

OVERVIEW

1. Overview of Government companies and Statutory corporations

As on 31 March 2006, the State had 49 Public Sector Undertakings (PSUs) comprising 45 Government companies and four Statutory corporations. Out of 45 Government companies 35 were working and 10 were non-working Government companies. All the four Statutory corporations were working corporations. There was no company under the purview of Section 619 B of the Companies Act, 1956 as on 31 March 2006.

(Paragraphs 1.1 and 1.41)

The total investment in working PSUs decreased from Rs.4,342.98 crore as on 31 March 2005 to Rs. 1,984.18 crore as on 31 March 2006. The total investment in 10 non-working PSUs decreased from Rs.72.06 crore as on 31 March 2005 to Rs.68.26 crore as on 31 March 2006.

(Paragraphs 1.2 and 1.22)

The budgetary support in the form of equity capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs.754.92 crore in 2004-2005 to Rs.1,595.57 crore in 2005-06. The State Government did not guarantee any loans during 2005-06. As on 31 March 2006 guarantees aggregating Rs.407.29 crore were outstanding against nine working Government companies and one Statutory Corporation.

(Paragraph 1.6)

The accounts of the 35 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 21 years as on 30 September 2006. Accounts of 10 non-working Government companies were in arrears for periods ranging from eight to 23 years as on 30 September 2006. None of the working Government companies and Statutory corporations have finalised their accounts for the year 2005-06.

(Paragraphs 1.7 and 1.26)

According to the latest finalised accounts, seven working PSUs (six Government companies and one Statutory corporation) earned aggregate profit of Rs.34.72 crore. Against this, 24 working PSUs (21 Government companies and three Statutory corporations) incurred an aggregate loss of Rs.1,065 crore. One company had not commenced commercial activities and seven companies had not prepared any annual accounts. Of the 21 loss incurring Government companies, 11 companies had accumulated losses aggregating Rs.131.16 crore, which exceeded their paid up capital of Rs.26.74 crore. Three loss incurring Statutory corporations had accumulated loss aggregating Rs.6,192.93 crore, which exceeded their aggregate paid up capital of Rs.1531.16 crore.

(Paragraphs 1.8, 1.10 and 1.12)

2. Performance reviews in respect of Government companies

Assam Fisheries Development Corporation Limited.

Role of Assam Fisheries Development Corporation Limited in the socio-economic development of the fishermen communities of the State.

Assam Fisheries Development Corporation Limited was incorporated in March 1977 with the main objective of improving the socio-economic condition of fishermen communities in the State. The Company did not prepare any comprehensive plan for achievement of its stated objectives nor did it take up any significant development work of the Beels transferred to it by the State Government. The Company suffered revenue loss due to settlement of Beels at lower rates. The Company also did not take up any specific scheme for socio-economic upliftment of the fishermen communities as a whole.

Some of the important points noticed during the review are as under:

The Company did not carry out adequate developmental works. It spent an insignificant amount of Rs.3.40 lakh on the development of Beels during the period 2001-06.

(Paragraph 2.1.8)

The Company suffered revenue loss due to settlement of Beels at prices other than the highest bid price (Rs.29.80 lakh), settlement without tender (Rs.19 lakh), settlement below reserve price (Rs.7.90 lakh), waiver of lease rent (Rs.13.60 lakh) and non-settlement of Beels (Rs.18.27 lakh).

(Paragraphs 2.1.13 to 2.1.24)

The Company neither took up any specific scheme for socio-economic upliftment of the fishermen communities nor any scheme to ensure whole time employment for them.

(Paragraph 2.1.25)

Assam Mineral Development Corporation Limited

Performance review on the working of Assam Mineral Development Corporation Limited

The Assam Mineral Development Corporation Limited was incorporated on 19 May 1983 as a Government Company with the main objective of mining and marketing of limestone and other minerals, ores and precious stones and to develop and promote groundwater resources and undertakes construction of tube wells. The Company incurred operational loss due to low production, revenue loss due to sale of coal at lower rates, shortfall in production compared to budgeted production. The Company also incurred loss on construction of deep tube-wells.

Some of the important points noticed during the review are as under:

Due to low production of limestone, the Company incurred operational loss of Rs.8.44 crore during the period from 1993-94 to 2005-06.

(Paragraph 2.2.13)

The Company sold its coal as Run of Mine grade at rates lower than the market rates. As a result the Company incurred revenue loss of Rs.7.06 crore.

(Paragraph 2.2.12)

The Company operated the Coal mines without the required mining lease. Due to shortfall in production targets, the Company incurred loss of revenue of Rs.1.52 crore during 2001-02 to 2005-06.

(Paragraphs 2.2.7 and 2.2.9)

The Company failed to gainfully deploy its surplus manpower of the closed Limestone Mining Project and paid idle wages of Rs.1.26 crore during 2002-06.

(Paragraph-2.2.16)

3. Performance review relating to Statutory Corporation

Assam State Transport Corporation

Implementation of the programme for revival of Assam State Transport Corporation.

The revival programme undertaken to attain self-sufficiency and make the Corporation commercially viable failed to yield the desired results due to lack of proper planning, monitoring and internal control.

Some of the important points noticed during the review are as under:

An amount of Rs.3.54 crore meant for purchase of new buses was diverted towards repair of buses. The expenditure, however, proved futile as the efficacy of repair of old buses was not assessed at any stage; as a result 28 buses had to undergo major repairs for three to seven times within a span of 18 months from the date of first repair.

(Paragraph 3.8)

The Corporation unauthorisedly diverted funds of Rs.5.51 crore received for implementation of a Voluntary Retirement Scheme towards payment of salary arrears, HDFC loan and LIC premium.

(Paragraph 3.10)

Lack of management's control over private bus operation and failure to levy penalty for non-performance resulted in loss of Rs.12.69 crore to the Corporation.

(Paragraph 3.13)

The Corporation's inaction with regard to enforcement of agreement terms with private bus operators resulted in loss of revenue of Rs.3.91 crore during the three years ended March 2006.

(Paragraph 3.12)

4. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of PSUs which had serious financial implications as categorised below:

- There were instances of loss, non- realisation of revenue amounting to Rs.21.88 crore due to:
 - Incorrect estimation of printing order;
 - Wrong categorisation of consumers;
 - Non-conversion of unmetered consumers to metered consumers;
 - Failure to take timely action; and
 - Non-realisation of load security.
- There were cases of excess expenditure and temporary misappropriation of funds amounting to Rs.0.52 crore.
- There was diversion of funds of Rs.5.20 crore meant for economic upliftment of Scheduled Castes and Safai Karmacharies towards payment of salaries to the employees.

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

Assam Text Book Production and Publication Corporation Limited incurred loss of Rs.0.87 crore due to inaccurate estimation of requirement of books and delay in printing of books.

(Paragraph 4.1)

Assam State Development Corporation for Scheduled Castes Limited diverted a sum of Rs.5.20 crore meant for economic upliftment of Scheduled Castes and Safai Karmacharies towards payment of salaries to the employees.

(Paragraph 4.5)

Assam State Electricity Board could not realise revenue due to lack of timely action resulting in accumulation of arrears of unrealised revenue to the extent of Rs.13.97 crore.

(Paragraph 4.7)

Assam State Electricity Board suffered revenue loss of Rs.4.81 crore due to non-conversion of unmetered consumers into metered consumers and wrong categorisation of consumers.

(Paragraphs 4.8 and 4.10)