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**COMMITTEE ON PUBLIC UNDERTAKINGS**

**(1998-99)**

**(Tenth Legislative Assembly)**

**SIXTH REPORT  
ON**

**THE AUDIT PARAS CONTAINED IN THE REPORT OF  
THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
FOR THE YEARS ENDED 31ST MARCH, 1995  
AND 31ST MARCH, 1997 (COMMERCIAL) PERTAINING TO A.P.  
STATE AGRO INDUSTRIES DEVELOPMENT CORPORATION LIMITED.**

**(Presented to the Legislature on 23-3-1999)**

Andhra Pradesh Legislature Secretariat  
Public Gardens, Hyderabad - 500 486.





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# COMMITTEE ON PUBLIC UNDERTAKINGS

(1998-99)

(Constituted on 29-4-1998)

## Chairman :

1. Sri Karnam Ramachandra Rao

## Members :

2. Sri P. Kanakasundara Rao
3. Sri P. Srinivasa Reddy (Upto 30-9-1998)
4. Sri N. Anjaneyulu (Upto 2-10-1998)
5. Sri D. Shiva Rama Raju (From 28-11-1998)
6. Sri M. Vijayapal Reddy (From 28-11-1998)
7. Sri G. Appala Suryanarayana
8. Sri G.V. Srinath Reddy
9. Sri N. Moola Reddy
10. Sri K. Atchannaaidu
11. Sri T.D. Nagaraja Reddy
12. Sri N. Narasimha Reddy
13. Sri K. Lakshmaiah Naidu
14. Smt. A. Annapurana Devi
15. Sri Vanka Satyanarayana
16. Sri R. Venkat Reddy
17. Sri Mohd. Amanullah Khan

## Special Invitees :

1. Sri R. Gandhi
2. Sri P. Rambhupal Reddy
3. Sri K. Rambhupal Reddy
4. Sri A.J.V. Butchi Maheswara Rao
5. Sri E. Dayakar Rao
6. Sri P. Ramasubba Reddy
7. Sri M.A. Gafoor
8. Sri M. Mallesham
9. Sri D. Vasudeva Rao
10. Dr. D. Siva Ram



11. Sri D.K. Bharathsimha Reddy
12. Sri C. Muthyam Reddy
13. Sri Parvatha Subba Rao
14. Sri Thota Trimurthulu
15. Sri D. Achuta Ramayya
16. Sri M. Seshagiri Rao

**Legislature Secretariat :**

Sri C. Venkatesan, Special Secretary  
Sri S.D. Kamalakar, Secretary  
Sri B.V. Sarma, Joint Secretary  
Sri B. Padma Reddy, Asst. Secretary  
Sri K.A. Narsimha Raju, Section Officer

**Accountant General's Office:**

Sri A. Sathya Vardhana

Sri B. Narayana

Sri K.V.R.K. Prasad

Sri N. Anand Babu

Accountant General  
(Audit) - II

Sr. Dy. Accountant  
Genral (Comml.)

Sr. Audit Officer

Asst. Audit Officer



## INTRODUCTION

I, the Chairman of the Committee on Public Undertakings (1998-99) having been authorised by the committee at its meeting held on 16.3.1999, present this Report on behalf of the Committee on Andhra Pradesh State Agro Industries Development Corporation Ltd.

The Committee held one sitting to examine and consider the explanatory notes furnished by the Corporation on the audit paras.

The Committee wishes to express its thanks to the Principal Secretary to Government, Agriculture & Co-operation Department, the Managing Director and other officials of Andhra Pradesh State Agro Industries Development Corporation for the co-operation they have extended and for placing the required information and material before the Committee.

The Committee places on record its appreciation of the assistance rendered to the Committee by the Accountant General (Audit).II, Andhra Pradesh, the Sr. Dy. Accountant General (Commercial) and other officers and Staff of Accountant General's Office and also the Special Secretary to Legislature, other officers and staff of Legislature Secretariat in the examination of the general working and audit paras relating to Andhra Pradesh State Agro Industries Development Corporation Ltd. and in the preparation of this Report.

Hyderabad.  
Date : 16.3.1999

KARANAM RAMACHANDRA RAO  
Chairman,  
Committee on Public Undertakings

(v)

J: 448-2







**RECOMMENDATIONS ON ANDHRA PRADESH  
STATE AGRO INDUSTRIES  
DEVELOPMENT CORPORATION LIMITED**

Audit Report 1994-95

**PARA 4.A.1**

**Sale of Rodenticides**

Bromadiolone a chemical used as rodenticides by farmers has a shelf life of two years. At the instance of Commissioner of Agriculture, the Company in 1989 purchased 20 tonnes of Bromadiolone valued at Rs. 9.40 lakhs for sale among farmers in selected districts through Agriculture Department. Upto November 1989 a quantity of 6.970 tonnes was sold, leaving 13.030 tonnes in stock.

In September 1991, when the shelf life of the Chemical expired, the Company got 9.030 tonnes of the chemical reprocessed involving an expenditure of Rs. 2.87 lakhs and extended the life of the chemical for more 2 years.

The Company was left with 12.473 tonnes of shelf life expired chemical valued at Rs. 8.73 lakhs (including reprocessing expenses), which was written off in accounts during August 1994.

The company in its explanatory notes stated that inspite of best efforts, it could not dispose off the chemical within shelf life time.

The company stated that the official who is responsible for this has retired from the corporation service.

*Rec.No.1 : The Committee views the matter seriously for not taking any action by the Corporation against the person responsible before he retired for compelling the Corporation to write off the shelf life expired chemical valued at Rs. 8.73 lakhs and bringing loss to the Corporation.*

*Rec.No.2 : The Committee has observed that in many cases the officials who have been responsible for bringing losses to the Corporations are retiring before any action could be taken by the Corporations. The Committee has come to know that certain rules are coming in the way for initiation of civil or criminal actions against those retired officials. Therefore, the Committee recommends to the Government to modify the existing rules and the procedure in order to enable the Corporations*



*to take civil or criminal actions or both against the retired officials with no time limit against whom the responsibility of bringing losses to the Corporations has been established and fixed.*

## AUDIT REPORT 1996-97

### PARA 4A1.1

#### Sale of Pesticides :

With a view to enter into North Market, the Company accepted (March 1994) an order from IFFCO for supply of two pesticides viz. Anilophos (10000 ltrs) and Butachlor (20000 ltrs) at Rs. 170.10 and Rs. 116.55 per litre (inclusive of Excise Duty) respectively. However a specific clause for levy of penalty for not lifting the entire stock was not incorporated upon. The Company procured the above pesticides but the IFFCO lifted 9.361 litres of Anilophos and 13315 litres of Butachlor only. Though the Company could sell some quantities of the above pesticides in open market, it could not dispose off the balance quantity of pesticides. Total revenue loss in this transaction was Rs. 6.05 lakhs (i.e. Total expenditure Rs. 44.07 lakhs minus Sales revenue generated Rs. 38.02 lakhs). The sale proceeds were also released belatedly by IFFCO and they did not lift the entire stock also, which resulted in loss of interest to the tune of Rs. 2.63 lakhs to the Company.

The Company in its explanatory notes stated that the stock was positioned against a specific indent from IFFCO and they did not lift the entire stock, alternative steps could not be taken to dispose off the left over stocks.

The Company informed the Committee that sincere efforts were made to sell the stocks in North India, where there was lot of demand for those pesticides.

Rec.No.3 : The Committee was very unhappy for the delays on the part of the Management in initiating appropriate action and to fix up responsibilities well in advance of their retirements of the officials concerned though known to the company. It was a mistake on the part of the Corporation Officials for not including the specific clause for levy of penalty for not lifting the entire stock of pesticides in the agreement with IFFCO, due to which the Corporation has sustained a revenue loss of Rs. 6.05 lakhs, besides loss in interest. *The Committee recommends that the officials concerned may be made accountable for the loss and action taken accordingly.*



PARA 4.A 1.2

Avoidable Payment of Interest on Cash Credit

The Company had been availing cash credit facility from State Bank of Hyderabad since 1993 to meet its working capital requirement. During the period from December 1993 to April 1995, the Company kept funds aggregating to Rs. 624 lakhs in 35 term deposits for shorter periods ranging upto 3 months, earning interest at rates ranging from 7 to 11.5 percent per annum, while at the same time availing cash credit carrying interest from 16.25 to 18.25 per cent per annum. Thus on account of keeping Rs. 624 lakhs in term deposits without diverting them to reduce cash credit liability, the Company suffered an avoidable payment of interest of Rs. 5.73 lakhs being the difference between the interest paid (Rs. 11.49 lakhs) on cash credit and interest earned (Rs. 5.76 lakhs) on term deposit.

The Company in its explanatory notes stated that the system of utilising the cash credit facility from the banks has since been dispensed with.

The Company stated that no body is available, in this transaction to take action against them.

*Rec.No.4 : The Committee was surprised to the reply of the Management. The Committee desire the Management to see that such lapses do not recur again in future.*

General :

*Rec.No.5 : The Corporation should work on the principle of no profit - no loss basis and should implement those schemes which are beneficial to farmers.*

*Rec.No.6 : The Corporation should strive to make the farmers involved in the activity of the company by providing some share (as in A.P. Seeds Corporation) for them.*

*Rec.No.7 : As the farmers are very eagre to plough the barren lands also, the Company should give proper publicity to its schemes to popularies them among the farmers, particularly the Bulldozers schemes. The scheme shall have to be taken to the farmers by opening branches at district levels, if necessary.*



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