

## OVERVIEW

### 1. Over view of Government companies and Statutory corporations

As on 31 March 2003, the State had 42 Public Sector Undertakings (PSUs) comprising 38 Government companies and four Statutory corporations, as against the same number of PSUs as on 31 March 2002. Out of 38 Government companies, 28 were working Government companies while 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.4,052.98 crore as on 31 March 2002 to Rs.4093 crore as on 31 March 2003. The total investment in 10 non-working PSUs increased from Rs.82.67 crore as on 31 March 2002 to Rs.86.90 crore as on 31 March 2003.

*(Paragraphs 1.2 & 1.21)*

The budgetary support in the form of capital, loans and grants/subsidies disbursed to the working PSUs decreased from Rs.126.70 crore in 2001-2002 to Rs.68.69 crore in 2002-2003. The State Government guaranteed loans aggregating to Rs.35 crore, to three working PSUs during 2002-2003.

*(Paragraphs 1.6)*

The total amount of outstanding loans guaranteed by the State Government to all PSUs as on 31 March 2003 was Rs.866.84 crore.

*(Paragraph 1.6 & 1.22)*

None of the working Government companies and Statutory corporations have finalised their accounts for the year 2002-2003. The accounts of the 28 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 20 years as on 30 September 2003. Accounts of 10 non-working Government companies were in arrears for periods ranging from 7 to 20 years as on 30 September 2003.

*(Paragraphs 1.7 & 1.24)*

According to latest finalised accounts, six working PSUs (five Government companies and one Statutory corporation) earned aggregate profit of Rs.17.10 crore. Against this, 25 working PSUs (22 Government companies and three Statutory corporations) incurred an aggregate loss of Rs.702.44 crore as per

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latest finalised accounts. One company had not commenced commercial activities. Of the 22 loss incurring Government companies, 10 companies had accumulated losses aggregating Rs.153.65 crore, which exceeded their paid up capital of Rs.53.53 crore by more than two times. Similarly, three loss incurring Statutory corporations had accumulated losses aggregating Rs.4694.82 crore, which exceeded their aggregate paid up capital of Rs.1531.16 crore by more than two times.

***(Paragraph 1.8, 1.10 & 1.12)***

In Assam State Electricity Board, the percentage of transmission and distribution losses to total power available for sale had increased from 39.80 *per cent* in 2000-2001 to 44.02 *per cent* in 2001-2002 and decreased to 40.57 *per cent* in 2002-2003. Similarly, in Assam State Transport Corporation, average number of vehicle held decreased from 437 in 2000-2001 to 372 in 2002-2003.

***(Paragraph 1.14 & 1.15)***

Even after completion of 13 to 49 years of their existence, the individual turnover of 20 Government companies (working: 15, non-working: 5) and two Statutory corporations have been less than Rupees five crore in each of the preceding five years of latest finalised accounts. Further, three working Government companies and two Statutory corporations had been incurring losses for five consecutive years as per their latest finalised accounts leading to negative net worth. As such, the Government may either improve the performance of these 23 Government companies and two Statutory corporations or consider their closure.

***(Paragraph 1.39)***

## **2. Review relating to Government companies**

### ***2.1 Assam Tourism Development Corporation Limited***

#### ***Review on the performance and workings of Assam Tourism Development Corporation Limited.***

The Company was incorporated in June 1988 with the main objective of developing and promoting tourism in the State. The accumulated loss of Rs.53.49 lakh as on 31 March 2001 had completely eroded the paid up capital of Rs.29 lakh. Interest income from fixed deposits made out of capital grants-in-aid received from the Governments constituted 36.47-67.58 *per cent* of its annual income during the five years period ending 31 March 2001. Funds received from the Government for specific schemes/projects were diverted for purposes not envisaged in the sanctioned schemes. Due to lack of planning and professional approach in the management of business of the Company, the tourism potential of the State remained largely untapped. Some of the major points noticed during the review were as follows: -

Delay in finalisation of accounts was due to lack of proper initiatives on the part of the Management.

***(Paragraph 2.1.6)***

Out of Rs.24.07 crore received towards capital grants-in-aid up to March 2003, the company utilised Rs.12.70 crore, held a cash and bank balance of Rs.10 crore and diverted Rs.1.37 crore for other purposes.

***(Paragraph 2.1.12)***

The Company could not complete 15 schemes even after a lapse of 12 to 144 months from their scheduled date of completion.

***(Paragraph 2.1.15)***

In eight schemes, the company failed to put the assets to use, which rendered the investment of Rs.1.31 crore remaining unutilised for a period of 4 to 79 months.

***(Paragraph 2.1.16)***

## ***2.2 Ashok Paper Mills (Assam) Limited***

### ***Implementation of revival package under 'Assam Accord'***

In accordance with the provisions of Section 7 (i) of the 'Jogighopa (Assam) unit of Ashok Paper Mills Limited (Acquisition and Transfer of Undertaking) Act, 1990', Ashok Paper Mills (Assam) Limited was formed as a Government company and was incorporated in January 1991 under the Companies Act, 1956.

Government of India, as per its commitment made under the 'Assam Accord' sanctioned (March 1990) Rs.67.08 crore as rehabilitation package for revival of the Ashok Paper Mills (Assam) Limited, but the Company failed to avail the package till February 1995. From May 1995 to March 2002, the Government of India released Rs.19.19 crore out of which Rs.18.07 crore could be utilised and the balance (Rs.1.12 crore) was retained by the Company.

Though attempt was made two times in March 1995 and July 2000 to lease out the mill but due to lack of expertise and control/monitoring over the activities of the lessees, the objectives of the revival package could not be achieved so far. Some major points noticed during audit were as under: -

Well before the decision of the High Power Empowered Committee in January 1995, the State Government on their own decided (May 1994) to award the contract in favour of M/s Sanghi Group of Industries.

***(Paragraph 2.2.9)***

The lessee in connivance with the then Managing Director had defrauded the Company and transferred assets worth Rs.5.19 crore on sale and lease basis.

*(Paragraph 2.2.12)*

The Company had to suffer revenue loss of Rupees five crore due to insertion of a clause in the lease deed not in conformity with the intent and purpose of the MoU.

*(Paragraph 2.2.13)*

### **3 Review relating to Statutory corporation**

#### *Assam State Electricity Board (ASEB)*

#### *Review on Material Management in Assam State Electricity Board*

Material Management is an integrated approach to the planning, procurement and utilisation of materials. The average annual outgo on purchase of stores by Assam State Electricity Board during the four years ending 31 March 2002 was Rs.57.85 crore comprising capital stores (Rs.14.28 crore), operation & maintenance stores (Rs.5.64 crore), capital spares at generating stations (Rs.8.73 crore) and fuel (Rs.29.20 crore). The Assam State Electricity Board did not have a system of preparing detailed annual material budget. The Board also did not fix minimum, maximum and re-ordering level of stock in respect of any stock items. Purchases were made without proper assessment as to stock in hand and actual requirement and procurement was made either in excess or far in advance of requirements resulting into heavy accumulation of slow/non-moving items with consequential blockade of funds. Some major points noticed during review were as under: -

Distribution transformers and PSC poles of different capacities/sizes valued at Rs.10.59 crore and Rs.6.93 crore respectively were purchased in violation of Assam Preferential Stores Purchase Act, 1989.

*(Paragraph 3.5)*

Procurement of materials in excess/advance of actual requirements resulted in blockade of fund of Rs.1.79 crore with consequential loss of interest of Rs.86.32 lakh.

*(Paragraph 3.9 & 3.11)*

Incorrect allocation of power and fuel cost and interest on working capital while fixing the procurement price of AAA conductors resulted in excess expenditure of Rs.60 lakh during April 1999 to January 2003.

*(Paragraph 3.14)*

In absence of any laid down norms for stock holding, the actual stock held by the Board represented 37.01-210.95 months' consumption during four years period ending 31 March 2002.

*(Paragraph 3.16)*

Balances outstanding under Inter Unit Transfer Accounts, which were awaiting adjustment, ranged between 139.47 and 186.26 *per cent* of capital and operation & maintenance stores during four years period up to 31 March 2002.

*(Paragraph 3.18)*

#### **4. Miscellaneous topics of interest**

##### ***Assam Petrochemicals Limited***

Procurement of synthesis catalyst without considering the declining capacity utilisation of Methanol Unit-I and lead-time required for procurement, resulted in infructuous investment of Rs.52.90 lakh.

*(Paragraph 4.1)*

##### ***Assam Gas Company Limited***

Erroneous evaluation of tenders resulted in excess expenditure of Rs.21.48 lakh.

*(Paragraph 4.3)*

Borrowing of funds at higher rate of interest despite having sufficient fund in its own account was unjustified and resulted in avoidable expenditure of Rs.1.26 crore.

*(Paragraph 4.4)*

Awarding of works at higher rates led to extra expenditure of Rs.83 lakh.

*(Paragraph 4.5)*

##### ***Assam State Electricity Board (ASEB)***

Limitation of compensation period to three days instead of the laid down provision for six months in case of malpractices resulted in loss of Rs.45.53 lakh and in another case assessment bill for Rs.1.31 crore could not be preferred even after lapse of more than three years.

*(Paragraph 4.7)*

Unauthorised release of power and inaction on the part of the Management to initiate appropriate action against the consumer and the delinquent official led to revenue loss of Rs.33.31 lakh.

*(Paragraph 4.8)*

Injudicious decision of Assam State Electricity Board to take up renovation and modernisation works of Chandrapur Thermal Power Station without ensuring future operation of the plant resulted in blockade of borrowed funds of Rs.1.11 crore and additional financial burden of Rs.51 lakh towards payment of interest and other charges.

***(Paragraph 4.10)***

Failure to take appropriate timely action resulted in accumulation of arrears of Rs.1.88 crore, which remained unrealised.

***(Paragraph 4.11)***