

# OVERVIEW

## 1. Overview of Government companies and Statutory corporations

As on 31 March 2005, the State had 43 Public Sector Undertakings (PSUs) comprising 39 Government companies and four Statutory corporations. Of these, there were only 29 working Government companies and the remaining 10 were non-working Government companies. All the four Statutory corporations were working corporations. There is no company under the purview of Section 619 B of the Companies Act, 1956 as on 31 March 2005.

*(Paragraphs 1.1 and 1.43)*

The total investment in working PSUs increased from Rs.4,136.82 crore as on 31 March 2004 to Rs.4,342.98 crore as on 31 March 2005. The total investment in 10 non-working PSUs increased from Rs.71.09 crore as on 31 March 2004 to Rs.72.06 crore as on 31 March 2005.

*(Paragraphs 1.2 and 1.22)*

The budgetary support in the form of capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs.204.55 crore in 2003-2004 to Rs.754.92 crore in 2004-05. The State Government guaranteed loans aggregating to Rs.130 crore during 2004-05. As on 31 March 2005 guarantees of Rs.417.01 crore were outstanding against six working Government companies and two Statutory corporations.

*(Paragraph 1.6)*

The accounts of the 29 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 21 years as on 30 September 2005. Accounts of 10 non-working Government companies were in arrears for periods ranging from eight to 22 years as on 30 September 2005. None of the working Government companies and Statutory corporations have finalised their accounts for the year 2004-05.

*(Paragraphs 1.7 and 1.26)*

According to latest finalised accounts, seven working PSUs (six Government companies and one Statutory corporation) earned aggregate profit of Rs.37.67 crore. Against this, 24 working PSUs (21 Government companies and three Statutory corporations) incurred an aggregate loss of Rs.702.86 crore. One company had not commenced commercial activities and one company had not

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prepared any annual accounts. Of the 21 loss incurring Government companies, 11 companies had accumulated losses aggregating Rs.134.65 crore, which exceeded their paid up capital of Rs.27.88 crore. Three loss incurring Statutory corporations had accumulated loss aggregating Rs.4,995.65 crore, which exceeded their aggregate paid up capital of Rs.1531.16 crore.

*(Paragraphs 1.8, 1.10 and 1.12)*

## **2. Reviews in respect of Government companies**

Reviews relating to Execution of Construction Works by **Assam Police Housing Corporation Limited**, and Implementation of Welfare Schemes for the Plains Tribes People of Assam by **Assam Plains Tribes Development Corporation Limited** were conducted and some of the main findings are as follows:

### **Execution of construction works by Assam Police Hosing Corporation Limited**

**Assam Police Housing Corporation Limited** is a wholly owned State Government company with the main objective of formulating and executing housing schemes for the employees of the State Police Department and undertakes construction of buildings for the personnel of the State Police Department. The value of works executed is entirely dependent upon the volume of works allocated by the State Government. The Company was as such perpetually dependent on State Government for its economic viability.

There was shortfall in release of funds by the State Government as compared to its budgetary provisions. The Company received a total amount of Rs.118.52 crore during the five years upto 2004-05 against budgeted provision of Rs.289.81 crore.

The Company executed works valued at Rs.95.48 crore during the same period. Cumulative unspent balance at the end of the year was Rs.37.78 crore.

Instances of failure to comply with codal requirements in execution of works causing frequent changes in technical specifications after award of works, extra expenditure (Rs.15.32 lakh) and irregular retention of Government funds (Rs.5.61 crore) were also noticed.

*(Chapter 2.1)*

## **Implementation of Welfare Schemes for the Plains Tribes people of Assam by Assam Plains Tribes Development Corporation Limited**

**Assam Plains Tribes Development Corporation Limited** is a wholly owned Government company with the main objective of extending financial assistance to the tribal (Plains) population of the State. The Company, however, did not have required data in respect of the target population. It also did not have mechanism in place to monitor proper disbursement of assistance and its impact.

Special Central Assistance funds meant for disbursement as subsidy were partly disbursed as loan in violation of Government of India's guidelines and thus, the beneficiaries were deprived of the full benefit of the scheme. In addition to this, a substantial part of the funds received for implementing different schemes were diverted towards meeting administrative and establishment expenses.

There was lack of co-ordination among implementing agencies in execution of SCA funded schemes as same/identical schemes were implemented by various authorities in the same area.

*(Chapter 2.2)*

### **3. Transaction audit observations**

Audit observations included in this Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications, are listed below, category-wise:

- There were five cases of loss amounting to Rs.2.01 crore on account of sale of tea leaf at lower rates, failure of the Management to enforce provisions of the agreement, undue benefit to consumers, incorrect categorization of consumers and calculation of compensation claims in contravention of laid down provision of Terms and Conditions of Supply of Electricity.

*(Paragraphs 3.1, 3.3, 3.5, 3.6 and 3.7)*

- Instances of non-recovery of loans, penalty/non-realisation of dues due to faulty project appraisal and lack of proper follow-up action and non-realisation of revised load security amount to Rs.4.15 crore.

*(Paragraphs 3.2 and 3.4)*

- There was also blockage of borrowed funds amounting to Rs.23.84 crore due to taking-up of works without ensuring availability of funds, failure to

get the projects commissioned as per approved time frame, abandonment of the projects.

***(Paragraph 3.8)***

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

- **Assam Tea Corporation Limited** suffered revenue loss of Rs.47.37 lakh due to sale of green tea leaf at rates lower than the agreed firm rates.

***(Paragraph 3.1)***

- **Assam Industrial Development Corporation Limited** could not realise dues to the extent of Rs.3.43 crore due to faulty appraisal and lack of proper initiative.

***(Paragraph 3.2)***

- **Assam State Electricity Board** took-up works/projects without ensuring availability of sufficient fund, failure to get the projects commissioned as per approved time frame, abandonment of the projects *etc.*, resulted in blockage of borrowed funds of Rs.23.84 crore.

***(Paragraph 3.8)***