PREFACE

Government commercial enterprises, the accounts of which are subject to audit by the Comptroller and Auditor General of India (CAG), fall under the following categories:

- Government companies,
- Statutory corporations, and
- Departmentally managed commercial undertakings.

2. This report deals with the results of audit of Government companies and Statutory corporations including Assam State Electricity Board and has been prepared for submission to the Government of Assam under Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil) - Government of Assam.

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Assam State Transport Corporation and the Assam State Electricity Board, which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of Assam Financial Corporation, he has the right to conduct audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Assam State Warehousing Corporation, he has the right to conduct audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Assam State Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations/commission are forwarded separately to the State Government.

5. The cases mentioned in this report are those, which came to notice in the course of audit during the year 2008-09 as well as those, which came to notice in earlier years, but were not dealt with in the previous reports. Matters relating to the period subsequent to 2008-09 have also been included, wherever considered necessary.

6. Audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2009, the State of Assam had 41 working PSUs (37 companies and 4 Statutory corporations), and 10 non-working PSUs (all companies), which employed 41,920 employees. The working PSUs registered a turnover of Rs.2,766.90 crore for 2008-09 as per their latest finalised accounts. This turnover was equal to 3.57 *per cent* of State GDP indicating an important role played by State PSUs in the economy. However, the PSUs incurred a loss of Rs.180.02 crore for 2008-09 and had accumulated losses of Rs.1,102.85 crore.

Investments in PSUs

As on 31 March 2009, the investment (Capital and long term loans) in 51 PSUs was Rs. 3,127.20 crore. It grew by over 27.43 *per cent* from Rs.2,454.11 crore in 2003-04. Power Sector accounted for 59.70 *per cent* of total investment in 2008-09. The Government contributed Rs.393.29 crore towards equity, loans and grants/subsidies during 2008-09.

Performance of PSUs

During the year 2008-09, out of 41 working PSUs, nine PSUs earned profit of Rs.39.05 crore and 32 PSUs incurred loss of Rs.211.43 crore. The major contributors to profit were Assam Gas Company Limited (Rs.18.08 crore) and Assam Petrochemicals Limited (Rs.9.07 crore). The heavy losses were incurred by Assam Electricity Grid Corporation Limited (Rs.68.80 crore) and Central Assam Electricity Distribution Company Limited (Rs.38.91 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the State PSUs' losses of Rs.200.63 crore and infructuous investments of Rs.26.22 crore were controllable with better management.

Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Out of 30 accounts finalised during October 2008 to September 2009, 27 accounts received qualified certificates from Statutory Auditors. There were 88 instances of non-compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

41 working PSUs had arrears of 347 accounts as of September 2009. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were 10 non-working companies. As no purpose is served by keeping these PSUs in existence, they need to be wound up quickly.

Placement of SARs

In respect of all the four Statutory corporations, there was considerable delay in placement of SARs in legislature. This weakens legislative control over Statutory corporations. The Government should ensure prompt placement of SARs in the legislature.

Discussion of Audit Reports by COPU

The Audit Reports (Commercial) for 1989-90 onwards are yet to be discussed fully by COPU. These 19 audit reports contained 49 reviews and 248 paragraphs of which 25 reviews and 162 paragraphs have been discussed.

(Chapter-I)

2. Performance review relating to Government company

Performance review relating to Assam Gas Company Limited was conducted. Executive Summary of Audit findings is given below:

Assam Gas Company Limited was incorporated in March 1962 as a wholly owned State Government Undertaking mainly for processing and transportation of natural gas for industrial consumers situated in Upper Assam. Out of six industrial consumers existing as on 31 March 2009 compressed gas at high pressure is being transported to three consumers for which it has a compressor station. Since 1985, it has been procuring natural gas at low pressure from producers and supplying to commercial and domestic consumers through its pipeline. Transportation Charge (TC) from industrial and non-industrial consumers constitutes the main source of income.

The Performance Audit was conducted to ascertain efficiency and economy in natural gas procurement, working of compressor station, infrastructure development, transportation of gas, inventory and fund management and internal control mechanism existing in the company.

Finances and Performance

The Company has finalised annual accounts upto 2007-08. During 2003-08, the total income and expenditure were Rs.334.01 crore and Rs.214.73 crore respectively. The net profit (before tax) of Rs.119.28 crore earned during the period consisted of non-operating income of Rs.24.87 crore (21 *per cent*).

Purchase of natural gas

The Company has been procuring natural gas from Government sources as well as from a private producer. It failed to maintain efficiency and economy in gas purchase from the private producer and incurred an avoidable expenditure of Rs.8.63 crore.

Compressor Station

Low-pressure natural gas received from Oil India Limited is compressed in the compressor station to supply as high-pressure gas to three industrial consumers. After adding four compressors at a total cost of Rs.20.19 crore to the existing six compressors, the actual utilisation was increased from two to three compressors only. This indicates that the additional investment made was not justified.

Infrastructure development

During the period under review, the gas supply system to three out of six major industrial consumers was revamped at a total cost of Rs.75.42 crore. This resulted in creation of excess capacity than the actual requirement by incurring an avoidable expenditure of Rs.20.24 crore.

Transportation of natural gas

The volume of gas transported during 2004-09 increased by 14 *per cent*, whereas the TC levied during the same period showed an increase of 82 *per cent*. Main reasons for the disproportionate increase in revenue were excess levy of TC by inflating the cost of supply system revamped during the period, levy of TC on avoidable infrastructure additions made as part of revamping of the supply system, upward revision of TC on renewal of existing agreements with consumers etc.

Sale of natural gas

Besides transportation of natural gas for and on behalf of industrial consumers, the Company was also supplying piped natural gas to non- industrial consumers. During the period upto 2008-09, a total quantity of 50.31 MMSCM valued at Rs.10.99 crore was billed in excess compared to the purchased quantity.

Fund management

The Company has availed loans at higher interest for execution of major capital works inspite of availability of surplus funds in fixed deposits, which earned lower interest and suffered a loss of Rs.2.19 crore. Similarly, due to parking of surplus funds in current accounts instead of short-term deposits, the Company suffered a loss of interest of Rs.1.34 crore.

Conclusion and Recommendations

The company is yet to evolve a scientific and uniform method for fixation of TC and its billing. The excess capacity additions made in the infrastructure needs to be utilised by expanding its market base. The audit findings also indicate the need for strengthening the internal audit and internal control system.

(Chapter-2)

3. Performance review relating to Statutory corporation

Assam State Transport Corporation (Corporation) provides public transport in the State through its 109 bus stations. The Corporation had a fleet strength of 325 vehicles as on 31 March 2009. The Corporation also allows privately owned buses (POB) to operate under the Corporation's banner on a revenue sharing basis.

The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operation, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and performance

The Corporation's accounts are in arrears since 2004-05. Based on provisional figures, it suffered a loss of Rs.10.16 crore in 2008-09. Its accumulated losses stood at Rs.502.29 crore as at 31 March 2009. The Corporation earned Rs.37.67 per kilometre and expended Rs.45.08 per kilometre in 2008-09.

Audit noticed that with a right kind of policy measures and better management of its affairs, it is possible to increase revenue and reduce costs, so as to earn profit and serve its cause better.

Declining share

Of the 13,997 buses licensed for public transport in 2008-09, 2.32 *per cent* belong to the Corporation. The percentage share declined marginally from 2.86 in 2004-05. The decline in share was mainly due to its operational inefficiency (leading to non-availability of adequate funds to replace over aged buses and add new buses to its fleet). Vehicle density (including private operator's buses) per one lakh population increased from 39.15 in 2004-05 to 46.04 in 2007-08 indicating growth in the level of public transport in the State.

Vehicle profile and utilisation

Corporation's own fleet of 325 buses included 77 (23.69 *per cent*) over aged buses, *i.e.* more than eight years old. Percentage of over age buses declined from 28.48 *per cent* in 2004-05 due to acquisition of 188 new buses during 2004-09 at a cost of Rs.32.54 crore. The acquisition was funded by the State Government. Corporation's fleet utilisation at 79.38 per cent in 2008-09 was below the All India Average (AIA) of 92 *per cent*. Its vehicle productivity at 115 kilometres per day per bus was below the AIA of 313 kilometres. However, its load factor at 76 *per cent* was above the AIA of 63 *per cent*. Of the 134 routes operated by the Corporation during 2008-09, Audit analysed that none of the routes was profitable due to high cost of operation.

Economy in operation

During 2004-09, the Corporation was not able to recover its cost of operation and its operating loss increased from Rs.9.65 crore (2004-05) to Rs.15.50 crore (2008-09) due to high consumption of fuel, rising trend in repairs and maintenance expense and excess manpower cost.

Operation of Buses under ASTC banner (POB)

Although the Corporation was gainfully utilising its infrastructure and operating staff by allowing POBs to operate under its banner on revenue sharing basis which fetched substantial revenue of Rs.68 crore (31.15 *per cent* of total revenue during 2004-09) for the Corporation without any additional capital investment, it did not exercise adequate financial and operational control over the POBs, so as to reap maximum benefit from these operations.

Need for a regulator

The fare per kilometre stood at 47 paise from 2 August 2008. Though the Government approves fare increase, there is no scientific basis for its calculation. The Corporation has also not framed norms for providing services on uneconomical routes. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.

Inadequate monitoring

The fixation of targets for various operational parameters and an effective Management on achievement thereof are essential for monitoring by the top management. MIS of the Corporation is not effectively used, as the reports relating to operational parameters are not utilised for control purpose. The monitoring by the top management as well as by the Board of Directors (BOD) fell short, as it did not take/recommend suitable measures to control the costs and increase revenue.

Conclusion and Recommendations

The deficiencies in the Corporation's functioning are controllable and there is scope to improve the performance through better management of its operation. This review contains nine recommendations which includes reducing manpower cost by off loading excess staff, exercising control over privately owned buses.

(Chapter-3)

4. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

Loss of Rs.4.59 crore in six cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 4.2, 4.7, 4.8, 4.9, 4.11 and 4.12)

Loss of Rs.3.63 crore due to non-safeguarding the financial interests of the organisation.

(Paragraph 4.1)

Loss of Rs.8.10 crore in two cases due to defective/deficient planning.

(Paragraphs 4.3 and 4.6)

Loss of Rs.2.36 crore in two cases due to inadequate/deficient monitoring.

(Paragraphs 4.4 and 4.5)

Gist of some of the important audit observations is given below:

Due to unjustified enhancement of mining operation cost, revenue of Rs.3.63 crore was foregone by ***Assam Mineral Development Corporation Limited.***

(Paragraph 4.1)

Inaction on the part of ***Assam Mineral Development Corporation Limited*** *to recover the specified land tax led to loss of Rs.54.47 lakh.*

(Paragraph 4.2)

*Failure to take appropriate action in time by **Central Assam Electricity Distribution Company Limited** resulted in accumulation of arrears of Rs.1.01 crore which remained unrealised.*

(Paragraph 4.5)

*Despite incurring expenditure of Rs.5.60 crore by **Lower Assam Electricity Distribution Company Limited**, objective of the computerised billing project has not been achieved.*

(Paragraph 4.6)

*Failure of **Assam State Transport Corporation** to enforce provision of the agreement on defaulting private bus owners resulted in loss of revenue of Rs.2.20 crore.*

(Paragraph 4.11)

Chapter-I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Assam, the State PSUs occupy an important place in the state economy. The State PSUs registered a turnover of Rs.2,769.48 crore for 2008-09 as per their latest finalised accounts as of September 2009. This turnover was equal to 3.57[♦] *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Assam State PSUs are concentrated in power and transport sectors. The State PSUs incurred a loss of Rs.180.02 crore in aggregate for 2008-09 as per their latest finalised accounts. They had employed 41,920[♣] employees as of 31 March 2009.

1.2 As on 31 March 2009, there were 51 PSUs as per the details given below. Of these, one Company[§] was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government Companies[♥]	37	10	47
Statutory Corporations	04	-	04
Total	**41**	**10**	**51**

1.3 During the year 2008-09 neither any new PSU was established nor any PSU was closed down.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of a Government Company. Further, a Company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government Company (deemed Government company) as per Section 619-B of the Companies Act.

[♦] GDP for 2008-09 Rs.77,506 crore.

[♣] As per the details provided by 29 PSUs. Remaining 22 PSUs did not furnish the details and hence the manpower position for the previous year was taken wherever applicable.

[§] Assam Petrochemicals Limited.

[Ψ] Non-working PSUs are those which have ceased to carry on their operations.

[♥] There is no 619-B Company.

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

1.6 Audit of statutory corporations is governed by their respective legislations. Out of four statutory corporations, CAG is the sole auditor for State Electricity Board and State Road Transport Corporation. In respect of State Warehousing Corporation and State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

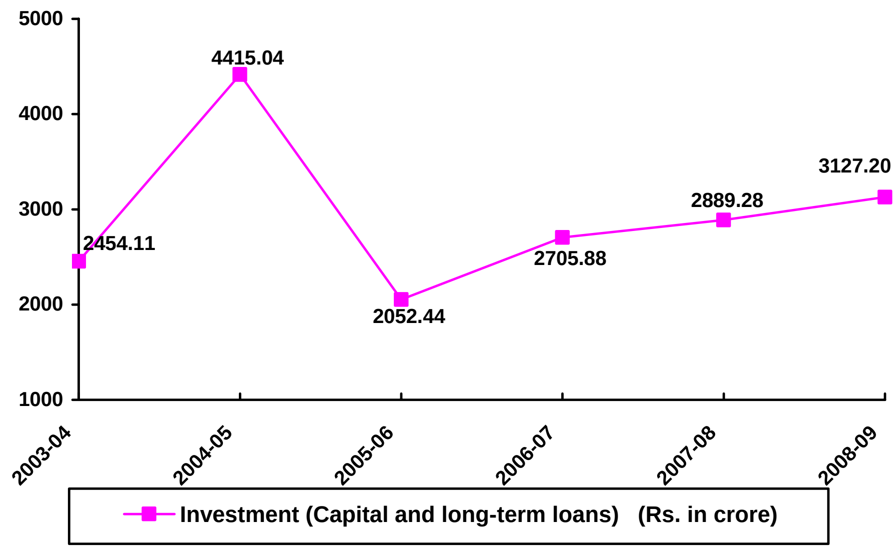
Investments in State PSUs

1.7 As on 31 March 2009, the investment (capital and long-term loans) in 51 PSUs was Rs.3,127.20 crore as *per* details given below.

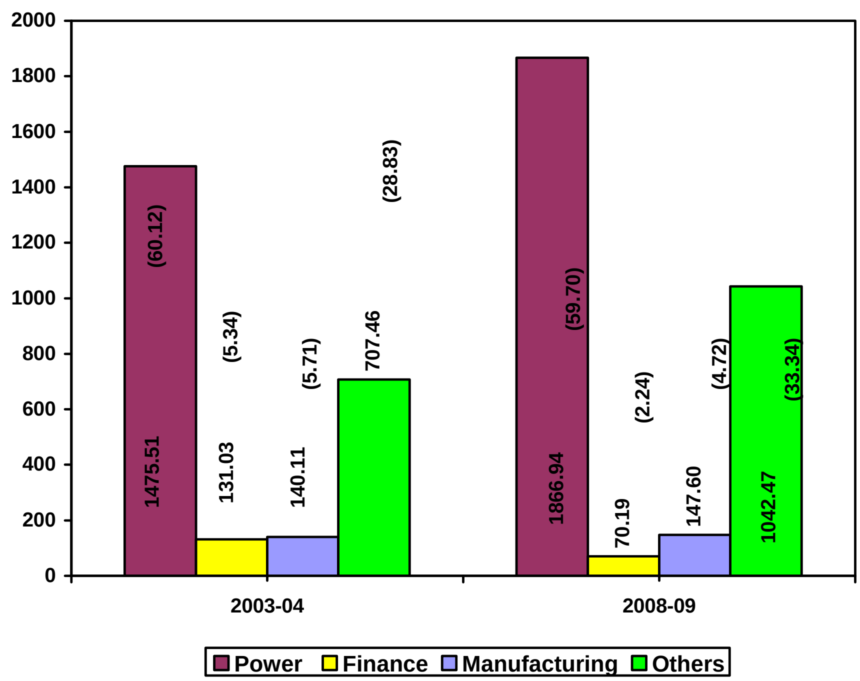
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
	(Rupees in crore)						
Working PSUs	1024.92	1342.79	2367.71	521.27	177.22	698.49	3066.20
Non-working PSUs	26.70	34.30	61.00	-	-	-	61.00
Total	**1051.62**	**1377.09**	**2428.71**	**521.27**	**177.22**	**698.49**	**3127.20**

A summarised position of government investment in State PSUs is detailed in ***Annexure 1.***

1.8 As on 31 March 2009, of the total investment in State PSUs, 98.05 *per cent* was in working PSUs and the remaining 1.95 *per cent* in non-working PSUs. This total investment consisted of 50.30 *per cent* towards capital and 49.70 *per cent* in long-term loans. The investment has grown by 27.43 *per cent* from Rs.2,454.11 crore in 2003-04 to Rs.3,127.20 crore in 2008-09 as shown in the graph below.



The investment in various important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart. As compared to the investment in 2003-04 investment in 2008-09 has increased in the Power, Manufacturing and Other sector whereas investment in Finance sector has decreased.



(Rupees in crore)

(Figures in brackets show the percentage of total investment)

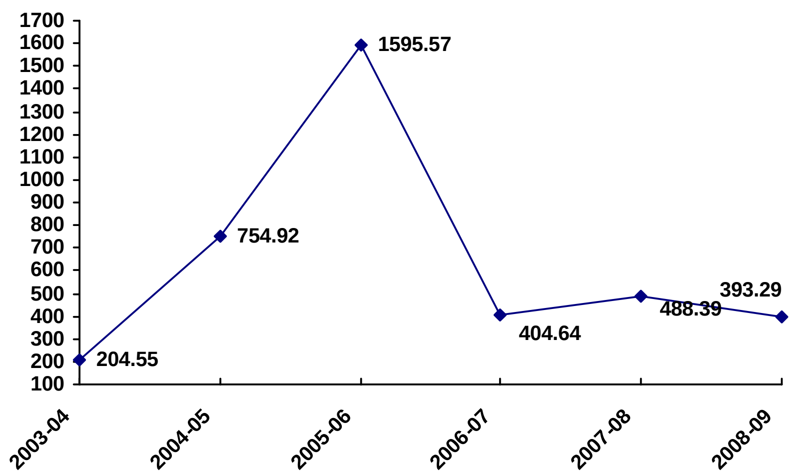
Budgetary outgo, grants/subsidies, guarantees and loans

1.9 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Annexure 3***. The summarised details for three years ended 2008-09 are given below.

(Amount Rs. in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	3	0.92	6	2.05	3	5.70
2.	Loans given from budget	10	148.34	12	183.26	8	65.82
3.	Grants/Subsidy received	10	255.38	9	303.08	13	321.77
4.	Total Outgo (1+2+3)	16*	404.64	18*	488.39	20*	393.29
5.	Loans converted into equity	-	-	-	-	-	-
6.	Loans written off	1	5.43	1	1.70	-	-
7.	Interest/Penal interest written off	1	4.24	-	-	-	-
8.	Total Waiver (6+7)	-	9.67	-	1.70	-	-
9.	Guarantees issued	-	-	-	-	-	-
10.	Guarantee Commitment	7	263.74	5	286.73	2	84.84

1.10 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past six years are given in a graph below.



Budgetary outgo towards Equity, Loans and Grants/Subsidies (Rupees in crore)

* The figure represents number of companies which have received outgo from budget under one or more heads *i.e.* equity, loans, grants/subsidies.

1.11 The amount of Guarantees outstanding in the year 2006-07 was Rs.263.74 crore which increased to Rs.286.73 crore in the year 2007-08. The Guarantees outstanding, however, decreased to Rs.84.84 crore in the year 2008-09.

Reconciliation with Finance Accounts

1.12 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2009 is stated below.

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
	(Rupees in crore)		
Equity	1964.17	1572.89	391.28
Loans	68.56	1554.31	1485.75
Guarantees	623.36	84.84	538.52

1.13 Audit observed that the differences occurred in respect of 51 PSUs and some of the differences were pending reconciliation since 1986-87. The matter was taken up with the Principal Secretary, Public Enterprises Department of Government of Assam (November 2009).

Performance of PSUs

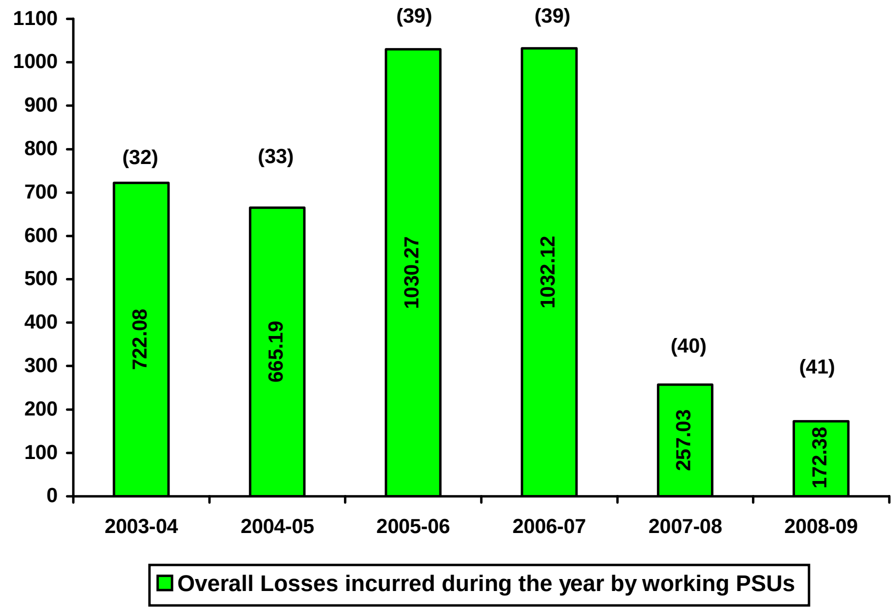
1.14 The financial results of PSUs, financial position and working results of working statutory corporations are detailed in ***Annexure 2, 5 and 6*** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2003-04 to 2008-09.

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	(Rupees in crore)					
Turnover[∝]	1,104.48	1,112.34	1,187.84	1,153.83	2,036.24	2,766.90
State GDP	47,191	52,920	57,543	65,033	72,700	77,506
Percentage of Turnover to State GDP	2.34	2.10	2.06	1.77	2.80	3.57

The percentage of turnover to the State GDP has marginally increased owing to marginal increase in turnover in State PSUs in Power sector.

1.15 Losses incurred by State working PSUs during 2003-04 to 2008-09 are given below in a bar chart.

[∝] Turnover as per the latest finalised accounts as of 30 September.



(Rupees in crore)

(Figures in brackets show the number of working PSUs in respective years)

The sharp decrease in the losses from 2006-07 onwards upto 2008-09 has been mainly because of decrease in overall losses of the power sector from Rs.1,011.28 crore in 2006-07 to Rs.155.31 crore in 2008-09. During the year 2008-09, out of 41 working PSUs nine PSUs earned profit of Rs.39.05 crore and 32 PSUs incurred loss of Rs.211.43 crore. No working PSUs prepared their accounts on a 'no profit no loss' basis. The major contributors to profit were Assam Gas Company Limited (Rs.18.08 Crore), Assam Petrochemicals Limited (Rs.9.07 crore), Assam Financial Corporation (Rs.6.05 crore). The heavy losses were incurred by Assam Electricity Grid Corporation Limited (Rs.68.80 crore), Central Assam Electricity Distribution Company Limited (Rs.38.91 crore).

1.16 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of Rs.200.63 crore and infructuous investment of Rs.26.22 crore which were controllable with better management. Year wise details from Audit Reports are stated below.

Particulars	2006-07	2007-08	2008-09	Total
	(Rupees in crore)			
Net loss (-)	(-) 1,032.12	(-) 257.03	(-) 172.38	(-) 1,461.53
Controllable losses as per CAG's Audit Report	83.60	76.98	40.05	200.63
Infructuous Investment	0.74	2.74	22.74	26.22

1.17 The above losses pointed out by the Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, losses can be minimized (or eliminated or the profits can be enhanced substantially). The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

1.18 Some other key parameters pertaining to State PSUs are given below.

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (*Per cent*)	(-) 27.30	(-) 30.18	(-) 69.53	(-) 64.80	(-) 5.94	(-) 2.11
Debt	624.74	2598.48	792.54	1421.16	1579.94	1554.31
Turnover[ϒ]	1104.48	1112.34	1187.84	1153.83	2036.24	2766.90
Debt/ Turnover Ratio	0.57:1	2.34:1	0.67:1	1.23:1	0.78:1	0.56:1
Interest Payments	294.52	288.60	96.12	101.55	111.48	112.84
Accumulated losses (-)	(-) 4593.02	(-) 5268.40	(-) 6465.55	(-) 6485.11	(-) 1122.44	(-) 1102.85

(Above figures pertain to all PSUs except for turnover which is for working PSUs).

1.19 The ratio of debt to turnover has come down from 0.78:1 in 2007-08 to 0.56:1 in 2008-09. The debt turnover ratio is not showing any specific increasing or decreasing trend. Accumulated losses have come down from Rs.5,268.40 from 2004-05 to Rs.1,102.85 in 2008-09.

1.20 Though the Audit is not aware of any specific policy of the Government of Assam regarding the payment of minimum dividend by the State PSUs yet for confirmation the matter has been taken up with the Secretary of Finance and the Secretary and Commissioner of Public Enterprises Department of the Government of Assam. As per their latest finalised accounts, nine PSUs earned an aggregate profit of Rs.39.05 crore and two PSUs declared dividend of Rs.2.18 crore.

Performance of major PSUs

1.21 The investment in working PSUs and their turnover together aggregated to Rs.5,833.10 crore during 2008-09. Out of 41 working PSUs, the following seven PSUs accounted for individual investment *plus* turnover of more than five *per cent* of aggregate investment *plus* turnover. These seven

[ϒ] Turnover of working PSUs as per the latest finalised accounts as of 30 September.

PSUs together accounted for 84.89 *per cent* of aggregate investment *plus* turnover.

PSU Name	Investment	Turnover	Total (2) +(3)	Percentage to Aggregate Investment *plus* Turnover
	(Rupees in crore)			
(1)	(2)	(3)	(4)	(5)
Assam Power Generation Company Limited	859.78	152.91	1012.69	17.36
Assam Electricity Grid Company Limited	338.10	191.18	529.28	9.07
Lower Assam Electricity Distribution Company Limited	165.75	512.84	678.59	11.63
Upper Assam Electricity Distribution Company Limited	257.35	367.31	624.66	10.71
Central Assam Electricity Distribution Company Limited	146.12	301.74	447.86	7.68
Assam State Transport Corporation	568.11	24.63	592.74	10.16
Assam State Electricity Board	99.84	966.39	1066.23	18.28
Total	**2435.05**	**2517.00**	**4952.05**	**84.89**

Some of the major audit findings of past five years for above PSUs are stated in the succeeding paragraphs.

Assam Power Generation Corporation Limited

1.22 The Company has submitted the accounts upto 2007-08. The Company had arrear of one year's accounts.

1.23 The Company has earned profit of Rs.0.93 crore as per its accounts of 2007-08 against loss incurred amounting Rs.18 crore as per its accounts of 2006-07.

1.24 The following are the major findings from last five years audit reports.

Deficiencies in implementation.

The Karbi-Langpi Hydro-electric project (100 MW) sanctioned in September 1979 at a cost of Rs.36.36 crore was completed in March 2007 at a cost of Rs.414 crore.

(Audit Report 2007-08 Para 2.1)

Deficiencies in monitoring.

Absence of monitoring at the desired level of Karbi Langpi Hydro Electric Project resulted in delay of 12 months in execution.

(Audit Report 2007-08 Para 2.15)

Assam Electricity Grid Corporation Limited

1.25 The Company has submitted the accounts upto 2007-08. The Company had arrear of one year's accounts.

1.26 The losses of the Company have decreased from Rs.68.80 crore in 2006-07 to Rs.58.84 crore in 2007-08.

Lower Assam Electricity Distribution Company Limited.

1.27 The Company has finalised its accounts upto 2007-08.The company had arrear of one year accounts.

1.28 The losses of the Company has decreased from Rs.28.46 crore in 2005-06 to Rs.8.62 crore in 2007-08.

Upper Assam Electricity Distribution Company Limited.

1.29 The company has finalised its accounts upto 2007-08. The Company had arrear of one year's accounts.

1.30 The losses of the company have decreased from Rs.22.21 crore in 2005-06 to Rs.16.20 crore in 2007-08.

Central Assam Electricity Distribution Company Limited.

1.31 The company has finalised its accounts upto 2007-08. The Company had arrear of one year's accounts.

1.32 The losses of the company has increased from Rs.15.25 crore in 2005-06 to Rs.38.91 crore 2007-08.

Assam State Transport Corporation

1.33 The Corporation had arrears of accounts for five years as of September 2009. The arrears were for four years as of September 2006. The arrears have increased in spite of a separate accounts department. The Corporation has failed to take adequate initiative to keep its accounts upto date.

1.34 The following are the major findings from last five years audit reports

Deficiencies in implementation.

The Corporation sustained a loss of Rs.1.03 crore due to non-adherence of terms and conditions of the agreement regarding imposition of penalty on defaulting private owners for failure to give prior notice about non placement of buses.

(Audit Report 2006-07 Para 4.8)

Non-achievement of Objectives.

The Corporation un-authorisedly diverted funds of Rs.5.51 crore meant for implementation of Voluntary Retirement Scheme towards payment of salary arrear, HDFC loan and LIC premium.

(Audit Report 2005-06 Para 3.10)

Assam State Electricity Board

1.35 The Board has finalised its accounts upto 2007-08. The Board had arrear of one year's accounts.

1.36 The losses of the Board have decreased from Rs.130.59 crore in 2006-07 to Rs.4.78 crore in 2007-08.

1.37 The following are the major findings from last five years audit reports.

Deficiencies in monitoring.

Non-observance of stipulated rules to take timely action against the defaulting consumers by the Board resulted in accumulation of arrears of Rs.13.97 crore which remained un-realised.

(Audit Report 2005-06 Para 4.7)

Non-achievement of Objectives.

Out of capital receipt meant for execution of different schemes/projects, the Board diverted Rs.311.88 crore for working capital purpose.

(Audit Report 2003-04 Para 3.3.11)

Deficiencies in Financial Management.

(i) Due to delay in release of funds to ASEB for the implementation of Accelerated Power Development Reform Programme, the Government of Assam was liable to pay penal interest of Rs.13.43 crore.

(Audit Report 2006-07 Para 3.8.1)

(ii) Due to failure on the part of the Board to generate working capital, it could not repay its power purchase liabilities and interest liabilities in time and had to incur additional expenditure of Rs.132.39 crore towards penal interest on loan and Rs.384.97 crore towards delayed payment surcharge on power purchase bills during 1998-99 to 2002-03.

(Audit Report 2003-04 Para 3.3.1)

Conclusion

1.38 The above details indicate that the State PSUs are not functioning efficiently and there is tremendous scope for improvement in their overall performance. They need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. The State Government should introduce a performance based system of accountability for PSUs. Audit has taken up the matter with the Secretary of Finance and the Secretary and Commissioner of Industries.

Arrears in finalisation of accounts

1.39 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2009.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of Working PSUs	33	39	39	40	41
2.	Number of accounts finalised during the year	25	33	21	36	30
3.	Number of accounts in arrears	302	313	331	336	347
4.	Average arrears *per* PSU (3/1)	9.15	8.03	8.49	8.40	8.46
5.	Number of Working PSUs with arrears in accounts	33	39	39	39	41
6.	Extent of arrears	1 to 20 years	1 to 21 years	1 to 22 years	1 to 23 years	1 to 24 years

1.40 In addition to above, there was also the arrears in finalisation of accounts by non-working PSUs. Out of 10 non-working PSUs, none had gone into liquidation process. All the non-working PSUs had arrears of accounts ranging from 2 to 26 years.

1.41 The State Government had invested Rs.498.08 crore (Equity: Rs.2.79 crore, loans: Rs.137.61 crore, grants: Rs.357.68 crore) in 11[•] PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 4***. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.42 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up with the Finance Secretary and concerned PSUs *vide* letters on August 2009 and March 2009 respectively. It was suggested that i) a cell in the Finance department may be created for overseeing the clearance of accounts by an individual company within a time bound programme, ii) preparation of one account for entire period in case of non-working companies going into liquidation, iii) the Company may hold more than one AGM on the same day to discuss the accounts unless the Articles of Association / Memorandum of Association of a particular Company prohibits, iv) The Statutory Auditor may certify the accounts relating to more than one year after disclosing the facts of non-holding of A G M relating to the previous years' accounts.

1.43 In view of above state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies, which would be monitored by the cell.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

[•] Investment in eight PSUs, whose accounts in arrear has been 'Nil'. The remaining 22 PSUs did not furnish information about the investments made by the State Government during the years in which the accounts are in arrears.

Winding-up of non-working PSUs

1.44 There were 10 non-working PSUs (10 companies and no statutory corporation) as on 31 March 2009. Of these, none of the PSUs have commenced liquidation process.

The non-working PSUs are required to be closed down, as their existence is not going to serve any purpose. During 2008-09, one non-working PSU incurred an expenditure of Rs.0.05 crore towards establishment expenditure *etc*. This expenditure was financed by the State Government (Rs.0.05 crore). Information of expenditure in respect of remaining nine PSUs was not received.

1.45 The stages of closure in respect of non-working PSUs are given below.

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working PSUs	10	NIL	10
2.	Of (1) above, the No. under	NIL	NIL	NIL
(a)	Liquidation by Court (liquidator appointed)	NIL	NIL	NIL
(b)	Voluntary winding up (liquidator appointed)	NIL	NIL	NIL
(c)	Closure, *i.e.* closing orders/ instructions issued but liquidation process not yet started.	NIL	NIL	NIL

1.46 During the year 2008-09, none of the companies/corporations were wound up. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously. The Government may take a decision regarding winding up of the companies and may consider setting up a cell to expedite closing down its non-working companies.

Accounts Comments and Internal Audit

1.47 20 working companies forwarded their audited 31 accounts to PAG during the year 2008-09. Of these, 22 accounts of 17 companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount Rs. in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	2.27	-	-	-	-
2.	Increase in loss	3	11.18	8	22.21	9	63.09
3.	Non-disclosure of material facts	3	3.51	6	3.14	1	2.20
4.	Errors of classification	2	8.12	3	101.85	5	465.52

There is a rising trend in the comments in terms of aggregate money value. Sharp increase in the money value is seen in the comments on the increase in loss, comments on errors of classification has also gone up both in terms of accounts and money value.

1.48 During the year, the statutory auditors had given unqualified certificates for three accounts, qualified certificates for 24 accounts, while no adverse certificates (which means that accounts do not reflect a true and fair position) and no disclaimer (meaning the auditors are unable to form an opinion on accounts) has been given in respect of any accounts. The compliance of companies with the Accounting Standards remained poor as there were 88 instances of non-compliance in 18 accounts during the year.

1.49 Some of the important comments in respect of accounts of companies are stated below.

Central Assam Electricity Distribution Company Limited (2007-08)

Understatement of loss by Rs.85.69 lakh due to not making provision for arrear D.A of the employees.

Assam Industrial Development Corporation Limited (2006-07)

The Company has made less provision in violation of IDBI/RBI guidelines resulting in understatement of loss by Rs.58.21 lakh.

Assam Industrial Development Corporation Limited (2007-08)

(i) Non-provision of interest receivable from closed subsidiary companies resulted in understatement of loss and overstatement of interest receivable by Rs.6.35 crore.

(ii) Short provision of Rs.1.10 crore relating to liability on account of gratuity and leave encashment resulted in understatement of loss by that amount.

Assam Power Generation Corporation Limited (2006-07)

(i) Fixed assets were overstated by Rs.4.17 crore due to non adjustment (value of Rs.62.50 lakh) of infirm power (*i.e*. power generated during the period from technical commissioning to commercial working) and inclusion of Rs.3.54 crore being amount refundable by a contractor.

(ii) Non-provision for obsolete/unserviceable material valued at Rs.5.25 crore, resulted in overstatement of current assets/stores.

Central Assam Electricity Distribution Company Limited (2006-07)

(i) Non accountal of capital grant amounting to Rs.48.53 crore received under APDRP resulted in understatement of Reserves and Surplus and overstatement of current liabilities by that amount.

(ii) Non-accountal of interest income on investment made by ASEB on behalf of the Company resulted in overstatement of loss by Rs.5.39 crore.

Lower Assam Electricity Distribution Company Limited (2006-07)

The Company's loss was understated by Rs.37.72 crore for making short provision of Depreciation.

Lower Assam Electricity Distribution Company Limited (2007-08)

(i) The Company made excess provision against obsolete stores and spares resulting in overstatement of cumulative loss by Rs.6.75 crore.

(ii) The Company made excess provision against sundry debtor resulting in overstatement of cumulative loss by Rs.6.87 crore.

1.50 Similarly, three working statutory corporations forwarded their five accounts to PAG during the year 2008-09. Of these, one accounts of one Statutory Corporation pertained to sole audit by CAG which was completed. Of the remaining four accounts relating to two corporations were selected for supplementary audit. The audit reports of Statutory Auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount Rs. in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	1	2.46	-	-
2.	Increase in loss	-	-	2	2.19	1	9.77
3.	Non-disclosure of material facts	1	13.03	-	-	-	-
4.	Errors of classification	-	-	-	-	-	-

There has been an increase in the aggregate money value of the comments in 2008-09 as compared to the year 2007-08.

1.51 During the year, out of three accounts, no accounts received unqualified certificates, three accounts received qualified certificates and no account was given adverse certificate and no account was assigned disclaimer.

1.52 Some of the important comments in respect of accounts of statutory corporations are stated below.

Assam State Electricity Board (2006-07)

(i) Non-netting of cash in transit representing the grants and loans transferred to the successor companies with other liabilities (grants and loan) has resulted in overstatement of cash in transit and other liabilities (grants and loan) by Rs.23.88 crore.

(ii) Non-accountal of compensation receivable from private sector power companies resulted in overstatement of loss for the year and understatement of sundry debtors by Rs.1.09 crore.

(iii) The cost of power purchases was overstated by Rs.12.29 crore resulting in overstatement of loss to the same extent.

Assam State Electricity Board (2007-08)

(i) Excess provision of power purchase liability resulted in overstatement of current liabilities and loss by Rs.3.52 crore.

(ii) Non-provision of income tax reimbursement as per agreement with Eastern India Powertech Limited resulted in understatement of cost of power as well as loss by Rs.6.95 crore.

Assam Financial Corporation (2007-08)

(i) Funds amounting to Rs.69.75 crore contributed by the State Government during the year 2005-06 and 2006-07 were adjusted against accumulated losses upto 31 March 2007 in place of General Reserve.

(ii) Non-provision of gratuity resulted in understatement of cumulative loss as well as liability by Rs.1.03 crore.

1.53 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit /internal control system in respect of 12 companies[µ] for the year 2008-09 are given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure 2
1.	Non-fixation of minimum/ maximum limits of store and spares	-	-
2.	Absence of internal audit system commensurate with the nature and size of business of the company	12	A-1,4,11,19,25,28, 29,30,31,32,37, B-4
3.	Non maintenance of cost record	5	A-26,28,30,31,32
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	13	A-1,4,11,15,19,21, 25,28,29,30,31,32, B-4
5.	Lack of internal control over sale of power	5	A-28,29,30,31,32

[µ] Sr. No. A-1,4,11,19,25,28,29,30,31,32,37,B-4 in ***Annexure – 2.***

Recoveries at the instance of audit

1.54 During the course of propriety audit in 2008-09, recoveries of Rs.18.94 crore were pointed out to the Management of various PSUs, of which, recoveries of Rs.1.15 crore were admitted by PSUs. An amount of Rs.0.13 crore was recovered during the year 2008-09.

Status of placement of Separate Audit Reports

1.55 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Assam State Transport Corporation	2002-03	2003-04	November 2007	N.A
2.	Assam State Warehousing Corporation	2000-01	2001-02 2002-03 2003-04 2004-05	January 2007 October 2007 July 2008 June 2009	N.A.
3.	Assam State Electricity Board	2005-06•	2006-07 2007-08	July 2008 March 2009	N.A.
4.	Assam Financial Corporation	2006-07	2007-08	March 2009	N.A.

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The matter was also taken up with the Chief Secretary to the Government of Assam in November 2008. The Government should ensure prompt placement of SARs in the legislature(s).

Disinvestment, Privatisation and Restructuring of PSUs

1.56 The audit is not aware of any disinvestment or privatization programme in any of the state PSUs.

Reforms in Power Sector

1.57 The State has Assam Electricity Regulatory Commission (AERC) formed in August 2001 under Section 17 of Electricity Regulatory Commission Act, 1998 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During the year 2008-09, AERC issued one order on annual revenue requirements.

• Information about placement of SARs for the year 1996-97, 2001-02, 2002-03, 2004-05 is not available.

1.58 Memorandum of Understanding (MoU) was signed in March 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement as at March 2009
1.	Reduction of Transmission and Distribution losses	33.81 *per cent*
2.	100 *per cent* electrification of all villages	New scheme for total electrification under RGGVY has taken up and the target for 100 *per cent* electrification of all villages is fixed by 2012.
3.	100 *per cent* metering of all Distribution Feeder	Target achieved in 2007-08.
4.	100 *per cent* metering of all consumers	98.5 *per cent* consumers are metered.
5.	Securitisation of outstanding dues of Central Public Sector Undertakings	Done in 2004–05.
6.	Online computerized billing in all major towns	Computerized billing done in all major towns in stand alone system.
7.	To bring down the level of ASEB's receivable to 60 days billing	80 days

Discussion of Audit Reports by COPU

1.59 The status as on 31 December 2009 of reviews and paragraphs that appeared in Audit Reports (Commercial) and discussed by the Committee on Public Undertakings (COPU) is as under.

Period of Audit Report	Number of reviews/paragraphs			
	Appeared in Audit Report		Paras discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
1989-1990	4	19	4	14
1990-1991	3	15	1	14
1991-1992	2	10	0	6
1992-1993	2	6	1	0
1993-1994	3	13	0	8
1994-1995	3	11	1	9
1995-1996	2	14	2	8
1996-1997	2	12	2	7
1997-1998	3	16	2	11
1998-1999	4	11	4	6
1999-2000	3	17	2	13
2000-2001	3	10	0	2
2001-2002	2	14	0	5
2002-2003	3	13	1	13
2003-2004	1	16	1	14
2004-2005	2	11	1	9
2005-2006	3	11	2	6
2006-2007	2	13	1	11
2007-2008	2	16	0	6
Total	**49**	**248**	**25**	**162**

1.60 The matter relating to clearance of backlog of reviews/ paragraphs was also informed to the Chairperson of COPU in August 2009.

Chapter-II

2.1 Performance review relating to Government Company

Assam Gas Company Limited

Performance review on Assam Gas Company Limited

Executive summary

Assam Gas Company Limited was incorporated in March 1962 as a wholly owned State Government Undertaking mainly for processing and transportation of natural gas for industrial consumers situated in Upper Assam. Out of six industrial consumers existing as on 31 March 2009 compressed gas at high pressure is being transported to three consumers for which it has a compressor station. Since 1985, it has been procuring natural gas at low pressure from producers and supplying to commercial and domestic consumers through its pipeline. Transportation Charge (TC) from industrial and non-industrial consumers constitutes the main source of income.

The Performance Audit was conducted to ascertain efficiency and economy in natural gas procurement, working of compressor station, infrastructure development, transportation of gas, inventory and fund management and internal control mechanism existing in the company.

Finances and Performance

The Company has finalised annual accounts upto 2007-08. During 2003-08, the total income and expenditure were Rs.334.01 crore and Rs.214.73 crore respectively. The net profit (before tax) of Rs.119.28 crore earned during the period consisted of non-operating income of Rs.24.87 crore (21 *per cent*).

Purchase of natural gas

The Company has been procuring natural gas from Government sources as well as from a private producer. It failed to maintain efficiency and economy in gas purchase from the private producer and incurred an avoidable expenditure of Rs. 8.63 crore.

Compressor Station

Low-pressure natural gas received from Oil India Limited is compressed in the compressor station to supply as high-pressure gas to three industrial consumers. After adding four compressors at a total cost of Rs.20.19 crore to the existing six compressors, the actual utilisation was increased from two to three compressors only. This indicates that the additional investment made was not justified.

Infrastructure development

During the period under review, the gas supply system to three out of six major industrial consumers was revamped at a total cost of Rs.75.42 crore. This resulted in creation of excess capacity than the actual requirement by incurring an avoidable expenditure of Rs.20.24 crore.

Transportation of natural gas

The volume of gas transported during 2004-09 increased by 14 *per cent*, whereas the TC levied during the same period showed an increase of 82 *per cent*. Main reasons for the disproportionate increase in revenue were excess levy of TC by inflating the cost of supply system revamped during the period, levy of TC on avoidable infrastructure additions made as part of revamping of the supply system, upward revision of TC on renewal of existing agreements with consumers *etc.*

Sale of natural gas

Besides transportation of natural gas for and on behalf of industrial consumers, the Company was also supplying piped natural gas to non-industrial consumers. During the period upto 2008-09, a total quantity of 50.31 MMSCM valued at Rs.10.99 crore

was billed in excess compared to the purchased quantity.

Fund management

The Company has availed loans at higher interest for execution of major capital works inspite of availability of surplus funds in fixed deposits, which earned lower interest and suffered a loss of Rs.2.19 crore. Similarly, due to parking of surplus funds in current accounts instead of short-term deposits, the Company suffered a loss of interest of Rs.1.34 crore.

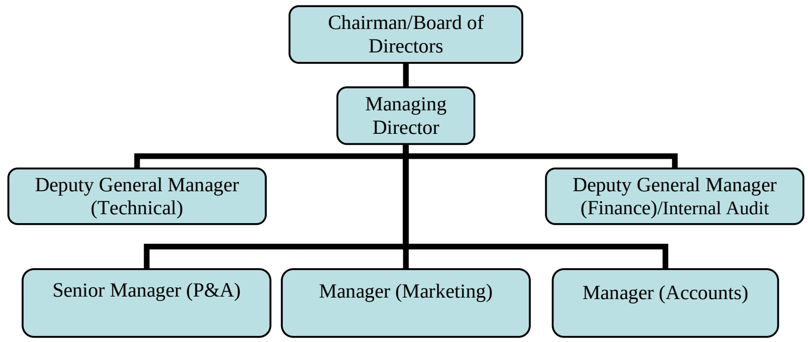
Conclusion and Recommendations

The Company is yet to evolve a scientific and uniform method for fixation of TC and its billing. The excess capacity additions made in the infrastructure needs to be utilised by expanding its market base. The audit findings also indicate the need for strengthening the internal audit and internal control system.

Introduction

2.1.1 Assam Gas Company Limited was incorporated in March 1962 as a wholly owned Government undertaking. From 1965 onwards, the Company has been in the business of collection, processing and distribution of natural gas to industries situated in Upper Assam through integrated gas transportation system. Out of the six major industrial consumers existing as on 31 March 2009, compressed gas at high pressure is being supplied to three consumers namely Brahmaputra Valley Fertilizer Corporation Limited (BVFCL), Namrup Thermal Power Station (NTPS) of Assam Power Generation Corporation Limited (APGCL) and Assam Petrochemicals Limited (APL), for which it has a gas compressor station at Duliajan. Since 1985, the Company has also been supplying piped natural gas at low pressure to commercial and domestic customers in various towns of Upper Assam. As on 31 March 2009, the network of the Company consisted of 2,500 kilometers of pipeline, with different sizes ranging from 32 mm to 800 mm.

2.1.2 The management of the Company is vested in a Board of Directors (BoD) consisting of eleven members including Chairman, Deputy Chairman and Managing Director. Out of the 11 members, nine members were nominated by the Government of Assam, one member was nominated by Oil India Limited (OIL) and another member by Assam State Electricity Board. Organisational chart of the Company is as follows:



2.1.3 The Company has finalised its annual accounts upto 2007-08 and the financial position and working results for the last five years upto that period are given in ***Annexure*-7 & 8**. The summarised position is given below:

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
	(Rupees in lakh)				
LIABILITIES					
Capital plus Reserves & Surplus	7,034.09	7,888.35	10,276.87	11,670.96	13,510.69
Liabilities	8,457.25	15,156.03	18,463.22	18,097.41	14,851.31
Assets	15,491.34	23,044.38	28,740.09	29,768.37	28,362.00
Income	4,871.76	5,064.34	6,783.98	8,094.23	8,587.19
Expenditure	2,525.03	3,043.79	4,477.96	5,655.93	5,770.36
Net profit before tax	2,346.73	2,020.55	2,306.02	2,438.30	2,816.83

Scope of audit

2.1.4 The present performance review for the period from April 2004 to March 2009 conducted during March to May 2009, covered examination of records maintained by various departments namely, Planning and Business Development, Compressor, Pipe Line Instrumentation, Finance and Accounts, Stores and Personnel in Head Office and one out of ten Gas Grid offices.

Audit objective

2.1.5 The main objective of the review was to ascertain:

(i) Whether the purchase of Natural Gas was made economically and in the best interest of the Company;

(ii) Whether the Company has been operating its compressor station at optimum capacity and efficiency;

(iii) Whether the requirement of developing pipeline infrastructure was assessed judiciously and its economies have been maintained;

(iv) Whether the transportation charges levied is reasonable or not;

(v) That there was no excess or short assessment of sales and the system prevailing in the Company is scientific to safeguard its interest;

(vi) Whether the inventory management system existing in the Company is scientific and effective;

(vii) Whether the Company managed its funds economically and efficiently; and

(viii) Whether the internal audit and internal control system existing in the Company is adequate.

Audit criteria

2.1.6 Audit criteria included the following:

(i) BoD Minutes and Agenda Notes;

(ii) Central and State Government orders, rules and other guidelines; and

(iii) Purchases, Sales and other contracts.

Audit methodology

2.1.7 The following mix of methodologies were adopted in the performance audit:

(i) Scrutiny of Agenda Notes, Minutes of BoD Meeting and sub committee meetings;

(ii) Scrutiny of financial statements;

(iii) Scrutiny of fixation of Transportation Charges;

(iv) Scrutiny of purchases, sales and stores records;

(v) Scrutiny of compressor plant performance reports; and

(vi) Issue of audit enquiries and interaction with management.

Audit findings

2.1.8 Audit findings were reported to the Company and the Government in July 2009 and were discussed (22 July 2009) in the Exit Conference which was attended by the Joint Secretary, Industries and Commerce, Government of Assam and Managing Director along with other officers of the auditee unit.

The views expressed by them have been considered while finalising the performance review.

The Company has been earning profit continuously and during the last five years upto 2007-08, it earned a total profit (before tax) of Rs.119.28 crore. This includes non-operating income of Rs.24.87 crore (21 *per cent*). The *percentage* of profit to turnover has come down from 48 in 2003-04 to 33 in 2007-08 and decline in profitability was mainly due to business development not comensurating with the increase in expenditure. During the period under review, increase in the volume of gas transported were 14 *per cent* only whereas expenditure increased by 129 *per cent* as compared to increase in income by 76 *per cent*. Major activities of the Company *viz*, procurement and sale of natural gas, working of compressor station, infrastructure development, transportation of gas, inventory and fund management *etc.*, were reviewed and areas to be streamlined or strengthened are discussed in succeeding paragraphs:

Purchase of natural gas

2.1.9 The salient features of pricing policy adopted by Government of India on natural gas are as follows:

- Two-tier pricing *i.e.* Administered Price Mechanism (APM) and Non-Administered Price Mechanism (Non-APM) has been prescribed;
- Under APM Scheme, the priority sector consumers (Power, Fertilizer and small scale) will get allotted gas at subsidised rate;
- Price of natural gas to other consumers will be at market rate fixed by the Government and
- Gas price to the consumers of North-Eastern region (APM and Non-APM) will be lower than the price to consumers of other region.

2.1.10 The Company has been procuring natural gas under APM scheme from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGCL) to cater to the demand of its small-scale consumers. In addition, from June 2006 onwards, it has been procuring gas under Non-APM scheme from a private company Canaro Resources Limited (CRL) to meet the demand of tea garden consumers of Sonari Gas Grid and Lakwa Thermal Power Station (LTPS) of Assam Power Generation Corporation Limited (APGCL). The APM and non-APM gas procured were supplied to the respective consumers at the purchase price and thus, the Company is passing the actual cost on procurement to the consumers. In the absence of any other option, the consumers are forced to accept whatever be the price at which the Company procured natural gas. Following table shows the details of purchase made during the last five years up to 2008-09.

Source	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
OIL	Volume in MMSCM[1]	105.16	109.35	132.51	121.22	120.93
	APM rate-Rs./1000 SCM[2]	1700	1700/1920[3]	1920/2304[4]	2304	2304
ONGC/GAIL	Volume in MMSCM	63.53	50.63	43.89	43.79	50.60
	APM rate-Rs./1000 SCM	1700	1700/1920	1920/2304	2304	2304
Total Purchase from Govt source (MMSCM)		168.69	159.98	176.40	165.01	171.53
CRL	Volume in MMSCM	-	-	9.14	13.90	51.21
	Non-APM rate-Rs./1000 SCM	-	-	3200/3840[5]	3840	3840

While the purchases from the Government sources increased by two *per cent* only during the last five years, purchase from private source during the year 2008-09 increased by more than three fold compared to the previous year. Review on the purchase of natural gas revealed that the Company failed to maintain efficiency and economy in purchase from private supplier. Discrepancies noticed in this regard are discussed in the succeeding paragraphs.

Procurement of gas at higher rate

The Company incurred avoidable cost of Rs.3.33 crore on natural gas procured under non-APM scheme.

2.1.11 The Company has been procuring natural gas from OIL since April 1974 for supplying to Jorhat–Golaghat Gas Grid and Naharkatia Tea Gas Grid. Similarly, gas was procured from CRL (June 2006) for supply of gas to Sonari Tea Gas Grid. While gas supply from OIL has been under APM scheme, the other has been under Non-APM Scheme. During last three years (2006-2009) the price of CRL gas was higher by Rs.896/1000 SCM to Rs.1,536/1000 SCM than the price of OIL gas (CRL price Rs.3,200 to Rs.3,840/1000 SCM and OIL price Rs.1,920 to Rs.2,304/1000 SCM).

During 2006-07 to 2008-09, procurement of gas from OIL has come down from 0.10 MMSCMD[6] (2006-07) to 0.07 MMSCMD (2008-09) against the booked quantity of 0.155 MMSCMD. Consequently, due to non-drawal of the booked quantity, there were instances of claiming Minimum Guaranteed off-take charges by OIL though no payment on this account has so far been made by the Company till date. At the same time, procurement from CRL has increased from 0.03 MMSCMD (2006-07) to 0.14 MMSCMD (2008-09) as against their booked quantity of 0.05 MMSCMD. This indicated that the Company had extended undue benefit to private party (CRL) at the cost of consumers. Analysis of the monthly off-take from these two sources revealed that the Company procured 24.21 MMSCM of Non-APM gas from CRL

[1] Million Metric Standard Cubic Metre.
[2] Standard Cubic Metre.
[3] Rs.1,920 with effect from July 2005.
[4] Rs.2,304 with effect from June 2006.
[5] Rs.3,840 with effect from March 2007.
[6] Million Metric Standard Cubic Metre per Day.

instead of procuring it from OIL under APM Scheme. This has resulted in avoidable cost of Rs.3.33 crore[1] on the purchase of gas which was passed on to the consumers, as they had no other options.

The Government stated (October 2009) that there was no allocation from OIL for Sonari Tea Gas Grid, which is contradictory to their reply furnished under ***Paragraph 2.1.24*** in which it was stated that the supply to Sonari Tea Gas Grid was actually from OIL. It was further stated that distribution of gas is an internal arrangement of the Company. But the fact remains that the Company should have drawn maximum quantity of gas under APM scheme to minimize the cost.

Irregular payment on purchase of natural gas

Natural gas procured under non-APM scheme was paid at the rate applicable to APM consumers of other than NE Region—Loss Rs.5.30 crore.

2.1.12 The Company entered into an agreement with CRL in August 2006 for purchase of 0.05 MMSCMD of natural gas under Non-Administered Price Mechanism (Non-APM) scheme at the rate of Rs.3,200/MSCM fixed by Government of India (GOI) vide notification dated 20 June 2005. On the basis of price revision ordered by GOI in June 2006 for gas supplied under Administered Price Mechanism (APM) scheme to consumers of other than North-Eastern Region (from Rs.3,200/MSCM to Rs.3,840/MSCM), CRL demanded increase in price w.e.f January 2007. The revision in rate was for APM gas supplied to consumers of other than North - Eastern region and it pertained to period prior to entering into the above agreement with CRL, yet the Company accepted increase in price from Rs.3,200/MSCM to Rs.3,840/MSCM with effect from March 2007 and passed on the burden on consumers. This led to irregular payment of Rs.5.30 crore.

Government stated (October 2009) that the agreement with CRL was for the purchase of Non-APM gas at APM rate applicable to other than North Eastern region and hence the price revision was accepted. The reply is not convincing as the agreement was for purchase of Non-APM gas at Non-APM rate of Rs.3,200/MSCM as fixed by GOI for North-Eastern Region consumers and this rate has not been revised till date (August 2009). Further there was no mention in the agreement to apply the APM rate applicable to the consumers of other than North-Eastern Region on the gas supply by CRL.

Performance of compressor station

2.1.13 Natural gas received from OIL at a pressure of 10.54 Kg/Cm^{2}g +/- 5% is compressed in the compressor station of the Company at Duliajan and supplied to the three consumers (BVFCL, NTPS and APL) at a pressure ranging from 14.2 Kg/Cm^{2}g to 15.12 Kg/Cm^{2}g through pipeline network of the Company. The compressor station had six compressors with a total capacity to supply 3.27 MMSCMD of High Pressure (HP) gas as against the total booked quantity of 1.787 MMSCMD comprising BVFCL (0.927

[1] 6.15 MMSCM @ Rs.896/1000 SCM and 18.06 MMSCM @ Rs.1,536/1000 SCM.

MMSCMD), NTPS (0.66 MMSCMD), APL (0.15 MMCSMD) and way side consumers (0.05 MMSCMD).

The table below shows the summarized position of the performance of the compressor station for the last five years up to 2008-09.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Installed Capacity						
1.	Number of Compressors installed	6	10	10	10	10
2.	Total Capacity (In MMSCM per day)	3.27	5.478	5.478	5.478	5.478
3.	Total Capacity after de-rating (In MMSCM per day)	2.7	4.908	4.908	4.908	4.908
4.	No. of compressors kept stand by	4	7	7	7	7
5.	Maximum No. of compressors in operation	2	3	3	3	3
6.	Capacity of operating compressors (MMSCM/day)	1.09	1.64	1.64	1.64	1.64
7.	Capacity of operating compressors after de-rating (MMSCM per day)	0.9	1.47	1.47	1.47	1.47
Actual Capacity Utilization						
8.	Total Compressed gas supplied (MMSCM)	256.91	363.42	335.41	394.79	399.33
9.	Gas supplied per day (MMSCM per day)	0.70	0.995	0.92	1.08	1.09
10.	Capacity utilization of operating compressors (in *per cent)*	64	61	56	66	66
11.	Capacity utilization of operating compressors after de-rating (in *per cent)*	78	68	63	73	74
12.	Installed capacity utilization (in *per cent*)	21	18	17	20	20
13.	Installed capacity utilization after de-rating (in *per cent*)	26	20	19	22	22

On further analysis, it was observed that in the year 2000, the Company entered into an agreement with BVFCL for providing a completely dedicated gas transportation system with two existing compressors and two new compressors to be installed. In March 2003, the booked quantity for NTPS was enhanced from 0.66 MMSCMD to 0.80 MMSCMD, inspite of no corresponding increase in allotment by the supplier of gas (OIL). The Company also expected a further drawal of 0.50 MMSCMD of HP gas by APGCL for their Lakwa Thermal Power Station (LTPS). Considering the requirement for a completely dedicated system for BVFCL and increase in total demand for HP gas from 1.787 MMSCMD to 2.427 MMSCMD, Company installed (March 2005 to October 2005) four new compressors, with a capacity of 0.552 MMSCMD each at a total cost of Rs.20.19 crore. As a result, the total capacity of the compressor station increased to 5.478 MMSCMD.

It may be seen that after addition of four compressors in 2005-06 to the existing six compressors, the actual utilisation has increased from two to three compressors only. Thus, additional installation of compressor made at a total cost of Rs.20.19 crore was not justified and the compressor station continued to be underutilised. This has been further analysed in the succeeding paragraphs under ***2.1.15*** and ***2.1.16***.

The Government stated (October 2009) that out of the original six compressors, one compressor (installed in 1971) has outlived its life and its capacity has been de-rated to 50 *per cent i.e.* 0.2 MMSCMD and other three compressors purchased in 1981 were also de-rated to 0.5 MMSCMD each (July 2003). Reply is not convincing as even after de-rating the capacity of the old compressors alongwith newly installed compressors the utilisation of the compressor station was maximum of 26 *per cent* in 2004-05 and the utilisation was as low as 22 *per cent* in 2008-09.

Infrastructure development

2.1.14 Gas transportation network of the Company as on 31 March 2009 consisted of 2,500 Kms. of pipeline with different sizes ranging from 32 mm to 800 mm. During 2004-09, the gas supply systems of three out of six major industrial consumers was revamped at a total cost of Rs.75.42 crore. Review conducted to assess the requirement of infrastructure developed by the Company revealed that it was much more than the actual requirement. This has been further discussed in the succeeding paragraphs.

NTPS and APL gas transportation systems

Failure of the Company in designing the gas supply system according to actual requirement of NTPS and APL has resulted in avoidable investment of Rs.9.11 crore.

2.1.15 The Company decided (May 2003) to construct a new High Pressure (HP) gas pipeline (500 mm x 25 Kms) from OIL, Duliajan to NTPS, Namrup to replace the existing HP line of 350 mm from Duliajan to Namrup *via* Naharkatia as well as to install two more compressors as part of modernisation to meet the increased demand for gas transportation to NTPS (from 0.66 to 0.80 MMSCMD), APL (0.15 MMSCMD), Wayside Consumers (0.05 MMSCMD) and an additional demand for 0.50 MMSCMD of gas for LTPS of APGCL. The pipeline was commissioned in May 2004 and the two compressors were commissioned in July 2005 and October 2005 respectively at a total cost of Rs.28.92 crore. Though the Company was well aware of the fact that the consumers would draw only 80-85 *per cent* of their booked quantity, the infrastructure was designed to transport 1.80 MMSCMD of gas as against their total demand of 1.50 MMSCMD.

The supply of HP gas to LTPS has not materialised till date and instead from January 2005 onwards the Company has been transporting Low Pressure (LP) gas to LTPS through the existing 350 mm pipeline. Further, no increase in allotment of natural gas by OIL to NTPS has taken place till date. Thus, the infrastructure created at a cost of Rs.28.92 crore for transportation of 1.80 MMSCMD of natural gas has remained underutilised and the actual HP gas transported through its new line ranged from 0.56 MMSCMD (2005-06) to 0.77 MMSCMD (2008-09) only. For transportation upto 1.00 MMSCMD of HP gas the line capacity required was only 350 mm as against the designed capacity of 500 mm. Similarly, the Company has been running only two compressors at a time as against the available six compressors with a combined capacity of 2.954 MMSCMD *i.e* after considering de-ration in capacity due to overage of the old compressors. Failure of the Company to design the systems according to the actual requirements has resulted in avoidable investment of Rs.9.11 crore on providing pipeline with higher capacity (pipe and its laying cost alone Rs.4.10 crore) and installation of one compressor (Rs.5.01 crore).

The Government stated (October 2009) in their reply that NTPS is presently drawing gas upto 0.80 MMSCMD of gas even though allotment for them was only for 0.66 MMSCMD only. The reply is not convincing as the transportation of gas upto 1.00 MMSCMD could be done through 350 mm pipeline against which the Company installed 500 mm pipeline. Further, the Company was well aware of the fact that LTPS requires only low-pressure gas and for which a separate pipeline already existed.

BVFCL gas transportation system

Failure of the Company in designing the gas supply system according to actual requirement of BVFCL has resulted in avoidable investment of Rs.11.13 crore.

2.1.16 As per agreement executed (November 2000) with BVFCL, a Government of India enterprise, the Company constructed an isolated and fully dedicated gas transportation system for their revamped fertilizer plant at a total cost of Rs.46.50 crore. The pipeline constructed in September 2002 includes 400 mm x 30 kilometers L.P. line parallel to the existing 350 mm x 30 kilometers L.P. line and 400 mm x 25 kilometers H.P. line, replacing the existing 350 mm x 25 kilometers H.P. line. In addition to the existing two compressors, two new compressors with capacity of 0.550 MMSCMD each were also installed in August 2005.

The pipeline for BVFCL was designed and constructed to transport 2.676 MMSCMD of natural gas. This was 20 *per cent* more than the expected increase in supply/drawal of gas from 1.72 MMSCMD to 2.230 MMSCMD. The expansion works were carried out without getting any firm allotment for additional gas from the OIL/Central Government. Since commissioning of pipelines in September 2002 and the compressors in August 2005 respectively, the gas allotment by the supplier was not increased beyond 1.72 MMSCMD and the actual drawl by BVFCL was also not increased as expected. The actual gas drawal was in the range of 0.96 MMSCMD (2002-03) to 1.47 MMSCMD (2007-08) only. Thus, the creation of additional capacity of 20 *per cent* above the expected drawal of gas has resulted in avoidable expenditure of Rs.6.05 crore on pipelines. Similarly, on installing two more compressors at a cost of Rs.10.17 crore in addition to the existing two, the total capacity of the dedicated compressor station has increased from 1.00 MMSCMD to 2.10 MMSCMD as against the booked quantity of 0.927 MMSCMD of HP gas. Scrutiny of compressor log books revealed that the Company has never operated more than one compressor at a time for supply of HP gas to BVFCL and the maximum HP gas drawn was 0.42 MMSCMD only indicating that the Company has been able to utilise only 40 *per cent* of its compressor and line capacity. Thus, the Company could have avoided installation of one additional compressor costing Rs.5.08 crore. Failure of the Company in assessing the actual requirements has resulted in avoidable expenditure of Rs.11.13 crore (Rs.6.05 crore + Rs.5.08 crore).

The Government stated (October 2009) that the gas supply as per the scheme has not materialised due to failure of BVFCL to revive their plants to draw the contracted quantity of gas and excess capacity in the pipeline (33 *per cent*) was provided as per stipulation of Petroleum and Natural Gas Regulatory Authority of India. The reply is not convincing since the excess capacity in compressor station as well as pipelines were created without getting any firm allotment for gas by the producer and also the excess capacity provided in pipeline was more by 56 *per cent*.

Transportation of Natural Gas

2.1.17 The Natural gas procured directly by the industrial consumers is transported through the pipeline infrastructure created by the Company and Transportation Charge (TC) is being levied for this. In case of other consumers the Company has been procuring gas from producers and supplying through its pipeline network. The sale price in this case includes TC. In both the cases TC is the main source of income. Basic factors governing fixation of TC are the investment involved in developing the infrastructure, volume of gas expected to be transported and other operational parameters. A comparison of TC fixation done in respect of the major industrial consumers indicated that the Company was yet to evolve a standardised method for TC fixation as detailed below:

Particulars	DLF[1]	BVFCL	NTPS	APL	NEEPCO	LTPS
TC fixed in (Month & Year)	October 1995	November 2000	March 2003	May 2003	August 2008	December 2008
Length and size of line	15 KM x 100 mm (LP)	25 KM x 400 mm (HP) 26 KM x 400 mm (LP)	25 KM x 500 mm (HP) common to NTPS and APL		7.5 KM x 610 mm (LP)	25 KM x 350 mm 58 KM x 400 mm 52 KM x 300mm (LP)
Booked quantity of gas (In MMSCMD)	LP-0.15	HP-0.927 LP-1.303	HP-0.80	HP=0.15	LP=1.00	LP-0.50
TC rates	Rs. 250/1000 SCM	Rs. 19 crore per annum irrespective of quantity of gas transported	Rs.320/1000 SCM	Rs. 320/1000 SCM	Rs. 54/1000 SCM	For 25 KM-Rs.349.67/1000 SCM For 58 KM=Rs.216/1000 SCM For 52 KM-Rs.565/1000 SCM (total of first two rates)
Future escalation agreed in TC	Yearly 5 % increase from 3rd year onwards	Yearly 1 % increase	Yearly 3 % increase	Yearly 3 % increase	Yearly 2.5 % increase	Yearly 3 % increase
Minimum Demand Charges	No MDC	Not applicable	80 %	80 %	75 %	For 25 KM line-80 % For 58 KM line-90 %
Plant working days	365	300	365	365	365	For 25 KM line-365 days For 58 KM line-330 days
Depreciation method and rate	WDV-33 %	SLM-5.51 %	WDV-20 %	WDV-20 %	SLM- 4 %	For 25 KM line WDV-20 % For 58 KM line SLM-4 %

[1] DLF Power Limited.

Particulars	DLF	BVFCL	NTPS	APL	NEEPCO	LTPS
Yearly increase considered in Salary and wages	10 %	10 %	10 %	10 %	12.50 %	For 25 KM-10 % For 58 KM-12.5 %
ROE/ROI/IRR	IRR-23 %	ROE- 19.51 % (Before Tax)	IRR-16.46 %	IRR-16.46 %	ROI-12.5 % (Post Tax)	For 25 KM-IRR-16.46 % For 58 KM-14 % (Post Tax)

Further, trend analysis made on gas transportation activity revealed that total TC levied has increased disproportionately compared to the increase in volume of gas transported during the last five years upto 2008-09, as shown below:

Year	Volume of gas Transported (in MMSCM)	*Percent*age change from 2004-05	TC levied (Rs in crore)	*Percent*age change from 2004-05
2004-05	1490.79	-	46.74	-
2005-06	1693.94	14	60.66	30
2006-07	1669.17	12	71.61	53
2007-08	1728.15	16	74.03	58
2008-09	1702.60	14	85.06	82

The disproportionate increase in TC was mainly due to excess levy of TC by inflating the cost of supply system revamped during the period, levy of TC on avoidable infrastructure additions made as part of revamping supply system, upward revision of TC on renewal of existing agreements with consumers *etc.* Major points observed in this regard are discussed below:

Excess levy of TC on NTPS and APL

The Company levied Rs.8.21 crore in excess from NTPS and APL towards TC.

2.1.18 As against the estimated project cost of Rs.49.67 crore for revamping gas supply system to NTPS and APL, the actual cost incurred on completion of the work was Rs.28.92 crore only and that too without any change in compressor specification and pipeline design or its Right of Way. The actual cost was less than the estimated cost by 58 *per cent* in respect of compressors and 27 *per cent* in respect of pipelines. The total cost of Rs.28.92 crore was met out of bank loan of Rs.25 crore and Company's contribution of Rs.3.92 crore. Though, the actual cost has come down by Rs.20.75 crore, the TC fixed on the basis of the original project estimate of Rs.49.67 crore has not been revised and as a result, the Company has been levying excess TC on APL (May 2004 onwards) and NTPS (July 2005 onwards). The excess levy of TC worked out to Rs.8.21 crore up to 31 March 2009.

In reply, the Government stated (October 2009) that TC was fixed on mutual agreement with the consumers is not convincing as the excess levy of TC had an adverse impact on pricing of their output.

Excess levy of TC on BVFCL

The Company levied Rs.12.25 crore in excess from BVFCL towards TC due to overestimation of project cost.

2.1.19 The estimated project cost (BVFCL Revamping Project) of Rs.60 crore included Rs.20 crore for two compressors and Rs.40 crore for pipelines. Actual costs incurred on these were Rs.10.17 crore and Rs.36.33 crore respectively which were lower by 49 *per cent* in the case of compressors and 9 *per cent* in the case of pipelines. The reduction in cost was achieved without changing compressor specification, pipeline design or Right of Way. This indicates that the Company overestimated the cost in the Project Report. Though the actual cost came down, the Company availed the entire loan of Rs.43 crore and therefore its own contribution for the project has declined to Rs.3.50 crore. The annual TC of Rs.19 crore (with 1 *per cent* increase every year) fixed on the basis of the estimated project cost of Rs.60 crore, has not been reviewed on the basis of actual cost incurred. Due to this T.C fixed initially was in excess by Rs.3.38 crore per annum considering two major factors alone *i.e*. Depreciation (5.51 *per cent*) and Return on Equity (19.51 *per cent*) and the cumulative excess billing from September 2005 to 31 March 2009 worked out to Rs.12.25 crore.

In reply, the Government stated (October 2009) that the project cost was arrived at by selecting budgetary quotes from selected vendors and savings in project cost will offset any probable loss due to delay in payment of TC by BVFCL. The reply is not convincing as the higher fixation of TC had an adverse impact on their pricing and there is no abnormal delay in payment of TC.

Gas Transportation to LTPS

Transportation charges levied on the basis of newly laid pipeline though the supply was made from existing old pipeline. This has resulted in excess levy of TC by Rs.1.14 crore.

2.1.20 APGCL decided (February 2004) to utilise 0.20 MMSCMD of LP Gas from OIL source in LTPS on 'fall back' basis for a period of three years due to low off-take of natural gas by NTPS from OIL source at Duliajan. Drawal of gas on that basis commenced in January 2005 after linking the existing 350 mm Duliajan—Namrup line with 400 mm Namrup—Lakwa line (total length: 83 Kms.). In addition, from January 2007 onwards it has been supplying a portion of natural gas procured from CRL through the existing 300 mm Khoraghat—Lakwa LP line (52 Kms) and for both the supplies, TC has been levied at the same rate of Rs.180.35/1000 SCM of gas.

When APGCL decided to utilise 0.50 MMSCMD of LP gas in LTPS which was originally allotted for their proposed Amguri Thermal Power Plant, a new agreement was executed in December 2008 with the revised TC rate of Rs.565.70/1000 SCM. Drawal of gas for LTPS ranged from 13.32 MMSCM (December 2008) to 15.51 MMSCM (March 2009). On drawal of gas as per new agreement, the Company has been levying TC at new rates for both the supplies from OIL as well as CRL sources. The new rate of Rs.565.70/1000 SCM includes Rs.349.70 towards TC for gas transportation from Duliajan to Namrup through the newly constructed 500 mm HP line, whereas the

Company has been transporting LP Gas through the existing 350 mm line without any change in the transportation system either from the OIL source at Duliajan or CRL source at Amguri. Therefore the TC for the above sector *i.e.* Duliajan—Namrup should have been Rs.145/1000 SCM instead of Rs.349.70/1000 SCM.

Thus the revised TC was very much on the higher side and the excess TC levied from LTPS, a State owned power sector Company for a period of four months from December 2008 to March 2009 worked out to Rs.1.14 crore as shown in the following table:

Month	Quantity of gas transported (in MMSCM)			TC due as per pre revised rate of Rs.330.76/1000 SCM[2] (Rs in lakh)	TC levied as per revised rate of Rs. 565.70/1000 SCM (Rs. in lakh)	TC levied in excess (Rs. in lakh) (VI-V)
	OIL Source	Canaro Source	Total[3]			
I	II	III	IV	V	VI	VII
December 08	10.23	3.09	13.32	41.01	70.15	29.14
January 09	11.76	4.34	16.10	41.01	70.15	29.14
February-09	10.44	3.90	14.34	37.05	63.36	26.31
March-09	11.37	4.14	15.51	41.01	70.15	29.14
Total	**43.80**	**15.47**	**59.27**	**160.08**	**273.81**	**113.73**

The Government in their reply stated (October 2009) that higher TC has been charged on LTPS because of complex gas Transportation Network. The reply is not convincing as low-pressure gas was supplied through the old pipelines of 350 mm only and new HP pipeline of 500 mm was never used for LTPS.

Delay in arranging metering works

Delay in arranging metering works costing Rs.1.86 lakh has resulted in loss of revenue of Rs.49.13 lakh.

2.1.21 In order to transport gas on fall back basis a loop line (3 Km x 400 mm) linking the existing 350 mm HP line from Duliajan to Namrup and 400 mm Namrup to Lakwa was constructed in May 2004. After that the Company, however, took more than six months for arranging (December 2004) metering works costing Rs.1.86 lakh at Lakwa, and gas transportation to LTPS commenced only in January 2005. The delay in arranging the metering works has resulted in a loss of revenue of Rs.49.13 lakh.

The Government stated (October 2009) that the delay was because of non-availability of the metering materials and the system was commissioned with unused materials available with Doomdooma gas grid, which indicated that the delay was avoidable.

[2] For Duliajan to Namrup @ Rs.145/1000 SCM *plus* for Namrup to Lakwa @ Rs.185.76/1000 SCM. (total rate: Rs.330.76/1000 SCM).
[3] As per agreed conditions, TC limited to 80 *per cent* of the booked volume.

Sale of Natural Gas

2.1.22 Besides transportation of natural gas for and on behalf of industrial consumers the Company was also supplying piped natural gas to non industrial consumers *viz* tea gardens (327 Nos.), commercial (575 Nos.) and domestic consumers (20,995 Nos.). For administrative convenience these consumers were grouped under 21 Gas Grids. The sales of natural gas by the Company for the last five years upto 2008-09 were reviewed to ascertain that there was no excess or shortage in sales with reference to the purchased quantity, the revenue assessment and collection system were efficient.

Table below shows the purchase and sales of natural gas made for the last five years upto 2008-09.

Years	Purchases	Sales	Excess
	(Quantity in MMSCM)		
2004-05	168.69	178.98	10.29
2005-06	159.68	174.60	14.92
2006-07	185.54	194.27	8.73
2007-08	178.92	189.37	10.45
2008-09	222.75	228.67	5.92
Total	**915.58**	**965.89**	**50.31**

From the table above it is seen that during all the five years the billed quantity was in excess of the purchases made. This is further discussed in the succeeding paragraphs.

Excess billing cum irregular retention of royalty

Natural gas sold to non-industrial consumers have been billed in excess by Rs.10.99 crore.

2.1.23 The Company has been receiving gas through 15 off take points to cater to 21 Gas Grids. From each off-take point gas was flowing to different Gas Grids. While metering has been done at the fifteen off take points, no metering was provided at the grids. Thus, the grid-wise intake and sales to the end users could not be reconciled. Scrutiny of the gas purchases made through fifteen off-take points and total sales made thereagainst revealed that total sales recorded were abnormally higher than supply received in ten off-take points[4]. In respect of the balance five off-take points no such discrepancy was observed.

During the period from April 2004 to March 2009, the Company procured 639.51 MMSCM of gas through the above ten off-take points against this the consumers were billed for 689.82 MMSCM, which was 7.87 *per cent* higher than the purchased quantity. On the excess quantity (50.31 MMSCM) billed, the Company has recovered an amount of Rs.10.99 crore towards gas price. On the excess billed quantity of 50.31 MMSCM of gas, the Company has realised Rs.1.46 crore towards royalty. Instead of remitting the royalty received to Government account it has been appropriated by the Company.

[4] 1. LPG Duliajan, 2. Amguri. 3.Koraghat 4. Dibrugarh. 5. Kushijan 6. Santi OCS
7. Savitri OCS 8. LPG Moran 9. Deroi 10 Margherita.

The Government stated (October 2009) that collection of gas of different compositions at different pressure conditions at multiple points and again distributing the same at multiple points at different pressure conditions over a large area is the cause of the discrepancy. Further the *percentage* of increase in the billed quantity was 0.61 only, if the quantity of gas transported for and on behalf of industrial consumers were also taken into account. The reply is not convincing, as there was no scope for any physical gain or loss of gas in transportation through pipeline. The discrepancy in respect of industrial consumers were dealt with separately since majority of the consumers were provided with dedicated pipelines. Hence, irregularity in gas supplied to non-industrial consumers cannot be combined with irregularity in respect of industrial consumers. In respect of royalty, Government while accepting the fact stated that the matter would be examined.

Sale of gas at different Calorific Value

Failure of the Company in executing transportation agreements on the basis of source of gas supply has resulted in excess revenue realisation of Rs.39 lakh.

2.1.24 As per the pricing policy adopted by the Company, the consumer has to be billed at actual procurement price of gas linked to its calorific value (CV) plus TC and other statutory levies. Accordingly, agreement with tea garden consumers were executed for gas supplies from specific sources. Thus, the consumers were ensured for the supply of gas at the same CV at which the Company procured for them. On scrutiny of the billing it was noticed that out of 21 Gas Grids, the Company failed to bill consumers in two Gas Grids at the actual procurement cost of gas based on CV. During 2006-09, the Company billed for 28.40 MMSCM gas to Sonari Tea Gas Grid at CV of 8,307 (OIL) against procured CV of 9,701 (CRL) for which it has incurred revenue loss to the extent of Rs.1.35 crore. On the other hand during the same period the Company billed for 54.30 MMSCM gas to Jorhat-Golaghat Gas Grid at CV of 9,701(CRL) against procured CV of 8,307 (OIL) for which it earned extra revenue to the extent of Rs.1.74 crore. Thus the Company had earned net excess revenue of Rs.39 lakh on account of billing at different CV.

Government stated (October 2009) that the Sonari Tea Gas Grid is getting gas supply from OIL only though the agreement was for supply from CRL and under present operating condition it was not possible to supply CRL gas to the Sonari Tea Gas Grid. The Government reply indicated that the Company executed agreements with the consumers without keeping in view source of supply and its existing pipeline network.

Inventory management

2.1.25 Review conducted to ascertain the efficiency in inventory management system, revealed that the Company has not fixed minimum, maximum and reorder levels of stock for critical and high value inventory.

Stock Position

2.1.26 Table below shows the details of closing stock of inventory and its *percentage* to operating income for the last five years up to 2007-08.

Particulars	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
	(Rupees in crore)				
Stores and Spares	5.88	9.32	7.65	6.82	8.06
Project stores	2.74	3.97	4.26	3.54	2.22
Stock with site offices	0.24	0.18	0.25	0.22	0.27
Stock with Compressor Dept.	Nil	0.16	0.16	0.16	NIL
Other stores	0.01	0.01	0.02	0.03	0.14
Total	**8.87**	**13.64**	**12.34**	**10.77**	**10.69**
Total Operating income	**45.85**	**47.80**	**63.88**	**74.89**	**77.72**
Percentage of inventory to operating income	19.35	28.54	19.32	14.38	13.75

From the table above it could be seen that there was a gradual improvement in inventory holding. In terms of *percentage* of inventory holding to operating income, it has come down from 28.54 *per cent* in 2004-05 to 13.75 *per cent* in 2007-08. The closing stock of inventory was Rs.10.69 crore as on 31 March 2008, consisted of steel pipes of different grades and sizes worth Rs.3.37 crore procured before 31 March 1994 (Rs.0.14 crore) during 1994-2004 (Rs.1.09 crore) and after 31 March 2004 (Rs.2.14 crore). However, the Company has not taken any action to identify and dispose of unserviceable or obsolete items of inventory.

In reply, the Government stated (October 2009) that necessary steps would be taken to improve the inventory management system.

Fund Management

2.1.27 The Company has been making cash profits consistently throughout the period of review. However, review conducted on the fund management of the Company revealed that the system needs to be further strengthened. The points observed are discussed in the following paragraphs.

Fund position

2.1.28 Table below shows the surplus funds kept in banks, interest earned on it, loans raised for execution of projects and interest paid on that for the last five years up to 2007-08.

Sl. No.	Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
		(Rupees in crore)				
1	**Funds Available**					
	In SB/Current A/c	2.55	24.77	5.59	13.25	7.21
	In Fixed Deposits	44.71	47.08	80.96	88.39	78.91
	Total	**47.26**	**71.85**	**86.55**	**101.64**	**86.12**
2	Interest earned on deposits	3.23	2.52	3.41	5.79	6.72
3	Loans outstanding	31.61	93.79	115.76	108.19	71.35
4	Interest paid on Loans	2.03	2.65	6.29	8.41	8.47

Idling of surplus funds

Failure of the Company in parking surplus funds in short-term deposits has resulted in a loss of Rs.1.34 crore.

2.1.29 The Company has been maintaining 29 current accounts with 11 banks for the requirement of Head office and Gas Grid offices. On scrutiny of the daily bank balances as per the cash book for the last five years upto 2008-09 revealed that huge amounts ranging from Rs.0.10 crore to Rs.15 crore have been lying idle in the current accounts after meeting all expenses. Had the Company planned its financial requirements prudently, it could have invested these idle amounts in short/long term deposits. The interest foregone during the five years up to 2008-09 due to failure to invest surplus funds in Term Deposits of at least 90 days each, worked out to Rs.1.34 crore.

The Government stated (October 2009) that sufficient fund is required to be maintained at both the head office and outstation offices to meet various payments. The reply is not convincing as the minimum deposits that could have been made was arrived at by taking into consideration the minimum cash balance that remained after meeting all the expenditure through out the quarter. However, the Company agreed to introduce an effective system to minimise idling of funds.

Avoidable loans

The Company availed high interest bearing loans for executing capital works and suffered a loss of Rs.2.19 crore.

2.1.30 During March 2004 to October 2006, the Company had availed bank loans of Rs.113 crore from two banks for implementing three projects, namely Jorhat-Golaghat Gas Grid, BVFCL revamping and APGCL revamping at varying interest rates of 7.35 *per cent* to 10.85 *per cent* per annum. During the corresponding period, when these loans were availed, the Company was maintaining fixed deposits ranging from Rs.44 crore to Rs.88 crore earning interest at the rates of 5.25 *per cent* to 9.50 *per cent* per annum. A scrutiny of the fund position *vis-à-vis* the loans availed revealed that it could have avoided loan of Rs.25 crore taken (March 2004 to March 2005) for APGCL revamping project and Rs.27 crore out of total loan of Rs.42 crore taken (March 2005 to October 2006) for Jorhat-Golaghat Gas Grid project by utilising the fixed deposit carrying lower interest. Thus, the Company could have saved Rs.2.19 crore on payment of interest.

The Government stated (October 2009) that the Company opted for the loans to keep a safe liquidity position. The reply is not convincing, as the payback period of the projects was on an average five years only.

Excess interest charged by UCO Bank

Loans availed at fixed rate was charged at a higher rate by the bank and caused loss of Rs.2.19 crore.

2.1.31 The Company availed (March 2005) two loans of Rs.28 crore and Rs.18 crore from UCO bank for Jorhat-Golaghat Gas Grid projects and revamping the BVFCL at fixed interest rate of 7.35 *per cent* per annum. On scrutiny of the records, it was found that the bank has been charging interest at much higher rates ranging from 8.35 *per cent* to 10.85 *per cent per annum*. The total amount of excess interest charged by the bank worked out to Rs.2.19 crore and the Company failed to take appropriate action against excess levy of interest. The standing instruction for debiting instalment and interest on the current account was withdrawn by the Company after a period of 18 months (December 2008) from the date (June 2007) when the bank started charging the excess interest above the agreed rate.

The Government in its reply accepted the fact and stated (October 2009) that the Company has already taken up the matter with the regional office as well as head office of the Bank. It was also decided to take up the matter with the Banking Ombudsman of the Reserve Bank of India.

Avoidable payment of penal interest

2.1.32 In spite of having sufficient funds in various current accounts, the Company sustained a loss of Rs.11 lakh by way of penal interest charged by the UCO bank on two loan accounts namely, Jorhat-Golaghat Project (Loan of Rs.28 crore) and BVFCL Phase–II Project (Loan of Rs.18 crore) due to delayed payment of principal and interest thereon. The Government stated (October 2009) that it has taken up the matter with the Branch Manager for waival of penal interest.

Failure to collect TDS certificates

The Company sustained a loss of Rs.0.58 crore due to failure to submit TDS certificates.

2.1.33 The consumers and bankers of the Company deducted an amount of Rs.1.15 crore as on 31 March 2006 towards TDS on transportation charges and interest on fixed deposits. In December 2008, when the income tax assessment for the financial year 2005-06 was finalised, the Company could produce TDS certificates for Rs.0.57 crore only including certificates worth Rs.0.21 crore returned for rectification. Even after allowing the defective certificates, the Company has suffered a loss of Rs.0.58 crore due to failure to collect and submit TDS certificates for the period upto 2005-06 within the time limit. Further, the Company has not maintained any basic records showing details of TDS and no monitoring system exists for timely collection and remittance of TDS certificates.

The Government stated (October 2009) that the tax credit for Rs.0.59 crore in respect of TDS Certificates originally submitted along with the Income Tax Return for the assessment year 2006-07 (Financial Year 2005-06) was completely overlooked by the Tax Department and the matter was taken up for rectification. However, the Company failed to furnish the details of submission of the TDS certificates. It has also agreed to take steps to monitor timely collection of TDS certificates to avoid loss of tax credit.

Internal Audit and Internal Control

2.1.34 The Company has no separate and independent internal audit wing, directly reporting to the Managing Director. The internal audit functions are being carried out by the Deputy General Manager (Finance) with the assistance of four Senior Accountants. Pre-checking of payments above Rs.10,000 and post payment vouching of all transactions are covered under their scope. Scrutiny of the present system of internal audit and internal control indicated the following:

- No system of regular reporting to management.
- None of the ten gas grid offices of the Company located at various districts of Upper Assam was subject to Internal Audit.
- No metering system at the off-take point of 18 gas grids out of 21 and as a result, quantity reconciliation of gas received by each grid with their sales figure becomes impossible.
- The Company has not formed separate wing for periodical field inspection at the consumer’s premises including tea estates, domestic and commercial categories. Instead, inspection on random basis has been done deputing officers from different departments.
- No metering system to measure quantity of natural gas consumed by 96 *per cent* of domestic consumers.
- No reconciliation of remittances made by consumers towards TC and Gas bills to the gas grid offices with actual remittances as per bank statements.
- No reconciliation of the remittances made by the grid offices to head office with that of the accounts maintained by head office.

Acknowledgement

Audit acknowledges the cooperation and assistance extended by different levels of management while conducting the performance review.

The matter was reported to the Government and Management in July 2009 and their replies were incorporated under relevant topics.

Conclusion

The Company has earned profit in all the years under review, however, in the following areas it is deficient.

- ***On purchase of natural gas from the private producer, the Company incurred an avoidable expenditure of Rs.8.63 crore.***
- ***After adding four compressors at a cost of Rs.20.19 crore to the existing six compressors, the actual utilisation increased from two to three compressors only.***
- ***Gas supply system to three out of six major industrial consumers was revamped at a total cost of Rs.75.42 crore and due to creation of excess capacity than the actual requirement, the Company incurred an avoidable expenditure of Rs.20.24 crore.***
- ***The Company has levied excess TC of Rs.21.60 crore on four out of six industrial consumers.***
- ***In view of the fact that there was no scope for any physical loss or gain of gas in the pipeline transportation, quantity of gas billed in excess by 50.31 MMSCM valued at Rs.10.99 crore from non -industrial consumers lacks justification.***
- ***The Company has suffered a loss of Rs.5.83 crore due to failure to invest surplus funds in term deposits, excess interest charged by the bank on loans, payment of interest on avoidable loans etc.***
- ***Internal Audit and Internal Control system is deficient in respect of reporting to Management, audit coverage, reconciliation of field office accounts with Head office etc.***

Recommendations

The State Government/ Company should consider:

- ***To ensure economy in purchase of natural gas and that the Government of India guidelines and notifications are followed while trading in natural gas.***
- ***To find out more demand for HP and LP gas to utilise excess capacity created in compressor station and pipeline network.***
- ***To adopt a scientific and uniform method of fixation of TC and gas billing system.***
- ***To follow prudent financial management policies.***
- ***To strengthen the internal audit wing.***

Chapter-III

3. Performance Review relating to Statutory Corporation

Assam State Transport Corporation

Functioning of Assam State Transport Corporation

Executive summary

Assam State Transport Corporation (Corporation) provides public transport in the State through its 109 bus stations. The Corporation had a fleet strength of 325 vehicles as on 31 March 2009. The Corporation also allows privately owned buses (POB) to operate under the Corporation's banner on a revenue sharing basis.

The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operation, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and performance

The Corporation's accounts are in arrears since 2004-05. Based on provisional figures, it suffered a loss of Rs.10.16 crore in 2008-09. Its accumulated losses stood at Rs.502.29 crore as at 31 March 2009. The Corporation earned Rs.37.67 per kilometre and expended Rs.45.08 per kilometre in 2008-09.

Audit noticed that with a right kind of policy measures and better management of its affairs, it is possible to increase revenue and reduce costs, so as to earn profit and serve its cause better.

Declining share

Of the 13,997 buses licensed for public transport in 2008-09, 2.32 *per cent* belong to the Corporation. The percentage share declined marginally from 2.86 in 2004-05. The decline in share was mainly due to its operational inefficiency (leading to non-availability of adequate funds to replace over aged buses and add new buses to its fleet). Vehicle density (including private operator's buses) per one lakh population increased from 39.15 in 2004-05 to 46.04 in 2008-09 indicating growth in the level of public transport in the State.

Vehicle profile and utilisation

Corporation's own fleet of 325 buses included 77 (23.69 *per cent*) over aged buses, i.e. more than eight years old. Percentage of over age buses declined from 28.48 *per cent* in 2004-05 due to acquisition of 188 new buses during 2004-09 at a cost of Rs.32.54 crore. The acquisition was funded by the State Government. Corporation's fleet utilisation at 79.38 per cent in 2008-09 was below the All India Average (AIA) of 92 per cent. Its vehicle productivity at 115 kilometres per day per bus was below the AIA of 313 kilometres. However, its load factor at 76 *per cent* was above the AIA of 63 *per cent*. Of the 134 routes operated by the Corporation during 2008-09, Audit analysed that none of the routes was profitable due to high cost of operation.

Economy in operation

During 2004-09, the Corporation was not able to recover its cost of operation and its operating loss increased from Rs.9.65 crore (2004-05) to Rs.15.50 crore (2008-09) due to high consumption of fuel,

rising trend in repairs and maintenance expense and excess manpower cost.

Operation of Buses under ASTC banner (POB)

Although, the Corporation was gainfully utilising its infrastructure and operating staff by allowing POBs to operate under its banner on revenue sharing basis which fetched substantial revenue of Rs.68 crore (31.15 *per cent* of total revenue during 2004-09) for the Corporation without any additional capital investment, it did not exercise adequate financial and operational control over the POBs, so as to reap maximum benefit from these operations.

Need for a regulator

The fare per kilometre stood at 47 paise from 2 August 2008. Though the Government approves fare increase, there is no scientific basis for its calculation. The Corporation has also not framed norms for providing services on uneconomical routes. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.

Inadequate monitoring

The fixation of targets for various operational parameters and an effective Management on achievement thereof are essential for monitoring by the top management. MIS of the Corporation is not effectively used, as the reports relating to operational parameters are not utilised for control purpose. The monitoring by the top management as well as by the Board of Directors (BOD) fell short, as it did not take/recommend suitable measures to control the costs and increase revenue.

Conclusion and Recommendations

The deficiencies in the Corporation's functioning are controllable and there is scope to improve the performance through better management of its operation. This review contains nine recommendations which includes reducing manpower cost by off loading excess staff, exercising control over privately owned buses.

Introduction

3.1.1 In Assam, Assam State Transport Corporation (Corporation) is mandated to provide an efficient, adequate, economical and properly co-ordinated public road transport. The State also allows the private operators to provide public transport. The fare structure is controlled and approved by the Government. This structure is same for both the Corporation as well as private operators.

3.1.2 Assam State Transport Corporation was incorporated on 1 March 1970 under Section 3 of the Road Transport Corporation Act, 1950 as a wholly owned Corporation of the State Government of Assam. The Corporation is under the administrative control of the Transport Department of Government of Assam. The management of the Corporation is vested with a Board of Directors comprising Chairman, Managing Director and seven Directors appointed by the Government of Assam. The day-to-day operations are carried out by the Managing Director, who is the Chief Executive of the Corporation, with the assistance of Deputy General Manager, one Regional Manager and nine Divisional Managers. The Corporation has one Regional office, 10 Divisional Offices, one Central Workshop, five Divisional Workshops and

109 bus stations. The bus body building is carried out through external agencies**.**

3.1.3 The Corporation had a fleet strength of 325 buses as on 31 March 2009. The Corporation's share in the passenger transport operations in the State was 2.32 *per cent* and the remaining 97.68 *per cent* was accounted for by private operators. The turn over of the Corporation was Rs.37.86 crore in 2008-09, which was equal to 0.05 *per cent* of the State Gross Domestic Product. The Corporation employed 2,667 employees as on 31 March 2009.

3.1.4 A review on the working of the Corporation was included in the Report of the Comptroller and Auditor General of India for the year 1999-2000 (Commercial), Government of Assam. The report has not yet been discussed by the COPU (September 2009).

Scope of Audit and Audit Methodology

3.2.1 The present review conducted during February 2009 to June 2009 covers the performance of the Corporation during the period from 2004-05 to 2008-09. The review mainly deals with the operational efficiency, financial management, fare policy, fulfillment of social obligations and monitoring by top management of the Corporation. The Audit examination involved scrutiny of records at the Head Office, the Central Workshop, the Regional Office, and six Divisional Offices covering 75 out of 109 Stations.[1] The share of selected divisions in terms of fleet and turnover were 50 *per cent* and 54.84 *per cent* respectively.

3.2.2 The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft review to the Management for comments.

Audit objectives

The objectives of the performance audit were to assess:

3.3.1 Operational Performance

- the extent to which the Corporation was able to keep pace with the growing demand for public transport;

[1] Out of ten divisions, six divisional offices were selected for scrutiny taking two divisions from each of the three geographical regions of the State. (viz. Upper, Central and Lower Assam).

- whether the Corporation succeeded in recovering the cost of operations;
- the extent to which the Corporation was running its operations efficiently;
- whether adequate maintenance was undertaken to keep the vehicles roadworthy; and
- the extent to which economy was ensured in cost of operations.

3.3.2 Financial Management

- whether the Corporation was able to meet its commitments and recover its dues efficiently; and
- the possibility of realigning the business model of the Corporation to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

3.3.3 Fare Policy and Fulfillment of Social Obligations

- the existence and adequacy of fare policy;
- whether the Corporation operated adequately on uneconomical routes.

3.3.4 Monitoring by Top Management and future needs of the STU

- whether the monitoring by Corporation's top management was effective.

Audit criteria

3.4.1 The audit criteria adopted for assessing the achievement of the audit objectives were:

- all India averages for performance parameters;
- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial targets/ norms fixed by the Management;
- manufacturers' specifications, norms for life of a bus, preventive maintenance schedule, fuel efficiency norms, *etc*.;
- instructions of the Government of India (GOI) and the Government of Assam and other relevant rules and regulations;
- corporate policy for investment of funds; and
- procedures laid down by the Corporation.

Financial position and working results

3.5.1 The accounts of the Corporation are in arrears since 2004-05. The financial position of the Corporation based on provisional figures for the five years upto 2008-09 is given below:

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
A. Liabilities			**(Rupees in crore)**		
Paid up Capital	357.00	372.16	377.31	381.42	390.90
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	33.79	40.10	42.81	63.52	90.18
Current Liabilities & Provisions	141.26	140.07	142.74	158.70	167.45
Total	**532.05**	**552.33**	**562.86**	**603.64**	**648.53**
B. Assets					
Net Fixed Assets♦	16.14	21.74	23.01	29.45	44.99
Capital works-in-progress (including cost of chassis)	24.81	33.25	40.04	45.49	64.94
Investments	16.20	10.65	5.25	5.57	10.56
Current Assets, Loans and Advances	16.62	13.64	12.26	31.00	25.75
Accumulated losses	458.28	473.05	482.30	492.13	502.29
Total	**532.05**	**552.33**	**562.86**	**603.64**	**648.53**

3.5.2 The details of working results like operating revenue and expenditure, total revenue and expenditure, net loss and earnings and cost per kilometre of operation based on provisional figures are given below:

Sl. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
				(Rupees in crore)		
1.	Total Revenue	31.84	36.86	48.49	49.52	51.61
2.	Operating Revenue$^{\phi}$	29.48	34.36	35.92	36.55	37.86
3.	Total Expenditure	46.79	51.63	57.74	59.35	61.77
4.	Operating Expenditure$^{\psi}$	39.13	43.91	49.84	51.15	53.36
5.	Operating Loss (-)	(-) 9.65	(-) 9.55	(-) 13.92	(-) 14.60	(-) 15.50
6.	Loss (-) for the year	(-) 14.95	(-) 14.77	(-) 9.25	(-) 9.83	(-) 10.16
7.	Accumulated Loss (-)	(-) 458.28	(-) 473.05	(-) 482.30	(-) 492.13	(-) 502.29
8.	Fixed Costs					
	(i) Personnel Costs	22.44	24.25	27.98	28.46	29.76
	(ii) Depreciation	3.50	3.90	4.10	4.20	4.25
	(iii) Interest	7.65	7.71	7.89	8.19	8.40
	(iv) Other Fixed Costs	1.45	1.72	1.81	1.87	1.93
	Total Fixed Costs	**35.04**	**37.58**	**41.78**	**42.72**	**44.34**

♦ Since the Corporation has not prepared its final accounts, the figures of Gross Block of Fixed Assets and accumulated depreciation were not available.

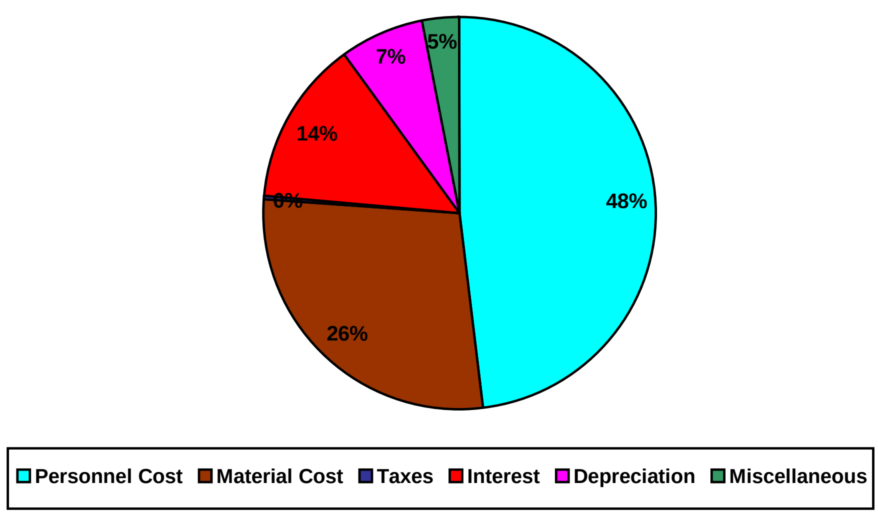
$^{\phi}$ Operating revenue includes traffic earnings, passes and season tickets, re-imbursement against concessional passes, fare realised from private operators under KM Scheme, *etc.*

$^{\psi}$ Operating expenditure include expenses relating to traffic, repair and maintenance, electricity, welfare and remuneration, licences and taxes and general administration expenses.

Sl. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
9.	Variable Costs					
	(i) Fuel & Lubricants	9.74	11.82	12.64	13.23	13.95
	(ii) Tyres & Tubes	0.70	0.71	0.74	1.06	0.86
	(iii) Other Items/ spares	0.68	0.81	1.26	1.15	1.46
	(iv) Taxes (MV Tax, Passenger Tax, *etc.*)	0.17	0.21	0.23	0.21	0.22
	(v) Other Variable Costs	0.46	0.50	1.09	0.98	0.94
	Total Variable Costs	**11.75**	**14.05**	**15.96**	**16.63**	**17.43**
10.	Effective KMs operated (in crore)	1.26	1.31	1.34	1.40	1.37
11.	Earnings per KM (Rs)(1/10)	25.27	28.14	36.19	35.37	37.67
12.	Fixed Cost per KM (Rs.)(8/10)	27.81	28.69	31.18	30.51	32.36
13.	Variable Costs per KM (Rs.) (9/10)	9.33	10.72	11.91	11.88	12.72
14.	Cost per KM (Rs.)(12+13)	37.14	39.41	43.09	42.39	45.08
15.	Net Earnings per KM (Rs.) (11-14)	(-) 11.87	(-) 11.27	(-) 6.90	(-) 7.02	(-) 7.41
16.	Traffic Revenue[§]	15.96	19.85	21.50	23.50	25.36
17.	Traffic Revenue per KM (Rs.) (16/10)	12.67	15.15	16.04	16.79	18.51

Elements of Cost

3.5.3 Personnel costs and material costs constitute the major elements of costs. The percentage break-up of costs for 2008-09 is given below in the pie-chart.

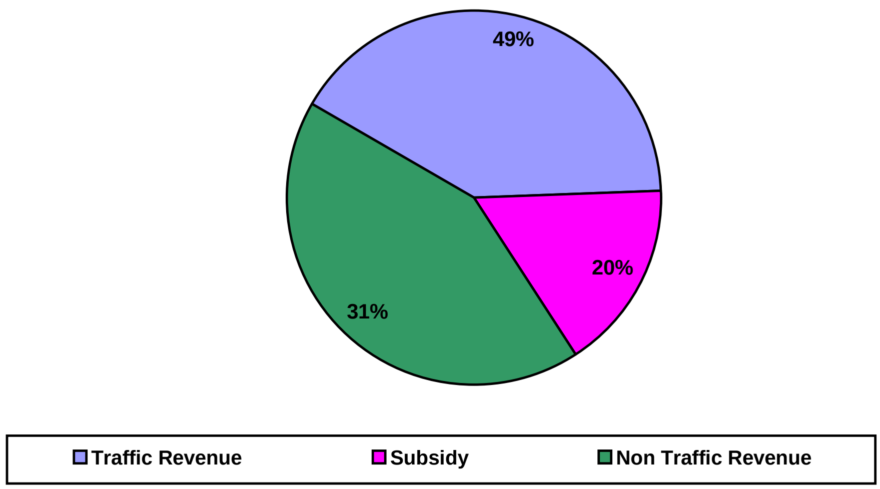


Components of various elements of cost

[§] Traffic revenue represents sale of tickets, advance booking, reservation charges and contract services earnings.

Elements of revenue

3.5.4 Traffic revenue, subsidies and non-traffic revenue constitute the major elements of revenue. The percentage break-up of revenue for 2008-09 is given in the following pie-chart.



Components of various elements of revenue

Audit findings

3.6.1 Audit explained the audit objectives to the Corporation during an 'entry conference' held on 13 March 2009**.** Subsequently, audit findings were reported to the Corporation and the Government in August 2009 and discussed in an 'exit conference' held on 18 August 2009, which was attended by Joint Secretary, Transport Department, Government of Assam besides Managing Director, Chief Automobile Engineer and Deputy Chief Accounts Officer of the Corporation. The replies were received in October 2009 which have been considered while finalising the review. The audit findings are discussed below.

Operational performance

3.7.1 The operational performance of the Corporation for the five years ending 2008-09 is given in the ***Annexure-9***. The operational performance of the Corporation was evaluated on various operational parameters as described below. It was also seen whether the Corporation was able to maintain pace with the growing demand of public transport. Audit findings in this regard are discussed in the subsequent paragraphs. These Audit findings show that the losses were controllable and there is scope for improvement in performance.

3.7.2 The table below depicts the growth of public transport in the State.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Corporation's buses♠	316	328	304	331	325
2.	Private stage carriages (3-1)♠	10,724	11,222	12,151	13,666	13,672
3.	Total buses for public transport♠	11,040	11,550	12,455	13,997	13,997♣
4.	*Percentage* share of Corporation	2.86	2.84	2.44	2.36	2.32
5.	*Percentage* share of private operators	97.14	97.16	97.56	97.64	97.68
6.	Estimated population (crore)	2.82	2.87	2.93	2.98	3.04
7.	Vehicle density per one lakh population (Total)	39.15	40.24	42.51	46.97	46.04
8.	Corporation's bus density per one lakh population	1.12	1.14	1.04	1.11	1.07

The Corporation's share in passenger in transport operation in the State was 2.32 *per cent*.

3.7.3 The Corporation, however, has not been able to keep pace with the growing demand for public transport. Though, total vehicle density per one lakh population increased from 39.15 in 2004-05 to 46.04 in 2008-09, the Corporation's vehicle density per one lakh population reduced marginally from 1.12 in 2004-05 to 1.07 in 2008-09. As analysed in Audit, the main reasons for low fleet holding were:

- absence of any perspective planning;
- inability of the Corporation to generate resource for adequate replacement of condemned vehicles and addition of new buses to the fleet;
- absence of any transport policy of the State Government;
- increased competition from private operators arising from unbridled issuance of permits to private operators by Government;
- increased availability of other modes of transport especially railways at cheaper cost.

The effective per capita KM operated per year is given below:

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Effective KM operated (in crore)	1.26	1.31	1.34	1.40	1.37
2.	Estimated Population (in crore)	2.82	2.87	2.93	2.98	3.04
3.	Per Capita KM *per* year (1/2)	0.45	0.46	0.46	0.47	0.45

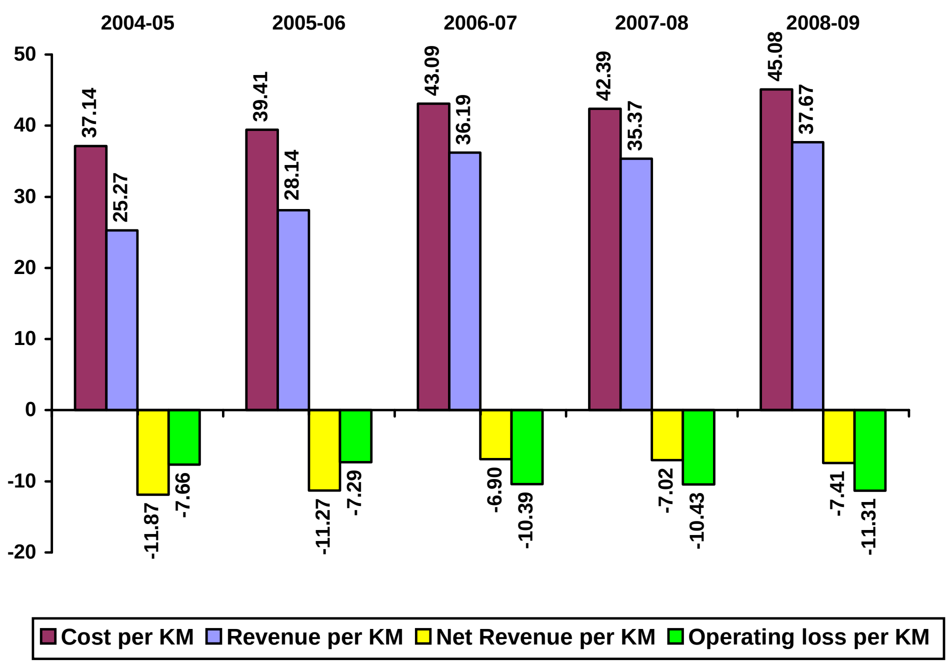
♠ These are the figures at the end of the respective years.
♣ In the absence of availability of total buses in 2008-09, figures of 2007-08 have been adopted for comparison purpose.

3.7.4 The above table shows that the per Capita kilometre per year operated by the Corporation almost remained stagnant during the review period.

3.7.5 Public transport has definite benefits over personalised transport in terms of costs, congestion on roads and environmental impact. The public transport services have to be adequate to derive those benefits. In the instant case, the Corporation was not able to maintain its share in transport mainly due to operational inefficiencies as described later.

Recovery of cost of operations

3.8.1 The Corporation was not able to recover its cost of operations. During the last five years ending 2008-09, the net revenue showed a negative trend as given in the graph♠ below:



3.8.2 The above graph indicates the deteriorating performance of the Corporation over the period. The operating loss too has been increasing since 2005-06. The Corporation was not able to achieve the All India Averages for cost (Rs.19.94) in any of the years under review. However,

Orissa, Uttar Pradesh and Karnataka registered best net earnings *per* KM at Rs. 0.49, Rs. 0.47 and Rs. 0.34 respectively during 2006-07.
(Source: STUs profile and performance 2006-07 by CIRT, Pune)

♠ **Cost per KM** represents total expenditure divided by effective KM operated.
Revenue per KM is arrived at by dividing total revenue with effective KM operated.
Net Revenue per KM is revenue *per* KM reduced by cost per KM.
Operating loss per KM would be operating expenditure per KM reduced by operating income per KM.

average revenue per KM of the Corporation exceeded All India Average (AIA) of Rs.18.22 in all the five years due to royalty earning from privately owned buses (POBs); which constituted 33.02 *per cent* to 42.46 *per cent* of total revenue. The deteriorating performance has been impacting the ability of the Corporation to provide public transport services adequately as it is not able to replace its fleet on time or increase the fleet strength to meet growing demand.

Efficiency and Economy in operations

Fleet strength and utilisation

Fleet Strength and its Age Profile

3.9.1 The Corporation has its own fleet of buses. It has also allowed POBs to operate buses under its banner on a revenue sharing basis. Audit findings in respect of POBs are given in paragraph 3.15.1. The table below explains the position of Corporation's own fleet.

3.9.2 The Association of State Road Transport Undertaking (ASRTU) had prescribed (September 1997) the desirable age of a bus as eight years or five lakh kilometres, whichever was earlier. The Table below shows the age-profile of the buses held by the Corporation for the period of five years ending 2008-09.

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total No. of buses at the beginning of the year	367	316	328	304	331
2.	Additions during the year	25	32	50	43	38
3.	Buses scrapped during the year	76	20	74	16	44
4.	Buses held at the end of the year (1+2-3)	316	328	304	331	325
5.	Of (4), No. of buses more than 8 years old	90	135	108	123	77
6.	Percentage of over-age buses to total buses	28.48	41.16	35.53	37.16	23.69

The Corporation fleet included 77 overage buses as on 31 March 2009.

3.9.3 The above Table shows that the Corporation was not able to achieve the norm of right age buses. During 2004-09, the Corporation added 188 new buses at a cost of Rs.32.54 crore. The expenditure was incurred out of fund (plan as well as non-plan) provided by the State Government for the purpose. To achieve the norm of right age buses, the Corporation was required to buy 77 new buses additionally, which would have cost it Rs.13.33 crore approximately. However, the Corporation did not generate adequate internal resources through its operations to finance the replacement of buses.

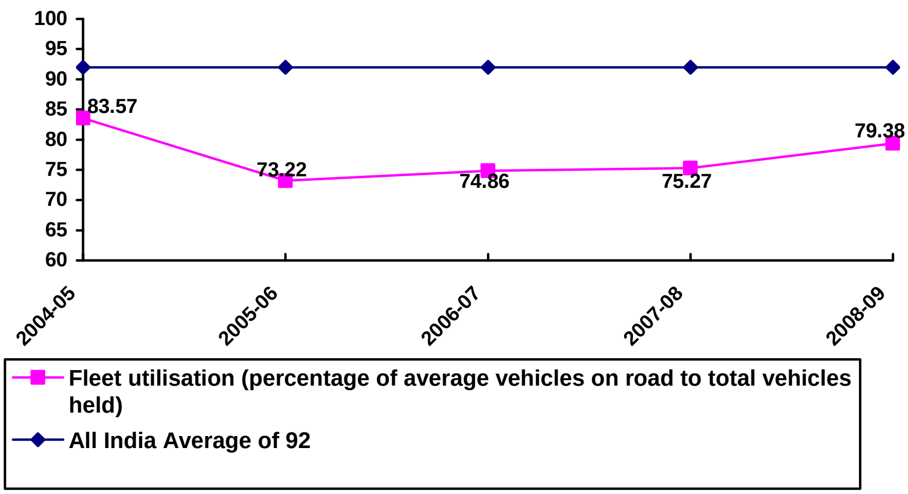
Thus, the Corporation's ability to survive and grow depends on its efforts to remove operational inefficiencies, cut costs and tap non-conventional revenue avenues so that it can fund its capital expenditure and be self-reliant.

3.9.4 The overage fleet requires high maintenance and results in extra cost and less availability of vehicles compared to underage fleet, other things being equal. This only goes on to increase operational inefficiency and causes losses which, in turn, affects the ability of the Corporation to replace its fleet on a timely basis.

Fleet Utilisation

3.9.5 Fleet utilisation represents the ratio of buses on road to those held by the Corporation. The Corporation did not set any target of fleet utilisation. The fleet utilisation of the Corporation decreased sharply in 2005-06 and gradually increased thereafter as can be seen in the graph below. It stood at 79.38 *per cent* in 2008-09 as compared to the AIA[∝] of 92 *per cent*.

Andhra Pradesh, Tamil Nadu (Kumbakonam) and Tamil Nadu (Coimbatore) registered best fleet utilisation at 99.4, 98.4 and Rs. 98.3 *per cent* respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)



The Corporation's fleet utilisation was below all India average during review period.

3.9.6 From the above, it can be concluded that the Corporation was not able to achieve an optimum utilization of its fleet strength, which in turn impacted its operational performance adversely. The Corporation has neither monitored fleet utilisation on a regular basis nor analysed the reasons for poor fleet utilisation for taking corrective measures.

The main reasons for poor fleet utilisation as analysed by Audit in respect of eight divisions for the period 2004-09 were:

- vehicles remaining off-road for want of repair and maintenance;

[∝] All India Average is for the year 2006-07 which has been used for comparison for the period under review.

- suspension of uneconomic services; and
- strikes, *bandhs* and natural calamities.

The Corporation lost 77.52 lakh kilometres, 63.20 lakh kilometres and 75.90 lakh kilometres due to these respectively.

Scrutiny of records of four Workshops including Central Workshop revealed that the Corporation lost 56,172 kilometres due to delay in repairs for want of spares, engines *etc.*

Vehicle productivity

3.10.1 Vehicle productivity refers to the average kilometres run by each bus per day in a year. The vehicle productivity of the Corporation vis-à-vis the percentage of overage fleet for the five years ending 2008-09 is shown in the Table below.

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Vehicle productivity (KMs run per day per bus)	99	98	99	103	115
2.	Overage fleet (percentage)	28.48	41.16	35.53	37.16	23.69

The Corporation's vehicle productivity has been much below all India average during the review period.

3.10.2 Compared to the AIA of 313 KMs per day, the vehicle productivity of the Corporation has been much lower for all the years under review. The Corporation neither fixed any target nor made any worthwhile efforts to improve vehicle productivity. Reasons for poor vehicle productivity as analysed in Audit were:

Tamil Nadu (Villupuram), Tamil Nadu (salem) and Tamil Nadu (Kumbakonam) registered best vehicle productivity at 474, 469 and 462.8 KMs per day respectively during 2006-07.(Source : STUs profile and performance 2006-07 by CIRT,

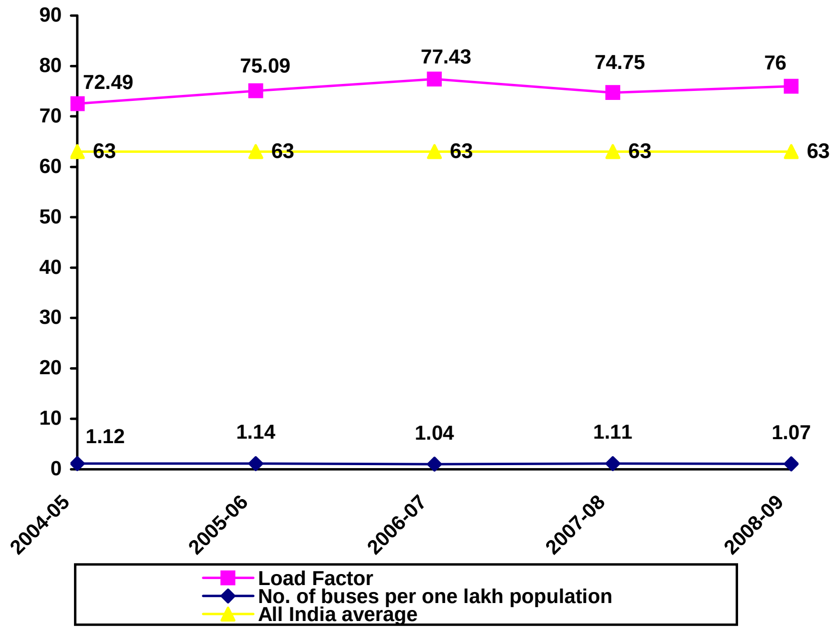
- excess time taken for servicing/repairs *etc.*; (Paragraph 3.9.6)
- deficient route planning; (Paragraph 3.11.4)
- allotment of long distance economic routes to POB's; (Paragraph 3.11.4) and
- cancellation of scheduled KMs on uneconomic routes (Paragraph 3.11.7).

Capacity utilisation

Load Factor

3.11.1 Capacity utilisation of a transport undertaking is measured in terms of Load Factor, which represents the percentage of passengers carried to seating capacity. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the load factor. The

Corporation calculated load factor as a ratio of passenger earnings to realisable revenue as per seat capacity. As per system adopted by the Corporation, the load factor increased from 72.49 *per cent* in 2004-05 to 76 *per cent* in 2008-09 against the AIA of 63 *per cent*. A graph depicting the Load factor *vis-à-vis* number of buses per one lakh population is given below.



The graph above apparently depicts improvement in load factor over the period under review. However, the fare for ordinary buses were revised from 35 paise per kilometre to 47 paise per kilometre during the review period as discussed in paragraph 3.19.1. Considering the fare increase of about 34.29 *per cent* during review period, Audit worked out that the load factor declined from 72.49 *per cent* in 2004-05 to 56.59[♣] *per cent* in 2008-09, while number of buses per one lakh population remained almost static.

3.11.2 The table below provides the details for break-even load factor (BELF) for traffic revenue. Audit worked out this BELF at the given level of vehicle productivity and total cost per KM considering the load factor as calculated by the Corporation.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost per KM	37.14	39.41	43.09	42.39	45.08
2.	Traffic revenue per KM	12.67	15.15	16.04	16.79	18.51
3.	Traffic revenue per KM at 100 *per cent* load factor	17.48	20.18	20.72	22.46	24.36

♣ (76 x 100)/134.29=56.59.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
4.	Break-even load factor considering the traffic revenue (1/3 x 100)	212.47	195.29	207.96	188.74	185.06

3.11.3 The break-even load factor is quite high and is not likely to be achieved given the present load factor and the fact that the Corporation is also required to operate uneconomical routes. Thus, while the scope to improve upon the load factor remains limited, there is tremendous scope to cut down costs of operations as explained later.

Route Planning

3.11.4 Appropriate route planning to tap demand leads to higher load factor. The Corporation does not have a system of route planning on a regular basis. As against 560 routes available for operation as on September 2009, the Corporation and the privately operated buses (POB) under ASTC banner were operating 522 routes. Management identified routes under two categories *viz.*, economic and uneconomic. Economic routes were defined as routes where the services could recover total cost *i.e.* variable as well as fixed.

Number of services provided by the Corporation and POBs in economic and uneconomic routes is shown in the following table.

Routes		No. of Routes Operated	No. of Services plying
Economic	ASTC	34	120
	POB	20	98
Uneconomic	ASTC	113	150
	POB	355	1194
	Total	**522**	**1562**

The Corporation failed to implement the Board of Directors decisions to allot uneconomic routes to POBs.

Board decided (February 2006) that the Corporation should operate only on economic routes and allot uneconomic routes to POBs. However, it was observed in Audit that no route rationalisation has been undertaken by the Corporation so far (September 2009).

It was further noticed in Audit that on 56 long distance (*i.e.* 300 KM and above) and inter State routes, only POBs were exclusively operating at high load factor. However, the Corporation has not explored the possibility of operating its own buses on these routes, which may bring in more revenue.

3.11.5 Some routes are profitable while others are not. The position in this regard as furnished by the Management is given in the table below:

Year	Total No. of routes	No. of routes making profit	No. of routes not meeting total cost[∂]	No. of routes not meeting variable cost
2004-05	139	108 (77.70)	139 (100)	31 (22.30)
2005-06	139	111 (79.86)	139 (100)	28 (20.14)
2006-07	127	101 (79.53)	127 (100)	26 (20.47)
2007-08	133	102 (76.69)	133 (100)	31 (23.31)
2008-09	134	105 (78.36)	134 (100)	29 (21.64)

(Figures in bracket indicate percentage to total routes)

3.11.6 From the above table, it may appear that in 2008-09, 78.36 *per cent* routes were profit making. However, for the purpose of determining the profitability of routes here, the Corporation had considered recovery of variable cost only. If total cost is considered (as has been done in Paragraph 3.11.4 above), the situation may undergo change. Audit analysed that poor traffic earnings coupled with increasing maintenance costs of over-aged buses and poor vehicle productivity incapacitated these services to cover the cost.

Though some of the routes appear uneconomical, they would become profitable once the Corporation improves its efficiency. However, there would still be some uneconomical routes. Given the scenario of mixed routes and obligation to serve uneconomical routes, the Corporation should have decided an optimum quantum of services on different routes so as to optimise its revenue while serving the cause. However, no such exercise was carried out by the Corporation.

Cancellation of scheduled kilometres

3.11.7 A review of the operations indicated that the scheduled kilometres were not fully operated mainly due to non-availability of adequate number of buses, and other factors like breakdown, accidents, *etc.*

3.11.8 The details of scheduled kilometres, effective kilometres, cancelled kilometres calculated as difference between the scheduled kilometres and effective kilometres as per the information received from eight out of 10 divisions are furnished in the table below.

(In lakh KMs)

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled kilometres	157.16	161.04	165.55	154.65	150.20
2.	Effective kilometres	119.28	120.47	122.43	109.93	97.15
3.	Kilometres cancelled	37.88	40.57	43.12	44.72	53.05
4.	Percentage of cancellation	24.10	25.19	26.05	28.92	35.32
Cause-wise analysis						
5.	Want of Buses	13.25	17.39	15.75	13.83	17.32
6.	Want of crew	Nil	Nil	Nil	Nil	Nil

[∂] This has been calculated by Audit.

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
7.	Others	24.63	23.18	27.37	30.89	35.73
8.	Contribution per KM (In Rs.)	3.34	4.43	4.13	4.91	5.79
9.	Avoidable cancellation (want of buses)	13.25	17.39	15.75	13.83	17.32
10.	Loss of contribution (8x9) (Rs. in lakh)	44.26	77.04	65.05	67.91	100.28

Avoidable cancellation of scheduled KMs resulted in loss of contribution of Rs.3.55 crore during 2004-09.

3.11.9 It can be seen from the above Table that the percentage of cancellation of scheduled kilometres continuously increased from 24.10 to 35.32 *per cent* during 2004-05 to 2008-09 and remained on the higher side as compared to the best performers. Due to cancellation.n of scheduled kilometres for want of buses, the Corporation was deprived of contribution of Rs. 3.55 crore during 2004-05 to 2008-09. However, the Corporation neither monitored nor analysed reasons for increasing trend of cancellation of scheduled kilometres for taking necessary corrective measures.

Tamil Nadu (Salem), State Express Transport Corporation (Tamil Nadu) and Tamil Nadu (Villupuram) registered least cancellation of scheduled KMs at 0.45, 0.67 and 0.78 *per cent* respectively during 2006-07.
(Source: STUs profile and performance 2006-07 by CIRT, Pune)

Maintenance of vehicles

Preventive Maintenance

3.12.1 Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns and other mechanical failures. The Corporation adopted norms for preventive maintenance prescribed by original equipment manufacturers (OEM). However, compliance of timeliness of preventive maintenance work could not be ascertained in Audit as the records for the same were not maintained properly.

Scrutiny of records of eight divisions in Audit revealed that the rate of breakdown per 10,000 effective kilometres varied from 0.48 to 0.75 during 2004-05 to 2008-09, which was much on high as compared to AIA of 0.26. Scrutiny further revealed that the breakdowns were mainly due to failure of engine, pressure plate failure, cutch disc failure, dumper pully broken, fuel injection pump failure, brakes, transmission suspension systems, *etc*., which could have been minimised, had proper preventive maintenance been carried out.

From the above, it can be concluded that Management did not exercise effective control over preventive maintenance, which led to increase in repairs and maintenance cost as discussed in succeeding paragraphs.

Repairs & Maintenance

3.12.2 The Corporation does not maintain vehicle-wise data of repair and maintenance expenditure. However, a summarised position of fleet holding, over-aged buses, total repairs and maintenance (R&M) expenditure for the last five years up to 2008-09 is as given below:

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total buses (Number)	316	328	304	331	325
2.	Over-age buses (more than 8 years old)	90	135	108	123	77
3.	*Percentage* of over age buses	28.48	41.16	35.53	37.16	23.69
4.	R&M Expenses (In crore)	1.46	1.61	2.68	2.54	2.87
5.	R&M Expenses per bus (in Rs.) (4/1)	46,203	49,085	88,158	76,737	88,308

Repairs and maintenance expenditure per bus increased by 91.13 *per cent* during review period.

From the above table, it can be seen that the expenditure on R&M has increased substantially during the review period from Rs.46,203 per bus in 2004-05 to Rs.88,308 per bus in 2008-09. Further, the R&M expenditure as mentioned above did not include the labour cost since the Corporation does not have a system of allocation of labour cost.

Manpower cost

3.13.1 The cost structure of the organisation shows that manpower and fuel constitute 70.76 *per cent* of total cost during 2008-09. Interest, depreciation and taxes—the costs which are not controllable in the short term—account for 20.84 *per cent*. Thus, the major cost saving can come only from manpower and fuel.

3.13.2 Manpower is an important element of cost which constituted 48.18 *per cent* of total expenditure of the Corporation in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity. The Table below provides the details of manpower, its cost and productivity.

Gujarat, Tamil Nadu (Villupuram) and Tamil Nadu (Salem) registered best performance at Rs. 6.10, Rs. 6.13 and Rs.6.21 cost *per* effective KMs respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Number)	2,828	2,810	2,763	2,700	2,667
2.	Manpower Cost (Rs. in crore)	22.44	24.25	27.98	28.46	29.76
3.	Effective KMs (in crore)	1.26	1.31	1.34	1.40	1.37
4.	Cost per effective KM (Rs.)(2/3)	17.81	18.51	20.88	20.33	21.72
5.	Productivity per day per person (KMs)	12.21	12.77	13.29	14.21	14.07
6.	Total Buses (No.)	316	328	304	331	325
7.	Manpower per bus(1/6)	8.95	8.57	9.09	8.16	8.21

The above Table indicates that manpower cost per effective kilometre was continuously on the increase over the period of review except 2007-08 when it marginally decreased but remained above the AIA (Rs.7.50). Further, manpower productivity though increased from 12.21 to 14.07 kilometres per day per person during 2004-09, it remained much below the AIA of 52 kilometres per day per person. Moreover, the manpower per bus was above the AIA (6.5:1). This was attributable to excess non-operating staff in the Corporation.

North West Karnataka State Road Transport, Karnataka State Road Transport and Himachal Pradesh registered best performance at 4.89, 4.99 and 4.94 manpower per bus.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

3.13.3 The following table provides the details of manpower:

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total number of buses at the end of the year	316	328	304	331	325
2.	Number of drivers	376	373	376	369	364
3.	Number of drivers per bus	1.19	1.14	1.24	1.11	1.12
4.	Number of conductors	605	600	588	499	492
5.	Number of conductors per bus	1.91	1.83	1.93	1.51	1.51
6.	Other staff	1847	1837	1799	1832	1811
7.	Number of other staff per bus	5.84	5.60	5.92	5.53	5.57

The Corporation held excess manpower as compared to all India average.

It can be noticed from the table above that number of crew per bus was almost within the norms fixed by the Corporation (*i.e.* three per bus). However, in the overall manpower position, the Corporation holds surplus staff of 1.7 per bus in 2008-09 as compared to AIA, which could have been off-loaded by implementing Voluntary Retirement Scheme. In this connection, the Committee on Public Undertakings (COPU) in its 30th Report (December 1997) also recommended that staff bus ratio of the Corporation, be fixed at 6:1. However, no action on COPU's recommendation was taken by the Management (September 2009).

Fuel cost

3.14.1 Fuel is a major cost element, which constituted 22.58 *per cent* of total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on its productivity. The Table below gives the actual fuel consumption, mileage obtained per litre (Kilometre per litre *i.e*. KMPL), AIA and the extra expenditure.

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Gross Kilometres (in lakh)	130.14	136.28	139.00	145.88	144.22
2.	Kilometre obtained per litre (KMPL) (1/4)	3.54	3.65	3.62	3.67	3.70
3.	AIA in the category	4.94	4.94	4.94	4.94	4.94
4.	Actual Consumption (in lakh litres)	36.74	37.32	38.36	39.78	39.02
5.	Consumption as per AIA (in lakh litres) (1/3)	26.34	27.59	28.14	29.53	29.19
6.	Excess Consumption (in lakh litres) (4-5)	10.40	9.73	10.22	10.25	9.83
7.	Average cost per litre (in Rs.)	25.66	30.86	32.09	32.21	34.50
8.	Extra expenditure (Rs. in crore) (6x7)	2.67	3.00	3.28	3.30	3.39

Consumption of excess fuel as compared to all India average during 2004-09 resulted in extra expenditure of Rs.15.64 crore.

North East Karnataka State Road Transport, Uttar Pradesh and Andhra Pradesh registered mileage of 5.45, 5.33 and 5.26 KMPL.
(Source: STUs profile and performance 2006-07 by CIRT, Pune)

3.14.2 It can be seen from the above table that mileage have improved over the period of review, the reasons for which as analysed in Audit was due to induction of 188 new vehicles during the period. However, it was below the AIA of 4.94 during all the years under review, which resulted in excess consumption of 50.43 lakh litres of fuel leading to extra expenditure of Rs.15.64 crore during 2004-09. The Corporation fixed different norms for different types of vehicles with different age profile. However, it had never analysed actual performance *vis-à-vis* its own norms for taking corrective necessary measures.

Audit scrutiny revealed that Corporation's performance against rural routes (3.40 km to 3.55 km) was below the Corporation's own norms of 4.25 KM as well as AIA of 5.11 KM. Further, the Corporation's performance for hill routes (0.25 km to 0.30 km) was also far below the Corporation's norms of 3.74 KM and AIA of 3.69 KM.

In regard to plain routes, which included rural as well as urban routes, Management attributed (October 2009) the poor performance to bad road condition in the State. However, fact remains that Corporation's norms were fixed taking into consideration the road condition also. Management further stated that KMPL shown for hill routes were incorrect. However, the fact remains that mileage for hilly areas computed by Audit is based on the information furnished by the Management.

3.14.3 A test check in Audit of two months Petrol, Oil and Lubricants (POL) statements for each year under review in six divisions showed that the Corporation had no mechanism in place to monitor vehicle wise or driver wise data for consumption of fuel so as to exercise effective management control. Further, the Corporation had not prescribed any ideal driving speed norms, so as to enhance fuel economy.

Operation of private buses under ASTC banner

3.15.1 The Corporation introduced a scheme under the name and style "Self Employment Scheme" in August 2001. Under the scheme, the Corporation allowed private bus owners (POB) to use its infrastructure to operate their buses on routes approved by it on a revenue sharing basis according to the agreement entered into with private bus owners.

As per the agreement, the bus owners were liable to pay 10 *per cent* of the fare collected subject to a minimum rate on per kilometre basis covered for different types of buses. In the absence of any laid down mechanism to check the actual fare being collected by POB, the Corporation was realising its share of revenue on the basis of minimum applicable rates only. It was noticed in Audit that although the State Government had revised the fare structure upward for different types of buses from 34.29 to 41.67 *per cent* during the period from April 2004 to March 2009, the minimum charge realisable from operation of private buses was not revised. Considering the minimum fare revision of 34.29 *per cent* for ordinary buses during review period, Audit worked out that due to non-revision of minimum rate on per KM basis to be collected from POB, the Corporation realized less revenue of Rs.3.83 crore for 2008-09[1] alone.

It was noticed in Audit that private owners have not been operating their buses as per terms and conditions of the agreement. Occasional checks by field officials of the Corporation revealed that some of these buses were operating without the knowledge of the Corporation. This not only disrupted the service schedules but also impacted the earnings of the Corporation. As per the agreement, the POBs were required to operate at least 80 *per cent* of the scheduled KMs allocated to them on the basis of route KM and number of trips. However, it was observed in Audit that the same were not operated by the POBs as mandated. Due to non-performance of minimum required KMs, the Corporation sustained the revenue loss of Rs.4.89 crore worked out for three years *i.e.* 2006-07 to 2008-09 at Rupee one per km being the lowest tariff applicable for ordinary buses. In view of the fact that the Corporation was earning a substantial amount of revenue from POB without any capital investment, the Management should have exercised adequate control over the operation of POBs.

Financial management

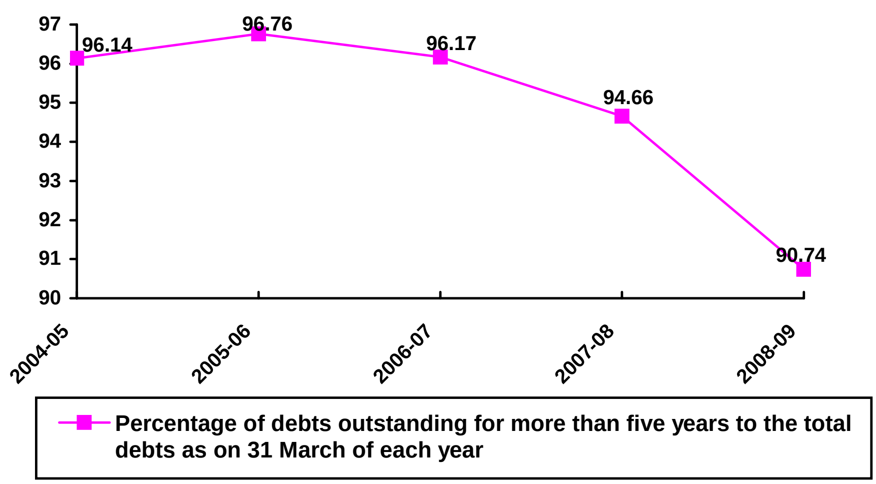
3.16.1 Raising of funds for capital expenditure *i.e.,* for replacement/addition of buses happens to be the major challenge in financial management of Corporation's affairs. This issue has been covered in Paragraphs 3.9.1 to 3.9.3. The section below deals with the Corporation's efficiency in raising claims

[1] The revenue loss has been worked out on the assumption that KMs operated by POB have remained constant from 2004 to 2009 (Rs.11.17 crore x 34.29 *per cent*).

and their business model to generate more resources without compromising service delivery.

Claims and dues

3.17.1 The Corporation has outstanding debtors amounting to Rs.4.97 crore as on 31 March 2009 (provisional). An analysis in Audit of the debts outstanding for more than five years to the total debts for the years under review are depicted in the graph below:



3.17.2 The age-wise analysis of debts showed that outstanding dues for more than five years as compared to the total outstanding debts for each year has almost remained static over the period under review due to lack of effective pursuance. However, the percentage of debts to turnover as on 31 March of each year has been less than one *per cent* during the review period except in 2004-05 when it was 1.13 *per cent.*

3.17.3 The Corporation has been providing chartered services to Oil and Natural Gas Corporation Limited (ONGC) since 1975. As per the agreement with the ONGC, the Corporation raises monthly bills for standing charges (fixed) per vehicle as well as transportation charges at specified rates per kilometre. The agreement *inter alia* stipulated that standing charges per day per bus would be paid even if the bus after being placed at the disposal of the ONGC is not utilised or operated by it.

Arbitrary rejection of Corporation's claims by ONGC was not pursued by the top Management.

Test check in Audit for the period April 2006 to January 2009 revealed that claims for Rs.39.73 lakh constituting standing charges (Rs.29.07 lakh) and overtime charges (Rs.10.66 lakh) were rejected by ONGC without assigning any reason. Further, standing charges amounting to Rs.13.35 lakh for the test check period was disallowed on the ground of strike by ONGC employees, which was not covered by *force majeure* condition stipulated in the agreement.

Besides, claim of Rs.1.38 crore pertaining to the period from August 2008 to February 2009 were outstanding as on date (September 2009).

The matter of arbitrary rejection of claims by the ONGC authorities was not taken up by the higher Management for settlement. This highlights lack of effective control by the top Management.

Realignment of business model

3.18.1 The Corporation is mandated to provide an efficient, adequate and economical road transport to public. Therefore, the Corporation cannot take an absolutely commercial view in running its operations. It has to cater to uneconomical routes to fulfill its mandate. It also has to keep the fares affordable. In such a situation, it is imperative for the Corporation to tap non-traffic revenue sources to cross-subsidize its operations. However, the share of non-traffic revenues (other than interest on investments) was at 31.50 *per cent* of total revenue during 2004-09. This revenue of Rs.112.15 crore during 2004-09 mainly came from POB operations (Rs.68 crore) besides advertisements and restaurant/shop rentals. Audit observations relating to POB operations have already been discussed under Paragraph 3.15.1. Audit observed that the Corporation has other non-traffic revenue sources, which it has not tapped substantially.

3.18.2 Over a period of time, the Corporation has come to acquire sites at prime locations in cities, district and tehsil headquarters. The Corporation generally uses the ground floor/ land for its operations, leaving an ample scope to construct and utilise spaces above. Audit observed that as on 31 March 2009, the Corporation had land at important locations measuring 9.58 lakh square metres.

The Corporation does not have a policy for large scale tapping of non-traffic revenue sources.

3.18.3 It is, thus, possible for the Corporation to undertake projects on public private partnership (PPP) basis for construction of shopping complexes, malls, hotels, office spaces, *etc*., above (from first or second floor onwards) the existing sites so as to bring in a steady stream of revenues without any investment by it. Such projects can be executed without curtailing the existing area of operations of the Corporation. Such projects can yield substantial revenue for the Corporation which can only increase year after year.

3.18.4 Audit observed that the Corporation has neither framed any policy in this regard nor studied these aspects to assess the likely benefits from such activities. Since substantial non-traffic revenue will help the Corporation cross-subsidize its operations and fulfill its mandate effectively, the Corporation may like to study realigning its business model and frame a policy in this regard.

3.18.5 The Corporation has hired out shops constructed within the premises of different stations to private parties. As per the agreement made with the shop owners, the Corporation had the right to get the shops and commercial outlets vacated for failure to pay the dues in time. Audit scrutiny revealed that a total amount of Rs. 46 lakh remained outstanding against 886 tenants for two to 11 months for which no follow up action was taken by the Management. This indicates that the Corporation did not exercise effective monitoring and control over realization of its dues. Audit further observed that as the Corporation has not secured itself against non-payment of rentals by lessees by obtaining security deposit, the chances of losses of rental in future by the Corporation could not be ruled out.

Fare policy and fulfillment of social obligations

Existence and fairness of fare policy

3.19.1 The State Government fixes the maximum limit of fare applicable for different type of vehicles operating in the State, through notification issued from time to time to that effect. It was noticed in Audit that fixation and revisions of fares for different type of vehicles were done on piecemeal basis on the request of the Corporation and the private operators. Further, the procedure for fixation of fare by the State Government had no scientific basis, as it does not take into account the normative cost. Thus, there is, a risk of commuters paying for inefficiency of the Corporation.

Fare structure for ordinary services during the five years ended 2008-09 is shown below. Fares for hill routes are 30 *per cent* over that of plain routes.

Fare Table for ordinary buses

With effect from	01.04.04	01.01.05	25.09.06	02.08.08
Plain routes (per KM)	35 paise	40 paise	44 paise	47 paise

3.19.2 The table below shows how the Corporation would have curtailed cost and increased revenue with better operational efficiency.

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost per KM	37.14	39.41	43.09	42.39	45.08
2.	Traffic Revenue per KM	12.67	15.15	16.04	16.79	18.51
3.	Loss of revenue due to less vehicle productivity (per KM)	27.39	33.24	34.67	34.23	31.87
4.	Excess cost due to low manpower productivity (per KM)	13.63	13.96	15.54	14.77	15.84
5.	Excess cost due to excess consumption of fuel (per KM)	2.05	2.20	2.36	2.26	2.35
6.	Ideal revenue per KM (2+3)	40.06	48.39	50.71	51.02	50.38
7.	Ideal cost per KM [1-(4+5)]	21.46	23.25	25.19	25.36	26.89

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
8.	Net revenue per KM (2-1)	(-)24.47	(-)24.26	(-)27.05	(-)25.60	(-)26.57
9.	Net ideal revenue per KM (6-7)	18.60	25.14	25.52	25.66	23.49
10.	Effective km (in lakh)	1.26	1.31	1.34	1.40	1.37
11.	Avoidable loss (Rs. in crore) [(9-8)X10]	54.27	64.71	70.44	71.76	68.58

3.19.3 The above table does not take into account other inefficiencies such as low fleet utilisation, excess tyre cost, defective route planning, *etc.* Nonetheless, it shows that the net loss could be reduced, if the operations are properly planned and efficiently managed, than what they actually are.

3.19.4 The above facts lead to conclude that it is necessary to regulate the fares on the basis of a normative cost and it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address the grievances of commuters.

Adequacy of services on uneconomical routes

3.20.1 The Corporation had only 78.36 *per cent* profit making routes as of March 2009 as shown in Table under Paragraph 3.11.5 based on Management version of covering variable cost. However, the position would change if the Corporation improves its efficiency. Nonetheless, there would still be some routes, which would be uneconomical. Though the Corporation is required to cater to these routes, the Corporation has not formulated norms for providing services on uneconomical routes. In the absence of norms, the adequacy of services on uneconomical routes can not be ascertained in audit. The desirability to have an independent regulatory body to specify the quantum of services on uneconomical routes, taking into account the specific needs of commuters, is further underlined.

Monitoring by top management

MIS data and monitoring of service parameters

3.21.1 For an organisation like a Road Transport Corporation to succeed in operating economically, efficiently and effectively, there has to be written norms of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. In the light of this, Audit reviewed the system existing in the Corporation. The status in this regard is given below.

As per the system laid down by the Corporation, the Divisional offices are required to furnish monthly MIS reports in various formats covering various operational parameters and internal targets fixed by them.

Audit scrutiny revealed that

- the MIS covering the above operational parameters were neither furnished by the Divisional offices nor submission of the same were ever insisted upon by the top management.

- However, certain operational information like vehicle-wise, route-wise earning and expenditure *etc.*, were furnished by Divisions for compilation and consolidation at Head office of the Corporation. However, these were not analysed and used for regular monitoring and control of performance of the Division against the norms fixed by the Management.

- During the review period, against the requirement of holding 20 Board of Directors meetings as per the Road Transport Corporations Act 1950, the Corporation held only nine such meetings. Although, in six of these meetings, poor performance of the Corporation was reviewed, the Board failed to give any direction to the Management for evolving measures for revival of the Corporation.

This indicates failure of the laid down system and absence of an effective management control mechanism besides loss of accountability at different levels of Management.

3.21.2 The top management of the Corporation is expected to demonstrate managerial capability to set realistic and progressive targets, address areas of weakness and take remedial action wherever the things are not moving on expected lines. However, such ability was not seen either from records or from performance of the Corporation during the period under review.

Conclusion

Operational performance

- ***The Corporation could not keep pace with the growing demand for public transport as its share declined from 2.86 per cent in 2004-05 to 2.32 per cent in 2008-09.***

- ***The Corporation could not recover the cost of operations in any of the five years under review. This was mainly due to operational inefficiencies, weak financial management and inadequate monitoring by top management.***

- ***The Corporation was not running its operations efficiently as its performance on important operational parameters was below AIA.***

- ***The Corporation did not ensure economy in operations as its manpower and fuel costs were higher than the AIA.***
- ***The Corporation did not carry out the preventive maintenance as required affecting the roadworthiness of its buses.***

Financial management

- ***The Corporation did not demonstrate utmost discipline in raising its claims for dues in time or follow-up recovery of its dues to logical end.***
- ***The Corporation has tremendous potential to tap non-conventional sources of revenue but it did not have a policy in place to undertake large scale tapping of such funds.***

Fare policy and fulfillment of social obligations

- ***The Corporation does not have a fare policy. It follows fare structure fixed by the State Government from time to time, which is not based on scientific norms.***
- ***No policy yardstick has been laid down for operation on uneconomical routes. Therefore, the adequacy of operations could not be ascertained in Audit.***

Monitoring by top management

- ***The MIS system of Corporation was not adequate as it does not cover performance parameters with regard to targets, make-wise vehicle performance against uneconomic routes, performance of workshop etc. Further, monitoring by its top Management of key operational parameters and service standards were also largely ineffective.***

On the whole, there is immense scope to improve the performance of the Corporation. Effective monitoring of key parameters, coupled with certain policy measures, can see improvement in performance.

Recommendations

Operational performance

- ***In order to increase its share in public transport, increase productivity of its fleet and minimize R & M expenditure, the Corporation should phase out overage buses by inducting new buses.***
- ***Proper route planning would help to achieve optimum quantum of services to optimize its revenue.***

Financial performance

- ***The Corporation needs to generate surplus funds from operation by enforcing economy in cost of operations and also by off-loading excess non-crew members of staff.***

- ***The Corporation needs to demonstrate utmost discipline in raising its claims for dues in time or follow up recovery of its dues to logical end.***

- ***The Government/Corporation may consider devising a policy for tapping non-conventional sources of revenue on a large scale, which will result in steady inflow of revenue without additional investment.***

Fare policy and fulfillment of social obligations

- ***The Government may consider creating a regulator to regulate fares and services on uneconomical routes.***

- ***Instead of granting annual non-plan assistance in the form of salaries and wages to the Corporation, the Government may consider subsidizing operational cost of uneconomic services after proper identification of uneconomic routes on a case to case basis.***

Monitoring by top management

- ***In order to ensure accountability at all levels, the Management is required to maintain a proper data base and evolve MIS covering all operational parameters for record, monitoring and control.***

- ***Operating stations are required to maintain proper records showing daily scheduled services, scheduled departure time, actual time of departure, suspension, cancellation of services indicating thereagainst, reasons for delay, suspension etc., and submit a periodical report to Head office for record, monitoring and control.***

Chapter-IV

4. Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government companies/Statutory corporations are included in this Chapter.

Government companies

Assam Mineral Development Corporation Limited

4.1 Unjustified enhancement of mining operation cost

Due to unjustified enhancement of mining operation cost, revenue of Rs.3.63 crore was foregone.

Mining operations *viz.* extraction of coal, carrying of coal to the stockyard and sale of coal belonging to the company are being executed through the job-sirders[*]. The sale prices realised are deposited with the Company by the job-sirders after deduction of the expenses incurred by them. Both the sale prices of coal and the amount of expenditure relating to two points of extraction *viz.* Garampani Coal Extraction Project (GCEP) and Khota Arda Coal Extraction Project (KCEP) are fixed by the company beforehand.

Based on the comments incorporated in paragraph 2.2.12 of the Report of the Comptroller and Auditor General of India for the year 2005-06 (Commercial)-Government of Assam, the Board of Directors (BOD) of the company decided (8 May 2007) to increase the prevailing sale price of Rs.895.44 per MT and Rs.817.44 per MT for GCEP and KCEP respectively to Rs.1,574.64 per MT effective from 18 August 2007 to bring it at par with the prices fixed by the Coal India Limited. However, no details about enhancement of extraction cost/Company's share was brought to the notice of the Board and hence, no decision was taken on that.

Scrutiny of records (January 2009) indicated that on enhancement of sale price of coal, the job sirders retained Rs.1,125.25 (GCEP) and Rs.1,145.25 (KCEP) per MT of coal, with effect from 18 August 2007 instead of Rs.531 and Rs.486.80 respectively towards extraction and ancillary cost. The job sirders deposited with the Company balance Rs.449.39 (GCEP) and Rs.429.39 (KCEP) per MT as against earlier amount of Rs.364.44 and Rs.331.44 per MT respectively as detailed below:

[*] Job sirders means contractors.

(Rupees per MT)

Name of Project	Share of Job sirders				Share of Company			
	Prior to 18.8.2007	From 18.8.2007	Increase	Percentage of increase	Prior to 18.8.2007	From 18.8.2007	Increase	Percentage of increase
GCEP	531.00	1125.25	594.25	111.91	364.44	449.39	84.95	23.31
KCEP	486.80	1145.25	658.45	135.26	331.44	429.39	97.95	29.55

It may be seen from the above that there was increase in expenditure defrayed to the job sirders by 111.91 and 135.26 *per cent* whereas corresponding increase in deposit to the Company was by 23.31 and 29.55 *per cent* only. The disproportionate increase in the share of extraction cost was made without doing any analysis/study and approval of the Board.

During the period from 18 August 2007 to 31 March 2009, the Company sold 53,795 MT and 6,635 MT of coal from GCEP and KCEP respectively and allowed the job-sirders to retain Rs.3.63 crore over and above the mining cost allowed to them prior to enhancement of sale price of coal without any valid authorisation ignoring the Company's financial interest. Thus, the increase in sale price served the interest of the job sirders only.

The Management stated (June 2009) that the enhancement of extraction cost was not discussed in the BOD since the transaction is of a revenue nature and the Managing Director was authorised to do it. It was also stated that the matter was discussed with the job sirders, who were reluctant to work if Company's margin was enhanced.

The reply is not convincing as the fixation of sales price and its sharing with job sirders has a major impact on the financial performance of the Company and no records were available to prove that any discussion was held with the job sirders before fixation of extraction cost. Further, the Company did not explore the chances of engaging other job sirders so as to get a reasonable share in the enhanced price.

The Government stated (October 2009) that the proposal for enhancement of the margin to the Company was placed before the BOD meeting held on 22 September 2009 and the BOD noted the facts. The fact remains that the Company on being pointed out by Audit put up the matter before BOD but it failed to watch its financial interest.

4.2 Non-recovery of specified land tax

Inaction on the part of the Management to recover the specified land tax led to loss of Rs.54.47 lakh.

As per provision of the Assam Taxation (on specified lands) (Amendment) Act 2004 notified on 29 December 2004 and amended subsequently on 19 April 2005, the specified land tax is payable (with effect from January 2005) in case of (i) coal bearing land at the rate of Rupees fifty for every metric tonne (MT) of the annual productivity of such land and (ii) limestone bearing land at the rate of Rupees ten for every MT of the annual productivity of such land.

Scrutiny of records (January 2009) during transaction audit of the Company indicated that the Company fixed sale prices of coal and limestones without taking into consideration the element of specified land tax. The Company extracted/sold 1,06,700 MT of coal and 11,186.19 MT of limestone during the period January 2005 to July 2007, and the amount of specified land tax payable on these items was Rs.54.47 lakh.[*]

Taxation Department raised (November 2007) the demand against the Company to deposit Rs.43.92 lakh against the extraction of minerals and submit returns of turnover. The matter was taken up (January 2008) with the Department by the Company for waiver of the same, which was turned down (February 2008).

The Management stated (March 2009 and June 2009) that due to ignorance the specified land tax was not included in the sale price and thus remained unrealised. Further, the concerned customers were requested to deposit the outstanding amount for that period at their earliest. The Government endorsed (October 2009) reply of the Company.

Thus, lack of updated knowledge of rules/laws relevant to the business, the Company failed to take appropriate action in levying of taxes, which resulted in non-realisation of specified land tax of Rs.54.47 lakh for the period from January 2005 to July 2007.

To obviate this kind of situation, the Company should keep itself abreast of the latest taxation laws/Government notification so that taxes payable to the Government are collected and deposited in time.

Pragjyotish Fertilizers and Chemicals Limited

4.3 Idle investment

The project remained idle due to non-arrangement of term loan from the bank for implementation of the project.

A Company, Pragjyotish Fertilizers and Chemicals Limited (PFCL) was formed (December 2003) with joint equity participation by the two State Government Public Sector Undertakings *viz*, Assam Petrochemicals Limited (APL) and Assam State Fertilizers and Chemicals Limited (ASFCL) for revival of two sick plants *viz.*, (i) Single Super Phosphate (SSP) plant and (ii)

[*] Limestone 11,186.19 MT x Rs.10 per MT =Rs. 1,11,861.90
Coal 1,06,700 MT x Rs.50 =Rs. 53,35,000.00
Rs. 54,46,861.90

Sulphuric Acid (SA) plant of ASFCL and establishment of a new Non-ferric Alum Plant.

The revival of the sick plants was decided because demand for the products was good and there was no indigenous manufacturer of SA or SSP in the North-East. For revival of sick plants, Board of Directors (BOD) of PFCL approved (May 2004) a project costing Rupees eight crore. SSP plant and SA plant were to be commissioned in June 2005 and August 2005 respectively as per completion schedule approved by the BOD. In February 2006, the project cost was revised to Rs.11.42 crore due to inclusion of certain extra items and time overrun. The revised project cost of Rs.11.42 crore was proposed to be financed by share contribution of APL and ASFCL at Rs.2.56 crore and Rs.1.71 crore respectively, Central capital investment subsidy of Rs.0.30 crore and the balance Rs.6.85 crore as term loan from banks.

Scrutiny of records indicated that the PFCL had received funds amounting to Rs.2.51crore upto June 2008 from the APL and the ASFCL.

Out of the fund received, the company spent Rs.250.17 lakh[†] upto June 2008 towards implementation of the project.

It was further noticed that the project work remained held up since May 2005 for want of fund although during the period from June 2004 to April 2008, the company tried to arrange term loan from different banks. As the Company could not provide security either in the form of land or corporate /State Government guarantee, it could not arrange loan for implementation of the project. Part execution of the project without ensuring flow of term loan resulted in idle investment amounting to Rs.2.50 crore for implementation of the project.

The Government stated (October 2009) that the APL is exploring possibility to take over the assets and liabilities in the interest of the project.

The Government/Company need to arrange necessary finance first for a project so that the project once taken up does not suffer for want of finance.

[†] Consultancy charges (Rs.16.37 lakh), purchase of construction materials *etc.*(Rs.156.72 lakh), Civil works (Rs.15.46 lakh), Mechanical works (Rs.1.30 lakh) and pre-operative expenses (Rs. 60.32 lakh).

Ashok Paper Mill (Assam) Limited

4.4 Loss due to non–realisation of rent

The Company incurred loss of Rs.1.35 crore due to non-realisation of rent and interest thereon.

Ashok Paper Mill (Assam) Limited (Company) executed Memorandum of Understanding (26 July 2000) and lease deed (10 January 2001) with Soneko Paper and Industries Limited (subsequently renamed as North East Paper and Industries Limited (NEPIL)) (lessee) for leasing of the Jogighopa Unit (Mill) of the Company (effective from 2 August 2000) for a period of 25 years against monthly rent of Rs.1.50 lakh. Further, the MOU provided that for delay beyond two months in payment of lease rent, the lessee shall be liable to pay compound interest at the rate of 15 *per cent* per annum on the amount due.

Audit observed (January 2009) that the lessee had been defaulting in payment of dues since February 2003. The Board of Directors (BOD) of the company in its meeting held on 18 September 2003 directed the Managing Director to initiate appropriate steps including legal action for realisation of rent. But no effective action on the Board's decision was initiated and lease rent remained unrealised (October 2009).

The MOU and the lease deed were cancelled in February 2008 as per Government directives and the Company took over the possession of the Mill on 8 March 2008. At the time of cancellation of the MOU and the lease deed, lease rent and interest thereon due by NEPIL was Rs.1.35 crore[‡]. It was further observed that the lease deed did not contain any clause for security in case of default in payment of lease rent though for payment of salary and wages to the staff of the Company a Guarantee clause, *i.e*. for deposit of Rs.21 lakh as Bank Gurantee was included in the lease deed. Thus, due to poor monitoring mechanism and failure to incorporate any Bank guarantee clause in the lease deed against the lease rent, an amount of Rs.1.35 crore remained unrealised.

The Management stated (July 2009) that no action for realisation of lease rent could be initiated in view of interim order passed by the Gauhati High Court. The reply is not convincing as the interim order dated 20 December 2002 had debarred the Company from initiating any steps for termination of the lease agreement only. The order did not impose any restriction on realisation of lease rent.

The Government stated (October 2009) that the Company filed a claim suit before the Court of Civil Judge, Bongaigaon for realisation of rent in September 2009. Further developments are awaited.

[‡] (a) Lease rent Rs.91.50 lakh (b) Interest on lease rent Rs.43.02 lakh calculated from February 2003 to February 2008.

The Company should take timely action for review of old outstanding dues and initiate immediate recovery action.

Central Assam Electricity Distribution Company Limited

4.5 Unrealised revenue against defaulting consumers

Failure to take appropriate action in time resulted in accumulation of arrears of Rs.1.01 crore which remained unrealised.

Rule 23(a) of Terms and Condition of Supply (TCS), 1998 as issued by the erstwhile Assam State Electricity Board stipulates that if the consumer fails to pay energy bill presented to him within 15/30 days from the date of presentation of the bill, service connection of the consumer may be disconnected after giving such consumers clear notice of not less than seven days in writing without prejudice to the Central Assam Electricity Distribution Company Limited (Company)'s right to recover the amount of the bill by legal action. Further, the clause 7(c) of the TCS stipulates deposit of amount of load security by a consumer against his/her connected load, to ensure payment of monthly energy bills as per schedule of tariff applicable from time to time. The amount of load security to be deposited by the consumer is equal to three/two times of monthly energy charges against supply of energy at Low Tension (LT) consumer/ other than LT consumer respectively.

- Scrutiny of records (September 2008) of consumer ledgers of four sub-divisions under the Biswanath Chariali Electrical division of the Company indicated that the outstanding dues of energy bill exceeded the load security, but service connection of the consumers were not disconnected. A random selection of arrear bills of 418 consumers whose average monthly energy bills ranged between Rs.100 to Rs.400, revealed that outstanding dues in individual cases amounted even upto Rs. 56,484 and there was unrealised revenue of Rs.75.59 lakh relating to the period from July 1998 to July 2008.

The Management stated (December 2008) that due to shortage of technical staff as well as non-availability of vehicles required, actions could not be taken. Again, it was stated (October 2009) that Rs.74.22 lakh out of Rs.75.59 lakh has been realised.

The replies are not convincing, as even initial work of issue of disconnection notices to consumer was not completed. Regarding recovery of the amount, no documentary evidence detailing the name and number of the consumers, the period and the amount received in individual cases were furnished.

- Similarly, scrutiny of records of Laharighat Electrical Sub-Division under Morigaon Electrical Division indicated that in respect of 91 domestic consumers, the outstanding dues accumulated to Rs.24.95 lakh. And till the date of Audit (July 2008), the amount was neither realised nor the service connections were disconnected in accordance with the provisions of the TCS mentioned above.

The Management stated (October 2009) that time-to-time actions are being taken. The fact remains that amount remained unrealised (October 2009).

Thus, due to non-observance of the provisions of the TCS as well as lack of appropriate initiative to safeguard the Company's financial interest led to energy charges of Rs.1.01 crore remaining unrealised.

The Company should create system of monitoring of outstanding dues by linking with the security amount and initiation of immediate necessary action.

The matter was reported to the Government in June 2009 and July 2009 respectively; their replies were awaited (October 2009).

Lower Assam Electricity Distribution Company Limited

4.6 Deficient Computerised Billing System of Low Tension Consumers

The objective of 100 *per cent* computrised billing as envisaged at the time of initiating the project has not been achieved despite spending an amount of Rs.5.60 crore[§] in the last six years.

Government of Assam initiated a computerised billing project under Accelerated Power Development and Reforms Package (APDRP) during July 2002. The main objective was to achieve 100 *per cent* computerisation for billing purpose.

During the course of audit (July 2009), it was observed that there was no strategy formulated for implementing the project, causing lack of proper development methodology adopted by the vender resulting in multiplicity of tables being used at different Electricity Supply Divisions.

Deficiencies noticed in Audit

- The master data table containing 1,37,929 records did not contain essential data like the date of service connection (59,323 cases), connected load (41 cases), sanctioned load (48 cases) and most importantly Load Security (78,517 cases). Similarly, in case of 26 number of consumers, unrealistic address such as 'O' was captured.
- In respect of 32 services, the serial number of meters was indicated as '.', 'blank', 'negative figures', making the information unusable in case of theft/unauthorised change of meters, *etc*.

[§] As the expenditure of LAEDCL was not available independent of expenditure incurred by other two distribution companies *viz.* CAEDCL and UAEDCL, one third of the expenditure incurred by all the three companies has been taken as expenditure of LAEDCL.

- In 38,330 number of cases, 'Phase' is shown as zero and also for 1,371 number of consumers 'Connected load' is more than 'Sanctioned Load'.

- Data analysis also revealed that there were numerous gaps in Consumer codes. As for example, the gap ranges from 2,000 to 57,000.

- During data analysis it was also noticed that numerous (5,628 cases) duplicate meter nos. were present in the database.j

- Data analysis of Meter master revealed that in 22,260 cases, the Meter Status was either blank or shown as 'A', 'O', *etc*. whereas discussions with ESDs official and front end verification of the software revealed that Meter status is always numeric.

In the absence of the above, audit is unable to understand how the ASEB ensured correct billing and collection.

Similarly, data analysis of 'Consumer Bill Transaction' Table revealed the following irregularities:

- The payment date was found prior to the Bill date in case of 2,217 number of consumers involving transactions amounting to Rs.27.73 lakh.

- Payment date was not captured in case of 29,48,637 number of consumers involving transaction amounting to Rs.87.06 lakh, in the absence of which, the amount of penalties/late fees to be levied for delayed payments by the consumers could not be examined.

Inadequate General, Physical and Logical access controls

- No proper mechanism was found in place to restrict the entry only to the authorised users of the systems. Also, physical controls like fire extinguishers to prevent loss due to fire were not provided.

- Most of the Electricity Supply Divisions did not have a proper Logical Access Controls like there was no user account password in the system and staff members were seen using the systems at their will.

- No change management control was found in place as a result of which documentation in respect of details of amendments made, the reasons for changes, nature of changes, details of testing conducted, and date of approval by the competent authority were not maintained making the amendments more difficult.

- There was no Training Policy adopted by the Board as a result of which proper assessment of training need could not be done and most of the staff acquired knowledge with their own efforts.

- The Board did not have Business Continuity and Disaster Recovery Plans to ensure uninterrupted continuity of business in the event of any temporary or permanent disaster leading to loss of data.

Thus, the objective of 100 *per cent* computrised billing as envisaged at the time of initiating the project has not been achieved despite spending an amount of Rs.5.60 crore[**] in the last six years.

The matter was reported to the Government/Management in October 2009; their replies were awaited (October 2009).

Assam Petrochemicals Limited

4.7 Foregoing of income

Non-raising of debit note resulted in foregoing of earning of Rs.50.23 lakh.

Assam Petrochemicals Limited (Company) is selling its product Methanol to consumers located outside the State. The sale price of its products is fixed in line with the trend of increase or decrease in price in international/domestic market.

It was noticed in Audit that during the period from August 2005 to July 2006, 22,759.46 metric tonne (MT) of Methanol was despatched to B.K. Sales (16,521.02 MT) and Subham Chemicals (Pvt) Limited (6,238.44 MT) at the prevailing sale price. Subsequently, the company issued credit note against 13,371.07 MT (valued at Rs.109.96 lakh) in favour of both the consumers (B.K. Sales Rs.78.36 lakh against 9,574.49 MT and Subham Chemicals Rs.31.60 lakh against 3,796.58 MT) on account of downward revision of prices during transit period. On the other hand, during transit period upward revision of prices were also made by the Company on the basis of market prices. The Company in 23 cases of upward revision of prices did not raise debit note against 9,388.39 MT valued at Rs.50.23 lakh (B.K. Sales – Rs.38.02 lakh against 6,946.53 MT and Subham Chemicals –Rs.12.21 lakh against 2,441.86 MT).

Thus, non-raising of debit note for upward revision of prices ignoring Company's commercial interest resulted in foregoing of earning of Rs.50.23 lakh.

The Government stated (October 2009) that the Company maintains proactive pricing policy during the downward trend to maintain the sale of its product. The reply is not convincing since in a condition of fluctuating prices,

[**] As the expenditure of LAEDCL was not available independent of expenditure incurred by other two distribution companies *viz.* CAEDCL and UAEDCL, one third of the expenditure incurred by all the three companies has been taken as expenditure of LAEDCL.

dependence on availability of the product in the market, price movement in both the directions are natural/normal.

As the sales prices of Methanol are varying depending on the upward/downward trend of domestic/international prices, the company should not make any exception for implementing upward revision of prices.

Assam Small Industries Development Corporation Limited

4.8 Irregular allotment of land

Non-observance of procedure as well as inaction on the part of the Management to allot the land in time resulted in a loss of Rs.29.26 lakh.

Assam Small Industries Development Corporation (ASIDC) Limited (Company) being a promotional agency is providing assistance to the small scale industrial units in arranging *inter alia* industrial shed/land against payment of monthly lease rent. The rent for those sheds/land are fixed by the Company on the basis of the directives relating to such land/shed from the Government. Allotment of land is done with the approval of the Board of Directors (BOD).

Scrutiny of records (February 2009) indicated that the Company had leased two bighas (28,800 sq.ft.) plot of land located in Industrial Estate at Bamunimaidan to 'Wood-fall Potteries' in January 1977. The unit could not fulfill its financial obligation. The Company thereafter transferred (May 1989) the lease of that land to 'Nandinee Ceramics'. The Nandinee Ceramics too failed to pay the lease rent regularly and after accumulation of arrear of lease rent of Rs.9.39 lakh it requested (December 2004) the Company to transfer the lease to Dharampal Satyapal Limited (DSL). In January 2005, a Sub-committee constituted for allotment of land in a Food Processing Park at Chaygaon, considered the above matter and decided to allot the land to DSL on payment of Rs.24.33 lakh towards the past liability of Nandinee Ceramics (Rs.9.39 lakh) and security deposit for 14,380 sq.ft. of additional land (Rs.14.94 lakh). Accordingly the Company allotted the land in their favour, on payment of the above amount by DSL in February 2005.

The State Government ordered (25 May 2005) an enquiry into allotment/transfer of land in favour of DSL. The enquiry report submitted in June 2005 held that the sub-committee did not have the mandate to allot this land. As a result, the lessee could not take possession of the land and therefore, no lease rent was remitted. However, since February 2005, the Company had neither regularised nor allotted the land to any other party. Thus, due to irregular allotment of land, by the sub-committee, the Company was deprived of levying lease rent and during the period from February 2005 to September 2009, the revenue foregone amounted to Rs.29.26 lakh[•].

[•] (Rs.1.21 per sq.ft. per month x 43,180 sq.ft. x 56 months).

The Government stated (October 2009) that necessary decision is being taken for regularisation of the allotment of land and action is being taken against four erring officials.

The Company should follow the prescribed procedure for allotment of land and responsibility of lapse need to be fixed.

4.9 Loss of rent

The Company sustained a loss of Rs.25.12 lakh due to non-adoption of revised rates retrospectively.

The rates of rent (per square feet per month) relating to industrial land and industrial shed within the jurisdiction of the Company are fixed by the Board of Directors (BOD) on the basis of Government Notification issued from time to time. The Government of Assam in its notification dated 20 April 2006 had enhanced/revised the rent effective from 1 January 2005 of Industrial Estate /Industrial Shed under Assam Industrial Infrastructure Development Corporation as shown below:

w.e.f 1.1.2000		**w.e.f. 1.1.2005**	
Shed rent per sq.ft.	Land rent per sq.ft.	Shed rent per sq.ft.	Land rent per sq.ft.
Rs.2.50	Rs.0.50	Rs.3.60	Rs.1.21

The BOD of the Company in their meeting held on 7 July 2006 decided that action should be taken as per Government notification for fixation of the rates. Thereafter, the rents were revised at the rates mentioned above with effect from November 2006 without recording any reason for not adopting revised rates with effect from 1 January 2005.

Test check of the records revealed that 48,560 and 85,617 square feet of industrial sheds and the industrial land respectively were used by 59 beneficiaries during the period January 2005 to October 2006 in the Industrial Area, Bamunimaidan from whom Rs.25.12 lakh was not realised due to non-compliance of Government notification as detailed below:

Sl. No.	**Area allotted (in square feet)**	**Monthly rent as per Government notification (Rupees)**	**Monthly rent realised (Rupees)**	**Difference (Rupees)**	**Delay in implementation (in months)**	**Non-realisation of dues (Rupees)**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
1.	Shed 48,560	3.60	2.50	1.10	22	11,75,152
2.	Land 85,617	1.21	0.50	0.71	22	13,37,338
					Total	**25,12,490**

Thus, non-adoption of revised rates retrospectively as per Government notification and non-compliance of BOD decision resulted in non-realisation of Rs.25.12 lakh.

The Government stated (October 2009) that since no date was specified for giving effect of the new rates as per decision taken in BOD meeting, the Company realised rent at the new rate with effect from 1 November 2006 only. The reply is not convincing as revised rate should have been realised with effect from 1 January 2005 as per Notification of the Government.

The Company should avoid delay in implementation of Government Notification and non-compliance of BOD directives so that loss of revenue may not occur.

Assam Plains Tribes Development Corporation Limited

4.10 Arrears in finalisation of accounts

Failure of the Company to finalise its account on a time bound manner has resulted in unaccountability of Government investment besides leaving scope for fraud and leakage of public money.

Section 210 of the Companies Act, 1956, read with Sections 166 and 216, casts the duty on the Board of Directors of a Company to place the accounts of the Company along with Auditor's Report (including supplementary comments of CAG) in the Annual General Meeting of the shareholders within six months of the close of its financial year. As per Section 210 (5), if any person being a Director of a Company, fails to take all reasonable steps to comply with the provisions of Section 210, he shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to ten thousand rupees or with both. Similar provision exists under Section 210 (6) in respect of a person who is not a Director but is charged with the duty of ensuring compliance with Section 210.

In spite of above provisions in the Companies Act, Assam Plains Tribes Development Corporation Limited has not been finalising its accounts in time and there were arrears of 21 years in finalisation of its accounts as on 30 September 2009. The Company has finalised its accounts upto 1987-88. Audit has been bringing out the arrears in finalisation of accounts to the notice of the Chief Secretary to the Government of Assam from time to time. However, there has been no effective action to liquidate the arrears during past three years. The Government has already made an investment in the Company of Rs.18.21 crore as loan during the period for which the accounts have not been finalised. The reasons for delay in finalisation could be inadequate staff, lack of expertise, managerial deficiency *etc*.

In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in the Company remains outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act. In view of this, it is recommended that the Government and the Company management may:

- Impart necessary training to its employees to gain expertise in finalisation of accounts;
- consider outsourcing the work of preparation of accounts to clear the arrears; and
- make a time-bound programme to clear the arrears and monitor it on a continuous basis.

The matter was reported to the Government/Management in September 2009; their replies were awaited (October 2009).

Statutory Corporations

Assam State Transport Corporation

4.11 Loss of revenue due to non-levy of penalty

Failure to enforce provision of the agreement on defaulting private bus owners resulted in loss of revenue of Rs.2.20 crore.

The Assam State Transport Corporation (Corporation) allowed (September 2001) the private bus owners to operate their buses under its banner and on its routes under “Self Employment Scheme”. Accordingly, the Corporation entered into an agreement with the private bus owners to operate their buses on approved routes in the State.

As per clauses 39 and 40 of the agreement, the private bus owners were required to give at least 48 hours notice to the Station authorities when the buses would not be plying on a particular day, failing which the Corporation was to levy a penalty of Rs.500 per day.

Audit scrutiny (June-December 2008) indicated that 44,089 bus days were lost during the period from April 2005 to October 2008 in seven stations/division as number of private buses remained off the road without any prior intimation from the bus owners. The Corporation neither initiated any action to ascertain the reasons for non-placement of buses on the road nor imposed any penalty in accordance with the provisions of clauses 39 and 40 of the agreement.

Audit further observed that coupled with non-intimation from the private bus owners about non-palcement of buses on routes, non-arrangement of any alternative, by the station/divisional authorities for movement of passengers had deprived the Corporation of generation of revenue as well as caused inconvenience to the passengers.

Thus, non-compliance of the provisions of clauses 39 and 40 *ibid* by the private bus owners as well as by the Corporation resulted in non-realisation of penalty charges amounting to Rs.2.20 crore* from the defaulting private bus owners.

The Corporation need to ensure that monitoring mechanism exists to watch compliance to terms and conditions of agreement.

The matter was reported to the Government/Management between June 2008 and July 2009; their replies were awaited (October 2009).

Assam State Electricity Board

4.12 Compensation claim not lodged

Non-availing of benefit of compensation claim from the supplier of energy.

The Assam State Electricity Board (ASEB) used to purchase power from private parties (power traders) as and when required. During the period November-December 2006 and in March 2008, the ASEB purchased power from the Reliance Energy Trading Limited (RETL) and the Tata Power Trading Company Limited (TPTCL) respectively.

The supply order provided for levying of penalty on either party based on deviation exceeding 10 *per cent* (RETL) and 15 *per cent* (TPTCL) of contracted energy. The rate of compensation in case of RETL was 95 paisa/kwh and in case of TPTCL 100 paisa/kwh. In case of TPTCL, compensation would be leviable on entire quantity of shortfall in the event of short supply/drawal below 85 *per cent* of contracted quantity, however, in case of RETL, the penalty was to be levied only to the extent of shortfall below 90 *per cent*.

Scrutiny revealed that RETL could supply 2,19,48,480 kwh and 3,63,83,040 kwh against the scheduled quantity of 3,10,80,000 kwh for November 2006 and 4,46,40,000 kwh for December 2006 respectively. There was an overall short supply of 1,73,88,480 kwh** for which compensation of Rs.93,25,656

*

Station	No. of bus days	Loss due non-realisation to fine @ Rs.500 per day
Station Supdt.		
I) Nalbari	2,889	Rs.14,44,500
II) Dhubri	1,690	8,45,000
III) Bilashipara	239	1,19,500
IV) Tinsukia	3,878	19,39,000
V) Nagaon	13,054	65,27,000
VI) Barpeta	1,410	7,05,000
VII) Divisional Supdt. Tinsukia	20,929	1,04,64,500
	44,089	**2,20,44,500**

**

Name of trader	Month	Scheduled Energy (kwh)	Energy supplied (kwh)	Short supplied (kwh)	Permissible deviation (kwh)	Quantity for which compensation was to be levied (kwh)
RETL	November 2006	3,10,80,000	2,19,48,480	91,31,520	31,08,000	60,23,520
	December 2006	4,46,40,000	3,63,83,040	82,56,960	44,64,000	37,92,960
	Total	**7,57,20,000**	**5,83,31,520**	**1,73,88,480**	**75,72,000**	**98,16,480**
Amount of compensation : Re. 0.95 per kwh x 98,16,480 kwh=**Rs. 93,25,656**						
TPTCL	March 2008	3,60,84,000	3,04,40,500	56,43,500	-	56,43,500
Amount of compensation : 56,43,500 kwh x Re. 1.00 per kwh=**Rs. 56,43,500**						

(98,16,480* kw × 95 paisa/kwh) was recoverable from RETL. However, an amount of Rs.70,16,700 was adjusted later on from supply bills of RETL. Claims for the balance amount of Rs.23,08,956 was raised only in July 2009 and remained to be settled (October 2009).

On the other hand, TPTCL supplied 3,04,40,500 kwh against the contracted energy of 3,60,84,000 kwh* in March 2008 resulting in short supply of 56,43,500* kwh, which was beyond permitted deviation of 15 *per cent*. For this, compensation of Rs.56.44 lakh (*i.e.* 56,43,500 kwh × 100 paisa /kwh) was recoverable from TPTCL. ASEB, however, released payment against supplies without adjusting /recovering compensation. Subsequently, ASEB raised (January 2009) claims of Rs.2.31 lakh only towards compensation for short supply of 2,23,900 kwh and claims for Rs.54.13 lakh for balance short supply (54,12,600 kwh) of energy was not raised. The claim for Rs.2.31 lakh was yet to be settled (October 2009).

Thus, ASEB did not act promptly to recover the money from the supplier on account of short supply. Thus, an amount of Rs.79.53 lakh (Rs.23.09 lakh + Rs.2.31 lakh + Rs.54.13 lakh) remained unrealised till date (October 2009).

The Management while accepting the fact stated (October 2009) that in respect of RETL they had decided to approach Central Electricity Regulatory Commission for the same. In respect of TPTCL claim, they stated that compensation was applicable with Indorama Power only which ASEB has not purchased, hence they had claimed Rs.2.31 lakh as compensation recoverable from the party. The reply of the management in respect of TPTCL claim is not convincing as compensation for entire quantity of shortages was leviable if the same exceeds permissible limits as per Letter of Award.

The Board need to incorporate clause relating to retention of the portion of energy bills while making payment so that recovery, if any, could be made.

The matter was reported to the Government in September 2009; their reply was awaited (October 2009).

General

Public Enterprises Department

4.13 Opportunity to recover money ignored

17 PSUs did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs.22.30 crore remains doubtful.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 40 paragraphs in respect of 17

PSUs involving a recovery of Rs.22.30 crore. As per the provisions of Para-197 Chapter-14 of Regulations on Audit and Accounts, 2007, all inspection reports shall be replied along with remedial action taken/proposed to be taken within four weeks of its receipt. However, no effective action has been taken to take the matters to their logical end *i.e.* to recover money from the concerned parties. As a result, these PSUs have so far lost the opportunity to recover their money which could have augmented their finances. The list of individual paragraphs is given in ***Annexure-10***.

PSU-wise details of paragraphs and amount involved are given below.

Sl. No.	Name of the PSU (s)	No. of paras	Amount for recovery (Rs. in crore)
1	2	3	4
1.	Assam State Transport Corporation	4	0.49
2.	Assam State Fertilisers and Chemicals Limited	2	0.10
3.	Assam Tea Corporation Limited	2	7.36
4.	Assam State Text Book Production and Publication Corporation Limited	1	0.42
5.	Assam Seeds Corporation Limited	2	0.45
6.	Assam Hills Small Industries Development Corporation Limited	4	0.45
7.	Assam State Development Corporation for SC Limited	6	5.65
8.	Assam Plains Tribes Development Corporation Limited	1	0.26
9.	Assam Electronics Development Corporation Limited	1	0.18
10.	Assam Tourism Development Corporation Limited	1	0.11
11.	Assam State Warehousing Corporation	2	0.71
12.	Assam Government Marketing Corporation Limited	2	0.09
13.	Assam Live stock and Poultry Development Corporation Limited	2	0.12
14.	Assam State Electricity Board	4	2.27
15.	Assam Fisheries Development Corporation Limited	4	3.45
16.	Assam Plantation Crops Development Corporation Limited	1	0.02
17.	Assam Gas Company Limited	1	0.17
Total		**40**	**22.30**

The paragraphs mainly pertain to recovery on account of unadjusted outstanding advances, non-recovery of loan, non-recovery of tax, royalty *etc.*

Above cases point out the failure of respective PSU authorities to safeguard their financial interests. Audit observations and their repeated follow up by Audit including bringing the pendency to the notice of the Administrative/ Finance Department and PSU Management periodically have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to recover the money and complete the exercise in a time bound manner.

4.14 Lack of remedial action on audit observations

A review of unsettled paragraphs from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 69 paragraphs in respect of 15 Public Sector Undertakings (PSUs) which pointed out deficiencies in the functioning of these PSUs. As per the provisions of Para-197 Chapter-14 of Regulations on Audit and Accounts, 2007, the PSUs are required to take remedial action within four weeks after receipt of IRs from Audit. However, no effective action has been taken to take the matters to their logical end *i.e.* to take remedial action to address these deficiencies. As a result, these PSUs have so far lost the opportunity to improve their functioning in this regard. The list of individual paras is given in ***Annexure* 11.**

PSU-wise details of paragraphs are given below.

Sl. No.	Name of Public Sector Undertakings	No. of paras
1	Assam State Transport Corporation	8
2	Assam State Fertilizers and Chemicals Limited	3
3	Assam Tea Corporation limited	5
4	Assam State Text Book Production and Publication Corporation Limited	7
5	Assam Gas Company Limited	2
6	Assam Small Industries Development Corporation Limited	5
7	Assam Fisheries Development Corporation Limited	1
8	Assam Seeds Corporation Limited	3
9	Assam State Development Corporation for S.C. Limited	5
10	Assam Plains Tribes Development Corporation Limited	2
11	Assam Hills Small Industries Development Corporation Limited	3
12	Assam Financial Corporation	1
13	Assam State Warehousing Corporation	3
14	Assam Government Marketing Corporation Limited	6
15	Assam State Electricity Board	15
	Total	**69**

The paragraphs mainly pertain to blockade of fund, avoidable expenditure, unserviceable store/obsolete material/shortage of stock/irregular expenditure *etc*.

Above cases point out the failure of respective PSU authorities to address the specific deficiencies and ensure accountability of their staff. Audit observations and their repeated follow up by Audit including bringing the pendency to the notice of the Administrative/Finance Department and PSU Management periodically have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to take remedial action on these paras and complete the exercise in a time bound manner.

4.15 Follow-up action on Audit Reports

4.15.1 Outstanding Explanatory Notes

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained by various Public Sector Undertakings (PSUs). It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance (Audit & Fund) Department, Government of Assam issued (May 1994) instructions to all administrative departments that immediately on receipt of Audit Reports, the concerned departments would prepare an explanatory note on the paragraphs and reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Note' (ATN) to the Assam Legislative Assembly with a copy to the Principal Accountant General/Accountant

General within 20 days from the date of receipt of the Reports. Besides this, the department would ensure submission of written Memorandum as called for on the para(s) concerning the department within the time limit prescribed by the Assam Legislative Assembly from time to time.

Though the Audit Reports presented to the Legislature for the period from 2003-04 to 2007-08 contained comments on 77 paragraphs/reviews, explanatory notes on 74 paragraphs/reviews were not received till September 2009 as indicated below:

Year of Audit Report (Commercial)	Date of presentation to the State Legislature	Total paragraphs/ reviews in Audit Report	No. of paragraphs/ reviews for which explanatory notes were not received
2003-2004	August 2005	17	15
2004-2005	February 2006	13	13
2005-2006	March 2007	14	13
2006-2007	March 2008	15	15
2007-2008	March 2009	18	18
	Total	**77**	**74**

Department wise analysis of paragraphs/reviews for which explanatory notes are awaited is given in ***Annexure* 12.** Departments of Power, Industries & Commerce and Information Technology were largely responsible for non-submission of explanatory notes.

4.15.2 Action Taken Notes on Reports of Committee on Public Undertakings (COPU)

The replies to paragraphs and recommendations are required to be furnished within six weeks from the date of presentation of the Report by the Committee on Public Undertakings (COPU) to the State Legislature. Replies to 109 recommendations pertaining to 14 Reports of the COPU, presented to the State Legislature between August 1997 and September 2009 had not been received as on September 2009 as detailed below:

Year of the COPU Report	Total number of Reports involved	Number of recommendations where ATNs replies not received
1997-98	1	01
2002-03	1	09
2003-04	2	18
2004-05	1	10
2007-08	3	06
2008-09	6	65
Total	**14**	**109**

4.15.3 Response to inspection reports, draft paragraphs and reviews

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of four weeks. A review of inspection reports issued up to March 2009 pertaining to 32 PSUs disclosed that 1,364 paragraphs relating to 309 inspection reports remained outstanding at the end of September 2009; of these, 39 inspection reports containing 341 paragraphs had not been replied to for more than one year. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2009 are given in ***Annexure 13***.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the Administrative Department concerned demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that the written replies on seven draft paragraphs forwarded to various departments between June and September 2009 as detailed in ***Annexure 14*** had not been received so far (October 2009). It is recommended that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to inspection reports and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) action to recover loss / outstanding advances / overpayment is taken within the prescribed period and (c) the system of responding to audit observations is revamped.

GUWAHATI **(MUKESH P. SINGH)**

THE **Principal Accountant General (Audit), Assam**

Countersigned

NEW DELHI **(VINOD RAI)**

THE **Comptroller and Auditor General of India**

Annexure–1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2009 in respect of Government companies and Statutory corporations

(Referred to in paragraph 1.7)

(Figures in column 5 (a) to 6 (c) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)[*]	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Assam Seeds Corporation Limited	Agriculture	27-01-67	1.46	-	-	1.46	3.89	-	0.77	4.66	3.2:1 (3.2:1)	272
2	Assam Agro-Industries Development Corporation Limited	Agriculture	27-01-75	1.10	1.10	-	2.20	6.76	-	0.50	7.26	3.3:1 (3.3:1)	NA
3	Assam State Minor Irrigation Development Corporation Limited	Irrigation	15-10-80	17.35	-	-	17.35	-	-	-	-	-	18
4	Assam Fisheries Development Corporation Limited	Fisheries	01-03-77	0.49	-	-	0.49	-	-	-	-	-	100
5	Assam Livestock and Poultry Corporation Limited	Animal Husbandry	06-02-84	0.07	2.13	-	2.20	-	0.10	-	0.10	0.05:1 (0.05:1)	26
6	Assam Tea Corporation Limited	Industry & Commerce	04-02-72	29.54	-	-	29.54	108.48	-	-	108.48	3.67:1 (3.67:1)	16746
7	Assam Plantation Crop Development Corporation Limited	Soil Conservation	01-11-74	5.00	-	-	5.00	7.80	-	-	7.80	1.56:1 (1.33:1)	108
Sector wise total				**55.01**	**3.23**	**-**	**58.24**	**126.93**	**0.10**	**1.27**	**128.30**		**17270**
FINANCE													
8	Assam Plains Tribes Development Corporation Limited	Welfare of Plains Tribes & Backward Classes	29-03-75	2.47	0.75	-	3.22	-	-	20.20	20.20	6.27:1 (5.34:1)	224
9	Assam State Development Corporation for Other Backward Classes Limited	Welfare of Plains Tribes & Backward Classes	06-08-75	2.80	-	-	2.80	-	-	3.56	3.56	1.27:1 (1.25:1)	76

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)[*]	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
10	Assam State Development Corporation for Scheduled Castes Limited	Welfare of Plains Tribes & Backward Classes	18-01-75	5.09	4.51	-	9.60	-	-	12.27	12.27	1.28:1 (1.28:1)	144
11	Assam State Film (Finance & Development) Corporation Limited	Cultural Affairs	04-09-74	0.10	-	-	0.10	0.04	-	-	0.04	0.4:1 (0.4:1)	13
Sector wise total				**10.46**	**5.26**	**-**	**15.72**	**0.04**	**-**	**36.03**	**36.07**		**457**
INFRASTRUCTURE													
12	Assam Hills Small Industries Development Corporation Limited	Hill Areas Development	30-03-64	2.00	-	-	2.00	14.30	-	-	14.30	7.15:1 (6.47:1)	56
13	Assam Industrial Development Corporation Limited	Industries & Commerce	21-04-65	93.09	-	-	93.09	20.90	-	13.21	34.11	0.37:1 (0.52:1)	169
14	Assam Small Industries Development Corporation Limited	Industries & Commerce	27-03-62	6.51	-	-	6.51	1.04	-	-	1.04	0.16:1 (0.16:1)	161
15	Assam Electronics Development Corporation Limited	Information Technology	04-04-84	9.52	-	-	9.52	0.55	-	3.79	4.34	0.46:1 (0.51:1)	127
16	Assam Power Loom Development Corporation Limited	Industries & Commerce	05-03-90	3.54	-	-	3.54	-	-	-	-	-	11
17	Assam Mineral Development Corporation Limited	Mines and Minerals	19-05-83	4.89	-	-	4.89	-	-	-	-	-	132
18	Assam Police Housing Corporation Limited	Home	05-11-80	0.04	-	-	0.04	-	-	-	-	-	203
19	Assam Government Construction Corporation Limited	PWD (R&B)	24-03-64	2.00	-	-	2.00	-	-	-	-	-	27
Sector wise total				**121.59**			**121.59**	**36.79**		**17.00**	**53.79**		**886**
MANUFACTURING													
20	Assam Petrochemicals Limited (Subsidiary of AIDC)	Industries & Commerce	22-04-71	-	-	9.13	9.13	-	-	-	-	-	423
21	Ashok Paper Mill (Assam) Limited	Industries & Commerce	07-06-91	0.01	-	-	0.01	3.15	-	-	3.15	315:1 (311.6:1)	304
22	Assam Hydro-Carbon and Energy Company Limited	Industries & Commerce	05-02-06	21.00	-	-	21.00	-	-	-	-	-	-

Annexure

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)*	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
23	Assam Conductors and Tubes Limited	Industries & Commerce	22-06-64	1.54	-	-	1.54	3.31	-	1.02	4.33	2.81:1 (2.81:1)	NA
24	Amtron Informatics (India) Limited	Information Technology	27-03-02	0.01	-	-	0.01	-	-	1.25	1.25	125:1 (125:1)	35
25	Assam State Textiles Corporation Limited	Industries & Commerce	26-02-80	15.76	-	-	15.76	14.13	-	0.06	14.19	0.90:1 (0.92:1)	07
26	Assam State Fertilizers and Chemicals Limited	Industries & Commerce	30-03-88	-	-	4.93	4.93	8.97	-	-	8.97	1.82:1 (1.`56:1)	56
27	Pragjyotish Fertilizers and Chemicals Limited	Industries & Commerce	27-02-04	-	-	2.33	2.33	-	-	-	-	-	04
Sector wise total				**38.32**	**-**	**16.39**	**54.71**	**29.56**		**2.33**	**31.89**		**829**
POWER													
28	Assam Power Generation Corporation Limited	Power	23-10-03	455.86	-	-	455.86	57.34	-	346.58	403.92	0.89:1 (0.91:1)	1527
29	Assam Electricity Grid Corporation Limited	Power	23-10-03	99.88	-	0.05	99.93	164.40	-	73.77	238.17	2.38:1 (1.44:1)	2062
30	Lower Assam Electricity Distribution Company Limited	Power	23-10-03	58.69	-	-	58.69	102.42	4.64	-	107.06	1.82:1 (1.71:1)	5112
31	Upper Assam Electricity Distribution Company Limited	Power	23-10-03	56.08	-	-	56.08	201.27	-	-	201.27	3.59:1 (3.5:1)	3090
32	Central Assam Electricity Distribution Company Limited	Power	23-10-03	48.00	-	-	48.00	90.49	3.26	4.37	98.12	2.04:1 (2.13:1)	3810
Sector wise total				**718.51**	**-**	**0.05**	**718.56**	**615.92**	**7.90**	**424.72**	**1,048.54**		**15601**
SERVICES													
33.	Assam Tourism Development Corporation Limited	Tourism	06-06-88	0.39	-	-	0.39	-	-	-	-	-	97
Sector wise total				**0.39**	**-**	**-**	**0.39**	**-**	**-**	**-**	**-**	**-**	**97**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)[*]	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
MISCELLANEOUS													
34	Assam Government Marketing Corporation Limited	Handloom, Textile & Sericulture	16-12-59	2.16	1.34	-	3.50	-	-	-	-	-	87
35	Assam State Text Book Production and Publication Corporation Limited	Education	03-03-72	1.00	-	-	1.00	-	-	-	-	-	129
36	Assam Gas Company Limited	Industries & Commerce	31-03-62	16.91	-	-	16.91	-	-	44.20	44.20	2.61:1 (4.22:1)	358
37	DNP Limited	Industries & Commerce	15-06-07	-	-	34.30	34.30	-	-	-	-	-	NA
Sector wise total				**20.07**	**1.34**	**34.30**	**55.71**	**-**	**-**	**44.20**	**44.20**	**-**	**574**
Total A (All sector wise working Government companies)				**964.35**	**9.83**	**50.74**	**1,024.92**	**809.24**	**8.00**	**525.55**	**1,342.79**	**-**	**35714**
B. Working Statutory corporations													
FINANCE													
1	Assam Financial Corporation	Finance	01-04-54	13.71	4.44	0.25	18.40	-	-	-	-	-	167
Sector wise total				**13.71**	**4.44**	**0.25**	**18.40**	**-**	**-**	**-**	**-**	**-**	**167**
POWER													
2	Assam State Electricity Board	Power	01-01-75	99.84	-	-	99.84	-	-	-	-	-	2062
Sector wise total				**99.84**	**-**	**-**	**99.84**	**-**	**-**	**-**	**-**	**-**	**2062**
SERVICE													
3	Assam State Transport Corporation	Transport	01-03-70	390.89	-	-	390.89	177.22	-	-	177.22	0.45:1 (1.05:1)	2696
4	Assam State Warehousing Corporation	Co-operation	01-08-58	6.67	-	5.47	12.14	-	-	-	-	-	488
Sector wise total				**397.56**	**-**	**5.47**	**403.03**	**177.22**	**-**	**-**	**177.22**	**-**	**3184**
Total B (All sector wise working Statutory corporations)				**511.11**	**4.44**	**5.72**	**521.27**	**177.22**	**-**	**-**	**177.22**	**-**	**5413**
Grand Total (A + B)				**1475.46**	**14.27**	**56.46**	**1546.19**	**986.46**	**8.00**	**525.55**	**1520.01**		**41127**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)*	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
C. Non working Government companies													
MANUFACTURE													
1	Assam Tanneries Limited	Industries & Commerce	28-09-61	0.02	-	0.01	0.03	-	-	-	-	-	Nil
2	Industrial Papers (Assam) Limited	Industries & Commerce	06-09-74	-	-	0.40	0.40	-	-	-	-	-	Nil
3	Amtron Sen Electronics Limited	Industries & Commerce	25-10-85	-	-	0.02	0.02	-	-	-	-	-	Nil
4	Assam Spun Silk Mills Limited	Industries & Commerce	31-03-60	1.70	-	-	1.70	4.36	-	0.20	4.56	2.68:1 (2.68:1)	212
5	Assam Polytex Limited	Industries & Commerce	29-05-82	-	-	5.62	5.62	-	-	6.30	6.30	1.12:1 (1.12:1)	Nil
6	Assam Syntex Limited	Industries & Commerce	01-04-85	-	-	5.12	5.12	-	-	-	-	-	485
7	Assam State Weaving and Manufacturing Company Limited	Industries & Commerce	29-11-88	8.20	-	-	8.20	11.15	-	-	11.15	1.36:1 (1.42:1)	Nil
8	Assam and Meghalaya Mineral Development Corporation Limited	Mines & Minerals	10-08-64	0.20	-	0.03	0.23	-	-	-	-	-	Nil
9	Cachar Sugar Mills Limited	Industries & Commerce	30-03-72	-	-	3.38	3.38	8.10	-	4.12	12.22	3.62:1 (3.62:1)	96
10	Fertichem Limited	Industries & Commerce	29-03-74	-	-	2.00	2.00	-	-	0.07	0.07	0.04:1 (12.06:1)	Nil
Sector wise total				**10.12**	**-**	**16.58**	**26.70**	**23.61**	**-**	**10.69**	**34.30**	**-**	**793**
Total C (All sector wise non working Government companies)				**10.12**	**-**	**16.58**	**26.70**	**23.61**	**-**	**10.69**	**34.30**	**-**	**793**
Grand Total (A + B + C)				**1,485.58**	**14.27**	**73.04**	**1572.89**	**1,010.07**	**8.00**	**536.24**	**1,554.31**	**-**	**41920**

All figures are provisional and as given by the companies/corporations.

$ Paid-up capital includes share application money.

** Loans outstanding at the close of 2008-09 represent long-term loans only.

* Previous year figures were Rupees in lakh.

Annexure – 2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraph 1.14)

(Figures in column 5 (a) to (6) and (8) to (10) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss -				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss -	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1	Assam Seeds Corporation Limited	2001-02	2008-09	(-) 0.39	-	0.06	(-) 0.45	2.30	(-) 3.02	1.46	(-) 13.41	5.43	(-) 0.45	-
2	Assam Agro-Industries Development Corporation Limited	2003-04	2006-07	(-) 2.46	0.64	0.02	(-) 3.12	13.37	(-) 0.75	2.20	(-) 28.04	(-) 11.97	(-) 2.48	-
3	Assam State Minor Irrigation Development Corporation Limited	1994-95	2008-09	(-) 3.69	-	0.02	(-) 3.71	4.97	-	12.58	(-) 15.84	51.13	(-) 3.71	-
4	Assam Fisheries Development Corporation Limited	2002-03	2008-09	0.25	-	0.17	0.08	1.72	-	0.49	(-) 3.69	5.72	0.08	1.40
5	Assam Livestock and Poultry Corporation Limited	1985-86	1999-2000	(-) 0.01	-	-	(-) 0.01	0.03	-	0.03	(-) 0.01	0.02	(-) 0.01	-
6	Assam Tea Corporation Limited	1997-98	2003-04	9.88	6.30	0.79	2.79	48.16	(-) 0.13	27.54	(-) 53.61	37.93	9.09	23.97
7	Assam Plantation Crop Development Corporation Limited	1987-88	1995-96	0.15	0.59	NA	(-) 0.44	0.22	(-) 0.08	5.00	(-) 1.80	9.21	0.15	1.63
Sector wise total				**3.73**	**7.53**	**1.06**	**(-) 4.86**	**70.77**	**(-) 3.98**	**49.30**	**(-) 116.40**	**97.47**	**2.67**	
FINANCE														
8	Assam Plains Tribes Development Corporation Limited	1987-88	2003-04	(-) 0.18	-	0.16	(-) 0.34	0.01	-	0.94	(-) 2.07	(-) 1.14	(-) 0.34	-
9	Assam State Development Corporation for Other Backward Classes Limited	1990-91	2005-06	(-) 0.09	0.01	0.02	(-) 0.12	-	-	1.23	(-) 0.10	(-) 0.52	(-) 0.11	-
10	Assam State Development Corporation for Scheduled Castes Limited	2000-01	2008-09	(-) 1.78	0.02	0.01	(-) 1.81	0.21	-	9.08	(-) 8.84	12.54	(-) 1.79	-
11	Assam State Film (Finance & Development) Corporation Limited	1996-97	2008-09	0.04	-	-	0.04	-	-	0.10	(-) 0.14	0.09	0.04	44.44
Sector wise total				**(-) 2.01**	**0.03**	**0.19**	**(-) 2.23**	**0.22**	**-**	**11.35**	**(-) 11.15**	**10.97**	**(-) 2.20**	

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
INFRASTRUCTURE														
12	Assam Hills Small Industries Development Corporation Limited	1988-89	2003-04	(-) 0.26	-	0.04	(-) 0.30	0.13	-	2.00	(-) 2.18	3.82	(-) 0.30	-
13	Assam Industrial Development Corporation Limited	2007-08	2008-09	(-) 13.48	-	0.07	(-) 13.55	1.22	11.44	93.09	(-) 116.16	106.62	(-) 13.55	-
14	Assam Small Industries Development Corporation Limited	1992-93	2005-06	0.16	0.17	0.07	(-) 0.08	10.71	(-) 0.04	5.50	(-) 3.45	3.60	0.09	2.50
15	Assam Electronics Development Corporation Limited	2001-02	2008-09	(-) 0.50	0.01	0.04	(-) 0.55	0.61	(-) 2.62	8.47	(-) 6.98	3.02	(-) 0.54	-
16	Assam Power Loom Development Corporation Limited	1993-94	2001-02	-	-	-	-	-	-	1.47	-	1.28	-	-
17	Assam Mineral Development Corporation Limited	2000-01	2008-09	(-) 0.50	-	0.34	(-) 0.84	4.68	-	4.89	(-) 4.87	2.31	(-) 0.84	-
18	Assam Police Housing Corporation Limited	1999-2000	2008-09	1.29	-	0.09	1.20	-	-	0.04	(-) 1.44	(-) 38.04	1.20	-
19	Assam Government Construction Corporation Limited	1998-99	2008-09	0.95	0.09	0.03	0.83	1.76	-	2.00	(-) 6.10	(-) 4.00	0.92	-
Sector wise total				**(-) 12.34**	**0.27**	**0.68**	**(-) 13.29**	**19.11**	**8.78**	**117.46**	**(-) 141.18**	**78.61**	**(-) 13.02**	
MANUFACTURING														
20.	Assam Petrochemicals Limited	2007-08	2008-09	10.84	0.17	1.60	9.07	69.30	1.37	9.13	8.00	78.32	9.24	11.80
21.	Ashok Paper Mill (Assam) Limited	2007-08	2008-09	0.34	0.54	4.89	(-) 5.09	0.50	-	0.01	(-) 48.65	79.84	(-) 4.55	-
22.	Assam Hydro-Carbon and Energy Company Limited	2006-07	2008-09	-	-	-	-	-	-	0.09	-	(-) 0.43	-	-
23.	Assam Conductors and Tubes Limited	1992-93	2008-09	(-) 0.06	-	0.01	(-) 0.07	1.10	-	0.25	(-) 2.73	1.79	(-) 0.07	-
24.	Amtron Informatics (India) Limited	2002-03	2006-07	(-) 0.30	-	0.03	(-) 0.33	4.15	(-) 0.06	0.01	(-) 0.33	1.04	(-) 0.33	-
25.	Assam State Textiles Corporation Limited	1998-99	2008-09	(-) 6.35	-	0.63	(-) 6.98	12.96	-	15.77	(-) 53.97	5.09	(-) 6.98	-
26.	Assam State Fertilizers and Chemicals Limited	2002-03	2008-09	(-) 0.01	-	0.12	(-) 0.13	0.96	-	3.75	(-) 9.46	(-) 1.06	(-) 0.13	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments [#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
27.	Pragjyotish Fertilizers and Chemicals Limited	2005-06	2008-09	-	-	-	-	-	-	2.33	-	1.77	-	-
Sector wise total				**4.46**	**0.71**	**7.28**	**(-) 3.53**	**88.97**	**1.31**	**31.34**	**(-) 107.14**	**166.36**	**(-) 2.82**	
POWER														
28.	Assam Power Generation Corporation Limited	2006-07	2008-09	21.55	7.36	32.19	(-) 18.00	152.91	(-) 9.16	455.86	(-) 43.73	817.50	(-) 10.64	-
29.	Assam Electricity Grid Corporation Limited	2006-07	2008-09	(-) 19.05	16.88	32.87	(-) 68.80	191.18	0.40	99.93	(-) 70.33	256.33	(-) 51.92	-
30.	Lower Assam Electricity Distribution Company Limited	2007-08	2008-09	26.71	19.56	15.77	(-) 8.62	512.84	0.03	58.69	(-) 56.86	622.40	10.94	1.76
31.	Upper Assam Electricity Distribution Company Limited	2007-08	2008-09	12.64	16.25	12.59	(-) 16.20	367.31	0.76	56.08	(-) 86.79	378.43	0.05	0.01
32.	Central Assam Electricity Distribution Company Limited	2007-08	2008-09	(-) 4.87	20.56	13.48	(-) 38.91	301.74	20.33	48.00	(-) 75.17	370.53	(-) 18.35	-
Sector wise total				**36.98**	**80.61**	**106.90**	**(-) 150.53**	**1525.98**	**12.36**	**718.56**	**(-) 332.88**	**2445.19**	**(-) 69.92**	
SERVICES														
33	Assam Tourism Development Corporation Limited	2000-01	2008-09	(-) 0.04	-	0.02	(-) 0.06	0.41	-	0.29	(-) 0.54	11.26	(-) 0.06	-
Sector wise total				**(-) 0.04**	**-**	**0.02**	**(-) 0.06**	**0.41**	**-**	**0.29**	**(-) 0.54**	**11.26**	**(-) 0.06**	
MISCELLANEOUS														
34	Assam Government Marketing Corporation Limited	1984-85	2005-06	(-) 0.01	-	0.01	(-) 0.02	1.65	-	1.62	(-) 0.61	2.62	(-) 0.02	-
35	Assam State Text Book Production and Publication Corporation Limited	1990-91	2005-06	1.31	0.39	0.01	0.91	7.61	(-) 0.01	1.00	2.12	7.64	1.30	17.02
36	Assam Gas Company Limited	2007-08	2008-09	47.00	8.71	20.21	18.08	51.99	-	16.91	109.90	216.16	26.79	12.39
37.	DNP Limited	2007-08	2008-09	-	-	-	-	-	-	34.30	-	2.24	-	-
Sector wise total				**48.30**	**9.10**	**20.23**	**18.97**	**61.25**	**(-) 0.01**	**53.83**	**111.41**	**228.66**	**28.07**	
Total A (All sector wise				**79.08**	**98.25**	**136.36**	**(-) 155.53**	**1766.71**	**18.46**	**982.13**	**(-) 597.88**	**3038.52**	**(-) 57.28**	
B. Working Statutory corporations														
FINANCE														
1	Assam Financial Corporation	2007-08	2008-09	6.18	-	0.13	6.05	3.33	-	13.43	(-) 10.17	63.30	6.05	9.56

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Sector wise total				**6.18**	**-**	**0.13**	**6.05**	**3.33**	**-**	**13.43**	**(-) 10.17**	**63.30**	**6.05**	
POWER														
2	Assam State Electricity Board	2007-08	2008-09	(-) 4.16	0.60	0.02	(-) 4.78	966.39	(-) 9.09	99.84	(-) 66.59	68.68	(-) 4.18	-
Sector wise total				**(-) 4.16**	**0.60**	**0.02**	**(-) 4.78**	**966.39**	**(-) 9.09**	**99.84**	**(-) 66.59**	**68.68**	**(-) 4.18**	
SERVICE														
3	Assam State Transport Corporation	2003-04	2007-08	(-) 3.50	10.33	2.90	(-) 16.73	24.63	(-) 37.84	167.73	(-) 422.63	(-) 63.15	(-) 6.40	-
4	Assam State Warehousing Corporation	2004-05	2008-09	(-) 0.41	0.50	0.48	(-) 1.39	5.84	-	10.44	(-) 6.27	22.96	(-) 0.89	-
Sector wise total				**(-) 3.91**	**10.83**	**3.38**	**(-) 18.12**	**30.47**	**(-) 37.84**	**178.17**	**(-) 428.90**	**(-) 40.19**	**(-) 7.29**	
Total B (All sector wise working Statutory corporations)				**(-) 1.89**	**11.43**	**3.53**	**(-) 16.85**	**1000.19**	**(-) 46.93**	**291.44**	**(-) 505.66**	**91.79**	**(-) 5.42**	**-**
Grand Total (A + B)				**77.19**	**109.68**	**139.89**	**(-) 172.38**	**2766.90**	**(-) 28.47**	**1273.57**	**(-) 1103.54**	**3130.31**	**(-) 62.70**	**-**
C. Non working Government companies														
MANUFACTURING														
1	Assam Tanneries Limited	1982-83	1983-84	-	-	-	-	-	-	0.02	-	-	-	-
2	Industrial Papers (Assam) Limited	1998-99	2007-08	-	-	-	-	-	-	0.40	-	-	-	-
3	Amtron Sen Electronics Limited	1991-92	1993-94	(-) 0.01	NA	NA	(-) 0.01	-	-	0.02	-	0.14	(-) 0.01	-
4	Assam Spun Silk Mills Limited	1991-92	1996-97	(-) 0.08	NA	NA	(-) 0.08	2.45	(-) 0.04	1.70	(-) 3.54	0.32	(-) 0.08	-
5	Assam Polytex Limited	1987-88	1993-94	-	-	-	-	-	-	5.26	-	-	-	-
6	Assam Syntex Limited	2002-03	2008-09	(-) 0.77	2.37	0.90	(-) 4.04	-	-	5.12	44.53	10.79	(-) 1.67	-
7	Assam State Weaving and Manufacturing Company Limited	2006-07	2008-09	(-) 0.23	-	1.49	(-) 1.72	-	-	11.61	(-) 1.95	31.11	(-) 1.72	-
8	Assam and Meghalaya Mineral Development Corporation Limited	1983-84	1984-85	(-) 0.01	NA	NA	(-) 0.01	-	-	0.23	(-) 0.09	0.05	(-) 0.01	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
9	Cachar Sugar Mills Limited	1985-86	1994-95	(-) 0.53	0.65	NA	(-) 1.18	0.02		3.38	(-) 12.51	3.39	(-) 0.53	
10	Fertichem Limited	2006-07	2008-09	(-) 0.46	0.14	-	(-) 0.60	0.11	0.01	2.00	(-) 25.75	1.75	(-) 0.46	
Sector wise total				**(-) 2.09**	**3.16**	**2.39**	**(-) 7.64**	**2.58**	**(-) 0.03**	**29.74**	**0.69**	**47.55**	**(-) 4.48**	
Total C (All sector wise non working Government companies)				**(-) 2.09**	**3.16**	**2.39**	**(-) 7.64**	**2.58**	**(-) 0.03**	**29.74**	**0.69**	**47.55**	**(-) 4.48**	
Grand Total (A + B + C)				**75.10**	**112.84**	**142.28**	**(-) 180.02**	**2,769.48**	**(-) 28.50**	**1303.31**	**(-) 1,102.85**	**3,177.86**	**(-) 67.18**	

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Annexure – 3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

(Referred to in paragraph 1.9)

(Figures in column 3 (a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Assam Seeds Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
2.	Assam Agro-Industries Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
3.	Assam State Minor Irrigation Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
4.	Assam Fisheries Development Corporation Limited	-	-	-	0.05	-	0.05	-	-	-	-	-	-
5.	Assam Livestock and Poultry Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
6.	Assam Tea Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
7.	Assam Plantation Crop Development Corporation Limited	-	1.12	-	-	-	-	-	-	-	-	-	-
Sector wise total		**-**	**1.12**	**-**	**0.05**	**-**	**0.05**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCE													
8.	Assam Plains Tribes Development Corporation Limited	-	-	-	2.45	-	2.45	-	-	-	-	-	-
9.	Assam State Development Corporation for Other Backward Classes Limited	0.10	-	-	0.70	-	0.70	-	-	-	-	-	-
10.	Assam State Development Corporation for Scheduled Castes Limited	-	-	2.21	2.05	-	4.26		9.00	-	-	-	-

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
11.	Assam State Film (Finance & Development) Corporation Limited	-	-	-	0.10	-	0.10	-	-	-	-	-	
Sector wise total		**0.10**	**-**	**2.21**	**5.30**	**-**	**7.51**	**-**	**9.00**	**-**	**-**	**-**	**-**
INFRASTRUCTURE													
12.	Assam Hills Small Industries Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
13.	Assam Industrial Development Corporation Limited	-	3.56	-	-	-	-	-	-	-	-	-	-
14.	Assam Small Industries Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
15.	Assam Electronics Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
16.	Assam Power Loom Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
17.	Assam Mineral Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
18.	Assam Police Housing Corporation Limited	-	-	32.15	8.74	-	40.89	-	-	-	-	-	-
19.	Assam Government Construction Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**-**	**3.56**	**32.15**	**8.74**	**-**	**40.89**	**-**	**-**	**-**	**-**	**-**	**-**
MANUFACTURING													
20.	Assam Petrochemicals Limited	-	-	1.39	-	-	1.39	-	-	-	-	-	-
21.	Ashok Paper Mill (Assam) Limited	-	-	-	-	-	-	-	-	-	-	-	-
22.	Assam Hydro-Carbon and Energy Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
23.	Assam Conductors and Tubes Limited	-	-	-	-	-	-	-	-	-	-	-	-

Annexure

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
24.	Amtron Informatics (India) Limited	-	-	-	-	-	-	-	-	-	-	-	-
25.	Assam State Textiles Corporation Limited	-	-	-	-	3.98	3.98	-	-	-	-	-	-
26.	Assam State Fertilizers and Chemicals Limited	-	1.28	-	-	-	-	-	-	-	-	-	-
27.	Pragjyotish Fertilizers and Chemicals Limited	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total			**1.28**	**1.39**		**3.98**	**5.37**						
POWER													
28.	Assam Power Generation Corporation Limited	-	-	-	30.00	-	30.00	-	75.84	-	-	-	-
29.	Assam Electricity Grid Corporation Limited	-	35.27	-	99.48	-	99.48	-	-	-	-	-	-
30.	Lower Assam Electricity Distribution Company Limited	-	5.87	-	63.85	170.34	234.19	-	-	-	-	-	-
31.	Upper Assam Electricity Distribution Company Limited	-	4.85	-	48.19	-	48.19	-	-	-	-	-	-
32.	Central Assam Electricity Distribution Company Limited	-	4.38	-	55.07	195.09	250.16	-	-	-	-	-	-
Sector wise total		**-**	**50.37**	**-**	**296.59**	**365.43**	**662.02**	**-**	**75.84**	**-**	**-**	**-**	**-**
SERVICES													
33.	Assam Tourism Development Corporation Limited	-	-	18.61	1.09	-	19.70	-	-	-	-	-	-
Sector wise total		**-**	**-**	**18.61**	**1.09**	**-**	**19.70**	**-**	**-**	**-**	**-**	**-**	**-**
MISCELLANEOUS													
34.	Assam Government Marketing Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
35.	Assam State Text Book Production and Publication Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
36.	Assam Gas Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
37.	DNP Limited	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		-	-	-	-	-	-	-	-	-	-	-	-
Total A (All sector wise working Government companies)		**0.10**	**56.33**	**54.36**	**311.77**	**369.41**	**735.54**	**-**	**84.84**	**-**	**-**	**-**	**-**
B. Working Statutory corporations													
FINANCE													
1.	Assam Financial Corporation	5.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**5.00**											
POWER													
2.	Assam State Electricity Board	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total													
SERVICE													
3.	Assam State Transport Corporation	-	9.49	14.75	10.00	-	24.75	-	-	-	-	-	-
4.	Assam State Warehousing Corporation	0.60	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**0.60**	**9.49**	**14.75**	**10.00**	**-**	**24.75**	**-**	**-**	**-**	**-**	**-**	**-**
Total B (All sector wise working Statutory corporations)		**5.60**	**9.49**	**14.75**	**10.00**		**24.75**						
Grand Total (A + B)		**5.70**	**65.82**	**69.11**	**321.77**	**369.41**	**760.29**	**-**	**84.84**				
C. Non working Government companies													
MANUFACTURING													
1.	Assam Tanneries Limited	-	-	-	-	-	-	-	-	-	-	-	-
2.	Industrial Papers (Assam) Limited	-	-	-	-	-	-	-	-	-	-	-	-
3.	Amtron Sen Electronics Limited	-	-	-	-	-	-	-	-	-	-	-	-
4.	Assam Spun Silk Mills Limited	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
5.	Assam Polytex Limited	-	-	-	-	-	-	-	-	-	-	-	-
6.	Assam Syntex Limited	-	-	-	-	-	-	-	-	-	-	-	-
7.	Assam State Weaving and Manufacturing Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
8.	Assam and Meghalaya Mineral Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
9.	Cachar Sugar Mills Limited	-	-	-	-	-	-	-	-	-	-	-	-
10.	Fertichem Limited	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		-	-	-	-	-	-	-	-	-	-	-	-
Total C (All sector wise non working Government companies		-	-	-	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)		**5.70**	**65.82**	**69.11**	**321.77**	**369.41**	**760.29**	**-**	**84.84**	**-**	**-**	**-**	**-**

@ Figures indicate total guarantees outstanding at the end of the year.

Annexure-4

(Referred to in paragraph 1.41)

Statement showing the State Government's investment in PSUs for which accounts are in arrears

(Rupees in lakh)

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Governments during the years for which the accounts are in arrears			
				Equity	Loans	Grants	Others Loans guaranteed by State Government
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Working Government companies**						
1.	Assam Livestock and Poultry Corporation Limited	1985-86	219.00	-	-	265.25	-
2.	Assam Fisheries Development Corporation Limited	2002-03	48.95	-	-	52.36	-
3.	Assam Plantation Crop Development Corporation Limited	1987-88	500.00	-	916.00	161.72	-
4.	Assam Plains Tribes Development Corporation Limited	1987-88	200.00	-	2,393.23	-	-
5.	Assam State Development Corporation for Scheduled Castes Limited	2000-01	907.80	52.00	1572.89	430.00	-
6.	Assam State Fertilizers and Chemicals Limited	2002-03	374.95	116.80	252.64	-	-
7.	Assam Electricity Grid Corporation Limited	2006-07	9,993.19	-	8,625.89	24,529.48	
8.	Assam State Film (Finance & Development) Corporation Limited	1996-97	10.00	-	-	21.00	-
Total A (All Working Government companies)			**12253.89**	**168.80**	**13760.65**	**25459.81**	-
B	**Statutory corporations**						
1	Assam State Transport Corporation	2003-04	16,772.87	-	-	9734.28	-
2.	Assam State Warehousing Corporation	2004-05	1,044.00	110.00	-	-	-
Total B (All Statutory corporations)			**17816.87**	**110.00**	-	**9734.28**	
Total A+ B			**30070.76**	**278.80**	**13760.65**	**35194.09**	

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Governments during the years for which the accounts are in arrears			
				Equity	Loans	Grants	Others Loans guaranteed by State Government
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
C	**Non - working Government companies**						
1	Fertichem Limited	2006-07	199.85	-	-	574.00	-
Total C (All non working Government companies)			**199.85**	**-**	**-**	**574.00**	
Total A + B + C			**30270.61**	**278.80**	**13760.65**	**35768.09**	**--**

Annexure-5

(Referred to in paragraph 1.14)

Statement showing financial position of Statutory corporations

Particulars	**2005-06**	**2006-07**	**2007-08**
	(Rupees in crore)		
Working Statutory corporations			
1. Assam State Electricity Board			
A. Liabilities			
Equity Capital	99.84	99.84	99.84
Loans from Government	3.18	15.19	12.10
Other long-term loans (including bonds)	--	--	-
Reserves and surplus	31.57	27.23	23.33
Current liabilities and provisions	257.23	469.62	497.17
Total-A	**391.82**	**611.88**	**632.44**
B. Assets			
Gross fixed assets	0.19	0.20	0.25
Less: Depreciation	--	0.02	0.04
Net fixed assets	0.19	0.18	0.21
Capital work-in-progress	--	--	-
Current assets	387.85	440.80	565.64
Investments	0.53	37.06	-
Miscellaneous expenditure/Deferred cost	--	--	-
Deficits	3.25	133.84	66.59
Total-B	**391.82**	**611.88**	**632.44**
C. Capital employed*	**130.81**	**(-) 28.64**	**68.68**

* Capital employed represents net fixed assets (including work-in-progress) *plus* working capital (excluding subsidy receivable).

2. Assam State Transport Corporation	**2004-05 (Provisional)**	**2005-06 (Provisional**	**2006-07 (Provisional)**
A. Liabilities			
Capital (including capital loan & equity capital)	387.74	408.76	377.30
Borrowings (Government)	--	--	--
(Others)	--	--	--
Funds**	10.68	10.68	42.80
Trade dues and other current liabilities (including provisions)	136.73	151.70	142.74
Total	**535.15**	**571.14**	**562.84**
B. Assets			
Gross Block	24.47	28.89	27.11
Less: Depreciation	4.90	5.20	4.10
Net fixed assets	19.57	23.69	23.01
Capital work-in-progress (including cost of chassis)	21.40	25.20	40.03
Current assets, loans and advances	3.77	7.00	12.26
Investments	16.67	15.45	5.25
Accumulated losses	473.74	499.80	482.29
Total	**535.15**	**571.14**	**562.84**
C. Capital employed*	**(-) 91.99**	**(-) 95.81**	**(-) 67.44**

**Excluding depreciation funds but including reserves and surplus.

*Capital employed represents net fixed assets (including work-in-progress) *plus* working capital (excluding subsidy receivable).

3. Assam Financial Corporation	2006-07	2007-08	2008-09 (Provisional)
A. Liabilities			
Paid-up capital	13.43	13.43	18.40
Share application money	-	-	-
Reserve fund and other reserves and surplus	3.19	3.19	2.83
Borrowings:			
(i) Bonds and debenture	4.00	4.00	-
(ii) Fixed Deposits	0.18	0.05	0.06
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	6.78	--	-
(iv) Reserve Bank of India	--	--	-
(v) Loan towards share capital: (a) State Government (b) Industrial Development Bank of India	--	--	-
(vi) Others (including State Government)	74.26	1.27	-
Other liabilities and provisions	40.52	4.08	1.84
Total-A	**142.36**	**26.02**	**23.13**
B. Assets			
Cash and Bank balances	11.56	5.88	6.91
Investments	0.01	0.01	0.01
Loans and Advances	41.24	7.24	9.02
Net fixed assets	1.00	1.15	1.14
Other assets	2.15	1.57	2.52
Miscellaneous expenditure	86.40	10.70	3.53
Total-B	**142.36**	**26.02**	**23.13**
C. Capital employed[**]	**100.16**	**58.70**	**21.62**

[**] Capital employed represents the mean of the aggregate of the opening and closing balances of paid-up capital, reserves (other than those which have been funded specifically and backed by investments), bonds, deposits and borrowings (including refinance).

4. Assam State Warehousing Corporation	**2005-06 (Provisional)**	**2006-07 (Provisional)**	**2007-08 (Provisional)**
A. Liabilities			
Paid-up capital	10.54	10.94	11.54
Reserves and surplus	1.14	1.02	11.15
Borrowings: (Government)	6.99	7.87	9.16
(Others)	--	--	
Trade dues and current liabilities (including provision)	10.03	9.85	2.51
Total-A	**28.70**	**29.68**	**34.36**
B. Assets			
Gross Block	18.30	18.80	19.99
Less: Depreciation	8.80	8.95	9.95
Net fixed assets	9.50	9.85	10.05
Capital work-in-progress	0.99	1.20	0.58
Current assets, loans and advances	10.08	10.19	14.24
Profit and Loss account	8.13	8.44	9.49
Total-B	**28.70**	**29.68**	**34.36**
C. Capital employed*	**10.54**	**11.39**	**12.95**

* Capital employed represents the net fixed assets (including capital work-in-progress) *plus* working capital.

Annexure-6

(Referred to in paragraph 1.14)

Statement showing working results of Statutory corporations

Sl. No.	Particulars	2005-06	2006-07	2007-08
		(Rupees in crore)		
Working Statutory corporations				
1.	**Assam State Electricity Board**			
1.	(a) Revenue receipts	763.61	633.44	966.39
	(b) Subsidy/subvention from Government	107.03	-	-
	(c) Other incomes	0.43	74.02	12.09
	Total	**871.07**	**707.46**	**978.48**
2.	Revenue expenditure (net of expenses capitilised) including write off of intangible assets but excluding depreciation and interest	900.07	812.80	982.62
3.	Gross surplus (+)/deficit (-) for the year (1-2)	(-) 29.00	(-) 105.34	(-)4.14
4.	Adjustments relating to previous years	21.51	(-) 23.30	4.78
5.	Final gross surplus (+)/deficit (-) for the year (3+4)	(-) 1.49	(-) 128.64	0.64
6.	**Appropriations:**			
	(a) Depreciation (less capitalised)	-	0.02	0.02
	(b) Interest on Government loans	1.73	1.68	
	(c) Interest on others, bonds, advance etc. and finance charges	0.03	0.01	0.60
	(d) Total interest on loans & finance charges (b+c)	1.76	1.69	**0.60**
	(e) Less: Interest capitalised	--	--	-
	(f) Net interest charged to revenue (d-e)	1.76	1.69	**0.60**
	(g) **Total appropriations (a+f)**	**1.76**	**1.71**	**0.62**
7.	Surplus (+)/deficit (-) before accounting for subsidy from State Government {5-6(g)-1(b)}	(-) 110.28	(-) 30.58	0.02
8.	Net surplus (+)/deficit (-) {5-6(g)}	(-) 3.25	(-) 30.58	0.02
9.	Total return on capital employed*	(-) 1.49	(-) 128.89	0.62
10.	Percentage of return on capital employed	--	--	--

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

2.	**Assam State Transport Corporation**		**2004-05 (Provisional)**	**2005-06 (Provisional)**	**2006-07 (Provisional)**
1.	**Operating:**	(a) Revenue	29.62	35.81	35.92
		(b) Expenditure	42.73	48.61	49.84
		(c) Surplus (+)/deficit (-)	(-) 13.11	(-) 12.80	(-) 13.92
2.	**Non-operating:**	(a) Revenue	1.18	1.65	12.57
		(b) Expenditure	14.78	14.92	7.89
		(c) Surplus (+)/deficit (-)	(-) 13.60	(-) 13.27	(+)4.68
3.	**Total:**	**(a) Revenue**	**30.80**	**37.46**	**48.49**
		(b) Expenditure	**57.51**	**63.53**	**57.73**
		(c) Surplus (+)/deficit (-)	**(-) 26.71**	**(-) 26.07**	**(-)9.24**
4.	Interest on capital and loans		14.78	14.92	7.89
5.	Total return on capital employed		(-) 11.93	(-) 11.15	(-)1.35

3.	**Assam Financial Corporation**	**2006-07**	**2007-08**	**2008-09 (Provisional)**
1.	**Income**			
	1. Interest on loans	7.43	3.33	3.78
	2. Other income	3.26	7.97	3.05
	Total-1	**10.69**	**11.30**	**6.83**
2.	**Expenses**			
	(a) Interest on loans	4.56	--	-
	(b) Provision for NPA	2.55	--	-
	(c) Other expenses	3.17	4.62	3.82
	Total-2	**10.28**	**4.62**	**3.82**
3.	Profit before tax (1-2)	0.41	6.68	3.01
4.	Provision for tax	--	0.63	-
5.	Other appropriations	0.53	--	-
6.	Amount available for dividend	--	--	-
7.	Dividend	--	--	-
8.	Total return on capital employed*	6.17	--	-
9.	Percentage of return on capital employed	6.16	--	13.10

* Provision for NPA has been taken into consideration for calculation of total return on capital employed.

4.	**Assam State Warehousing Corporation**	**2005-06** (Provisional)	**2006-07** (Provisional)	**2007-08** (Provisional)
1.	**Income**			
	(a) Warehousing charges	5.24	6.05	5.93
	(b) Other income	0.42	0.78	0.68
	Total-1	**5.66**	**6.83**	**6.61**
2.	**Expenses**			
	(a) Establishment charges	4.95	5.14	4.80
	(b) Other expenses	2.40	2.45	3.48
	Total-2	**7.35**	**7.59**	**8.28**
3.	Profit before tax (1-2)	(-) 1.69	(-) 0.76	(-) 1.67
4.	Other appropriations	(-) 0.17	0.43	-
5.	Amount available for dividend	--	--	-
6.	Dividend for the year	--	--	-
7.	Total return on capital employed	(-) 1.32	0.21	-

Annexure-7

(Referred to in Paragraph-2.1.3)

Statement showing the financial position of Assam Gas Company Limited at the end of financial years from 2003-04 to 2007-08

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
	(Rupees in lakh)				
LIABILITIES					
Share capital	1691.45	1691.45	1691.45	1691.45	1691.45
Reserve & Surplus	5342.64	6196.90	8585.42	9979.51	11819.24
Secured Loan	3160.67	9379.17	11576.16	10818.58	7135.38
Current liabilities	2886.57	3479.81	4375.91	4957.73	5187.47
Provisions	985.00	858.29	801.88	1147.56	1519.49
Deferred Tax Liability	1425.01	1438.76	1709.27	1173.54	1008.97
TOTAL	**15491.34**	**23044.38**	**28740.09**	**29768.37**	**28362.00**
ASSETS					
Fixed Assets	13187.54	17845.45	25425.19	26988.48	27484.96
Less: Depreciation	8572.57	9572.07	11429.23	13635.08	15645.50
Net Fixed Assets	4614.97	8273.38	13995.96	13353.40	11839.46
Capital works in Progress	2323.89	2907.47	638.45	223.25	30.27
Investments	25.00	25.00	28.65	28.65	31.65
Current Assets and Advances	8527.48	11834.80	14071.40	16159.08	16452.89
Miscellaneous Expenditure	NIL	3.73	5.63	3.99	7.73
TOTAL	**15491.34**	**23044.38**	**28740.09**	**29768.37**	**28362.00**
Capital Employed[*]	11594.77	18677.55	23528.02	23630.44	21615.66
Net Worth[**]	7034.09	7884.62	10271.24	11666.97	13502.96

[*] Capital employed represents net fixed assets plus capital work in progress and working capital (Current Assets minus current liabilities and provisions).
[**] Net worth represents paid-up capital plus reserve and surplus less intangible asset.

Annexure-8

(Referred to in Paragraph-2.1.3)

Statement showing the working results of Assam Gas Company Limited for the period from 2003-04 to 2007-08

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
	(Rupees in lakh)				
INCOME					
Transmission Charges	4357.39	4673.63	6066.14	7160.89	7402.99
Net Trading Profit From Gas Sales	127.98	106.27	322.10	327.70	369.11
Other non –Operating Income	386.39	284.44	395.74	605.64	815.09
TOTAL INCOME (A)	**4871.76**	**5064.34**	**6783.98**	**8094.23**	**8587.19**
EXPENSES					
Staff remuneration and benefits	1085.36	1220.20	1288.80	1977.76	2218.53
Depreciation	744.64	1003.41	1860.62	2210.08	2021.47
Interest on loans and Deposits	212.85	276.03	637.53	866.83	870.66
Power and fuel	96.00	80.88	108.55	123.57	148.72
Repairs and Other Operating Charges	386.18	463.27	582.46	477.69	510.98
TOTAL EXPENSES (B)	**2525.03**	**3043.79**	**4477.96**	**5655.93**	**5770.36**
Net Profit before Tax (PBT) (A-B)	2346.73	2020.55	2306.02	2438.30	2816.83
Taxes	889.60	722.09	776.15	816.05	1008.49
Net Profit after Tax	**1457.13**	**1298.46**	**1529.87**	**1622.25**	**1808.34**
Previous year adjustments	(323.71)	(336.00)	310.91	(414.62)	182.24
Proposed Dividend and tax adjustments	(143.11)	(144.65)	(85.31)	188.32	(148.42)
Net Profit Transferred to Balance Sheet	990.31	817.81	1755.47	1395.95	1842.16
Percentage of PBT to total revenue	**48**	**40**	**34**	**30**	**33**

Annexure – 9

(Referred to in paragraph 3.7.1)

Statement showing operational performance of ASTC

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Average number of vehicles held ♣	347	366	370	372	325
Average number of vehicles on road♣	290	268	277	280	258
Percentage of utilisation of vehicles	83.57	73.22	74.86	75.27	79.38
Number of employees	2828	2810	2763	2700	2667
Employee vehicle ratio	8.95	8.57	9.09	8.16	8.21
Number of routes operated at the end of the year	139	139	127	133	134
Available route kilometres	95,639	95,639	95,639	95,639	95,639
Kilometres operated (in lakh) Gross Effective Dead	 130.14 125.83 4.31	 136.28 131.25 5.03	 139.00 133.63 5.37	 145.88 139.69 6.19	 144.22 136.92 7.30
Percentage of dead kilometres to gross kilometres	3.31	3.69	3.86	4.24	5.06
Average kilometres covered per bus *per* day (on the basis of average vehicle on road)	118.87	134.18	132.17	136.68	145.40
Average revenue per kilometre (Rs.)	25.27	28.14	36.19	35.37	37.67
Average expenditure per kilometre (Rs.)	37.14	39.41	43.09	42.39	45.08
Loss (-)/Profit (+) per kilometre (Rs.)	(-) 11.87	(-) 11.27	(-) 6.90	(-) 7.02	(-) 7.41
Average number of break-down[ϖ] per lakh kilometres	0.05	0.05	0.07	0.05	0.05
Average number of accidents per lakh kilometres	0.25	0.27	0.23	0.35	0.24
Passenger kilometre operated (in crore)	N.A	N.A	N.A	N.A	N.A
Occupancy ratio (Load Factor)	72.49	75.09	77.43	74.75	76.00
Kilometres obtained per litre of: Diesel Oil Engine Oil	 3.54 568.10	 3.65 613.56	 3.62 564.19	 3.67 657.59	 3.70 610.97

♣ Except for 2008-09, figures have been taken as per the C&AG's Audit Report (Commercial) of respective years.

♣ Except for 2008-09, figures have been taken as per the C&AG's Audit Report (Commercial) of respective years.

ϖ On the basis of data received from eight divisions, *viz,* Tezpur, North Lakhimpur, Guwahati, City Service, Bongaigaon, Tinsukia, Jorhat and Nagaon.

.Annexure-10

(Referred to in paragraph 4.13)

Statement showing the paras involving recovery of money

Sl. No.	Name of Public Sector undertakings	Nature of objection	Year of Inspection Report	Amount involved(Rs. in lakh)	Remarks
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**
1.	Assam State Transport Corporation	Short receipt of material from the supplier	4/95 to 3/97	1.04	Convincing replies not furnished by the Management.
		Unadjusted outstanding advances	4/89 to 3/01	6.27	
		Misappropriation/shortage of cash/store	4/87 to 3/02	22.38	
		Non-realisation of outstanding lease rent	4/89 to 3/03	18.88	
		Total		**48.57**	
2.	Assam State Fertilisers and Chemicals Limited	Non-realisation of fertilizer subsidy from Government of India	4/93 to 3/99	1.89	
		Non-recovery of advances from manufacturer	4/99 to 3/01	8.27	
		Total		**10.16**	
3.	Assam Tea Corporation Limited	Non-recovery of sale value of tea from the private entrepreneurs	4/94 to 3/97	5.55	
		Unadjusted advances	4/97 to 3/01	730.70	
		Total		**736.25**	
4.	Assam State Text Book Production and Publication Corporation Limited	Non-deduction of taxes from the bill	2003	41.98	
		Total		**41.98**	
5.	Assam Seeds Corporation Limited	Misappropriation of cash/ stock	4/97 to 3/2000	43.72	
		Recoverable from officers released under VRS	-do-	1.56	
		Total		**45.28**	
6.	Assam Hills Small Industries Development Corporation Limited	Misappropriation of cash on sale proceeds	4/93 to 3/96	1.91	The management had furnished delayed reply (December 2009) without any documentary evidence.
		Non-realisation of advances from the supplier	-do-	2.94	
		Non-adjustment of TA advances	-do-	1.89	
		Non- recovery of loan and seed money	-do-	38.51	Convincing replies not furnished by the Management.
		Total		**45.25**	

(I)	(II)	(III)	(IV)	(V)	(VI)
7.	Assam State Development Corporation for SC Limited	Non-accountal of cash resulted in suspected misappropriation	4/95 to 3/2000	1.88	Convincing reply not furnished by the Management.
		Non-recovery of taxes from the supplier bill	-do-	9.84	
		Non-recovery of loan from entrepreneurs	-do-	399.14	The management stated (September 2009) that Rs.29.19 lakh had been adjusted but no documentary evidence was submitted.
		Outstanding medical advances	-do-	1.06	The management stated (September 2009) that Rs.0.10 lakh was adjusted.
		Non-recovery of loan	4/2000 to 3/01	118.58	Convincing reply not furnished by the Management.
		Non-realisation of deposit from non-Nationalised Bank.	-do-	34.55	
		Total		**565.05**	
8.	Assam Plains Tribes Development Corporation Limited	Non-deduction of taxes from the suppliers bill	4/99 to 3/02	26.13	Convincing replies not furnished by the management
		Total		**26.13**	

(I)	(II)	(III)	(IV)	(V)	(VI)
9.	Assam Electronics Development Corporation Limited	Material supplied without realisation of payment	4/94 to 3/99	18.17	The management had furnished delayed reply (November 2009) stating that Rs.7.74 lakh had been adjusted without any documentary evidence.
		Total		**18.17**	
10.	Assam Tourism Development Corporation Limited	Non-deduction of sales tax from the supplier bill	4/97 to 3/02	10.69	
		Total		**10.69**	
11.	Assam State Warehousing Corporation	Non-adjustement of TA advances	4/94 to 3/98	7.19	
		Non-recovery of storage charges from depositors	4/98 to 3/01	63.53	
		Total		**70.72**	
12.	Assam Government Marketing Corporation Limited	Non-adjustment of advance salary	4/98 to 3/01	7.63	
		Shortage of cash	3/95 to 3/98	1.21	
		Total		**8.84**	
13.	Assam Livestock and Poultry Development Corporation Limited	Non-recovery of forest royalty	7/85 to 3/98	1.65	
		Non-adjustment of advances	-do-	10.26	
		Total		**11.91**	
14.	Assam State Electricity Board	Non-recovery/non-adjustment of advances	4/83 to 3/03	179.37	Convincing replies not furnished by the Management.
		Non-deduction of taxes	4/88 to 3/02	4.91	
		Misappropriation in the form fake challan , short accountal of cash *etc*.	4/95 to 3/03	7.03	
		Non-realisation of maintenance charges	-do-	35.64	
		Total		**226.95**	
15.	Assam Fisheries Development Corporation Limited	Loss of revenue on account of settlement of beel	4/93 to 3/97	301.86	
		Non-recovery of deposit from Non-nationalised Bank	-do-	16.11	
		Non-adjusment of miscellaneous advances	4/97 to 3/02	4.51	
		Short realisation of revenue from the lessee on beel	-do-	22.92	
		Total		**345.40**	

(I)	(II)	(III)	(IV)	(V)	(VI)
16.	Assam Plantation Crops Development Corporation Limited	Temporary misappropriation	4/98 to 3/01	1.61	Convincing replies not furnished by the Management.
		Total		**1.61**	
17.	Assam Gas Company Limited	Non-recovery of excess payment made to contractors on account of sales tax	4/90 to 3/02	16.98	
		Total		**16.98**	
Grand total				**2229.94**	

Annexure-11

(Referred to in paragraph 4.14)

Statement showing the paras involving deficiencies

Sl. No.	Name of Public Sector Undertakings	Nature of objection	Year of Inspection Report	Amount involved (Rs. in lakh)	Remarks
(I)	(II)	(III)	(IV)	(V)	(VI)
1.	**Assam State Transport Corporation**	Injudicious decisions led to blockade of fund	4/89 to 3/02	305.59	Convincing replies not furnished by the management
		Loss of revenue due to cancellation of schedule trips	4/95 to 3/02	677.00	
		Misc. avoidable loss including loss on body construction	4/95 to 3/02	9.36	
		Excess payment on account of purchase at higher rate	4/95 to 3/97	2.06	
		Improper inventory management resulting unserviceable store/obsolete material/non-disposal of store /idle store	4/94 to 3/01	40.83	
		Expenditure incurred without proper authorisation	4/87 to 3/98	13.71	
		Loss on account of uneconomical running of buses	4/95 to 3/02	37.95	
		Loss of revenue due to delay in carrying out repairing works	4/90 to 3/95	48.17	
			Total	**1,134.67**	
2.	**Assam State Fertilizers and Chemicals Limited**	Avoidable expenditure for non acceptance of one time settlement offered by bank	4/93 to 3/99	22.00	Convincing replies not furnished by the management
		Blocking of fund for non realisation of transport subsidy	-do-	15.86	
		Loss occurred due to non delivery of material for restarting the Plant	4/99 to 3/01	18.36	
			Total	**56.22**	
3.	**Assam Tea Corporation Limited**	Improper decision of the management to renovate and run factory resulting unfruitful expenditure including interest burden	4/94 to 3/97	18.47	
		Idle & un-remunerative investment and interest burden on installation of equipment	-do-	24.44	
		Irregularities in passing purchase bills resulting extra expenditure	-do-	12.31	
		Injudicious financial decision resulting loss on account of penal interest and rebate forgone	4/94 to 3/01	16.29	
		Extra expenditure for purchase made at higher rate	-do-	1.46	
			Total	**72.97**	

(I)	(II)	(III)	(IV)	(V)	(VI)
4.	Assam State Text Book Production and Publication Corporation Limited	Excess printing of books under free text book scheme resulting obsolesce and consequential loss	4/98 to 3/02	67.56	Convincing replies not furnished by the management
		Irregular expenditure towards godown and carriage charges	-do-	8.85	
		Loss on obsolete/damage/shortage of stock of free text book	-do-	876.73	
		Unfruitful expenditure on pay & allowances	-do-	4.82	
		Blockade of fund due to unnecessary production	-do-	25.47	
		Fictitious adjustment on account of excess bills raised to Government for supply of free text book	-do-	175.38	
		Excess expenditure on procurement of papers	2003	40.28	
			Total	**1,199.09**	
5.	Assam Gas Company Limited	Loss due to delay in completion of project	4/90 to 3/02	120.55	The management stated (October 2009) that till September 2009, BVFCL has not made any claim on account delay in completion of project.
		Irregular expenditure on account of revamping of HFCL	-do-	67.78	The management stated (October 2009) that at the time of settlement of final bills in March 2009, deductions were made.
			Total	**188.33**	
6.	Assam Small Industries Development Corporation Limited	Non-utilisation of fund and consequent loss on account of interest	4/85 to 3/97	1.84	Convincing replies not furnished by the management
		Blockade of funds with the supplier and loss of interest thereon	-do-	11.45	
		Loss on disposal of land at lower prices	4/97 to 3/01	3.45	
		Dues on account of outstanding loan and liquidated damages	-do-	231.59	
		Shortage of stock of ayurvedic products	-do-	1.94	
			Total	**250.27**	
7.	Assam Fisheries Development Corporation Limited	Loss of food items on transit	4/93 to 3/97	34.89	Convincing replies not furnished by the management
			Total	**34.89**	
8.	Assam Seeds Corporation Limited	Loss due to shortfall in production	4/97 to 3/2000	56.54	Convincing replies not furnished by the management
		Irregularities in implementation of VRS	-do-	82.51	
		Loss due to non-setting of jute seeds	-do-	1.27	
			Total	**140.32**	

(I)	(II)	(III)	(IV)	(V)	(VI)
9.	Assam State Development Corporation for S.C. Limited	Undue utilisation of loan and avoidable expenditure thereon	4/95 to 3/2000	442.06	Convincing replies not furnished by the management
		Parking of scheme money in fixed deposit	-do-	28.00	
		Irregular payment on administrative charges	-do-	1.88	
		Excess expenditure on account of procurement of cycle at higher rate	-do-	7.11	
		Avoidable expenditure on account of agency commission and penal interest	-do-	15.00	
			Total	**494.05**	
10.	Assam Plains Tribes Development Corporation Limited	Excess payment to the suppliers	4/99 to 3/02	4.45	Convincing replies not furnished by the management
		Unfruitful expenditure on account of purchase of defective vehicle and consequent failure of scheme	-do-	4.66	
			Total	**9.11**	
11.	Assam Hills Small Industries Development Corporation Limited	Loss on account of electrical connection at defunct mill	4/96 to 3/2000	7.37	Convincing replies not furnished by the management
		Loss on account of purchase of defective drink packet	-do-	2.50	
		Loss on account of non-deposit of machine	-do-	7.26	
			Total	**17.13**	
12.	Assam Financial Corporation	Undue release of subsidy to industry	4/95 to 3/99	5.79	Convincing replies not furnished by the management
			Total	**5.79**	
13.	Assam State Warehousing Corporation	Avoidable expenditure on account of work for construction at higher quoted rate	4/94 to 3/98	9.74	Convincing replies not furnished by the management
		Excess expenditure incurred for completing the work which was left unfinished by the original contractor	-do-	22.47	
		Injudicious investment on purchase of land	-do-	27.01	
			Total	**59.22**	
14.	Assam Government Marketing Corporation Limited	Expenditure on hire charges of vehicle	4/95 to 3/97	0.95	Convincing replies not furnished by the management
		Avoidable loss on account of wrong decision taken by the Company	4/94 to 3/98	7.53	
		Avoidable expenditure on account of payment of consultancy fees/renovation of emporium	4/98 to 3/2000	12.97	
		Diversion of central scheme fund to establishment cost	-do-	54.80	
		Loss on account of excess discount allowed to customers	-do-	2.26	
		Construction of building without having title to land resulting in irregular expenditure	4/2000 to 3/03	43.14	
			Total	**121.65**	

(I)	(II)	(III)	(IV)	(V)	(VI)
15.	Assam State Electricity Board	Injudicious decision led to blockade of fund	4/83 to 3/03	2952.32	Convincing replies not furnished by the management
		Unauthorized expenditure on hiring of buses	4/88 to 3/03	18.92	
		Infructous expenditure on construction of transmission line	4/85 to 3/03	163.94	
		Excess expenditure/extra payment	4/83 to 3/02	2626.93	
		Doubtful expenditure on pool car vehicle	4/93 to 3/97	1.16	
		Undue financial aid /benefit	4/89 to 3/02	709.74	
		Expenditure incurred without proper authorisation	4/89 to 3/02	60.96	
		Loss of revenue due to non-realisation /short realization/outstanding revenue /uncollected revenue *etc*.	4/83 to 3/03	19299.45	
		Loss on account of time and cost overrun	7/2000 to 7/01	18,988	
		Diversion of fund originally meant for specific purpose	4/96 to 3/03	20.75	
		Unnecessary purchase of store material	4/85 to 7/01	7.65	
		Avoidable expenditure	4/82 to 3/02	1112.52	
		Loss on account of robbery/theft etc.	4/95 to 3/03	140.38	
		Unserviceable store/loss due to prolonged storage /Idle stock etc.	4/81 to 3/03	1673.72	
		Idle expenditure on pay and allowances	4/91 to 3/01	223.23	
		Total		**47,999.67**	
			Grand total	**51,783.38**	

Annexure-12

(Referred to in paragraph 4.15.1)

Statement showing paragraphs/reviews for which explanatory notes were not received

Sl. No.	Name of department	2003-2004		2004-2005		2005-2006		2006-2007		2007-2008	
		No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received
1.	Power	12	11	07	07	05	05	05	05	08	08
2.	Transport	--	--	01	01	01	01	01	01	01	01
3.	Co-operation	--	--	--	--	--	--	--	--	01	01
4.	Welfare	01	01	01	01	01	01	01	01	02	02
5.	Agriculture	--	--	--	--	02	02	01	01	--	--
6.	Fisheries	--	--	--	--	01	01	--	--	--	--

Sl. No.	Name of department	2003-2004		2004-2005		2005-2006		2006-2007		2007-2008	
		No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received
7.	Industries and Commerce	02	02	02	02	01	01	06	06	02	02
8.	Finance	01	--	--	--	--	--	--	--	--	--
9.	Mines & Minerals	--	--	--	--	01	01	--	--	--	--
10.	Public Enterprises	01	01	01	01	01	01	01	01	--	--
11.	Home	--	--	01	01	--	--	--	--	--	--
12.	Education (Elementary)	--	--	--	--	01	--	--	--	--	--
13.	Information and Technology	--	--	--	--	--	--	--	--	04	04
	Total:	**17**	**15**	**13**	**13**	**14**	**13**	**15**	**15**	**18**	**18**

Annexure-13

(Referred to in paragraph 4.15.3)

Statement showing the department-wise outstanding Inspection Reports (IRs) as on September 2009

Sl. No.	Departments	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Agriculture	1	1	15	1997-1998
2.	Animal Husbandry	1	2	12	1997-1998
3.	Co-operation	1	4	19	1998-1999
4.	Cultural Affairs	1	1	1	2006-2007
5.	Education	1	4	22	1998-1999
6.	Finance	1	2	3	1999-2000
7.	Fisheries	1	4	18	1997-1998
8.	Handloom, Textiles & Sericulture	1	7	55	1998-1999
9.	Hill Areas	1	2	13	1996-1997
10.	Industries & Commerce	9	19	118	1997-1998
11.	Information & Technology	1	3	5	1999-2000
12.	Mines & Minerals	1	3	10	1998-1999
13.	Soil conservation	1	1	5	2001-2002
14.	Tourism	1	2	3	2003-2004
15.	Welfare of Plains Tribes & Backward Classes	3	7	48	2000-2001
16.	Transport	1	62	150	1996-1997
17.	Power	6	185	867	1996-1997
	Total	**32**	**309**	**1,364**	**-**

ANNEXURE-14

(Referred to in paragraph 4.15.3)

Statement showing the department-wise draft paragraphs/reviews replies to which are awaited

Sl. No.	Name of the Departments/Corporation	Number of Draft Paragraphs	Number of reviews	Period/date of issue
1.	Power	3	-	June 2009 to October 2009
2.	Transport	1	-	July 2009
3.	Public Enterprises	2	-	September 2009
4.	Welfare of Plains Tribes and Backward Classes	1	-	September 2009
	Total:	**7**	**-**	**-**