Gujarat State Tourism Corporation

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1996-97 | 1998-99 | -142.61 | 817.80 | -1805.98 | 362.17 | -31.30 | - | NA | |
| 2000-01 | 2001-02 | 75.74 | 1719.91 | -1923.51 | 3045.87 | 162.89 | 5.35 | 642.28 | 422 |
| 202-03 | 2003-04 | -86.55 | 1719.91 | -1789.80 | 3778.65 | -13.73 | - | 390.14 | 398 |
| 2003-04 | 2004-05 | -298.27 | 1719.91 | -1972.59 | 3174.37 | -241.83 | - | 444.57 | 379 |

(Source: CAG Reports)

Gujarat Tourism Corporation Limited increased loss of Rs.142.61 lakh in 1996-97 to Rs.298.27 lakh in 2003-04, hence the accumulated loss went up from Rs.1805.98 to Rs.1972.59 lakh. The paid up share capital has doubled from Rs.817.80 lakh in 1996-97 to Rs.1719.91 lakh in 2003-04. The accumulated losses are almost increasing in all years. The capital employed more or less remained unchanged except one year Rs.362.17 lakh in 1996-97. The turnover of the SOE has set a reducing trend and the number of employees reduced from 422 in 2000-01 to 379 in 2003-04.

3.49 GUJARAT ALCOCK ASHDOWN LIMITED:

Government of India incorporated the Gujarat Alcock Ashdown Company Limited on 5th September 1994 under Companies Act 1956. Later on, as per the agreement made between Central Government and Gujarat Government on October 21, 1994, the Government of Gujarat will look after the total establishment, factory, assets, liabilities, rights and responsibilities laid down with company from November 01, 1994.

¹¹ CAG Report, March 1998, Page No.46-50

The company is engaged with the production of fiberglass boats, steamer and vessels from fiberglass with steel and repairing of these products.

The company produces all types of boats, passenger vessels, barges, cargo ships, tugs, launch etc. The well known companies and port trusts like Andaman Nicobar Port Trust, Gujarat Maritime Board, Mazgao Dock Limited- Mumbai, Custom Department of India, Border Security Force, Coast Guard, and Home Department of India are regular customers of the company.

Because of its high standard, quality in products and workmanship in administration, it has got wide popularity in many countries of the world. The total production of the company has increased by 212.89 percent that is of Rs.1514.91 lakh in the year 2003-04, compare to the production of Rs.711.60 lakh in 2002-03. The financial results have also shown a vertical improvement by increasing Rs.35.28 lakh more profit that is from Rs.54.16 lakh in 2002-03 to Rs.89.44 lakh in 2003-04.

During the year 2003-04, the company has achieved a record break success by completing the production of 400 passengers cum 50 tones cargo ships, ordered by Andaman Nicobar Administration.

Recently, on 14th March 2005, the Government of Gujarat has already taken the policy decision of making the disinvestments of the company.

3.49.1 Financial Performance

Table 3.41 Summarized financial results of Gujarat Alcock Ashdown Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turnover | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|----------|------------------|
| 1997-98 | 1998-99 | 42.75 | 1000.00 | -73.12 | 1716.84 | 52.90 | 3.08 | NA | - |
| 2000-01 | 2001-02 | 72.56 | 2190.00 | 34.90 | 5979.52 | 73.38 | 1.23 | 1447.10 | - |
| 2001-02 | 2002-03 | 14.05 | 2190.00 | 40.73 | 7345.87 | 14.13 | 0.19 | 850.32 | 264 |
| 2003-04 | 2004-05 | 17.67 | 1590.00 | 44.57 | 6711.75 | 17.67 | 0.26 | 794.17 | 241 |
| 2004-05 | 2005-06 | 56.57 | 1600.00 | 68.78 | 8426.31 | 56.57 | 0.67 | 567.46 | 235 |

(Source: CAG Reports)

Table 3.41 reflects that Gujarat Alcoc Ashdown Limited has marked a net profit of Rs.72.56 lakh in 2000-01, afterward it reduced in subsequent two years and again in 2004-05 it earned a net profit of Rs.56.57 lakh. The paid up share capital increased from Rs.1000 lakh in 1997-98 to Rs.2190 lakh in 2001-02 but then after in the year 2004-05 it reduced to Rs.1600 lakh. The capital employed with so many ups and down rose from Rs.1716.84 lakh to Rs.8426.31 lakh hence the total return on capital employed and rate of return on capital employed also remained fluctuated. The turnover of the SOE are reducing continuously from Rs.1447.10 lakh to Rs.567.40 lakh during the period. The notable thing is that the turnover of year 2004-05 is the lowest one at Rs.567.46 lakh, even though in the same year the capital employed was ever the highest at Rs.8426.31 lakh. The numbers of employees have reduced from 264 to 235 during the period of 7 years.

3.50 GUJARAT INFORMATICS LIMITED:

The Gujarat Informatics Limited is a wholly State owned enterprise incorporated on 19.02.1999 under Companies Act 1956 by government of Gujarat.

The authorized share capital of the company is Rs.10 crore. The Sardar Sarovar Narmada Nigam Limited and Gujarat Mineral Development Corporation Limited have also invested in the share capital of the company.

3.50.1 Financial Performance

During the year 2003-04, the company has achieved a target of Rs.314.07 lakh turnover with realizing a net profit of Rs.99.46 lakh.

Table 3.42 Summarised financial results of Gujarat Informatics Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 2000-01 | 2001-02 | 58.19 | 1851.44 | -35.47 | 4239.31 | 175.73 | 4.15 | 535.08 | 49 |
| 2001-02 | 2002-03 | -103.78 | 1851.44 | -141.25 | 4518.67 | 208.22 | 4.61 | 914.79 | 36 |
| 2002-03 | 2003-04 | 164.91 | 1851.44 | -47.16 | 3530.80 | 164.91 | 4.67 | 436.04 | 54 |
| 2003-04 | 2004-05 | 99.70 | 1851.44 | -11.20 | 2921.44 | 99.70 | 3.41 | 314.07 | 52 |

(Source: CAG Reports)

Gujarat Informatics Limited has earned a net profit of Rs.58.19 lakh in 2000-01 but suddenly in the next year 2001-02 it marked a loss of (-) Rs,103.78 lakh and later it earned net profit for subsequent two years. The paid up share capital remained unchanged during all these years at Rs.1851.44 lakh. The accumulated loss has substantially declined during all these years from (-) Rs.141.25 lakh in 2001-02 to (-) Rs.11.20 lakh in 2003-04. The capital employed, total return on capital employed, rate of return on capital employed and turnover of the SOE are more or less reducing through out the duration but numbers of employees are slightly increased from 36 to 54

3.51 SARDAR SAROVAR NARMADA NIGAM LIMITED:

The Sardar Sarovar Narmada Nigam Limited, incorporated on March 24, 1988, under Companies Act 1956, is wholly state owned enterprise of Gujarat.

Along with the other major River Valley Projects, India's leaders had conceived a project for the utilization of the waters of Narmada, the largest Westward-flowing river in the country. It was the dream of Sardar Vallabhai Patel, the Iron Man of India, to harness the waters of the Narmada River to bring prosperity to the people of the Western Region. Pandit Nehru had laid the foundation stone for the project on 5th April 1961. However, it was only in 1987 that the implementation of the Sardar Sarovar Project could commence.

Sardar Sarovar Project is an inter-state multi purpose project of National importance. It is one of the largest projects under implementation anywhere in the world. It is sponsored by the states of Gujarat, Maharashtra, Madhya Pradesh and Rajasthan. Sardar Sarovar Narmada Nigam Limited has been set up by the Government of Gujarat as a 100 percent Government owned undertaking, to implement this project. The benefits and the costs of the project have been allocated to the four sponsoring states by the Narmada Water Disputes Tribunal, which gave its Award after 10 years of deliberations.

3.51.1 Major benefits of the project

- ❖ The SSP would provide assured irrigation to 1.8 million ha (445 million acre) in Gujarat and 75,000 ha (185 thousand acre) in Barmer and Jalore districts of Rajasthan.

- ❖ 8215 villages and 136 towns in Saurashtra, North Gujarat and Kutch and 131 villages in Barmer and Jalore districts in Rajasthan would get drinking water.
- ❖ The Narmada river water, estimated at 28 MAFT-(Million Acre Feet-1200 billion liters) annually, is to be shared with Madhya Pradesh receiving 18.25 MAFT, Gujarat receiving 9 MAFT, Rajasthan receiving 0.5 MAFT and Maharashtra receiving 0.25 MAFT.
- ❖ 1450 MW power generated at the Sardar Sarovar dam is to be shared with Madhya Pradesh receiving 57%, Maharashtra receiving 27% and Gujarat receiving 16%.

The implementation of this Mega Project has progressed satisfactorily inspite of many hurdles. As on March, 1998, excavation for Main dams complete by 98 percent and 82 percent of concrete works are completed. Works for Canal; head Power House is completed and 5 tribunes of 50 MW each is ready for power generation. Excavation for river-bed powerhouse is completed to the extent of 90 percent. Works for Main Canal of Phase – 1(0-144 km viz. From dam site to Mahi river crossing) are 90 percent completed. More than 75 percent works of branch canal and more 80 percent works for distribution systems of Phase-I are completed. In Phase-II (144-458 km viz. From Mahi river crossing Gujarat-Rajasthan border) works upto 263 km (off take of Saurashtra Branch Canal) are under progress. More than 95 percent works of excavation, more than 55 percent works of lining and concreting of main canal are completed. More than 25 percent of concreting works of branch canals and works for two of six branch canals off taking from Saurashtra are also in progress. Works beyond 263 km of Main Canal will be taken up shortly.

3.51.2 Main features

Sardar Sarovar Project is a unique project of India in many respects. The main features of the project are as under:¹²

¹² Website of SSNNL, Govt. of Gujarat

3.51.2.1 Main Dam

| | | |
|----|--|---------------------------------------|
| 1. | Length of main concrete gravity dam | 1210.00 m |
| 2. | Maximum height above deepest foundation level. | 163.00 m |
| 3. | Top R.L. of dam. | 146.50 m |
| 4. | Catchments area of river above dam site. | 88.000 km |
| 5. | Live storage capacity 0.58 M.Ha.m | (4.7 MAF) |
| 6. | Length of Reservoir Maximum width Service Spillway | 214.00 km 16.10 km 1.77 km |
| 7. | Spillway gates Chute Spillway Service Spillway | 7 nos. 60' * 60' 23 nos. 60' * 55' |
| 8. | Spillway Capacity | 84949.25 cusecs (30 lakh cusecs) |

3.51.2.2 Main Canal

| | | |
|----|--|-----------------------------|
| 1. | Full supply level (F.S.L.) at H.R. | 91.44 m (300 ft) |
| 2. | Length up to Gujarat – Rajasthan border | 458.00 km |
| 3. | Base width in head reach | 73.01 m |
| 4. | Full supply depth (F.S.D.) in head reach | 7.60 m |
| 5. | Design discharge capacity | |
| | a. In head reach | 1133 cusecs (40,000 cusecs) |
| | b. At Gujarat Rajasthan border | 71 cusecs (2,500 cusecs) |

3.51.2.3 Distribution System

| | | |
|----|---------------------------------------|---------------------|
| 1. | Number of Branches | 42 |
| 2. | Length of distribution system network | 66000.00 km |
| 3. | Annual irrigation | 18.00 lakh hectares |

3.51.2.4 Power Generation

| | | |
|----|---------------------------|---------|
| 1. | 1. River bed power house | 1200 MW |
| 2. | 2. Canal head power house | 250 MW |

The project would provide irrigation to 17.92 lakh hectars of land in Gujarat spread over 14 districts, 75 talukas and 3129 villages. About 75 percent of the command area of the project in Gujarat has been classified as “drought prone” area. Around 75000 hectars of land in the arid areas of Barmer and Jalore districts of Rajasthan would also come under assured irrigation. Similarly, 37500 hectars of tribal area of Maharashtra would be benefited by lift irrigation.

Drinking water facilities to 8215 villages and 135 urban centers and villages of Saurashtra, Kutchh and “no source” villages of North Gujarat will be linked with the drinking water facilities.

The reservoir on completion will submerge 37533 km of land rehabilitating 40963 families of 244 villages. Out of 244 villages, only 3 villages in Gujarat and 01 village in Madhya Pradesh will be submerged fully, whereas 16 villages of Gujarat, 191 villages in Madhya and 33 villages in Maharashtra will be partially affected. The ratio of population affected to the beneficiaries is only 0.32 percent that is 01 for every 320 to be benefited. The successful implementation of the resettlement and rehabilitation of the project affected families (PAFs) is most crucial for the success of the project. 25 non governmental organizations (NGOs) are presently associated with the resettlement and rehabilitation of the PAFs.

The corporation has also taken care towards environment protection, forest conservation and improving wildlife habitat.

3.51.3 Financial Performance

During the year 1999-00, the State Government has given Rs.1173.78 crore as share capital contribution and by the way of private placement of Bonds Rs.1631.18 crore collected by the corporation.

Table 3.43 Summarized financial results of Sardar Sarovar Narmada Nigam Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|------------------------------|------------------|
| 1997-98 | 1998-99 | Under Const. (C) | 511433.00 | (b) | 576313.00 | - | - | Pre-operative (Under Const.) | |
| 2000-01 | 2001-02 | - | 804181.00 | - | 1058507.00 | - | - | - | 9352 |
| 2002-03 | Under Process | - | 897019.00 | - | 1749458.00 | - | - | - | 8725 |
| 2003-04 | 2004-05 | - | 1073291.96 | - | 2018135.00 | - | - | - | 7894 |
| 2004-05 | 2005 | - | 1312969.20 | - | 1470120.00 | - | - | - | 5511 |

(Source: CAG Reports)

The Sardar Sarovar Narmada Nigam Limited has not shown any types of profit or loss upto year 2004-05 as it was under construction. The paid up share capital of the SOE is continuously increasing from Rs.5144.33 crore in 1997-98 to Rs.13129.69 crore in 2004-05. The capital employed has also increased from

Rs.5763.13 crore in 1997-98 to Rs.20181.35 crore in 2003-04 but then after in the year 2004-05 it has reduced to Rs.14701.20 crore. SSNNL did not show the total return on capital employed, turnover and percentage of return on capital employed since it was under construction. Since the year 1997-98 to 2004-05, the SOE has reduced the number of employees by a total of 3841 persons.

3.52 GUJARAT SMALL SCALE INDUSTRIES CORPORATION:

Government of Gujarat incorporated it in 1962 under Company's Act 1956 with the object to help the small-scale industries. Company assists the small-scale industries by making raw material available, financial subsidies in loans, technical assistance, and market facility. The company has established its own depot for supplying raw materials like steel, plastic, natural rubber, paraffin wax, chemicals titanium dioxide etc. to the small scale industries. The initial share capital of the company was Rs.4 crore of which 94.74 percent is paid up Government of Gujarat contributes the entire share capital.

3.52.1 Financial Performance

Table 3.44 Summarized financial results of Gujarat Small Scale Industries Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1996-97 | 1998-99 | -576.35 | 400.00 | -457.05 | 6928.33 | 675.02 | 9.74 | - | - |
| 1999-00 | 2001-02 | 1198.84 | 400.00 | -4662.97 | 4035.06 | -879.71 | - | 662.45 | 81 |
| 2001-02 | 2003-04 | -888.23 | 400.00 | -5568.35 | 2131.01 | -505.75 | - | - | 13 |
| 2002-03 | 2003-04 | -438.47 | 400.00 | -6006.82 | 3787.66 | -46.38 | - | - | 7 |
| 2003-04 | 2005-06 | -390.67 | 400.00 | -6344.43 | 1231.03 | -20.84 | - | - | 6 |

(Source: CAG Reports)

The Gujarat Small Scale Industries Limited has shown loss of Rs.576.35 lakh in the year 1996-97 and in the year 1999-00 it doubled to Rs.1198.84 lakh but after 1999-00 the loss of SOE was continuously declining. The paid up share capital of the SOE was Rs.400 lakh. This remained unchanged during all these years. The accumulated loss was Rs.456.05 lakh in 1996-97 and has risen upto Rs.6344.43 lakh in 2003-04. The capital employed has reduced by Rs.5697 lakh during the

period of 8 years from 1996-97 to 2003-04. Hence total return on capital employed after 1996-97 remained negative in all the years.

The SOE has retrenched 75 employees during the four years period from 1999-00 to 2003-04.

3.53 GUJARAT STATE SEEDS CORPORATION LIMITED:

The Gujarat State Seeds Corporation Limited was established on April 16, 1975, under Companies Act 1956 as a commercial enterprise.

As per the Memorandum and Articles of Association of the corporation, the main objects are to provide seeds of good quality at reasonable price and that too in sufficient quantity. The corporation also has duties to perform for the development of seeds industries.

The authorized share capital of the Seeds Corporation in the year 1992-93 was Rs.100 lakh which increased upto Rs.400 lakh at the end of the year. The paid up share capital was Rs.153 lakh in the year 1992-93, from which the State Government has purchased the share of Rs.135 lakh and Central Government has purchased the share of Rs.18 lakh.

The Seeds Corporation owns many farms and large plots of land for the purpose of growing seeds at different places in Gujarat. In the year 1992-93, the corporation has produced 1,01,562 quintals of seeds in 11178 hectors of land, and has also sold 87182 quintals seeds of Rs.1293.08 lakh.

3.53.1 Financial Performance

Table 3.45 Summarized financial results of Gujarat State Seeds Corporation Limited

Rs. in lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turnover | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|----------|------------------|
| 1997-98 | 1998-99 | 85.94 | 153.00 | 804.98 | 1768.37 | 88.22 | 4.99 | - | - |
| 2000-01 | 2001-02 | 323.33 | 253.00 | 1250.95 | 1704.39 | 323.33 | 18.97 | 3360.66 | 227 |
| 2001-02 | 2002-03 | 173.25 | 253.00 | 1329.16 | 1809.67 | 173.25 | 9.57 | 3382.29 | 230 |
| 2002-03 | 2003-04 | 91.90 | 303.00 | 1477.27 | 1931.00 | 91.90 | 4.76 | 2931.15 | 224 |
| 2003-04 | 2004-05 | 361.10 | 313.00 | 1670.40 | 2128.52 | 361.10 | 16.96 | 3164.12 | 222 |

(Source: CAG Reports)

The company has earned the profit during these years with lot of dispersion, the range of which is Rs.86 lakh to Rs.361 lakh, the accumulated profits in the year 2003-04 are Rs.16.70 crore, the capital employed has marginally increased during the period. The rate of return on capital employed is between 5 percent to 19 percent. The turn over of the company is showing consistency. The numbers of employees have almost remained the same.

3.54 GUJARAT URBAN DEVELOPMENT COMPANY LIMITED:

The Government of Gujarat incorporated the Gujarat Urban Development Company Limited on May 27, 1999, as a commercial enterprise under the Companies Act 1956.

The authorized share capital is Rs.100 crore and paid up share capital of the company is Rs.20.53 crore. The partnership ratio in the share capital of the company –

- ❖ Government of Gujarat – 26 percent,
- ❖ Other Institutions – 25 percent and
- ❖ Public – 49 percent

Gujarat Urban Reform Project –

The Urban Development and Urban Gruh Nirman Department of Gujarat have decided to keep the GUDCL as an implementing agency to take on hand the project of urban reforms.

World Bank will finance Rs.100 crore to this project and it will be completed in three stages that is (i) State Level Reforms, (ii) Local Level Reforms and (iii) First Five Cities to be taken on reform process that is Ahmedabad, Surat, Valsad, Navsari and Ankleshwar.

3.54.1 Financial Performance

Table 3.46 Summarised financial results of Gujarat Urban Development Company Limited

| Rs. in lakh | | | | | | | | | |
|--------------------|----------------------------------|---------------------------|-----------------|-----------------------------------|------------------|----------------------------------|--|-------------|------------------|
| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit (+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn - over | No. of employees |
| 2001-02 | 2002-03 | 29.93 | 2053.00 | 42.21 | 2080.96 | 29.93 | 1.44 | 54.63 | 11 |
| 2002-03 | Under Process | 49.44 | 2053.00 | 72.43 | 2118.29 | 49.44 | 2.33 | 60.35 | 24 |
| 2003-04 | 2004-05 | 40.92 | 5083.00 | 110.71 | 2193.64 | 40.92 | 1.87 | 50.66 | - |
| 2004-05 | 2005-06 | 40.41 | 2093.00 | 113.05 | 2205.97 | 40.41 | 1.83 | 44.13 | 48 |

(Source: CAG Reports)

Gujarat Urban Development Company Limited has earned a net profit for the period from 2001-02 to 2004-05 ranging from Rs.30 lakh to Rs.40 lakh resulting total accumulated profit of Rs.113 lakh.

The paid up share capital of SOE was Rs.2053 lakh in 2001-02, it rose to Rs.5083 lakh in 2003-04 and again it declined to Rs.2093 lakh in the year 2004-05. The capital employed by the SOE was Rs.2081 lakh in 2001-02 increased upto Rs.2206 lakh in 2004-05, hence the total return on capital employed increased by more than 10 percent during the period. The turnover of the SOE is proportionately reduced from Rs.60.35 lakh in 2001-02 to Rs.44.13 lakh in 2004-05.

3.55 GUJARAT AGRO INDUSTRIES CORPORATION LIMITED:

The Gujarat Agro Industries Corporation Limited is a commercial enterprise wholly owned by Government of Gujarat. It was incorporated in 1969 to help the agriculture sector of Gujarat State. GAICL is a nodal agency for implementing Agro Industrial Policy. The goal of the policy is to make Gujarat a world-class producer and supplier of the agricultural products by setting up supply chains – integrating with farmers and by increasing the competitiveness in the cost of production. The GAICL produces the pesticides at its factory site at Naroda and Gondal. It also produces Mango products, Tomato Ketch-up and other products at fruit canning factory at Gandevi and Junagarh.

The financial results of the corporation reflect that the corporation is creating loss continuously. The operating loss of the corporation for the year 2000-01 was Rs.182.44 lakh and for the year 2001-02 was Rs.56.72 lakh.

3.55.1 Financial Performance

On 31st March 2004 total investment amounted to Rs 8 crore whereas the total accumulated losses were Rs.14.17 crore which is nearly 1.75 times of the investment.

Table 3.47 Summarized Financial Results of Gujarat Agro Industries Corporation Limited

Rs. in Lakh

| Period of Accounts | Year in which accounts finalised | Net profit (+) / Loss (-) | Paid up capital | Accumulated Profit(+) / Loss (-) | Capital employed | Total return on capital employed | Percentage of return on capital employed | Turn-over | No. of employees |
|--------------------|----------------------------------|---------------------------|-----------------|----------------------------------|------------------|----------------------------------|--|-----------|------------------|
| 1997-98 | 1998-99 | -73.29 | 693.75 | 1049.66 | 1672.60 | 9.90 | 0.59 | - | - |
| 2000-01 | 2001-02 | -1392.44 | 1067.75 | -813.08 | 2519.61 | -1253.77 | - | 14930.60 | 453 |
| 2001-02 | 2002-03 | -312.11 | 1067.75 | -1449.37 | 1636.30 | -192.76 | - | 18709.42 | 377 |
| 2002-03 | 2003-04 | 69.23 | 703.75 | -1625.84 | 1259.42 | 182.43 | 14.49 | 17180.79 | 246 |
| 2003-04 | 2004-05 | 221.32 | 703.75 | -1416.89 | 1256.40 | 342.78 | 27.28 | 21705.50 | 232 |

(Source: CAG Reports)

From 1997-98 to 2001-02, SOE has incurred the losses, the highest loss is observed for the year 2000-01 at Rs.1392.45 lakh then it has reduced to Rs.312.11 lakh but for 2002-03 and 2003-04 company is in the positive results and is earning profit. It can be noticed from the above table the paid up capital was reduced from Rs.1067 lakh to Rs.703 lakh and company has converted its losses into profit but during all these years there are accumulated losses of Rs.1416 lakh. There is reduction in capital employed from the year 2001-02 till 2003-04 and conversely the return on capital employed has increased from Rs. 182 lakh to Rs.342 lakh, the rate of return has also increased from negative to 14.5 percent and 27 percent for the year 2001-02, 2002-03 and 2003-04 respectively. It is difficult to understand the effect of reduction in capital employed on increase in the turn over. In all these years the turn over has increased and conversely the number of employees have reduced from 453 to 232 for the year 2001 and 2004 respectively.

3.56 AN OVERVIEW OF FINANCIAL MANAGEMENT OF STATE OWNED ENTERPRISES:

One can manage the finance if the financial transactions are recorded properly. As per requirement under Companies Act of 1956 the accounts are required to be finalized every year. The balance sheet and the profit and loss account are the performance statement of state owned enterprises. It is observed from the records of last four years that many SOEs fail to finalise their annual accounts in stipulated time hence the Comptroller Auditor General of India puts remarks about it. Following table states that how many SOEs have finalized their accounts in time.

Table 3.48 Number of SOEs finalising their accounts in time

| Year | Working SOE Finalising A/c. | Working SOEs Not Finalising A/c. |
|------|-----------------------------|----------------------------------|
| 2002 | 12/40 | 28/40 |
| 2003 | 14/40 | 26/40 |
| 2004 | 14/40 | 26/40 |
| 2005 | 17/41 | 24/41 |

(Source: CAG Reports)

At present Government of Gujarat has nearly 40 State Owned Enterprises working, out of which only 12 to 17 SOEs are finalizing their accounts between the years 2002 and 2005. 24 to 28 working state owned enterprises have failed to finalise their accounts during the said period. If the accounts are not finalized then evaluation of the performance is impossible.

3.56.1 Return on Capital employed

3.56.1.1 Government Companies

As has been observed above, the government companies and statutory corporations are unable to finalise their accounts in time, so it is difficult to estimate their profits, losses and overall financial performance. Following table reflects the number of government companies finalizing their accounts upto 30th September

Table:3.49 Profit and Capital employed of Govt. Companies in Gujarat

Rs. in crore

| Accounts finalized on | No. of Govt. Companies | Capital Employed | Profit | Percent |
|-----------------------|------------------------|------------------|--------|---------|
| 30.09.2001 | 35 | 13836.19 | 334.86 | 2.42 |
| 30.09.2002 | 35 | 15155.16 | 504.51 | 3.33 |
| 30.09.2003 | 34 | 22822.96 | 463.70 | 2.03 |
| 30.09.2004 | 34 | 26634.47 | 613.90 | 2.30 |
| 30.09.2005 | 36 | 23992.10 | 746.91 | 3.11 |

(Source: CAG Reports)

During the year 2001, 2005 only 34 to 36 working Government Companies were able to finalise the accounts before 30th September. On analyzing it is observed that the capital employed in working reporting companies have increased by 9 percent between 2001 and 2002, the highest increase is observed during 2002-03 i.e. 50 percent. The capital employed has gone up by 17 percent from Rs.22822

crore to Rs.266346 crore in the year 2003 and 2004 but for 2005 it has been reduced by nearly Rs.3000 crore. If the capital employed is compared with the profit then during the year 2004-05 the capital employed has reduced by 11 percent and profit on capital employed has increased by 22 percent whereas during the year 2002-03 the capital employed has gone up by 50 percent whereas the profit has increased by 9 percent. The percentage of profit to capital employed is ranging between 2.03 percent to 3.33 percent during the year 2001-05.

3.56.1.2 Statutory Corporations

The position of statutory corporations compared to Government companies is totally adversed. During the year 2001 to 2005 statutory corporations have incurred heavy losses with the exception on 30th September 2003 finalizing the account with the profit amounted to Rs.151.57 crore and on 30th September 2004 the profit is 138.63 crore, for remaining three years the loss incurred is Rs.1455, Rs.1538 and Rs.619 crore, these statutory corporations are

1. Gujarat Electricity Board
2. Gujarat State Road Transport Corporation
3. Gujarat State Financial Corporation
4. Gujarat State Warehousing Corporation
5. Gujarat Industrial Development Corporation

Table: 3.50 Profit and Capital Employed of Statutory Corporations

Rs. in crore

| Accounts finalized on | No. of Statutory Corporations | Capital Employed | Profit | Percent |
|-----------------------|-------------------------------|------------------|-------------|---------|
| 30.09.2001 | 5 | 5937.49 | (-) 1455.30 | -ve |
| 30.09.2002 | 5 | 5748.03 | (-) 1538.31 | - ve |
| 30.09.2003 | 5 | 40079.11 | 151.57 | 3.72 |
| 30.09.2004 | 5 | 7126.08 | 138.63 | 1.95 |
| 30.09.2005 | 5 | 6281.63 | (-) 619.60 | - ve |

(Source: CAG Reports)

The highest capital employed is observed in the year 2003-04 amounting to Rs.7126 crore on which the profit earned is Rs.138.63 crore at the rate of 1.95 percent. During 2001 and 2003 the amount of capital employed went on reducing from Rs.5937 crore to Rs.4079 crore but for 2001 and 2002 there is loss incurred

amounting to Rs.1455 crore and Rs.1538 crore respectively. The loss incurred is nearly 25 percent of the capital employed. Suddenly for the year 2003 the capital employed reduced by Rs.1669 crore and the statutory corporations have earned the profit of Rs.151 crore.

3.56.2 Investment in Working State Owned Enterprises

The Comptroller Auditor General of India has audited the accounts of state owned enterprises that is government companies and statutory corporations. Following table states the investment in working state owned enterprises and loans granted to them.

Table.:3.51 Working and Non Working Government Companies, Statutory Corporations of Government of Gujarat

Rs. in crore

| Year | Working Govt. Co. / St. Cor. | Non working Govt. Co. / St. Cor. | Total | Total investment in working SOE | Outstanding loan granted to SOE |
|------|------------------------------|----------------------------------|-------|---------------------------------|---------------------------------|
| 2002 | 40 | 10 | 50 | 25051.95 | 13297.65 |
| 2003 | 39 | 10 | 49 | 26612.82 | 12843.26 |
| 2004 | 40 | 10 | 50 | 34550.20 | 14360.43 |
| 2005 | 41 | 10 | 51 | 37710.41 | 13037.68 |

(Source: CAG Reports)

Out of 50 state owned enterprises 10 state owned enterprises were not working during 2002 to 2005. The investment in working state owned enterprises is continuously increasing from Rs. 25000 crore to Rs.37710 Crore from the year 2002 to 2005. Continuous rise is observed during the four years whereas the outstanding loans granted to state owned enterprises have remained unchanged during the said period.

3.56.3 Performance of State owned Enterprises

Performance of State Owned Enterprises which have finalized their accounts are reflected in the following table from the year 1995 to 2005. The figures reflected as on 31st March of the said year.

Table: 3.52 Financial Performance of SOEs finalised their Accounts**(Rs. in Crore)**

| Year | Profit | No. of SOEs | Dividend | Losses | No. of SOEs | Net Profit (+) / Loss (-) of SOEs |
|------|--------|-------------|----------|---------|-------------|-----------------------------------|
| 1995 | 145.11 | 18 | -- | 101.99 | 12 | 43.12 |
| 1996 | 136.23 | 20 | -- | 174.82 | 13 | (-) 38.59 |
| 1998 | 187.26 | 06 | -- | NA | NA | NA |
| 1999 | 147.41 | 02 | -- | 0.02 | 01 | 147.39 |
| 2002 | 415.40 | 22 | 14.79 | 3117.09 | 14 | (-) 2701.69 |
| 2003 | 352.30 | 20 | 25.53 | 1179.50 | 16 | (-) 827.21 |
| 2004 | 489.74 | 23 | 12.83 | 903.62 | 13 | (-) 413.88 |
| 2005 | 583.27 | 24 | 38.66 | 2236.65 | 11 | (-) 1653.38 |

(Source: CAG Reports)

From the above table the number of SOEs earning profit and incurring losses are nearly the same e.g. in the year 1995 the 18 SOEs are earning profit and 12 SOEs are incurring losses but during 2004 and 2005 number of profit earning SOEs is double the number of loss incurring SOEs. The year 1995 and 1999 are the exceptional years where profit earned by number of SOEs is higher than the losses incurred by SOEs, for all other years losses incurred by SOEs is very high than that the profit earned e.g. in the year 2005 the profits of 24 SOEs is Rs.583.27 Crore whereas the loss incurred by 11 SOEs is Rs.2236.65 crore.

3.56.4 Losses of State owned Enterprises

Gujarat State Owned Enterprises have huge amounts of accumulated losses during ten years from 1995 to 2005. Eight to Sixteen SOEs have accumulated losses multiple of their paid up share capital. Following table reflects the same.

Table 3.53 Loss making Units and their accumulated losses**Rs. in crore**

| Year | No. of SOEs | Accumulated Losses | Paid up share capital |
|------|-------------|--------------------|-----------------------|
| 1995 | 12 | 539.99 | 76.69 |
| 1996 | 13 | 728.92 | 75.26 |
| 1998 | 08 | 212.43 | 61.04 |
| 1999 | 14 | 1146.89 | 74.14 |
| 2002 | 14 | 3117.09 | 570.50 |
| 2003 | 16 | 3339.76 | 610.12 |
| 2004 | 13 | 2640.87 | 693.85 |
| 2005 | 16 | 2113.13 | 1733.64 |

(Source: CAG Reports)

In the year 1995 12 SOEs have total paid up share capital Rs.76.69 crore with seven times of share capital that is Rs.539.99 crore as accumulated losses. On 31st March 2005 16 SOEs had Rs.2113 crore accumulated losses which are three times of their paid up share capital of Rs.733 crore

3.56.5 Investment and Return

As on 31st March 2005, Government had invested Rs.12,739 crore in Statutory Corporation, Joint Stock Companies and Co-Operatives. Government's return on this investment was not only meager (less than one percent) but also significantly declined to 0.28 percent during 2004-05 as indicated below:

Table 3.54 Investment in SOEs and Return of Investment

| Rs. in crore | | | | |
|--------------|-----------------------------------|--------|----------------------|--|
| Year | Investment at the end of the year | Return | Percentage of Return | Average Rate of Interest paid by the State |
| 2000-01 | 4707 | 26.07 | 0.55 | 8.75 |
| 2001-02 | 4978 | 27.52 | 0.55 | 9.86 |
| 2002-03 | 5014 | 42.02 | 0.84 | 10.11 |
| 2003-04 | 11220 | 29.89 | 0.27 | 10.17 |
| 2004-05 | 12739 | 35.82 | 0.28 | 9.08 |

(Source: CAG Report March 2005, pp 16)

Four Statutory Corporations and 25 Government Companies with an aggregate investment of Rs.1,059 crore upto 2004-05 were incurring losses and their accumulated losses amounted to Rs.1,015 crore as per the accounts furnished by these companies.

3.57 DISINVESTMENT, PRIVATISATION AND RESTRUCTURING OF SOEs:

During the year 2003-04, the State Government disinvested Gujarat State Export Corporation Limited (GSECL). In October 1992, the Government of Gujarat had constituted State Finance Commission to examine the potential for privatisation and disinvestment of SOEs of the State Government. The recommendations of the Commission including setting up of a High Level Committee for formulating broad guidelines and constitution of a Cabinet Sub-Committee (Constituted in March 1996) were reported vide 1.2.2 of Report of the Comptroller and Auditor General of India for

the year ended 31 March 1998 (Commercial) Government of Gujarat. The action taken as a follow up to decisions of Cabinet Sub-Committee upto April 2003 was as under:

3.57.1 Privatization

Government of Gujarat decided (July 1996) to privatise three Government companies viz. Gujarat Communications and Electronics Limited (GCEL), Gujarat Tractor Corporation Limited (GTCL) and Gujarat State Export Corporation Limited (GSECL). As reported by the Government, GTCL had been fully privatized in December 1999. In case of GCEL, it announced closure of the Company under Industrial Disputes Act and all employees were given voluntary retirement / retrenchment. Gujarat High Court had passed (February 2002) orders for winding up of the Company and appointed liquidator for liquidation process. This order was stayed by a subsequent order of the Court (May 2002) during pendency of reference before Board for Industrial and Financial Reconstruction (BIFR). The Government stated (April 2003) that BIFR had ordered for winding up of the Company and necessary actions for vacating the stay order were initiated. The said stay order was vacated by High Court of Gujarat on 7 April 2003 reviving the liquidation process. Further, the official liquidator had been requested to undertake the liquidation process. In case of GSECL, Government had decided (22 January 2004) to reduce Government stake to 11 percent. The Government, however, decided (22 January 2004) to disinvest entire Government holding of 8490 equity shares (56.60 percent of total equity of GSECL). Accordingly, 8490 equity shares were transferred in favour of Adani Exports Limited (5 March 2004).

3.57.2 Disinvestment

In case of Gujarat Mineral Development Corporation Limited, the Cabinet Sub-Committee decided to disinvest 49 percent equity shares and 26 percent of the equity shares had already been disinvested.

During 1992-93 the Government decided in principle to disinvest 20 percent of its holdings in the Gujarat Industrial Investment Corporation Limited (GIIC). Detailed terms of disinvestment have not yet been worked out. The State Finance

Commission, in their report submitted to the Government in April 1994, made detailed recommendations regarding disinvestment of Government companies.¹³

Disinvestment upto 26 percent in Gujarat Industrial Investment Corporation Limited and offering 25 percent of the shares of Gujarat State Financial Corporation to the public in accordance with the provisions of the State Financial Corporation Act.¹⁴

3.57.3 Merger

The Cabinet Sub-Committee recommended merger of Gujarat Rural Industries Marketing Corporation Limited with Gujarat State Leather Industry Development Corporation Limited and that of Gujarat State Handloom Development Limited with Gujarat State Handicrafts Development Corporation Limited. These recommendations were accepted by the Government of Gujarat in July 1996. The draft scheme of merger was approved by the Government of India in both the cases and Gujarat Leather Industry Development Corporation Limited was merged (January 2001) with Gujarat Rural Industries Marketing Corporation Limited. Gujarat State Handloom Development Corporation Limited was merged with Gujarat State Handicrafts Development Corporation Limited in June 2002.

3.57.4 Closure

The decision of Cabinet Sub-Committee on closure of Gujarat Fisheries Development Corporation Limited (GFDCL) and Gujarat State Construction Corporation Limited (GSCC) was accepted by the Government on September 4, 1998. In case of the Film Development Corporation of Gujarat Limited and Gujarat State Rural Development Corporation Limited, the Government had decided to continue these companies, earlier identified for closure.¹⁵

¹³ CAG Report, March 1994, pp 12

¹⁴ CAG Report March 1996, pp 8

¹⁵ CAG Report March 2004, page 11-13