

OVERVIEW

1. Overview of Government companies and Statutory corporations

As on 31 March 2007, 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.

(Paragraph 1.1)

The total investment in working PSUs increased from Rs.1,984.18 crore as on 31 March 2006 to Rs. 2,622.86 crore as on 31 March 2007. The total investment in 10 non-working PSUs increased from Rs.68.26 crore as on 31 March 2006 to Rs.83.01 crore as on 31 March 2007.

(Paragraphs 1.2 and 1.17)

The budgetary support in the form of equity capital, loans and grants/subsidies disbursed to the working PSUs decreased from Rs.1,595.57 crore in 2005-2006 to Rs.404.64 crore in 2006-07. The State Government did not guarantee any loans during 2006-07. As on 31 March 2007, guarantees aggregating Rs.251.52 crore were outstanding against five working Government companies (Rs.243.52 crore) and one Statutory corporation (Rupees eight crore).

(Paragraph 1.6)

None of the working Government companies and Statutory corporations have finalised their accounts for the year 2006-07. The accounts of the 35 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 22 years as on 30 September 2007. Accounts of 10 non-working Government companies were in arrears for periods ranging from six to 24 years as on 30 September 2007.

(Paragraphs 1.7 and 1.21)

According to the latest finalised accounts, six Government companies earned an aggregate profit of Rs.36.82 crore. Against this, 29 working PSUs (25 Government companies and four Statutory corporations) incurred an aggregate loss of Rs.1,068.94 crore. Four companies had not commenced commercial activities and did not prepare profit and loss accounts. Of the 25 loss incurring Government companies, 12 companies had accumulated losses aggregating Rs.143.52 crore, which exceeded their paid up capital of Rs.28.65 crore. Three loss incurring Statutory corporations had accumulated losses aggregating Rs.6,192.93 crore, which exceeded their aggregate paid up capital of Rs.1,531.16 crore.

(Paragraphs 1.8, 1.10 and 1.11)

2. Performance review in respect of Government Company

Assam Seeds Corporation Limited

Production, procurement, storage and sales of seeds by Assam Seeds Corporation Limited

Assam Seeds Corporation Limited was incorporated (January 1967) under the Companies Act, 1956 with the main objective of procuring and producing certified seeds and marketing it at reasonable prices.

The present activities of the Company are, however, restricted mainly to supply of certified seeds to the Director of Agriculture (DOA), Government of Assam for implementation of various developmental schemes sponsored by the State and the Central Government. Open market operations involving direct sales of seeds to non-governmental agencies and farmers are almost non-existent.

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

Purchase of total quantity of 19,427.50 quintals of wheat at ex-plant rates from private parties instead of at FOR rates from a State Government company resulted in excess avoidable expenditure of Rs.19.47 lakh.

(Paragraph 2.8.8)

The Company was eligible to receive Central Transport Subsidy against expenditure incurred on transportation. Non-submission of required certificate and challans resulted in short receipt of transport subsidy of Rs.33.29 lakh. Further, against the certified amount of Rs.2.64 crore for the years 2003-04 and 2004-05, the Company received only Rs.2.44 crore, resulting in short receipt of Rs.20.37 lakh.

(Paragraph 2.8.11)

The Company sold 2,494.99 quintals of seeds as non-seeds for Rs.23.30 lakh against procurement price of Rs.47.55 lakh without the approval of the BODs.

(Paragraph 2.9.6)

The Company irregularly advanced money to the officers of the Directorate of Agriculture, mostly against acknowledgement on plain papers without obtaining any undertaking. The Directorate neither made repayment of advances since December 2002 nor confirmed the outstanding amount of Rs.20.54 lakh.

(Paragraph 2.10)

The Company had incurred an avoidable expenditure of Rs.6.51 crore on pay and allowances of 120 surplus employees during April 2002 to March 2007 due to non utilisation of available funds and non-receipt of further funds for VRS.

(Paragraph 2.12.1)

Against alleged misappropriation of Rs.1.87 crore detected before October 2001, the Company recovered only Rs.5.62 lakh upto July 2006. No deterrent penal action was taken in any of the case.

(Paragraph 2.13)

3. Performance review relating to Statutory Corporation

Assam State Electricity Board

Implementation of Accelerated Power Development and Reform Programme in Assam State Electricity Board

Accelerated Power Development Programme was launched by the Union Ministry of Power in 2000-01, which was rechristened as Accelerated Power Development and Reform Programme (APDRP) in 2002-03. APDRP is being implemented with the main objective of up-gradation of sub-transmission and distribution system (33KV and below) including energy accounting and metering with the financial support of the MOP.

(Paragraph 3.1)

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

There was delay in release of funds to the Board by the State Government resulting in penal interest liability of Rs.13.43 crore. The Board also diverted funds amounting to Rs.6.98 crore towards expenditure on items not covered under APDRP scheme.

(Paragraph 3.8.1)

The State Government and the Board failed to achieve most of the milestones/conditions set out in the MOU and the MOA respectively. The T&D losses ranged between 36.23 to 44.02 *per cent*.

(Paragraphs 3.11, 3.12 and 3.13.2)

There was delay of two to 37 months in the completion of the projects under APDRP mainly due to lack of proper planning, monitoring and control.

(Paragraph 3.10.1)

The Board paid Rs.2.11 crore in excess, being the value of 21,890 consumer meters not supplied by the contractors.

(Paragraph 3.10.5)

The Board incurred extra expenditure of Rs.3.10 crore on procurement of PSC poles from the turnkey contractors at higher rates.

(Paragraph 3.10.8)

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 irregular sanction of equity capital, non-recovery of dues, payment of penal interest, loss of revenue/non-realisation of revenue *etc.*, amounting to Rs.4.58 crore.

(Paragraphs-4.1, 4.5, 4.8, 4.9, 4.10, 4.11 and 4.12)

- There were cases of excess payment, avoidable expenditure and infructuous payment amounting to Rs.0.86 crore.

(Paragraphs-4.4, 4.6 and 4.7)

- There was a case of loss of Rs.20.88 crore due to delay in completion of a project.

(Paragraphs-4.3)

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

Assam Gas Company Limited incurred loss of Rs.20.88 crore due to delay in completion of the gas transportation system.

(Paragraph 4.3)

Assam State Transport Corporation failed to enforce the terms and conditions of the agreement on defaulting private owners, resulting in revenue loss of Rs.1.03 crore.

(Paragraph 4.8)

Assam State Electricity Board suffered revenue loss of Rs.2.22 crore due to wrong categorisation of consumers.

(Paragraph 4.9)

Assam Industrial Development Corporation Limited extended undue benefit to a unit by releasing Rs.20 lakh as equity participation having authorised capital of Rs.10 lakh only, having two sets of names in the Memorandum and Articles of Association, which was violation of the provisions of the Companies Act, 1956 and where the then Chairman of the Company was related to a promoter of the unit.

(Paragraph 4.1)