

CHAPTER-I

1. Overview of Government companies and Statutory corporations

Introduction

1.1 As on 31 March 2007, there were 45 Government companies (35 working companies and 10 non-working* companies) and four working Statutory corporations under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit by the CAG as per the provisions of Section 619 of the Companies Act, 1956. The audit arrangements of Statutory corporations are as shown below:

Sl. No.	Name of the Corporation	Authority for audit by the CAG	Audit arrangement
1.	Assam State Electricity Board (ASEB)	Under Rule 14 of the Electricity (Supply) Annual Accounts Rules, 1985 read with Section 185 (2) (d) of the Electricity Act, 2003	Sole audit by CAG
2.	Assam State Transport Corporation (ASTC)	Section 33 (2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
3.	Assam Financial Corporation (AFC)	Section 37 (6) of the State Financial Corporations Act, 1951	Audit by Chartered Accountants and supplementary audit by CAG
4.	Assam State Warehousing Corporation (ASWC)	Section 31 (8) of the State Warehousing Corporations Act, 1962	Audit by Chartered Accountants and supplementary audit by CAG

The State Government had formed the Assam Electricity Regulatory Commission and its audit is entrusted to the Comptroller and Auditor General of India under Section 104 (2) of the Electricity Act, 2003.

* Non-working companies/corporations are those, which are not in operation.

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

1.2 As on 31 March 2007, the total investment in 39 working PSUs (35 Government companies and four Statutory corporations) was Rs.2,622.86 crore* (equity: Rs.1,259.60 crore and long-term loans: Rs.1,363.26 crore**) against the total investment of Rs.1,984.18 crore (equity: Rs.1,230.25 crore and long-term loans: Rs.753.93 crore) as on 31 March 2006. An analysis of investments in working PSUs is given in the following paragraphs.

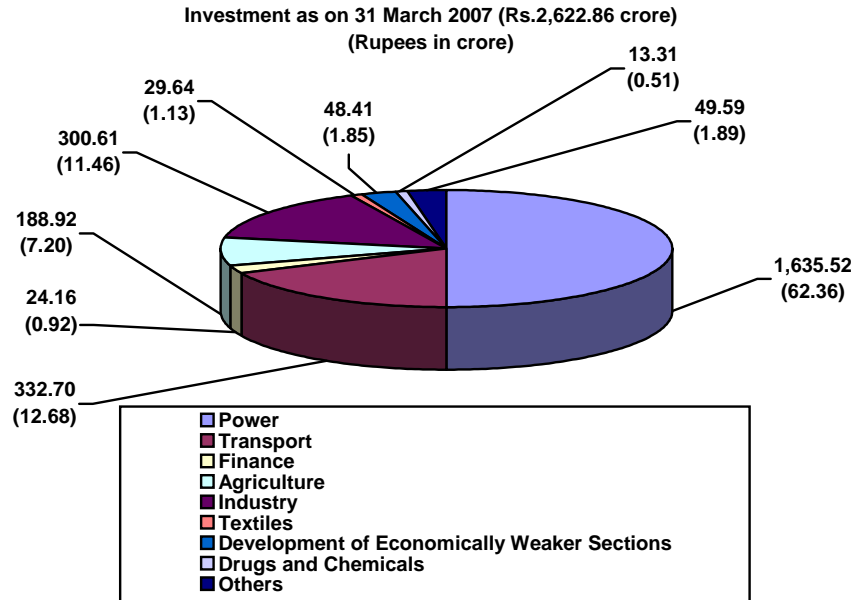
Sector-wise investment in working Government companies and Statutory corporations

1.3 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2007 and 31 March 2006 are indicated in the pie-charts on the next page.

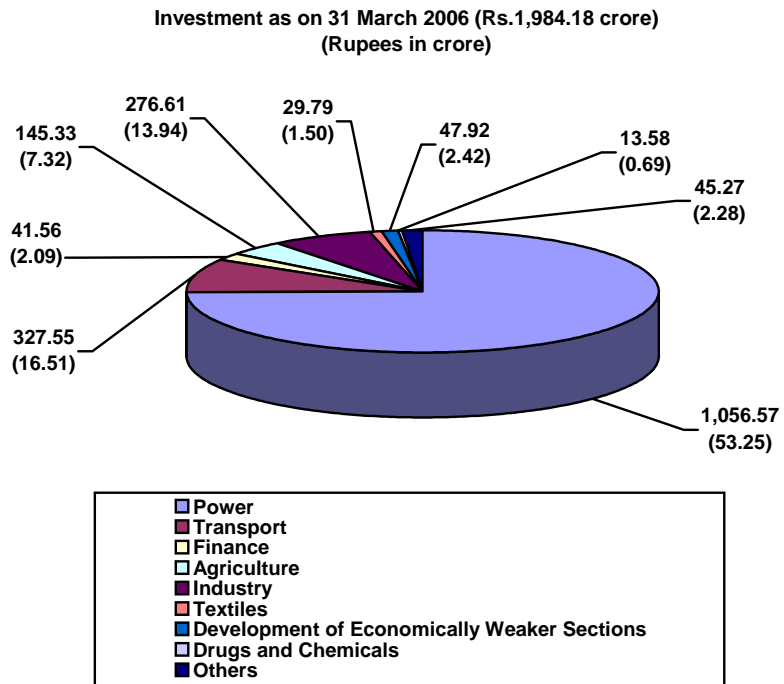
* State Government's investment was Rs. 1,976.79 crore (others Rs.646.07 crore). Figure as per Finance Accounts 2006-07 was Rs. 1,794.04 crore. The difference was under reconciliation.

** Long-term loans mentioned in paragraphs 1.2, 1.3, 1.4, 1.5, 1.21 and 1.22 are excluding interest accrued and due on such loans.

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(Figures in brackets indicate percentage)



(Figures in brackets indicate percentage)

Working Government companies

1.4 The total investment in the working Government companies at the end of March 2006 and March 2007 was as follows:

Year	Number of working Government companies	Equity	Share application money	Long term loans	Total
		(Rupees in crore)			
2005-06	35	967.01	-	561.68	1,528.69
2006-07	35	967.66	-	1,183.31	2,150.97

Increase in the total investment was mainly due to increase in loan to PSUs in power, industry and agriculture sectors.

As on 31 March 2007, the total investment in working Government companies comprised 44.99 *per cent* equity capital and 55.01 *per cent* loans as compared to 63.26 and 36.74 *per cent* respectively as on 31 March 2006.

A summarised position of Government investment in working Government companies in the form of equity and loans is given in **Annexure 1**.

Working Statutory corporations

1.5 The total investment in four working Statutory corporations at the end of March 2006 and March 2007 was as follows:

Name of corporation	2005-06 (Provisional)		2006-07 (Provisional)	
	Capital	Loan	Capital	Loan
	(Rupees in crore)			
Assam State Electricity Board (ASEB)	71.54	-	99.84	-
Assam State Transport Corporation (ASTC)	167.73	159.82	167.73	164.97
Assam Financial Corporation (AFC)	13.43	28.13	13.43	10.73
Assam State Warehousing Corporation (ASWC)	10.54	4.30	10.94	4.25
Total	263.24	192.25	291.94	179.95

As on 31 March 2007, the total investment in working Statutory corporations comprised 61.87 *per cent* equity capital and 38.13 *per cent* loans as compared to 57.79 and 42.21 *per cent*, respectively as on 31 March 2006.

A summarised position of Government investment in working Statutory corporations in the form of equity and loans is given in **Annexure 1**.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.6 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to

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working Government companies and working Statutory corporations are given in **Annexures 1 and 3**.

The budgetary outgo in the form of equity capital, loans and grants/subsidies from the State Government to working Government companies and working Statutory corporations for the three years up to 31 March 2007 are given below:

(Amount Rupees in crore)

Particulars	2004-05				2005-06				2006-07			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity Capital outgo from budget	3	0.35	-	-	10	721.60	1	0.20	2	0.52	1	0.40
Loans given from budget	3	8.99	3	149.64	10	275.88	1	5.15	9	143.19	1	5.15
Grants/Subsidy towards projects/ programmes/ schemes	8	12.25	2	583.69	11	260.96	2	331.78	9	245.25	1	10.13
Total outgo	11*	21.59	3*	733.33	17*	1,258.44	3*	337.13	14*	388.96	2*	15.68

During the year 2006-07, the Government had not guaranteed any loans obtained by any working Government company or any Statutory corporation. At the end of the year, guarantees amounting to Rs.251.52 crore obtained by five working Government companies (Rs.243.52 crore) and one working Statutory corporation (Rupees eight crore) were outstanding. There was no default in repayment of guaranteed loans during the year.

Finalisation of accounts by working PSUs

1.7 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 read with section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Out of 39 working PSUs (35 Government companies and four Statutory corporations), none of the Government companies/ corporations had finalised its accounts for the year 2006-07 up to 30 September 2007 as can be seen from the data in **Annexure-2**. During the period from October 2006 to September 2007, 16 working Government companies finalised 20 accounts for the previous years and out of four, one Statutory corporation finalised one account for previous year.

* Actual number of companies/corporations, which received budgetary support in the form of equity, loans, grants and subsidies from Government in the respective years.

Audit Report (Commercial) for the year ended 31 March 2007

The accounts of 35 working Government companies and four Statutory corporations were in arrears for periods ranging from one to 22 years as on 30 September 2007 as detailed in the following table:

Sl. No.	Number of working companies/corporations		Period for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to Serial Number of Annexure-2	
	Government companies	Statutory corporations			Government companies	Statutory corporations
1.	1	-	1985-1986 to 2006-2007	22	33	-
2.	1	-	1986-1987 to 2006-2007	21	5	-
3.	2	-	1988-1989 to 2006-2007	19	18, 22	-
4.	1	-	1989-1990 to 2006-2007	18	7	-
5.	3	-	1991-1992 to 2006-2007	16	3, 23, 35	-
6.	2	-	1993-1994 to 2006-2007	14	9, 13	-
7.	2	-	1994-1995 to 2006-2007	13	17, 34	-
8.	3	-	1997-1998 to 2006-2007	10	16, 21, 24	-
9.	3	-	1998-1999 to 2006-2007	09	6, 14, 20	-
10.	4	-	1999-2000 to 2006-2007	08	1, 4, 19, 25	-
11.	1	1	2002-2003 to 2006-2007	05	26	4
12.	1	1	2003-2004 to 2006-2007	04	15	2
13.	1	-	2004-2005 to 2006-2007	03	2	-
14.	6	2	2005-2006 to 2006-2007	02	27, 28, 29, 30, 31, 32	1, 3
15.	4	-	2006-07	01	8, 10, 11, 12	-

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments were informed every quarter by Audit of the arrears in finalisation of accounts of PSUs under their administrative control, no remedial measures had been taken as a result of which the net worth of these PSUs could not be assessed in audit.

Financial position and working results of working PSUs

1.8 The summarised financial results of working PSUs (Government companies and Statutory corporations) as per their latest finalised accounts are given in **Annexure 2**. Besides, statements showing financial position and working results of individual working Statutory corporations for the last three years as per their latest finalised/provisional accounts are given in **Annexures 4 and 5** respectively.

According to the latest finalised accounts of 35 working Government companies and four working Statutory corporations, 25 companies and all the four Statutory corporations had incurred an aggregate loss of Rs.23.82 crore and Rs.1,045.12 crore, respectively. Six companies had earned an aggregate profit of Rs.36.82 crore. Four[†] companies have not prepared the profit and loss account, as they have not commenced commercial activities.

[†] Sl. Nos. A-17, 27, 31 and 32 of Annexure-2

Working Government companies

Profit earning working Government companies and dividend

1.9 Out of 16 working Government companies, which finalised their accounts for the previous years by September 2007, four* Government companies earned an aggregate profit of Rs.33.12 crore. All these companies except one (Sl. No. A-34 of *Annexure 2*) earned profit for two or more successive years. Only two companies (A-10 and 11 of *Annexure 2*) declared dividend of Rs.2.50 crore.

Loss making working Government companies

1.10 Of the 25 loss making working Government companies, 12** companies had accumulated losses aggregating Rs.143.52 crore, which exceeded their aggregate paid-up capital of Rs.28.65 crore.

Despite poor performance and complete erosion of their paid-up capital, the State Government continued to provide financial support to these companies. According to the available information, the total financial support provided by the State Government by way of loans, subsidies and grants during 2006-07 to three*** out of these 12 companies amounted to Rs.1.08 crore.

Working Statutory corporations

Loss incurring Statutory corporations

1.11 Assam State Warehousing Corporation, which finalized its accounts for 2001-02, incurred a loss of Rs.87.22 lakh. The accumulated loss of three**** Statutory corporations aggregating Rs.6,192.93 crore exceeded their aggregate paid-up capital of Rs.1,531.16 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support amounting to Rs.15.28 crore to Assam State Transport Corporation by way of loans, subsidies and grants during 2006-07.

Operational performance of working Statutory corporations

1.12 The operational performance of the working Statutory corporations is given in *Annexure 6*.

* Sl. Nos. A-4, 10, 11 and 34 of Annexure-2.

** Sl. Nos. A-1, 2, 7, 12, 13, 15, 16, 20, 21, 22, 25 and 26 of Annexure-2.

*** Sl. Nos. A-12, 16 and 25 of Annexure 2.

**** Sl. Nos. B-1, 2 and 3 of Annexure 2.

In case of Assam State Transport Corporation, loss per kilometer decreased from 2,168 paisa in 2005-06 to 2,050 paisa in 2006-07 due to increase in revenue by 10.57 *per cent* against increase of 2.64 *per cent* in expenditure over the previous year.

Amount overdue for recovery at the close of the year increased from Rs.208.33 crore in 2005-06 to Rs.219.87 crore in 2006-07 in Assam Financial Corporation.

Return on capital employed

1.13 The details of capital employed and total return on capital employed in the case of working Government companies and Statutory corporations are given in **Annexure 2**. As per the latest finalised accounts (up to 30 September 2007), the capital employed* worked out to Rs.604.96 crore in 35 working companies and total return** thereon amounted to Rs.32.41 crore which was 5.36 *per cent* as compared to total return of Rs.29.45 crore (5.57 *per cent*) in the previous year (accounts finalised up to September 2006). Similarly, the capital employed and total return thereon in the case of four working Statutory corporations as per their latest finalised accounts (up to 30 September 2007) worked out to Rs.810.81 crore and (-) Rs.966.50 crore respectively, against the total return of (-) Rs.965.50 crore in the previous year (accounts finalised up to September 2006).

Reforms in power sector

Status of implementation of MoU between the State Government and the Central Government

1.14 In pursuance of the decisions taken at the Chief Ministers' conference (March 2001) on Power Sector Reforms, a Memorandum of Understanding (MOU) was signed (26 March 2001) between the Union Ministry of Power and the Department of Power of the State as a joint commitment for implementation of the reforms programme in the power sector, with identified milestones.

The status of implementation of reforms programme against each commitment made in the MOU is given in next page:

* Capital employed represents net fixed assets (including capital work-in-progress) and working capital except in finance companies and corporations where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

** For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the Profit and Loss account.

Sl. No.	Commitment as per MOU	Targeted completion schedule	Status (As on 31 March 2007)
Commitments made by the State Government			
1.	Reduction of Transmission and Distribution (T&D) losses	To reduce T&D losses to 20 per cent by 31 March 2002	39.10 per cent
2.	100 per cent electrification of all villages	31 March 2007	Not yet achieved
3.	100 per cent metering of all distribution feeder	31 July 2001	Not yet completed.
4.	100 per cent metering of all consumers	31 December 2001	41,844* unmetered consumers are yet to be metered.
5.	Securitisation of outstanding dues of Central Public Sector Undertakings	30 September 2001	Power Bonds issued by the Government of Assam in 2003.
6.	Online computerised billing in all major towns	31 March 2002	Not yet achieved
7.	To bring down the level of ASEB's receivable to 60 days billing	March 2002	Not yet achieved.

1.15 In furtherance of the electricity reforms, the State Government reorganised Assam State Electricity Board (Board) and transferred the functions of generation, transmission and distribution of power to five newly incorporated companies w.e.f. 1 April 2005.

1.16 The Assam Electricity Regulatory Commission (AERC) was formed (14 August 2001) under Section 17 of the Electricity Regulatory Commissions Act, 1998** with the main objective of determining electricity tariff, to regulate power purchase and procurement process of transmission and distribution utilities, to promote competition, efficiency and economy in the activities of the electricity industry. The Commission is a body corporate and comprises of one member, who is appointed by the State Government. The audit of accounts of the Commission has been entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003. The Commission had not finalised even its first account so far (September 2007).

Non-working Public Sector Undertakings (PSUs)

Investment in non-working Government companies

1.17 As on 31 March 2007, the total investment in 10 non-working companies was Rs.83.01 crore*** (equity: Rs.25.11 crore and long term loans: Rs.57.90 crore) against the total investment of Rs.68.26 crore (equity:

* The Board has not reconciled the figure with the records maintained at the Divisions.

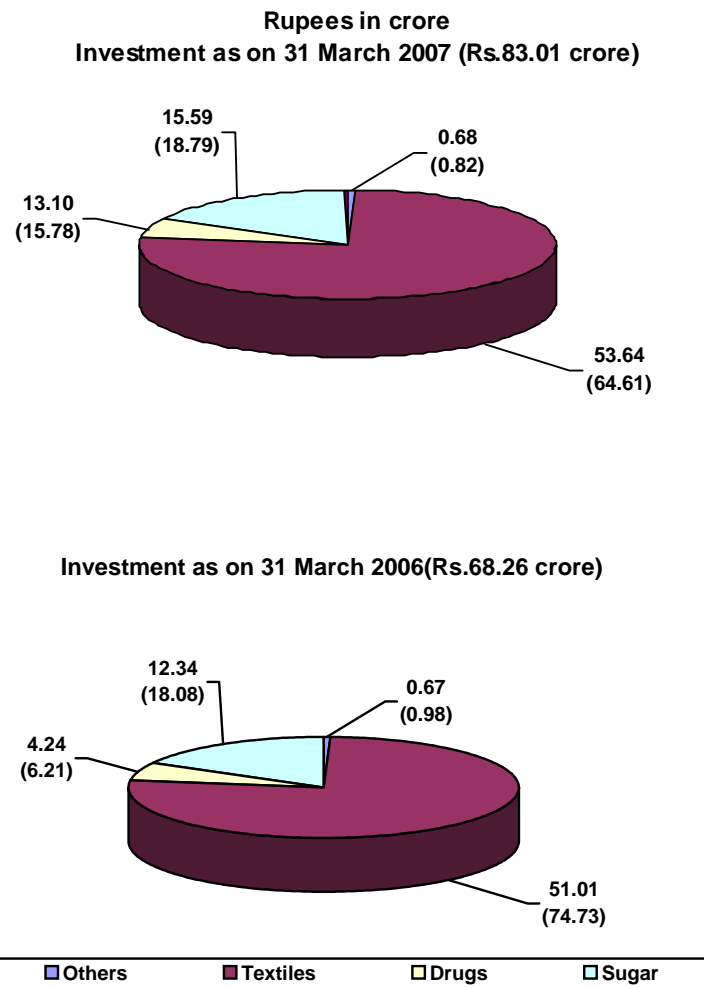
** Since replaced by the Electricity Act, 2003.

*** Government's investment was Rs.39.62 crore (others Rs.43.39 crore). Figure as per Finance Accounts 2006-07 is Rs.22.01 crore. The difference is under reconciliation.

Rs.29.65 crore and long term loans: Rs.38.61 crore) in 10 non-working companies as on 31 March 2006.

Sector-wise investment in non-working Government companies

1.18 The investment (equity and long term loans) in PSUs under various sectors and percentage thereof at the end of 31 March 2007 and 31 March 2006 are indicated in the pie charts given below:



(Figures in brackets indicate percentage)

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity of non-working PSUs

1.19 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to non-working PSUs are given in *Annexures 1 and 3*.

During the year 2006-07, only two companies, viz, Assam State Weaving and Manufacturing Company Limited and Fertichem Limited received budgetary support in the form of grants of Rs.11.81 crore. Guarantee outstanding against Cachar Sugar Mills Limited at the end of March 2007 was Rs.12.22 crore. The State Government waived loan of Rs.5.43 crore outstanding and interest of Rs.4.24 crore due there on against Fertichem Limited during the year.

Total establishment expenditure of non-working PSUs

1.20 According to the available information, the year-wise details of total establishment expenditure of non-working PSUs and the sources of its financing during the last three years up to 2006-07 are given below:

Year	Number of PSUs	Total establishment expenditure	Financed by holding company
		(Rupees in crore)	
2004-2005	4	0.33	0.33
2005-2006	4	1.76	1.76
2006-2007*	2*	0.10	0.10

Finalisation of accounts by non-working PSUs

1.21 The accounts of all the 10 non-working companies were in arrears for periods ranging from six to 24 years as on 30 September 2007 as can be seen from **Annexure 2**. Three companies had finalised three Accounts for the previous years during the period from October 2006 to September 2007.

Financial position and working results of non-working PSUs

1.22 The summarised financial results of the non-working Government companies as per their latest finalised accounts are given in **Annexure 2**.

The details of paid-up capital, net worth, cash loss and accumulated loss of non working PSUs as per their latest finalised accounts are given below:

Sl. No.	Name of the company	Paid-up capital	Net worth**	Cash loss***	Accumulated loss
		(Rupees in lakh)			
(1)	(2)	(3)	(4)	(5)	(6)
1.	Assam Tanneries Limited	2.40	(-) 1.39	0.12	3.79
2.	Industrial Papers (Assam) Limited	39.93	39.93	Commercial function not started	
3.	Amtron Sen Electronics Limited	2.00	1.80	0.77	0.20
4.	Assam Spun Silk Mills Limited	169.59	(-) 184.02	5.90	353.61
5.	Assam Polytex Limited	526.01	314.65	Commercial function not started	

* Out of 10 Non-working companies only 6 companies have furnished information.

** Net worth represents paid-up capital plus free reserves less accumulated losses.

*** Cash loss calculated after adding depreciation to the net loss.

Audit Report (Commercial) for the year ended 31 March 2007

Sl. No.	Name of the company	Paid-up capital	Net worth**	Cash loss***	Accumulated loss
(1)	(2)	(3)	(4)	(5)	(6)
6.	Assam Syntex Limited	511.50	(-) 2,398.62	395.07	2,910.12
7.	Assam State Weaving and Manufacturing Company Limited	1,155.11	609.29	112.83	535.82
8.	Assam Meghalaya Mineral Development Corporation Limited	23.44	14.71	0.73	8.73
9.	Cachar Sugar Mills Limited	337.85	(-) 912.93	89.15	1,250.78
10.	Fertichem Limited	199.85	(-) 1,458.00	141.76	1,657.85
Total		2,967.68	(-) 3,974.58	520.67	6,720.90

Budgetary support to non-working/sick PSUs--status of non-working/sick PSUs

1.23 As per the provision of section 3 (1) (O) of the Sick Industrial Companies (Special Provision) Act, 1985 (SICA), a sick industrial company means an industrial company which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.

As on 31 March 2007, nine*** companies (**Annexure 7**) were sick according to the yardstick prescribed in SICA as per their latest finalised accounts. These included five**** companies declared (September 1993 – April 2001) by the State Government as Relief Undertakings under the Assam State Industrial Relief Undertakings (Special Provision) Act, 1989 (IRUA).

Two***** more companies though not sick as per SICA yardstick were declared as Relief Undertakings by the State Government under the aforesaid Act.

The present operational status of these companies is given in **Annexure 7**.

The State Government disbursed interest bearing loan of Rs.10.22 crore to Assam Industrial Development Corporation Limited during the period from 1991 to March 2007 under the scheme of modernisation/revitalisation with specific instruction for onward transmission of the same to Relief Undertakings for making payment of salaries, wages and implementation of Voluntary Retirement Scheme (VRS).

** Net worth represents paid-up capital plus free reserves less accumulated losses.

*** Cash loss calculated after adding depreciation to the net loss.

**** Sl. Nos. 1, 2, 4, 5, 7, 8, 9, 10 and 11 of Annexure-7.

***** Sl. Nos. 1,2,4,5,7 of Annexure-7.

***** Sl. Nos. 3 and 6 of Annexure-7.

Status of placement of Separate Audit Reports of Statutory corporations in the Legislature

1.24 The following table indicates the status of placement of Separate Audit Reports (SARs) on the accounts of Statutory corporations as issued by the CAG, in the State Legislature by the State Government:

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
1.	Assam State Electricity Board	2003-2004	1996-1997* 2001-2002 2002-2003 2004-2005	February 2000 July 2003 May 2004 May 2006
2.	Assam State Warehousing Corporation	2000-2001	2001-2002	January 2007

The main reason for non-placement of these SARs was attributed to delay in printing of Annual Reports alongwith SARs by the concerned Corporation/Board.

Disinvestments, privatisation and restructuring of Public Sector Undertakings

Re-structuring programme of Government of Assam

1.25 Operations of Assam Syntex Limited have been leased out to a private party in March 2003 in terms of MOU on Mid Term Fiscal Reforms. The management of Assam State Textile Corporation Limited was handed over to a private firm in 1993. The State Government decided to close six companies but the closure of these companies** have not materialised so far (September 2007).

Results of audit of accounts of PSUs by the Comptroller and Auditor General of India

1.26 During the period from October 2006 to September 2007, the accounts of 11 working Government companies and one Statutory corporation were selected for supplementary audit. The net impact of the important audit observations as a result of audit of the PSUs was as follows:

* Information about placement of these SARs is not available.

** Cachar Sugar Mills Limited, Assam Spun Silk Mills Limited, Fertilchem Limited, Assam State Minor Irrigation Development Corporation Limited, Assam State Weaving and Manufacturing Company Limited and Assam Agro Industries Development Corporation Limited

Details	Working Government companies	Working Statutory corporations	Working Government companies	Working Statutory corporations
	No. of accounts		(Rupees in lakh)	
Increase in profit	1	1	32.69	19.73
Increase in loss	3	-	1,118.13	-
Decrease in profit	2	-	227.44	-
Non-disclosure of material facts	3	1	350.99	1,302.79
Errors of classification	2	-	811.67	-

Errors and omissions noticed in case of Government companies/ Statutory corporations

Some of the major errors and omissions noticed in the course of audit of annual accounts of some of the above companies and corporations are mentioned below:

Assam Industrial Development Corporation Limited (2005-06)

1.27 Under-provision of diminution in the market value of investment made (shares) by the Company resulted in understatement of its loss for the year by Rs.10.07 crore.

Assam Petrochemicals Limited (2005-06)

1.28 Current liabilities and provisions were understated by Rs.1.46 crore due to non-provision of arrears of pay and allowance payable to staff.

Assam Gas Company Limited (2005-06)

1.29 Non-capitalisation of interest earned on fixed deposits of surplus loan earmarked for plant and machinery resulted in overstatement of profit for the year by Rs.45.80 lakh.

Recoveries at the instance of Audit

1.30 Test check of records of Assam State Electricity Board conducted during April 2006 to March 2007 disclosed short deduction of Assam Professional Tax, non-realisation of revised load security, energy bill, fixed charge, compensation bill, doubtful regularization of excess load, under recovery of revenue aggregating Rs.1.29 crore. The Board accepted the observations pointed out by Audit and a sum of Rs.0.42 crore was recovered. Similarly, Audit pointed out misappropriation of revenue, non-realisation of lease money, probable loss on doubtful recovery of loan, fraudulent drawal of loan by Assam State Transport Corporation (ASTC) aggregating Rs.0.39 crore out of which an amount of Rs.0.11 crore was recovered.

Internal audit/Internal control

1.31 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/ internal control system in the companies audited by them, in accordance with the directions issued by the Comptroller and Auditor General of India under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which need improvement. Accordingly, the Statutory Auditors had observed deficiencies in respect of the internal audit system in case of ten companies and one corporation, during the year 2005-06. Comments in respect of these companies/corporations were of the following nature:

- Internal audit and internal control in eight PSUs required to be strengthened keeping in view the size and nature of their business.*
- No internal audit was conducted** in one company.
- There were lapses in internal control procedures with regard to stores, raw materials, purchases and sale of goods and assets*** in two PSUs.
- No Internal Auditor was appointed for checking of books and records**** in two PSUs.

Recommendations for closure of PSUs

1.32 Even after completion of 16 to 53 years of their existence, the turnover of 18 Government companies (all working) and one Statutory corporation***** had been less than Rupees five crore in each of the preceding five years as per their latest finalised accounts (**Annexure-8**). In view of the poor turnover and continuous losses, the Government may either initiate measures to improve the performance of the above 18 Government companies or consider their closure. The Government may also like to consider the merger of Assam Financial Corporation (AFC) with the Assam Industrial Development Corporation (AIDC) since their functions are identical in nature. Moreover, the turnover of AFC is less than Rupees five crore with losses for consecutive five years leading to negative net worth (**Annexure-8**).

Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

1.33 The following table indicates the details regarding number of reviews and paragraphs discussed by COPU by the end of September 2007:

* Sl. Nos. A-1, 2, 4, 11, 20, 24, 25 and C-7 of Annexure-2.

** Sl. Nos. A-4 of Annexure-2.

*** Sl. No. C-2 and 7 of Annexure-2.

**** Sl. Nos. B-4 and C-2 of Annexure-2.

***** Assam State Financial Corporation

Audit Report (Commercial) for the year ended 31 March 2007

Period of Audit Report	No. of reviews and paragraphs appeared in Audit Report		No. of reviews and paragraphs discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
1989-1990	4	19	4	14
1990-1991	3	15	1	14
1991-1992	2	10	-	6
1992-1993	2	6	1	-
1993-1994	3	13	-	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	-	2
2001-2002	2	14	-	5
2002-2003	3	13	1	13
2003-2004	1	16	1	13
2004-2005	2	11	1	2
2005-2006	3	11	1	-
Total	45	219	23	131

During the period from October 2006 to September 2007, the COPU held seven meetings and discussed three reviews and 21 draft paragraphs contained in Audit Reports (Commercial) for the years 2001-02 to 2005-06.

619-B Companies

I.34 There was no company within the provisions of Section 619-B of the Companies Act, 1956.