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**ANDHRA PRADESH LEGISLATURE**  
(Eleventh Legislative Assembly)

**Seventh Report**  
**of**  
**The Committee on Public Undertakings**  
**(2000 - 2001)**

**on**  
The Review contained in the Report of  
the Comptroller and Auditor General of India  
for the year ended 31 March 1993 (*Commercial*)  
**on**

**A.P. BEVERAGES CORPORATION LIMITED**

*(Presented to the Legislature on 6-9-2000)*

**ANDHRA PRADESH LEGISLATURE (P.U.C.) SECRETARIAT**  
Public Gardens, Hyderabad - 500 486.



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COMMITTEE ON PUBLIC UNDERTAKINGS  
(2000-2001)

(Constituted on the 3rd April, 2000)

CHAIRMAN:

1. Sri A.V. Suryanarayana Raju

MEMBERS:

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3. Sri Balli Durga Prasad Rao
4. Sri S.A. Khaleel Basha
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15. Sri Akbaruddin Owaisi

SPECIAL INVITEES:

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17. Sri M. Dharma Rao

LEGISLATURE SECRETARIAT:

18. Sri K. Tuljanand Singh, Secretary
19. Sri R. Bhaskaran, Deputy Secretary
20. Sri B. Padma Reddy, Assistant Secretary
21. Sri A. Ram Reddy, Section Officer



## CONTENTS

	Page Nos.
1. Introduction.	.. 1
2. Report.	.. 3
3. Summary of Recommendations.	.. 8



## INTRODUCTION

I, the Chairman of the Committee on Public Undertakings (2000-2001) having been authorised by the Committee to present the Report on their behalf, present this SEVENTH Report on Andhra Pradesh Beverages Corporation Limited.

The Committee on Public Undertakings (1998-99) have examined the Report of the C. & A.G. of India for the Year ended 31 March 1993 (Commercial), but could not present a report on the same for want of time.

The Committee (2000-2001) have considered and approved this Report at their sitting held on 29.8.2000.

A statement showing the summary of principal recommendations/observations of the Committee is append to this Report.

A record of proceedings (\*) of the sitting of the Committee which has been maintained forms part of this Report.

The Committee wishes to express their thanks to the Principal Secretary to Government, Revenue Department the Managing Director and other officials of Andhra Pradesh Beverages Corporation Limited for the co-operation they have extended and for placing the required information and material before the Committee.

The Committee places on record their appreciation of the assistance rendered to the Committee by the Accountant General (Audit)-II, Andhra Pradesh, the Deputy Accountant General (Commercial) and other officers and staff of the Accountant General's office.

The Committee also places on the record their appreciation of the assistance rendered to the Committee by the Secretary to State Legislature and

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(\*) One cyclostyled copy laid on the table of the House and one placed in the Legislature Library.

the other Officers and Staff of Legislature Secretariat in the Examination of the general working and review relating to A.P. Beverages Corporation Limited and in preparation of this Report.

A.V. SURYANARAYANA RAJU,  
Chairman,  
Committee on Public  
Undertakings.

Hyderabad,  
Dated : 29.8.2000.

REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS  
(1998-99) PERTAINING TO THE ANDHRA PRADESH  
BEVERAGES CORPORATION LIMITED

[ON THE REPORT OF C. & A.G. OF INDIA (COMMERCIAL)  
FOR THE YEAR 1992-93]

(a) INTRODUCTION:

1.1 Andhra Pradesh Beverages Corporation Ltd. was incorporated in July, 1986 to supply pure, clean and hygienic arrack to the consumers at reasonable rates in bottles/sachets. The Company set up 22 Arrack Bottle Units (ABUs) in each District, except in Ranga Reddy District. The ABUs went to stream by January 1987. The Company also established 12 blending units in 12 Districts to convert rectified spirit into arrack. (3/93).

(b) GENERAL:

2.1 1) The replies furnished by the Company were not endorsed by the Government. Sometimes, the remarks are being received just before the commencement of the COPU meeting or furnished separately after the completion of the meeting which is not facilitating to examine the replies before the meeting.

2.2 The Committee recommends that the remarks of the Government on each of the items appeared in the report, shall be sent at least ten days before the meeting for the examination by the members of the Committee.

2.3 2) During the six year period from 1986-87 to 1991-92 six incumbents held the post of the Chairman and nine incumbents were posted as Managing Directors. (Para 2F.2.3).

2.4 The Committee recommends that the Government shall evolve a policy in regard to minimum tenure of three years for the top executive of Government companies.

2.5 3) Out of the amount of Rs. 552 lakhs advanced to Hyderabad Allwyn Limited to carry out

different works. Account for only Rs. 545.41 lakhs was submitted leaving a balance of Rs. 6.59 lakhs which is yet (3/93) to be recovered by the company (Para 2F.3.1).

2.6 The Company in its reply stated that the Hyderabad Allwyn Limited was taken over by M/s. Voltas Limited after it became sick. The Company sent a proposal to Government for adjusting dues payable by Hyderabad Allwyn Limited towards the repayment of Government loan by the Company.

2.7 The Company in its oral evidence stated that Management of the erstwhile Allwyn stated that the Company has already rendered services to the extent of the amount received by them. Hence, no dues are outstanding for repayment.

2.8 The Committee recommends that the Company should take a decision either to write off the amounts or to settle the issue finally with the Government/Allwyn as early as possible to close the issue.

#### 4) Transportation of Arrack. (Para 2F.5.3.1).

2.9 Over payment of Rs. 2.58 lakhs dues to admission of claims with reference to longer routes, in transportation of arrack from Arrack Bottling Unit Guntur to Government Arrack depots at Tiruvur, Nangidama and Jaggaiahpet was made to a contractor. As the Company has not accepted the claims made by the contractor, the contractor moved to the High Court and got favourable orders. This was due to inadvertent admission of bills without proper verification of the facts led to overpayment of Rs. 2.58 lakhs.

2.10 The Company in its explanatory notes stated that the Joint Collector, Guntur issued show-cause notices to 3 Manufactory Officers and 3 District Managers. Reply to show-cause notices are awaited.

2.11 The Company in its oral evidence stated that the Joint Collector, Guntur had requested the Commissioner Excise to take necessary action against the Officers concerned to recover the amount from them.

2.12 The Committee recommends that the amount shall be recovered from the Officials concerned who are responsible for the overpayment and a Report on this shall be submitted to the Committee immediately.

2.13 5) The local tender Committee selected a contractor for ABU, Mahabubnagar, for transportation of arrack in September, 1989 at his lowest quoted rate of Re. 0.45 per KM/KL. As the rate was so low, this was referred to Regional Transport officer (RTO), who informed that the workable rate was Re 0.56 KM/KL. But, the Managing Director insisted that the contract shall be entrusted to another contractor, who quoted Re. 0.76 per KM/KL. This resulted in extra expenditure of Rs. 1.72 lakh due to non-acceptance of lowest tender.

(Para 2F.5.3.2).

2.14 The Company in its explanatory notes and oral reply stated that the lowest tenderer has failed to enter into the agreement before the stipulated time. Hence, fresh tenders were called for and contract was awarded to another contractor at Re. 0.76 per KM/KL.

2.15 The Committee recommends that the entire issue shall be examined thoroughly and suitable action shall be taken on the Officers who are responsible for the lapse and the Committee shall be informed of the fact at once.

2.16 6) During the period from 1986-87 to 1989-90, 33 Sacheting Machines (21 from Exsgn and 12 from Vijay pack) were procured at a cost of Rs. 132.51 lakhs Out of 33 machines, 16 were not working and 15 of them were withdrawn from operation on installation of 'Samarpan' make machines with a cost of Rs. 63 lakhs This lead to further investment of Rs. 63 lakhs on new machines.

(Para 2F.5.4).

2.17 The Company in its explanatory notes stated that substantial amounts were recovered from the suppliers for the supply of sub-standard machines. In view of the change in Government policy, these machines are being disposed off.

2.18 The Committee observed that there might be something wrong in procuring the machines.

2.19 The Committee recommends that a detailed report on procurement of the machinery and action taken on disposal of the machinery, in the light of change in Government policy, shall be submitted to the Committee at the earliest.

2.20 7) The packed arrack is being supplied to Government Arrack Depots (GADs)/contractors in crates and pots (containers), which are to be returned by concerned GADs/Contractors before taking next delivery. The accumulated dues on this account, (container dues) were Rs. 64.96 lakhs which involved loss of interest of Rs 45.67 lakhs (upto March, 1993). (Para 2F.5.6).

2.21 The Company in its explanatory notes stated that total dues to end of 30.11.1995 amounting to Rs. 61.31 lakhs (Rs. 52.80 lakhs from GADs and Rs. 8.51 lakhs from Direct Lifters) and steps are being taken to recover the amounts.

2.22 The Company in its oral evidence stated that the amounts are being recovered from the Assistant District Managers concerned who worked at that time.

2.23 The Committee recommends that the amounts shall be recovered from the Officers who are responsible for the non-recovery of the amounts and a note on this shall be submitted to the Committee immediately.

2.24 8) An amount of Rs 3.47 lakhs towards the cost of rectified spirit was to be reimbursed by the Director of Distilleries and Breweries. Although the Company preferred the claim in April, 1991, the amount has so far not been received (3/93). This was apart from interest burden of Rs. 0.69 lakhs(3/93). (Para 2F.5.7).

2.25 The Company in its explanatory notes stated that the Company is vigorously pursuing the matter with the Commission of excise for settlement of the amount.

2.26 The Company in its oral evidence stated that the Company is preferring to write off the amount.

2.27 The Committee opines that as the write off is not a healthy accounting practice. The Company should try to get back the amounts by pursuing the matter with the Commissioner of Excise.

2.28 9) The Company had insured all its assets except building with insurance premium aggregating to Rs. 16.73 lakhs. Assets damaged/destroyed amounting to Rs. 5.94 lakhs preferred with the Insurance Company in three claims during this period was not paid by the Insurance Company an account of delay in submission and non-pursuance of the claim.

(Para 2F.6).

2.29 The Company in its explanatory notes stated that an amount of Rs. 68,186/- was received in respect of 2 claims amounting to Rs. 2,68,934/-. Due to under insurance of the assets, the claims were not settled.

2.30 The Company in its oral evidence stated that an insurance of all items involve heavy burden of payment of premium, selected items are only being insured..

2.31 The Committee observed that the replies given by the company at the 1st instance and at the 2nd instance are contradictory. It is not an under-insurance but only a case of non-preferring of the claim in time by the Company.

The Committee therefore, recommends the Company to submit a note after examining the issue thoroughly at once.

SUMMARY OF RECOMMENDATIONS

(1) The Committee recommends that the remarks of the Government on each of the items appeared in the report, shall be sent at least ten days before the meeting for the examination by the members of the Committee. (Paragraph No 2.2).

(2) The Committee recommends that the Government shall evolve a policy in regard to minimum tenure of three years for the top executive of Government companies. (Paragraph 2.4).

(3) The Committee recommends that the Company should take a decision either to write off the amounts or to settle the issue finally with the Government/Allwyn as early as possible to close the issue. (Paragraph 2.8).

(4) The Committee recommends that the amount shall be recovered from the Officials concerned who are responsible for the overpayment and a report on this shall be submitted to the Committee immediately. (Paragraph 2.12).

(5) The Committee recommends that the entire issue shall be examined thoroughly and suitable action shall be taken on the Officers who are responsible for the lapse and the Committee shall be informed of the fact once. (Paragraph 2.15).

(6) The Committee recommends that a detailed report on procurement of the machinery and action taken on disposal of the machinery, in the light of change in Government policy, shall be submitted to the Committee at the earliest. (Paragraph No. 2.19)

(7) The Committee recommends that the amounts shall be recovered from the Officers who are responsible for the non-recovery of the amounts and a note on this shall be submitted to the Committee immediately. (Paragraph No. 2.23).

(8) The Committee opines that as the write off is not a healthy accounting practice, the company should try to get back the amounts by pursuing the matter with the Commissioner of Excise.

(Paragraph No. 2.27).

(9) The Committee observed that the replies given by the Company at the 1st instance and at the

2nd instance are contradictory. It is not an under-insurance but only a case of non-preferring of the claim in time by the Company.

The Committee, therefore, recommends the Company to submit a note after examining the issue thoroughly at once. (Paragraph No. 2.31).

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