

Overview**1. Overview of Government companies and Statutory corporations**

As on 31 March 2008, the State had 50 Public Sector Undertakings (PSUs) comprising 46 Government companies and four Statutory corporations. Out of 46 Government companies, 36 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. 2,622.86 crore as on 31 March 2007 to Rs. 2,803.78 crore as on 31 March 2008. The total investment in 10 non-working PSUs increased from Rs. 83.01 crore as on 31 March 2007 to Rs. 85.50 crore as on 31 March 2008.

(Paragraphs 1.2 and 1.17)

The budgetary support in the form of equity capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs. 404.64 crore in 2006-07 to Rs. 488.39 crore in 2007-08. As on 31 March 2008, guarantees aggregating Rs. 286.73 crore were outstanding against four working Government companies (Rs. 282.73 crore) and one Statutory corporation (Rupees four crore).

(Paragraph 1.6)

Out of 36 working Government companies and four working Statutory corporations, only one company had finalised its accounts for the year 2007-08. The accounts of 35 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 23 years as on 30 September 2008. Accounts of 10 non-working Government companies were in arrears for periods ranging from four to 25 years as on 30 September 2008.

(Paragraphs 1.7 and 1.21)

According to the latest finalised accounts, five Government companies and one Statutory corporation earned an aggregate profit of Rs. 38.35 crore and Rs. 0.41 crore respectively. Against this, 31 working PSUs (28 Government companies and three Statutory corporations) incurred an aggregate loss of

Rs. 295.79 crore. Two companies had not prepared the profit and loss accounts, as they have not commenced commercial activities and one company is yet to finalise its first accounts. Of the 28 loss incurring Government companies, 20 companies had accumulated losses aggregating Rs. 393.04 crore, which exceeded their paid up capital of Rs. 132.24 crore. Three loss incurring Statutory corporations had accumulated losses aggregating Rs. 642.87 crore, which exceeded their aggregate paid up capital of Rs. 281 crore.

(Paragraphs 1.8, 1.10 and 1.11)

The State Government under the reform programme of Assam Governance and Public Resource Management has declared closure of 10 companies. But the winding up process was not initiated till date.

(Paragraph 1.25.3)

2. Performance review relating to Government Company

Assam Power Generation Corporation Limited

Implementation of Karbi-Langpi Hydro Electric Project

Karbi-Langpi Hydro Electric Project (KLHEP) was sanctioned (September 1979) by the Planning Commission at an estimated cost of Rs. 36.36 crore with an installed capacity of 100 MW (two units of 50 MW each) and was scheduled to be commissioned by 1986. The execution of the project was the responsibility of Assam State Electricity Board (ASEB) upto March 2005 and that of Assam Power Generation Corporation Limited (APGCL) thereafter due to restructuring of ASEB. The project was finally completed and commissioned in January 2007 and March 2007 at a total cost of Rs. 414 crore, involving cost overrun of Rs. 377.64 crore and time overrun of 20 years. The execution of the project was reviewed in audit for the period April 2000 to March 2007. Some of the important audit findings are as under:

- Delay of over four years and a cost overrun of Rs. 49.22 crore could have been avoided had the Government provided a counter-guarantee for a loan from Power Finance Corporation Limited promptly instead of delaying it by over four years.
- Deficient execution of the project activities led to avoidable extra expenditure of Rs. 10.40 crore.
- Appointment of a consultant in November 2004 for implementation of project ensured that the balance work of the project was completed in March 2007 with minimum delays subsequent to his appointment.

3. Performance review relating to Statutory Corporation

Assam State Warehousing Corporation

Construction and operation of warehouses

Assam State Warehousing Corporation (Corporation) was established in August 1958 under the Agricultural Produce (Development and Warehousing) Corporation Act, 1956 (subsequently replaced by Warehousing Corporation Act, 1962), with the main objective of construction and maintenance of warehouses in the State for storage of agricultural produce, fertilisers, seeds *etc.* The activities of the Corporation for the period 2003-04 to 2007-08 were reviewed in audit and some of the important findings were as follows:

- Utilisation of warehouses declined from 71.61 *per cent* in 2003-04 to 65.56 *per cent* in 2005-06 but increased to 70 *per cent* in 2007-08 against the norm of 75 *per cent*. Underutilisation was attributable to unplanned creation of storage capacity and lack of scientific storage facilities.
- Against rebate of 15 *per cent* on tariff allowed by the Board, the Managing Director extended rebate upto 77.35 *per cent* and sustained loss of Rs. 1.34 crore in four centres during 2003-04 to 2007-08, besides loss of potential revenue of Rs. 63.09 lakh at two centres.
- The Corporation incurred revenue loss of Rs. 40.41 lakh and also had foregone potential revenue of Rs. 43.66 lakh due to unjustified de-rating of centres.
- The Corporation never followed its laid down credit policy and as a result total accumulated dues from the clients as on October 2007 stood at Rs. 5.53 crore.

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 of revenue, short realisation of dues/extra interest burden/agency charge *etc.*, amounting to Rs. 1.53 crore.

(Paragraphs 4.5, 4.9, 4.11, 4.12, 4.13, 4.14)

Audit Report (Commercial) for the year ended 31 March 2008

- There were cases of avoidable expenditure/infructuous expenditure/excess expenditure/undue benefit/diversion of fund/blockage of funds *etc.*, amounting to Rs. 3.50 crore.

(Paragraphs 4.2, 4.6, 4.7, 4.8, 4.10, 4.15)

- There were instances of loss amounting to Rs. 1.78 crore due to:
 - ⇒ Delay in disposal of coal
 - ⇒ Delay in opening of Letter of Credit
 - ⇒ Non-recovery of loan
 - ⇒ Non-recovery of penalty

(Paragraphs 4.1, 4.3, 4.4, 4.16)

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

Assam Power Generation Corporation Limited sustained a loss of Rs. 48.15 lakh due to delay in disposal of coal.

(Paragraph 4.1)

Assam Industrial Development Corporation Limited could not realise loan amounting to Rs. 1.06 crore due to failure to take timely action against the firm.

(Paragraph 4.4)

Lower Assam Electricity Distribution Company Limited extended the undue benefit of Rs. 37.88 lakh to a consumer by way of downward revision of bills and non-realisation of surcharge on delayed payment.

(Paragraph 4.8)

Assam Electronics Development Corporation Limited incurred unrealised dues of Rs. 43.09 lakh with an additional liability of Rs. 90.41 lakh towards interest on account of assistance to backward classes of the State, an activity that it was not mandated to undertake.

(Paragraph 4.15)