REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

(COMMERCIAL)

FOR THE YEAR ENDED 31 MARCH 2010

REPORT NO. 4

GOVERNMENT OF ASSAM

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Table of contents

Preface

Government commercial enterprises, the accounts of which are subject to audit by the Comptroller and Auditor General of India (CAG), fall under the following categories:

- Government companies,
- Statutory corporations, and
- Departmentally managed commercial undertakings.

2. This Report deals with the results of audit of Government companies and Statutory corporations including Assam State Electricity Board and has been prepared for submission to the Government of Assam under Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil) - Government of Assam.

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Assam State Transport Corporation and the Assam State Electricity Board, which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of Assam Financial Corporation, he has the right to conduct audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Assam State Warehousing Corporation, he has the right to conduct audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Assam State Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations/commission are forwarded separately to the State Government.

5. The cases mentioned in this Report are those, which came to notice in the course of audit during the year 2009-10 as well as those, which came to notice in earlier years, but were not dealt with in the previous reports. Matters relating to the period subsequent to 2009-10 have also been included, wherever considered necessary.

6. Audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2010, the State of Assam had 39 working PSUs (35 companies and 4 Statutory corporations) and 10 non-working PSUs (all companies), which employed 31,372 employees. The working PSUs registered a turnover of ₹ 3,519.57 crore for 2009-10 as per their latest finalised accounts. This turnover was equal to 4.00 *per cent* of State GDP indicating an important role played by State PSUs in the economy. However, the PSUs incurred a loss of ₹ 83.63 crore for 2009-10 and had accumulated losses of ₹ 1,278.52 crore.

Investment in PSUs

As on 31 March 2010, the investment (Capital and long term loans) in 49 PSUs was ₹ 2,747.72 crore. It decreased by 37.76 *per cent* from ₹ 4,415.04 crore in 2004-05. Power Sector accounted for 53.32 *per cent* of total investment in 2009-10. The Government contributed ₹ 387.99 crore towards loans and grants/subsidies during 2009-10.

Performance of PSUs

During the year 2009-10, out of 39 working PSUs, eleven PSUs earned profit of ₹ 68.12 crore and 25 PSUs incurred loss of ₹ 147.84 crore. The major contributors to profit were Assam Gas Company Limited (₹ 31.23 crore) and Assam Electricity Grid Corporation Limited (₹ 19.64 crore). The heavy losses were incurred by Central Assam Electricity Distribution Company Limited (₹ 38.91 crore), Assam Industrial Development Corporation Limited (₹ 30.82 crore) and Assam State Transport Corporation (₹ 23.50 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the State PSUs' losses of ₹ 1,093.45 crore and infructuous investments of ₹ 25.48 crore were controllable with better management.

Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of account of PSUs needs improvement. Although, all the 40 accounts finalised during October 2009 to September 2010, received qualified certificates from Statutory Auditors, there were 32 instances of non-compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

39 working PSUs had arrears of 348 accounts as of September 2010. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were 10 non-working companies. As no purpose is served by keeping these PSUs in existence, they need to be wound up quickly.

Placement of SARs

In respect of three out of four Statutory corporations, there was considerable delay in placement of SARs in legislature. This weakens legislative control over Statutory corporations. The Government should ensure prompt placement of SARs in the legislature.

(Chapter-I)

2. Performance review relating to Government company

Performance review relating to Assam Power Generation Corporation Limited was conducted. Executive Summary of Audit findings is given below:

Power is an essential requirement for all facets of life and has been recognized as a basic human need. In Assam, the generation of power is managed by the Assam Power Generation Corporation Limited (APGCL) which was incorporated in 23 October 2003 under the Companies Act, 1956. As on 31 March 2010, APGCL had two Thermal Power Stations (TPS) and one Hydel Power Station with installed capacity of 254 MW and 100 MW respectively. The turnover of APGCL was ₹ 331.32 crore in 2009-10 which was equal to 9.41 *per cent* and 0.38 *per cent* of the State PSU's turnover and State Gross Domestic Product respectively. It employed 1,386 employees as on 31 March 2010.

Capacity addition and project management

Against 1,855 MW being capacity addition envisaged by the Government of Assam (GOA) to meet the energy generation requirement in the State during 2005-10, the actual addition was 100 MW leaving a deficit of 1,755 MW. The State was not in a position to meet the demand as the power generated as well as purchased together fell short by 2,697.98 MU and 3,541.36 MU in 2005-06 and 2009-10 respectively due to shortfall in capacity addition.

One, out of four projects taken up for implementation during the period of review, scheduled to be completed by June 2008, remained incomplete even after a lapse of 28 months from the schedule. Progress of three other projects was also tardy. These projects have already incurred cost overrun of ₹ 377 crore.

Contract management

During 2005-10, contracts valuing ₹ 911.44 crore were awarded for execution. APGCL extended undue favour to Bharat Heavy Electricals Limited (BHEL) by reducing liquidated damage (LD) by ₹ 9.75 crore. The Company also incurred avoidable liability of ₹ 51 crore for not claiming excise duty benefit admissible under deemed export benefit of Foreign Trade Policy 2004-09.

Auxiliary consumption

The actual auxiliary consumption of the two TPS exceeded the norm fixed by AERC which resulted in excess consumption of 105.49 MU of energy which could have otherwise been despatched to the grid.

Operational performance

Performance of the existing generating stations depends on efficient use of material, manpower and capacity of the plant so as to generate maximum energy possible without affecting the long term operation of the plant.

Audit scrutiny of operational performance revealed the following:

Procurement of gas

The Company failed to arrange adequate gas required for generation of power by its two TPS. This resulted in loss of generation of 606.82 MU valuing ₹ 47.61 crore.

Consumption of gas

The heat consumption per unit of electricity generated ranged from 3,581 Kcal/unit to 4,022 Kcal/unit during the period 2005-10 as against 3,266 to 3,658 Kcal/unit being norms prescribed by the Assam Electricity Regulatory Commission (AERC) which resulted in excess consumption of gas valuing ₹ 51.58 crore.

Deployment of manpower

APGCL had 1,386 employees as on 31 March 2010. The actual manpower did not conform to the norms recommended in National Electricity Plan (NEP). The excess manpower entailed extra expenditure of ₹ 165.06 crore.

Plant Load Factor (PLF)

The average PLF of all the generating stations though increased from 36.17 *per cent* in 2005-06 to 61.02 *per cent* in 2009-10, it still remained below the national average of 77.22 *per cent*. The shortfall in generation with reference to national PLF worked out to 3,110.58 MU.

Outages

Total hours lost due to planned outages though decreased from six *per cent* in 2005-06 to 0.96 *per cent* in 2006-07, it again increased to 6.36 *per cent* in 2009-10. The forced outages though decreased over the five years from 46.46 to 19.77 *per cent* of the total available hours, it remained above the norm of 10 *per cent* fixed by Central Electricity Authority (CEA).

Financial management

Despite having sufficient fund in the fixed deposits, the Company resorted to bank overdraft to meet the cash deficit from operating activities. This resulted in avoidable interest liability of ₹ 68.86 lakh. Further, the Company suffered loss of interest of ₹ 4.31 crore on blocked funds due to holding of inventory in excess of norms of Central Electricity Regulatory Commission (CERC).

Environmental Issues

The Company did not address the environmental issues in proper perspective as it was not equipped with the facilities for monitoring and control of environmental pollution. Although, all the four ongoing projects were eligible for carbon credit benefit, APGCL failed to initiate action for registration of the project as Clean Development Mechanism project at the DPR stage due to lack of awareness. The company lost potential revenue of ₹ 69.32 crore in the form of carbon credit in Lakwa Waste Heat Recovery Project. Benefit that would have been available in respect of three other projects have also not been worked out by the Company.

Conclusion and Recommendations

The deficiencies in the Company's functioning are controllable and there is scope to improve the performance through better management of its operations. The review contains eight recommendations which include proper project management, ensuring adequate receipt of gas to run the power stations, and developing a proper system of MIS so that the operations of the company can be properly monitored by the top management.

(Chapter-II)

3. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

Non-realisation of dues of ₹ 5.86 crore in two cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.1 and 3.9)

Non-realisation of ₹ 1.46 crore in four cases due to non-safeguarding the financial interests of the organisation.

(Paragraphs 3.4, 3.5 and 3.6)

Loss of ₹0.54 crore due to waiver of interest and acceptance of seeds without germination test.

(Paragraphs 3.7 and 3.10)

Idle investment of ₹2.94 crore in two cases due to inadequate/deficient monitoring.

(Paragraphs 3.2 and 3.3)

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

Failure on the part of ***Assam Power Distribution Company Limited*** *to take appropriate action on time resulted in accumulation of arrears of ₹4.07 crore which remained unrealised.*

(Paragraph 3.1)

Non-deployment of adequate staff by the ***Assam Power Distribution Company Limited*** *resulted in non-utilisation of power line and sub-station for over a period of two and half years as well as blockade of fund of ₹1.97crore.*

(Paragraph 3.2)

Irregular implementation of SPPSS by the ***Assam Power Distribution Company Limited*** *resulting in non-realisation of ₹87.24 lakh.*

(Paragraph 3.4)

Non-compliance with the Tariff Order on the part of ***Assam Power Distribution Company Limited*** *resulted in short billing / non-realisation of ₹35.05 lakh.*

(Paragraph 3.5)

Non-compliance of Governor's directives by the ***Assam State Transport Corporation*** *resulted in non-levying as well as non-realisation of ₹1.79 crore.*

(Paragraph 3.9)

Overview
of
State Public Sector Undertakings

Chapter-I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Assam, the State PSUs occupy an important place in the state economy. The State PSUs registered a turnover of ₹ 3,522.26 crore[*] for 2009-10 as per their latest finalised accounts as of September 2010. This turnover was equal to 4.00 *per cent* of State Gross Domestic Product (GDP) for 2009-10. Major activities of Assam State PSUs are concentrated in power and transport sectors. The State PSUs incurred a loss of ₹ 83.63 crore in aggregate for 2009-10 as per their latest finalised accounts. They had employed 31,372[♣] employees as of 31 March 2010.

1.2 As on 31 March 2010, there were 49 PSUs as per the details given below. Of these, one Company[§] was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government Companies	35	10	45
Statutory Corporations	04	-	04
Total	39	10	49

1.3 Two electricity distribution companies of the state (Central Assam Electricity Distribution Company Limited and Upper Assam Electricity Distribution Company Limited) were merged with Lower Assam Electricity Distribution Company Limited with effect from 1 April 2009. Subsequently, name of Lower Assam Electricity Distribution Company Limited was changed in accordance with Section 21 of the Companies Act, 1956 to Assam Power Distribution Company Limited. However, in this reconstruction the procedures prescribed under Companies Act, 1956 (Section 391 to 394A regarding reconstruction, amalgamations, mergers and Section 396 regarding notification to be issued by the Central Government in public interest) as well as Electricity Act, 2003 (Section 17(i) (b) regarding permission from Assam Electricity Regularity Commission (AERC) for merger) were not followed.

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[*] Including turnover of non-working companies refer Annexure-II.

[♣] As per the details provided by 40 PSUs. Remaining 9 PSUs did not furnish the details and hence the manpower position for the previous year was taken wherever applicable.

[§] Assam Petrochemicals Limited.

[Ψ] Non-working PSUs are those which have ceased to carry on their operations.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of a Government Company. Further, a Company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government Company (deemed Government company) as per Section 619-B of the Companies Act.

1.5 The accounts of the State 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 conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

1.6 Audit of statutory corporations is governed by their respective legislations. Out of four statutory corporations in Assam, CAG is the sole auditor for State Electricity Board and State Road Transport Corporation. In respect of State Warehousing Corporation and State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

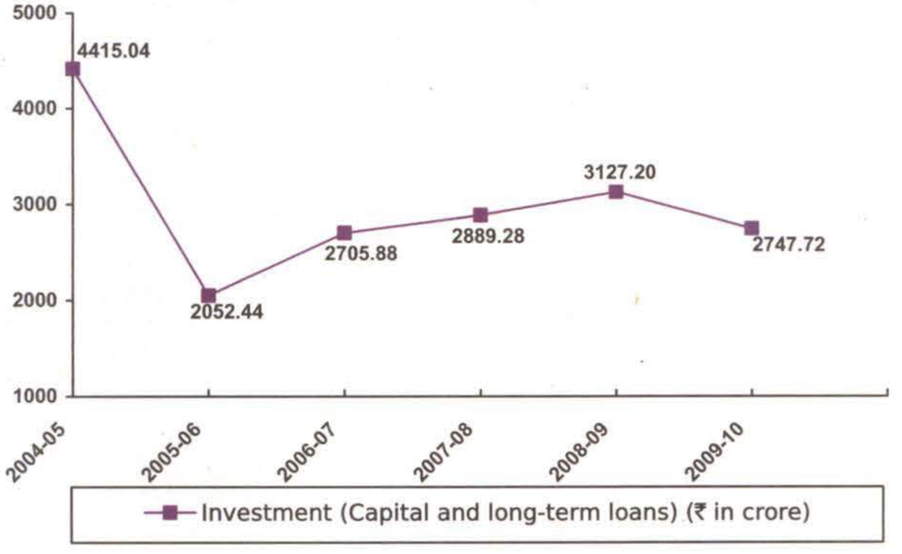
Investment in State PSUs

1.7 As on 31 March 2010, the investment (capital and long-term loans) in 49 PSUs was ₹ 2,747.72 crore as *per* details given below:

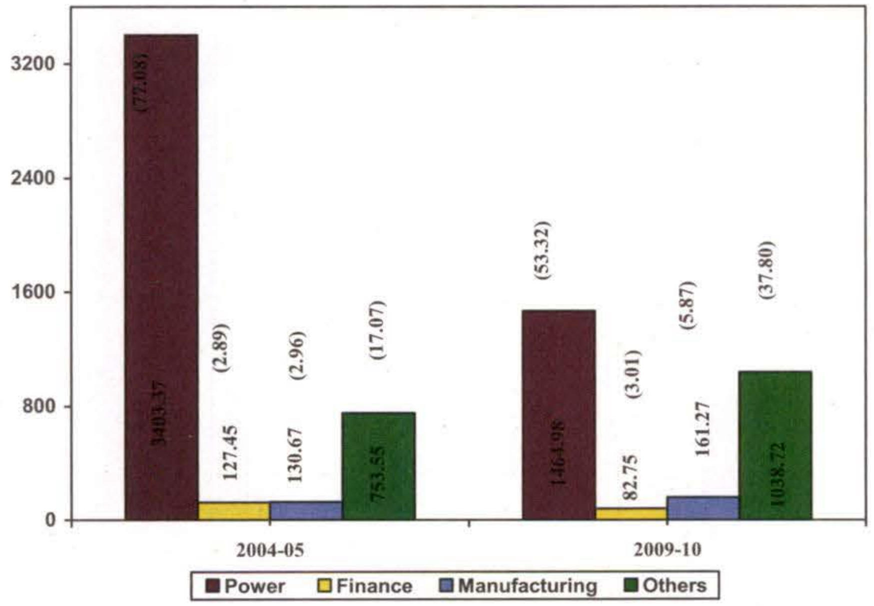
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
	(₹ in crore)						
Working PSUs	990.03	1127.35	2117.38	299.11	256.91	556.02	2673.40
Non-working PSUs	25.13	49.19	74.32	-	-	-	74.32
Total	**1015.16**	**1176.54**	**2191.70**	**299.11**	**256.91**	**556.02**	**2747.72**

A summarised position of government investment in State PSUs is detailed in ***Annexure 1.***

1.8 As on 31 March 2010, of the total investment in State PSUs, 97.30 *per cent* was in working PSUs and the remaining 2.70 *per cent* in non-working PSUs. This total investment consisted of 47.83 *per cent* towards capital and 52.17 *per cent* in long-term loans. The investment has come down by 37.76 *per cent* from ₹ 4,415.04 crore in 2004-05 to ₹ 2,747.72 crore in 2009-10 as shown in the graph in the next page:



1.9 The total investment in various important sectors and percentage thereof at the end of 31 March 2005 and 31 March 2010 are indicated below in the bar chart. As compared to the investment in 2004-05 investment in 2009-10 has increased in the manufacturing and other sectors whereas investment in Power and Finance sectors has decreased in rupee terms.



(₹ in crore)

(Figures in brackets show the percentage of total investment)

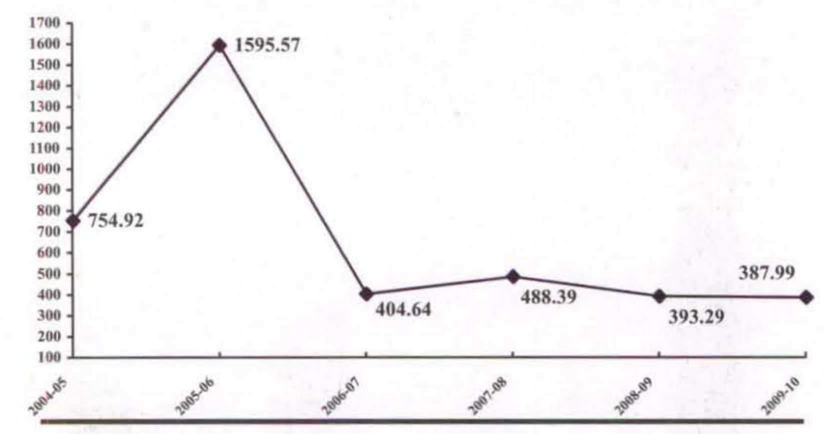
Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantee commitment and loans written off in respect of State PSUs are given in ***Annexure 3***. The summarised details for three years ended 2009-10 are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	6	2.05	3	5.70	-	-
2.	Loans given from budget	12	183.26	8	65.82	8	220.98
3.	Grants/Subsidy received	9	303.08	13	321.77	14	167.01
4.	Total Outgo (1+2+3)	18*	488.39	20*	393.29	22*	387.99
5.	Loans written off	1	1.70	-	-	6	155.79
6.	Total Waiver	-	1.70	-	-	6	155.79
7.	Guarantee Commitment	5	286.73	2	84.84	3	46.93

1.11 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past six years are given in a graph below:



Budgetary outgo towards Equity, Loans and Grants/Subsidies (₹ in crore)

1.12 The amount of Guarantees outstanding in the year 2006-07 was ₹ 263.74 crore which increased to ₹ 286.73 crore in the year 2007-08. The Guarantees outstanding, however, decreased to ₹ 46.93 crore in the year 2009-10.

* The figure represents number of companies which have received outgo from budget under one or more heads *i.e.* equity, loans, grants/subsidies.

Reconciliation with Finance Accounts

1.13 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2010 is stated below:

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
	(₹ in crore)		
Equity	2020.49	1314.27	706.22
Loans	69.14	1433.45	1364.31
Guarantees	196.09	46.93	149.16

1.14 Audit observed that the differences occurred in respect of all the 49 PSUs and some of the differences were pending reconciliation since 1986-87. In order to reconcile the discrepancy in figures of investment on equity and loans made by State Government in Government Companies/Corporations, letters were written to head of all concerned PSUs from time to time and last was in July 2010. The matter was also taken up with the Principal Secretary, Finance Department as well as Public Enterprises Department of Government of Assam for reconciliation of differences. The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

Performance of PSUs

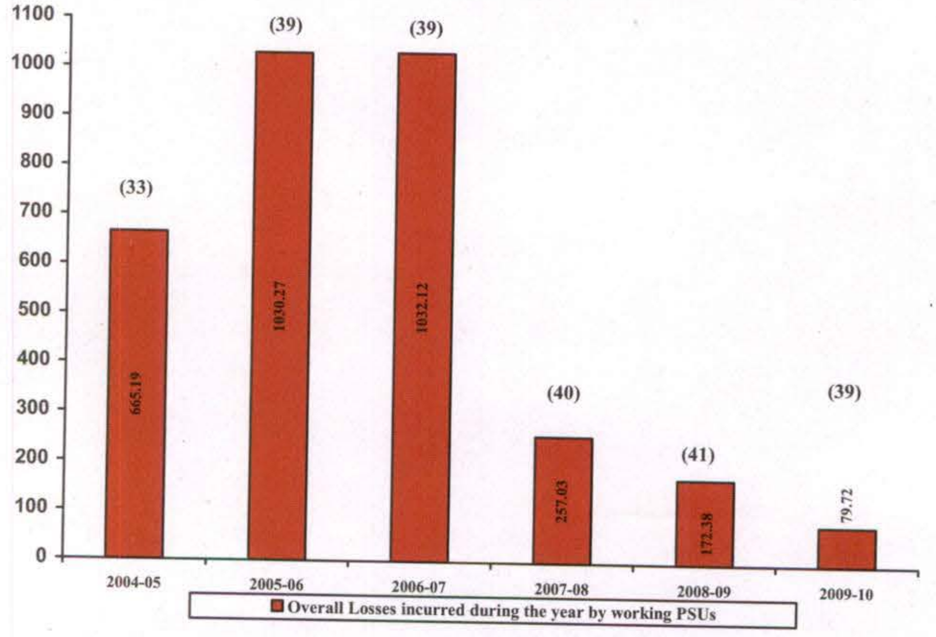
1.15 The financial results of PSUs, financial position and working results of working statutory corporations are detailed in ***Annexures 2, 5 and 6*** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2004-05 to 2009-10.

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	(₹ in crore)					
Turnover[∝]	1,112.34	1,187.84	1,153.83	2,036.24	2,766.90	3519.57
State GDP	52,920.00	57,543.00	65,033.00	72,700.00	77,506.00	88,023.00
Percentage of Turnover to State GDP	2.10	2.06	1.77	2.80	3.57	4.00

The percentage of turnover to the State GDP has marginally increased owing to marginal increase in turnover in State PSUs in Power sector.

[∝] Turnover as per the latest finalised accounts as of 30 September.

1.16 Losses incurred by State working PSUs during 2004-05 to 2009-10 are given below in a bar chart.



(₹ in crore)
(Figures in brackets show the number of working PSUs in respective years)

The sharp decrease in the losses from 2006-07 onwards upto 2009-10 has been mainly because of decrease in overall losses of the power sector from ₹ 1,011.28 crore in 2006-07 to ₹ 51.90 crore in 2009-10. During the year 2009-10, out of 39 working PSUs 11 PSUs earned profit of ₹ 68.12 crore, 25 PSUs incurred loss of ₹ 147.84 crore and remaining three PSUs[†] have not started commercial functioning as yet. The major contributors to profit as per their latest finalized accounts of 2008-09 were Assam Gas Company Limited (₹ 31.23 crore), Assam Electricity Grid Corporation Limited (₹ 19.64 crore), Assam Petrochemicals Limited (₹ 5.81 crore) and Assam Financial Corporation (₹ 3.00 crore). The heavy losses were incurred by Central Assam Electricity Distribution Company Limited (₹ 38.91 crore), Assam Industrial Development Corporation Limited (₹ 30.82 crore) and Assam State Transport Corporation (₹ 23.50 crore).

1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 1,093.45 crore and infructuous investment of

[†] Assam Power loom Development Corporation Limited, Pragjyotish Fertilisers Company Limited and DNP Limited.

₹ 25.48 crore which were controllable with better management. Year-wise details from Audit Reports are stated below:

Particulars	2007-08	2008-09	2009-10	Total
	(₹ in crore)			
Net loss (-)	(-) 257.03	(-) 172.38	(-)79.72	(-)509.13
Controllable losses as per CAG's Audit Report	76.98	40.05	976.42	1,093.45
Infructuous Investment	2.74	22.74	-	25.48

1.18 The above losses pointed out by the Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, losses can be minimized (or eliminated or the profits can be enhanced substantially). The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

1.19 Some other key parameters pertaining to State PSUs are given below:

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	(₹ in crore)					
Return on Capital Employed (*Per cent*)	(-) 30.18	(-) 69.53	(-) 64.80	(-) 5.94	(-) 2.11	(+) 2.82
Debt	2598.48	792.54	1421.16	1579.94	1554.31	1433.45
Turnover[Y]	1112.34	1187.84	1153.83	2036.24	2766.90	3519.57
Debt/ Turnover Ratio	2.34:1	0.67:1	1.23:1	0.78:1	0.56:1	0.41:1
Interest Payments	288.60	96.12	101.55	111.48	112.84	201.81
Accumulated losses (-)	(-) 5268.40	(-) 6465.55	(-) 6485.11	(-) 1122.44	(-) 1102.85	(-)1278.52

(Above figures pertain to all PSUs except for turnover which is for working PSUs).

1.20 The return on capital employed as per latest finalised accounts as on 30 September 2010 was positive against negative returns as reflected in the accounts finalised upto 30 September of each of the last five years. The ratio of debt to turnover has come down from 2.34:1 in 2004-05 to 0.41:1 in 2009-10. Accumulated losses have come down from ₹ 5,268.40 crore in 2004-05 to ₹ 1278.52 crore in 2009-10.

1.21 Though the Audit is not aware of any specific policy of the Government of Assam regarding the payment of minimum dividend by the State PSUs yet for confirmation the matter has been taken up with the Secretary of Finance and the Secretary and Commissioner of Public Enterprises Department of the Government of Assam. As per their latest finalised accounts, eleven PSUs earned an aggregate profit of ₹ 68.12 crore and two PSUs declared dividend of ₹ 2.18 crore.

[Y] Turnover of working PSUs as per the latest finalised accounts as of 30 September.

Arrears in finalisation of accounts

1.22 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. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2010.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Number of Working PSUs	39	39	40	41	39♣
2.	Number of accounts finalised during the year	33	21	35	30	40
3.	Number of accounts in arrears	313	331	336	347	348
4.	Average arrears *per* PSU (3 ÷ 1)	8.03	8.49	8.40	8.46	8.92
5.	Number of Working PSUs with arrears in accounts	39	39	39	41	38
6.	Extent of arrears	1 to 21 years	1 to 22 years	1 to 23 years	1 to 24 years	1 to 25 years

1.23 It could be seen from the above table that average arrears per PSU have increased which was due to the fact that accounts of all the PSU were not finalised during the year i.e. against 39 to 41 accounts becoming due per year only 21 to 40 accounts were finalised leaving the balance as arrears. The reasons for arrears in accounts are lack of effective internal controls, lack of co-ordination amongst various departments in PSUs, delay in preparation/ certification of accounts by the Management/Statutory Auditors *etc.*

1.24 In addition to above, there was also arrears in finalisation of accounts by non-working PSUs. Out of 10 non-working PSUs, none had gone into liquidation process. All the non-working PSUs had arrears of accounts ranging from 1 to 27 years.

1.25 The State Government had invested ₹ 639.97 crore (Equity: ₹ 81.83 crore, loans: ₹ 149.47 crore, grants: ₹ 408.67 crore) in 18□ PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 4***. In the absence of accounts and their subsequent audit, it can not be ensured

♣ Three companies have merged into one company in 2009-10 and hence the total number of companies has reduced by two in comparison to the previous year 2008-09.

□ Investment in 27 PSUs, whose accounts in arrear has been 'Nil'. The remaining four PSUs did not furnish information about the investments made by the State Government during the years in which the accounts are in arrears.

whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.26 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up with the Chief Secretary, Government of Assam and concerned PSUs in April 2010 and May 2010 respectively. It was opined that in the absence of finalised accounts, it can not be ensured whether the investments made in and expenditure incurred by the State PSUs have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of State Legislature. Similarly, in absence of audited accounts fair view of the financial and operational performance may not be correctly evaluated for making subsequent investment, allotment of Government works as well as identification of need for revival/support of the PSUs.

1.27 **In view of above state of arrears it is recommended that:**

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies, which would be monitored by the cell.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

Winding up of non-working PSUs

1.28 There were 10 non-working PSUs (all companies) as on 31 March 2010. Of these, none of the PSUs have commenced liquidation process. The number of non-working companies remained as 10 at the end of each of the past five years.

The non-working PSUs are required to be closed down, as their existence is not going to serve any purpose. During 2009-10, two non-working PSU incurred expenditure of ₹ 0.38 crore towards establishment expenditure *etc*. This expenditure was financed by the State Government (₹ 0.38 crore). Information of expenditure in respect of remaining eight PSUs was not received.

1.29 During the year 2009-10, none of the companies/corporations were wound up. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously. The Government may take a decision regarding winding up of the companies and may consider setting up a cell to expedite closing down its non-working companies.

Accounts Comments and Internal Audit

1.30 Twenty three working companies forwarded their 44 approved accounts after Audit by Statutory Auditors to Principal Accountant General (PAG) during the year 2009-10. Of these, 34 accounts of 25 companies were selected for supplementary audit, Non Review Certificates (NRC) have been issued for 10 accounts. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	2	16.01
2.	Increase in loss	8	22.21	9	63.09	7	31.31
3.	Non-disclosure of material facts	6	3.14	1	2.20	-	-
4.	Errors of classification	3	101.85	5	465.52	10	23.75

There is a sharp increase in comments on decrease in profit in monetary terms as well as in number of accounts. However, comments on errors of classification though increased in number of accounts but decreased in monetary terms.

1.31 During the year, the statutory auditors had given qualified certificates for 38 accounts and issued adverse certificates (which mean that accounts do not reflect a true and fair position) in respect of four accounts and disclaimer (meaning the auditors are unable to form an opinion on accounts) has been given in respect of two accounts. The compliance of companies with the Accounting Standards remained poor as there were 32 instances of non-compliance in six accounts during the year.

Further, one company (Assam Petrochemicals Limited) had revised its accounts for the year 2008-09 at the instance of Audit. This revision has resulted in decrease in profit by ₹ 0.56 crore.

1.32 Some of the important comments in respect of accounts of companies are stated below:

Assam Power Generation Corporation Limited (2007-08)

(i) Instead of booking loss of ₹ 0.63 crore in sale of assets, the Company accounted profit of ₹ 6.88 crore. This has resulted in overstatement of profit by ₹ 7.51 crore.

(ii) Non-passing of benefits of compensation bill for short supply of gas realised by Assam State Electricity Board (ASEB) to the company has resulted in understatement of profit by ₹ 10.46 crore.

(iii) Non-provision of interest accrued but not due on various loans availed from Power Finance Corporation Limited has resulted in overstatement of profit by ₹ 2.92 crore.

Assam Electricity Grid Corporation Limited (AEGCL) (2008-09)

Non-inclusion of transmission charges of ₹ 15.11 crore relating to prior period billed in 2008-09 has resulted in overstatement of profit by ₹ 15.11 crore with corresponding understatement of liability.

Upper Assam Electricity Distribution Company Limited (2008-09)

(i) Non writing-off of the outstanding dues from permanently disconnected consumers since 2005-06 has resulted in overstatement of Debtors by ₹ 14.24 crore with corresponding understatement of accumulated loss.

(ii) Under provision of Wheeling charges and State Load Despatch Centre (SLDC) charges payable to AEGCL resulted in understatement of current liabilities with corresponding understatement of loss by ₹ 2.76 crore.

Assam Gas Company Limited (2008-09)

Payment of excess interest charged by Bank that was beyond the scope of the agreement, has resulted in overstatement of interest expense by ₹ 2.41 crore with corresponding understatement of profit.

Assam Industrial Development Corporation Limited (2007-08)

Chances of recovery of interest from subsidiary companies already declared closed being remote, booking of interest receivable of ₹ 6.35 crore from them has resulted in understatement of loss by ₹ 6.35 crore.

Assam State Textile Corporation Limited (2004-05)

Non-provision of loss on investment made in Assam Power Loom Development Corporation Limited against which closure order was issued by the Government of Assam has resulted in overstatement of investments by ₹ 1.00 crore and corresponding understatement of accumulated loss.

1.33 Similarly, four working statutory corporations forwarded seven accounts to PAG during the year 2009-10. Of these, four accounts of two Statutory corporations pertained to sole audit by CAG was completed during the year. Remaining three accounts were selected for supplementary audit. Out of which two accounts relating to two Statutory corporations were completed during the year. The audit reports of Statutory Auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	2.46	-	-	1	10.56
2.	Increase in loss	2	2.19	1	9.77	3	16.02
3.	Non-disclosure of material facts	-	-	-	-	-	-
4.	Errors of classification	-	-	-	-	2	33.33

There has been an increase in the aggregate money value of the comments in 2009-10 as compared to the year 2007-08.

1.34 During the year, all the three accounts pertaining to sole audit received qualified certificates. The compliance with the Accounting Standards remained poor in three instances in respect of two accounts of two corporations.

1.35 Some of the important comments in respect of four accounts of statutory corporations are stated below:

Assam State Electricity Board (2008-09)

(i) Non-adjustment of liabilities of successor companies for discharge of Bond liabilities has resulted in overstatement of both assets and liabilities by ₹ 9.84 crore.

(ii) Non-provision of amount payable to Eastern India Powertech Limited as arrear depreciation as per the judgment of the Honourable Delhi High Court, has resulted understatement of both the purchase cost and liability by ₹ 2.26 crore in each case.

(iii) Non-transferring of compensation dues to Assam Power Generation Corporation Limited (APGCL) for shortfall in purchase of gas has resulted in overstatement of profit by ₹ 10.46 crore with corresponding understatement of current liability.

Assam State Transport Corporation (2004-05)

Provision of depreciation at lower rate resulted in understatement of loss with corresponding overstatement of assets by ₹ 0.89 crore.

Assam State Transport Corporation (2005-06)

Under provision of Contributory Provident Fund and Group Insurance Scheme liability of its employees has resulted in understatement of loss for the year by ₹ 6.28 crore.

Assam Financial Corporation (2008-09)

Due to wrong accounting of Government money received as guarantee for the purpose of redemption of bond has resulted in understatement of 'Reserve and Surplus' by ₹ 74.21 crore with corresponding understatement of accumulated loss by ₹ 74.21 crore.

1.36 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit /internal control system in respect of 10 companies[μ] for the year 2008-09 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure 2
1.	Absence of internal audit system commensurate with the nature and size of business of the company	7	A-1,3,11,21,28, 29,36
2.	Non-maintenance of cost record	4	A-28,29,31,36
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	10	A-1,3,6,13,20,21, 24,28,29,31
4.	Lack of internal control over sale of power	1	A-31

Recoveries at the instance of audit

1.37 During the course of propriety audit in 2009-10, recoveries of ₹ 14.37 crore were pointed out to the Management of various PSUs, of which,

[μ] Sr. No. A-1,3,6,13,20,21,24,28,29,31in *Annexure – 2.*

recoveries of ₹ 4.24 crore were admitted by PSUs. An amount of ₹ 1.41 crore was recovered during the year 2009-10.

Status of placement of Separate Audit Reports

1.38 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Assam State Transport Corporation	2003-04	2004-05 2005-06	August 2010 September 2010	N.A
2.	Assam State Warehousing Corporation	2004-05	2005-06	December 2009	N.A.
3.	Assam State Electricity Board	2007-08	2008-09	April 2010	N.A.
4.	Assam Financial Corporation	2007-08	2008-09	February 2010	N.A.

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SARs in the legislature(s).

Disinvestment, Privatisation and Restructuring of PSUs

1.39 The audit is not aware of any disinvestment or privatization programme in any of the State PSUs.

Reforms in Power Sector

1.40 The State has Assam Electricity Regulatory Commission (AERC) formed in August 2001 under Section 17 of Electricity Regulatory Commission Act, 1998 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During the year 2009-10, AERC issued four tariff orders of which three relate to three private projects where commercial operation of the projects are yet to start.

1.41 Memorandum of Understanding (MoU) was signed in March 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated in next page:

Sl. No.	Milestone	Achievement as at March 2010
1.	Reduction of Transmission and Distribution losses	28.5 *per cent*
2.	100 *per cent* electrification of all villages	New scheme for total electrification under RGGVY has been taken up and the target for 100 *per cent* electrification of all villages is fixed by 2012.
3.	100 *per cent* metering of all Distribution Feeder	Target achieved in 2007-08.
4.	100 *per cent* metering of all consumers	98.82 *per cent* consumers are metered.
5.	Securitisation of outstanding dues of Central Public Sector Undertakings	Done in 2004–05.
6.	Online computerized billing in all major towns	Computerized billing done in all major towns in stand alone system. Online billing is taken up in the eleventh plan, R-APDRP
7.	To bring down the level of ASEB's receivable to 60 days billing	82 days
8.	Progress of supply of meters by the vendors and installation of the same by the vendors/utilities undertaken under Asian Development Bank funded project	Management stated that all the meters were replenished/repaired by the vendors. However, it was not confirmed by the records maintained at field offices.

Performance Review
of
Government Company

Chapter-II

2. Performance review relating to Government Company

Assam Power Generation Corporation Limited

Review on the working of Assam Power Generation Corporation Limited

Executive summary

Power is an essential requirement for all facets of life and has been recognized as a basic human need. In Assam, the generation of power is managed by the Assam Power Generation Corporation Limited (APGCL) which was incorporated in 23 October 2003 under the Companies Act, 1956. As on 31 March 2010, APGCL had two Thermal Power Stations (TPS) and one Hydel Power Station with installed capacity of 254 MW and 100 MW respectively. The turnover of APGCL was ₹ 331.32 crore in 2009-10 which was equal to 9.41 *per cent* and 0.38 *per cent* of the of State PSU's turnover and State Gross Domestic Product respectively. It employed 1,386 employees as on 31 March 2010.

Capacity addition and project management

Against 1,855 MW being capacity addition envisaged by the Government of Assam (GOA) to meet the energy generation requirement in the State during 2005-10, the actual addition was 100 MW leaving a deficit of 1,755 MW. The State was not in a position to meet the demand as the power generated as well as purchased together fell short by 2,697.98 MU and 3,541.36 MU in 2005-06 and 2009-10 respectively due to shortfall in capacity addition.

One, out of four projects taken up for implementation during the period of review, scheduled to be completed by June 2008, remained incomplete even after a lapse of 28 months from the schedule. Progress of three other projects was also tardy. These projects have already incurred cost overrun of ₹ 377 crore.

Contract management

During 2005-10, contracts valuing ₹ 911.44 crore were awarded for execution. APGCL extended undue favour to Bharat Heavy Electricals Limited (BHEL) by reducing liquidated damage (LD) by ₹ 9.75 crore. The Company also incurred avoidable liability of ₹ 51 crore for not claiming excise duty benefit admissible under deemed export benefit of Foreign Trade Policy 2004-09.

Operational performance

Performance of the existing generating stations depends on efficient use of material, manpower and capacity of the plant so as to generate maximum energy possible without affecting the long term operation of the plant.

Audit scrutiny of operational performance revealed the following:

Procurement of gas

The Company failed to arrange adequate gas required for generation of power by its two TPS. This resulted in loss of generation of 606.82 MU valuing ₹ 47.61 crore.

Consumption of gas

The heat consumption per unit of electricity generated ranged from 3,581Kcal/unit to 4,022 Kcal/unit during the period 2005-10 as against 3,266 to 3,658 Kcal/ unit being norms prescribed

by the Assam Electricity Regulatory Commission (AERC) which resulted in excess consumption of gas valuing ₹ 51.58 crore.

Deployment of manpower

APGCL had 1,386 employees as on 31 March 2010. The actual manpower did not conform to the norms recommended in National Electricity Plan (NEP). The excess manpower entailed extra expenditure of ₹ 165.06 crore.

Plant Load Factor (PLF)

The average PLF of all the TPS though increased from 36.17 *per cent* in 2005-06 to 61.02 *per cent* in 2009-10, it still remained below the national average of 77.22 *per cent*. The shortfall in generation with reference to national PLF worked out to 3,110.58 MU.

Outages

Total hours lost due to planned outages though decreased from six *per cent* in 2005-06 to 0.96 *per cent* in 2006-07, it again increased to 6.36 *per cent* in 2009-10. The forced outages though decreased over the five years from 46.46 to 19.77 *per cent* of the total available hours, it remained above the norm of 10 *per cent* fixed by Central Electricity Authority (CEA).

Auxiliary consumption

The actual auxiliary consumption of the two TPS exceeded the norm fixed by AERC which resulted in excess consumption of 105.49 MU of energy which could have otherwise been despatched to the grid.

Financial management

Despite having sufficient fund in the fixed deposits, the Company resorted to bank overdraft to meet the cash deficit from operating activities. This resulted in avoidable interest liability of ₹ 68.86 lakh. Further, the Company suffered loss of interest of ₹ 4.31 crore on blocked funds due to holding of inventory in excess of norms of Central Electricity Regulatory Commission (CERC).

Environmental Issues

The Company did not address the environmental issues in proper perspective as it was not equipped with the facilities for monitoring and control of environmental pollution. Although, all the four ongoing projects were eligible for carbon credit benefit, APGCL failed to initiate action for registration of the project as Clean Development Mechanism project at the DPR stage due to lack of awareness. The company lost potential revenue of ₹ 69.32 crore in the form of carbon credit in Lakwa Waste Heat Recovery Project. Benefit that would have been available in respect of three other projects have also not been worked out by the Company.

Conclusion and Recommendations

The deficiencies in the Company's functioning are controllable and there is scope to improve the performance through better management of its operations. The review contains eight recommendations which include proper project management, ensuring adequate receipt of gas to run the power stations, and developing a proper system of MIS so that the operations of the company can be properly monitored by the top management.

Introduction

2.1 Power is an essential requirement for all facets of life and has been recognized as a basic human need. The availability of reliable and quality power at competitive rates is crucial to sustain growth of all sectors of the economy. The Electricity Act, 2003 provides a framework conducive to development of the Power Sector; promotes transparency and competition and protects the interest of the consumers. Pursuant to Section 3 of the *ibid* Act, the Government of India (GOI) prepared the National Electricity Policy (NEP) in February 2005 in consultation with the State Governments and Central Electricity Authority (CEA) for development of the Power Sector.

During 2005-06, the electricity requirement in Assam, as approved by Assam Electricity Regulatory Commission (AERC), was 3449 Million Units (MU). Of that, only 751.02 MU were available in 2005-06, leaving a shortfall of 2697.98 MU (78 *per cent*). The comparative figures of required and available generation for the year 2009-10 were 5253.36 MU and 1712 MU respectively, leaving a deficit of 3541.36 MU. Thus, there was a growth in demand of 1804.36 MU over the period of 5 years against which the availability increased only by 960.98 MU.

The State had installed capacity of 844.5 MW, at the beginning of 2005-06, which increased to 944.5 MW at the end of 2009-10.

During 2005-10, actual capacity addition was only 100 MW against 254 MW planned by the State, leaving a shortfall of 154 MW. The State was not in a position to meet the demand as the power generated as well as power purchased fell short by 127 to 267 MW during 2005-10.

2.2 Power generation in Assam is carried out by Assam Power Generation Corporation Limited (APGCL) which was incorporated on 23 October 2003 under the Companies Act, 1956. It functions under the administrative control of the Power Department of the Government of Assam. The Management of the Company is vested with a Board of Directors comprising of not more than nine and not less than six Directors and it is headed by a Chairman appointed by the State Government. As on March 2010, the Board comprised of eight members including the Chairman. The day-to-day operations are carried out by the Managing Director, who is the Chief Executive of the Company, with the assistance of four Chief General Managers and three General Managers, who head each power station. The Company had two thermal generation stations and one hydro generation station with the installed capacity of 254 MW and 100 MW respectively. The turnover of the Company was ₹ 331.32 crore in 2009-10, which was equal to 9.41 *per cent** and 0.38 *per cent** of the State PSUs turnover and State Gross Domestic Product respectively. It had 1386 employees as on 31 March 2010.

Scope and Methodology of Audit

2.3 The present review, conducted during February 2010 to May 2010, covers the performance of the Company during 2005-10. The review mainly deals with Planning, Project Management, Financial Management, Operational Performance, Environmental Issues and Monitoring by top management. The

* Total Turnover of all the State PSUs ₹ 3522.26 crore and the State GDP ₹ 88023 crore.

audit examination involved scrutiny of records at the Head Office and all the three generating stations. The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft review to the Management for comments.

Audit Objectives

The objectives of the performance audit were:

2.4.1 Planning and Project Management

- To assess whether capacity addition programme taken up/ to be taken up to meet the shortage of power in the State is in line with the National Policy of 'Power for All by 2012';
- To assess whether a plan of action is in place for optimization of generation from the existing capacity; and
- To ascertain whether the execution of projects were managed economically, effectively and efficiently.

2.4.2 Financial Management

- To ascertain whether the projections for funding the new projects and up-gradation of existing generating units were realistic including the identification and optimal utilization for intended purpose; and
- To assess the soundness of financial health of the generating undertakings.

2.4.3 Operational Performance

- To assess whether the power plants were operated efficiently and preventive maintenance as prescribed was carried out minimising the forced outages;
- To assess whether requirements of each category of fuel worked out realistically, procured economically and utilised efficiently;
- To assess whether the manpower requirement was realistic and its utilisation optimal; and
- To assess whether the Life Extension (LE), Renovation and Modernization (R&M) programmes were ascertained and carried out in an economic, effective and efficient manner.

2.4.4 Environmental Issues

To assess whether the various types of pollutants (air, water, noise, hazardous waste) in power stations were within the prescribed norms and complied with the statutory requirements.

2.4.5 Monitoring and Evaluation

To ascertain whether adequate MIS existed in the entity to monitor and assess the impact and utilize the feedback for preparation of future schemes.

Audit Criteria

2.5 The audit criteria adopted for assessing the achievement of the audit objectives were:

- National Electricity Plan, guidelines of Central Electricity Authority;
- Standard procedures adopted by the Company for award of contract;
- Targets fixed for generation of power and parameters fixed for plant availability, Plant Load Factor (PLF) etc;
- Performance of best operating units/ all India Averages; and
- Prescribed norms for planned outages and Acts relating to Environmental laws.

Financial Position and Working Results

2.6 The company has finalised its accounts only up to 2008-09 and prepared provisional accounts for 2009-10 based on which the financial position of the company for the five years ending 2009-10 are given below:

Financial Position of APGCL for the period 2005-10

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
	(₹ in crore)				
A. Liabilities					
Paid up Capital	455.86	455.86	455.86	455.86	455.86
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	61.21	141.67	161.87	158.66	232.35
Borrowings (Loan Funds)					
Secured	NIL	271.87	361.06	348.86	301.18
Unsecured	281.80	125.48	134.57	152.53	151.23
Current Liabilities & Provisions	110.24	124.98	106.95	225.83	261.09
Total	**909.11**	**1119.86**	**1220.31**	**1341.74**	**1401.71**
B. Assets					
Gross Block	715.76	1177.11	1022.11	1070.08	978.20
Less: Depreciation	542.66	576.95	466.42	509.87	463.62
Net Fixed Assets	173.10	600.16	555.69	560.21	514.58
Capital works-in-progress	467.33	197.82	282.01	384.81	445.53
Investments	51.62	91.92	29.87	9.46	12.56
Current Assets, Loans and Advances	176.12	186.21	303.85	323.56	389.49
Miscellaneous Expenditure	0.03	0.02	0.02	0.01	NIL
Accumulated losses	40.91	43.73	48.87	63.69	39.55
Total	**909.11**	**1119.86**	**1220.31**	**1341.74**	**1401.71**

The table indicates that accumulated losses of the Company though increased from ₹ 40.91crore in 2005-06 to ₹ 63.69 crore in 2008-09,it came down to ₹ 39.55 crore in 2009-10. The Debt Equity ratio of the Company ranged from 0.54:1 to 0.82:1 during the five years period indicating that the Company has been unable to take advantage of financial leverage.

The details of working results like cost of generation of electricity, revenue realisation, net surplus/loss and earnings and cost per unit of operations are given below:

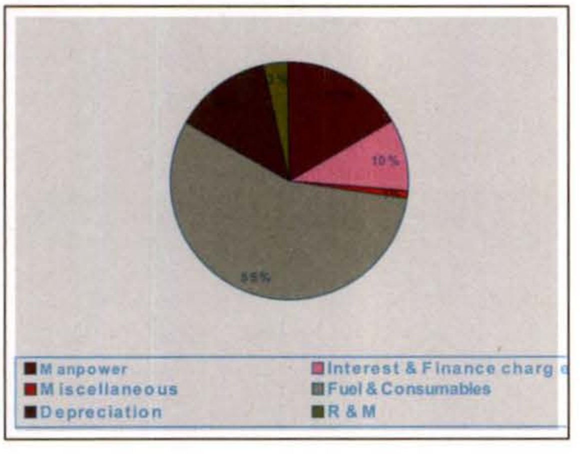
Working Results of APGCL for the period 2005-10

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
			(₹ in crore)			
1	Income					
	Generation Revenue	133.73	152.91	247.65	351.16	331.32
	Other income including interest/subsidy	1.78	9.91	17.58	9.29	35.95
	Total Income	**135.51**	**162.82**	**265.23**	**360.45**	**367.27**
2	Generation					
	Total generation (In MUs)	808.05	867.54	1541.32	1682.82	1712.21
	Less: Auxiliary consumption (In MUs)	57.03	62.19	67.53	84.14	57.03
	Total generation available for Transmission and Distribution (In MUs)	**751.02**	**805.35**	**1473.79**	**1598.68**	**1655.18**
3	**Expenditure**					
(a)	**Fixed cost**					
(i)	Employees cost	34.35	31.95	35.07	73.87	57.44
(ii)	Administrative and General expenses	1.79	2.12	2.55	4.71	2.60
(iii)	Depreciation	30.56	32.19	51.14	43.45	46.24
(iv)	Interest and finance charges	23.41	7.36	33.83	80.02	32.37
	Total fixed cost	**90.11**	**73.62**	**122.59**	**202.05**	**138.65**
(b)	**Variable cost**					
(i)	Fuel consumption Gas	82.72	103.46	120.50	159.12	187.08
(ii)	Lubricants and consumables	0.19	0.29	0.94	0.56	0.63
(iv)	Maintenance	3.30	3.45	3.15	5.74	10.96
	Total variable cost	**86.21**	**107.20**	**124.59**	**165.42**	**198.67**
C.	Total cost 3(a) + (b)	176.32	180.82	247.18	367.47	337.32

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
(₹ in crore)						
4	Realisation (per unit)	1.78	1.89	1.67	2.20	2.00
5	Fixed cost (per unit)	1.20	0.91	0.83	1.26	0.84
6	Variable cost (per unit)	1.15	1.33	0.84	1.03	1.20
7	**Total cost per unit (5+6)**	**2.35**	**2.24**	**1.67**	**2.29**	**2.04**
8	**Contribution per unit (4-6)**	**0.63**	**0.56**	**0.83**	**1.17**	**0.80**
9	**Profit (+)/Loss(-) (4-7)**	**-0.57**	**-0.35**	**0.00**	**-0.09**	**-0.04**

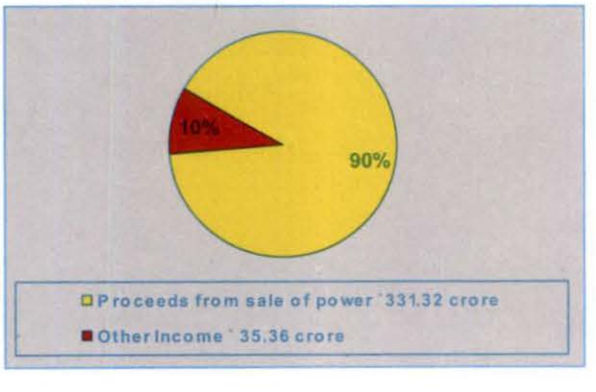
2.6.1 Elements of Cost
Diagram I

Components of various elements of cost



Employees cost, interest & finanicial charges and fuel & consumables constitute the major elements of costs. The percentage break-up of costs for 2009-10 is given in pie chart-I.

2.6.2 Elements of revenue
Diagram II
Components of various elements of revenue

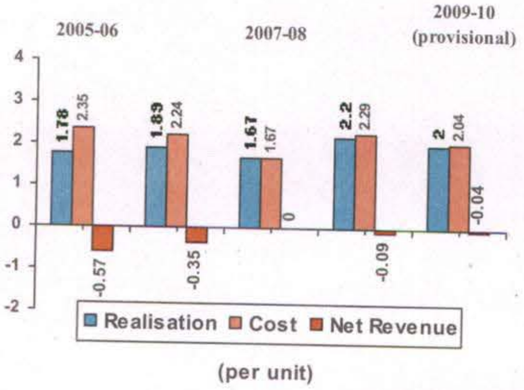


Proceeds from sale of power constitutes the major element of revenue. The percentage break-up of revenue for 2009-10 is given in pie chart-II.

2.6.3 Recovery of cost of operations

Diagram-III

Recovery of Cost of Operations



APGCL was not able to recover its cost of operations. During the last five years ending 2009-10, the net revenue has been negative except in the year 2007-08 as shown in bar chart-III.

Barring 2007-08, APGCL failed to recover its cost of operation during 2005-10.

Had the total revenue earned by APGCL been sufficient to cover the cost, additional resources of ₹ 92.34 crore could have been made available for capacity addition/life extension programmes. The main reasons for high cost of generation have been poor capacity utilization, high auxiliary consumption, high man power cost, high interest cost etc.

Audit Findings

2.7 Audit explained the audit objectives to the Company during an 'entry conference' held on 02 February 2010. Subsequently, audit findings were reported to the Company and the State Government and discussed in an 'exit conference' held on 22 July 2010, which was attended by the Principal Secretary, Power and Transport Department and the Managing Director of the Company. The Company replied to audit findings on 12 August 2010. Replies from the Government are still awaited (November 2010). The views expressed by the Company have been considered while finalising this review. The audit findings are discussed below:

Operational Performance

2.8 The operational performance of APGCL for the five years ending 2009-10, given in ***Annexure –7*** was evaluated on various operational parameters. It was also examined whether APGCL was able to maintain pace of capacity addition with the growing demand for power in the State. Audit findings, discussed in the subsequent paragraphs, disclose that the losses were controllable and there was ample scope for improvement.

Planning

2.9 National Electricity Policy (NEP) aims at making available over 1000 units of electricity per capita by 2012. To achieve that the Government of India (GOI) emphasised full exploitation of hydro potential being cheaper source of energy compared to thermal. Besides, environmental concerns are also to be suitably addressed through appropriate advance actions.

During the period from 2005-10, actual generation was substantially less than the peak demand as shown below:

Actual generation was 8 to 27 *per cent* of peak demand.

Peak Demand and Corresponding Own Generation

Year	Own Generation at peak demand (MW)	Peak Demand(MW)	Percentage of actual generation to Peak Demand
2005-06	90.00	716.00	12.56
2006-07	67.50	797.10	8.47
2007-08	235.40	868.90	27.09
2008-09	232.80	892.60	26.08
2009-10	225.20	984.10	22.88

The actual generation was 8 to 27 *per cent* of the peak demand. The total supply even after import was not sufficient to meet the peak demand as shown below:

Peak Demand and Sources of Meeting Peak Demand

Year	Peak Demand (MW)	Peak Demand met (MW)	Sources of meeting peak demand		Peak Deficit (Percentage of Peak Demand)
			Own (MW)	Import (MW)	
2005-06	716.00	576.00	90.00	486.00	20
2006-07	797.10	626.10	67.50	558.60	21
2007-08	868.90	741.90	235.40	506.50	15
2008-09	892.60	625.60	232.80	392.80	30
2009-10	984.10	750.10	225.20	524.90	24

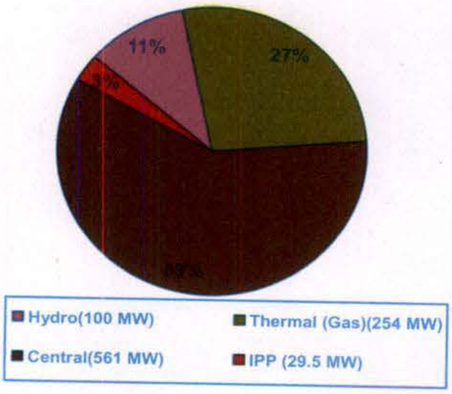
The shortfall in generation led to import of energy at higher cost.

The shortfall of 127 to 267 MW (about 15 to 30 *per cent* of the peak demand) was noticed even after import of 279.25 MU of energy at higher cost incurring additional expenditure of ₹ 107.97 crore during the period from 2006-07 to 2009-10. This shortfall resulted in rotational load shedding forced on the populace.

2.9.1 Capacity Additions

Diagram IV

Installed capacity



The State had total installed capacity of 844.5 MW, at the beginning of 2005-06, increased to 944.5 MW at the end of 2009-10. The break-up of generating capacities, as on 31 March 2010 under thermal (Gas), hydro, Central and Independent Power Producers (IPP) is shown in pie chart –IV.

To meet the energy generation requirement of 8126 MUs in 2010 as assessed by the State Government, capacity addition of about 1855 MW was required during 2005-10. 'Projects under Construction' (PUC) earmarked for capacity addition in the State during 2005-10 according to NEP are detailed below:

Projects under Construction and Committed Projects.

Sector	Thermal	Hydro	Non-conventional Energy	Total
	(In MW)			
Project(s) Under Construction	38	-	-	38
Total	**38**	**-**	**-**	**38**

Installed capacity, capacity additions envisaged, actual additions and peak demand vis-à-vis energy supplied during 2005-10 were as below:

Capacity, additions planned and achieved and demand vis-à-vis supply.

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Capacity at the beginning of the year (MW)	254	254	254	354	354
2.	Additions Planned for the year as per National Electricity Plan (MW)	-	38	-	-	-
3.	Additions planned by the Company/State (MW)	-	-	100	54	100
4.	Actual Additions (MW)	-	-	100	-	-
5.	Capacity at the end of the year (MW) (1 + 4)	254	254	354	354	354

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
6.	Shortfall in capacity addition (MW) State(4 – 3)	-	-	0	54	100
	Shortfall in capacity addition (MW) NEP(4 – 2)	-	38	-	-	-
7.	Demand (MU)	4218	4442	4858	5166	5466
8.	Demand met (MU)					
	a) Own Generation (MU)	751.02	805.35	1473.79	1598.68	1617.25
	b) Power Purchased by State (MU)	2761.36	2910.30	2530.61	2640.32	3010.12
9.	Shortfall (MU) (7-8)	705.62	726.35	853.60	927.00	838.63

Actual capacity addition was 100 MW against 254 planned by the State.

It shows that during 2005-10, actual capacity addition was only 100 MW against 254 MW planned by the State, leaving a shortfall of 154 MW. The State was not in a position to meet the demand as the power generated as well as power purchased fell short by 706 to 927 MU during 2005-10.

2.9.2 Optimum Utilisation of existing facilities

A plan was needed to be in place for optimal utilisation of existing facilities by undertaking life extension programmes, and timely repair and maintenance. As per the norms of CEA, Residual Life Assessment (RLA) studies are to be carried out in respect of the generating units which have completed twenty years or 1,60,000 hours of operation. The details of the power generating units, which were due for RLA studies during five years ending 2009-10 *vis-à-vis* actually taken, were as follows:

Due dates and dates of taking up RLA studies.

Sl. No.	Name of the Plant	Unit No.	Installed Capacity	Due Date (as per CEA norms)	Whether completed 1,60,000 hours of operation	Date when actually taken up
1	**Namrup TPS**	1	23	April 1985	Yes	Not yet done
		2	23	April 1985	Yes	Not yet done
		3	23	April 1985	Yes	Not yet done
		5	30	April 1996	Yes	December 2004

Renovation and modernisation of power generating units were undertaken without Residual Life assessment study.

It may be seen that one (Unit 5 of Namrup TPS) out of 4 thermal units due for RLA studies was taken up for RLA study, that too was delayed by over eight years. Further, APGCL took up R&M/LE programmes on *adhoc* and piecemeal basis as brought out in ***para 2.17***.

The management stated that RLA study was conducted on Unit 5 only because the existing Units at Namrup would be phased out gradually once the Namrup RPP is commissioned.

Management's contention that the Units at Namrup are going to be phased out after the commissioning of Namrup RPP does not appear justified because the project is not going to be commissioned before 2012, whereas these units had completed 1,60,000 hours of operation in 2002 and were due for RLA study.

Project Management

2.10 Project management includes timely acquisition of land, effective actions to resolve bottlenecks, obtain necessary clearances from Ministry of Environment and Forest and other authorities, rehabilitation of displaced families, proper scheduling of various activities using scientific techniques, adequate budget provisions, transparent and appropriate contract management etc.

We noticed time and cost over runs due to absence of co-ordination and control mechanisms in the implementation of the projects during 2005-10.

2.10.1 Ongoing Projects-physical and financial progress.

The following table indicate the physical and financial progress of the four power projects taken up for implementation during 2005-10 and the time and cost overrun there against:

Sl. No.	Name of the Project (Capacity)	Project cost as per DPR (Revised cost and date)	Date of Approval by PIB	Date of NIT	Date of work Order /Letter of Intent (LOI)	Value of work order	Stipulated date of completion (Expected date of completion)	Physical Progress as in April 2010	Expenditure incurred up to April 2010
		(₹ in crore)							
1	Lakwa WHRP (37.5 MW)	161 (236.40* March 2006)	December 2000	January 2005	March 2006	223.27	June 2008 (October 2010)	Civil Works- 45 to 90 *per cent* Mechanical Works 0 to 70 *per cent*	198. 38
2	Namrup RPP (100 MW)	410.97 (693.92 January 2009)	March 2007	September 2007	December 2008	564.60	August 2012 (NA)	Only piling work started	4.71
3	Myntriang SHEP (9MW)	67.92 (81.01†)	December 2006	June 2007	April 2008	76.48	February 2011 (NA)	Work in progress for Approach road and other infrastructures	12.29
4	Lungnit SHEP (6 MW)	50.81 (56.37*)	December 2006	December 2006	December 2008	47.09	August 2011 (December 2011)	19.60 *per cent* completed as per Master Schedule Network	6.50

There was inordinate delay in every stage of project implementation.

It can be seen from the above table that abnormal time was taken in implementation of four projects at every stage of project implementation *i.e*, NIT, evaluation of bids, award of work and execution.

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* The value includes the contract awarded to another contractor for construction of the intake water plant.

† Contracted cost *plus* departmental cost.

Delay in taking up the projects led to cost overrun of ₹ 377 crore.

Lakwa WHRP has already been delayed by 28 months (October 2010) over the scheduled date of completion. The physical progress of other three projects being implemented was also not satisfactory. The delay in taking up the projects have already led to cost overrun of ₹ 377 crore‡.

The inordinate delay did not reflect well on the commitment of the State Government to meet the increasing demands of electricity. Further, the delay causes not only increase in the cost of projects to be borne by the Government but also the cost at which the electricity would be supplied, to be borne by the people of the State. The irregularities noticed in execution of the projects are discussed in succeeding paragraphs:

2.10.2 1 × 37.2 MW Lakwa Waste Heat Recovery Project (Lakwa WHRP)

Lakwa WHRP – 1 × 37.2 MW was to enhance APGCL's generating capacity and enhance cycle efficiency of Lakwa TPS located in Sibsagar. Its DPR for ₹ 161 crore was prepared in May 1999 and approved by CEA and PIB in December 1999 and 2000 respectively at debt equity ratio of 70:30. As funds could not be arranged, the State Government decided to finance the project out of State Plan funds and invited (February 2005) global tenders. Two bids were received from Bharat Heavy Electricals Limited (BHEL) and URAL ENERGO MONTAZH, RUSSIA. The bid of the Russian firm was rejected as it did not submit the bid guarantee of ₹ 2.50 crore. The contract was awarded (February 2006) to BHEL after negotiation at ₹ 206.07 crore. The examination of records relating to award of work to BHEL and subsequent execution of works by it disclosed irregularities as brought out in the succeeding paragraph:

Pace of progress of Lakwa Waste Heat Recovery Project has been poor since beginning.

BHEL failed to keep pace in execution of works with the scheduled completion date of 30 June 2008 since beginning. For instance, as on September 2008 against 85 *per cent* of equipments supplied, civil & erection work was complete to the extent of only 35 *per cent*. The project had already suffered cost overrun of ₹ 22.17 crore due to increased Interest During Construction (IDC) period from ₹ 7.44 crore to ₹ 29.61 crore because of delay in commissioning.

The project has already been delayed by 28 months.

Considering the tardy progress of work, CEA on request from BHEL allowed BHEL to complete the project by October 2010. The Project had already been delayed by 28 months has not been completed by the revised schedule of October 2010.

Delay in completion led to loss of potential generation of 390 MU.

The inordinate delay in completion of the project led to loss of generation of 390 MU (realisable value ₹ 81.90 crore) for the period from July 2008 to March 2010.

‡ Lakwa WHRP ₹ 75.40 crore, Namrup RRP ₹ 282.95 crore, Myntriang SHEP ₹ 13.09 crore, Lungnit SHEP ₹ 5.56 crore

2.10.3 9 MW Myntriang Small Hydro Electric Project (Myntriang SHEP)

DPR for the project was prepared after 12 years of collection of Hydrological data.

The Myntriang SHEP envisages utilization of 432 Sq. Km of catchments area of Myntriang river in two stages for generation of 9 MW of power. The project though was conceived in 1984, hydrological data recorded from 1984 to June 1993, final DPR was prepared twelve years thereafter in June 2005.

The DPR estimated the cost of the project at ₹ 67.92 crore which was approved by the PIB in December 2006. After invitation of open tender (June 2007), the LOI for the work was awarded to the lowest bidder *viz.,* Sarda Eco Power in April 2008.

In the above context, we observed the following anomalies:

Economic viability based on projected PLF is unmatched within the State.

- DPR was approved by PIB considering 16 *per cent* IRR. However, based on AERC (Terms and Conditi on of Tariff) Regulation, 2006 IRR for the project works out to 13.81 *per cent* for Stage I and 11.16 *per cent* for stage II leading to deferment of payback period.
- Economic viability was determined on the basis of 84.11 *per cent* PLF for stage I and 76.14 *per cent* PLF for stage II which is unmatched within the State; PLF achieved by Karbi Langpi HEP (Commissioned in April 2007) has never exceeded 58 *per cent* PLF till March 2010.
- Although, the project was scheduled to be completed by February 2011, the work of mobilisation and development of infrastructure as on June 2010 was completed to the extent of only 10 and 50 *per cent* respectively.

In reply, the Management stated (August 2010) that the progress of work at Myntriang SHEP was slow because of bad, inclement weather experienced during execution, delay in obtaining blasting licence, adverse law and order situation, bundhs, *etc*.

The Management's contention is an after thought. In fact, the Management did not analyse the reasons for delay and its impact on the project.

2.10.4 6 MW Lungnit Small Hydro Electric Project (Lungnit SHEP)

Lungnit SHEP envisaged utilisation of catchments area of the Lungnit River in two stages for generation of 6 MW power.

Project cost escalated by ₹ 10.67 crore due to delay in taking up execution of the project.

The work of execution of the project with an estimated (September 1999) cost of ₹ 40.14 crore was taken up in December 2006 *i.e.* after 78 months from the date of DPR leading to revision (March 2005) in cost estimate to ₹ 50.81 crore. In the tender invited for execution of the project though none of the two participating bidders *viz*, a consortium of P.Das & Company (PDC) *and* IC-

SHP (a Chinese firm) and Nortech Power Limited was technically qualified for the execution of hydel projects, yet the Consortium was selected being the lowest bidder.

Though LOI for the work was issued in July 2007, PDC, the lead partner demanded (June 2008) increase in contract price from ₹ 39.50 crore to ₹ 47.08 crore under the pretext that IC-SHP had left the Consortium due to delay in issue (January 2008) of work order and the new member *viz*., Jyoti Limited to be inducted in the Consortium was unwilling to accept the prevailing contract price as the validity of price bid had already expired (August 2007). The offer of PDC was accepted by the Company.

Additional liability of ₹ 7.58 crore incurred due to delay in settlement of contract.

Thus, due to delay in settlement of the contract and unjustified acceptance of the lead partner's revised offer, the Company incurred an additional financial liability of ₹ 7.58 crore.

The progress of work has been slow since beginning. We noticed that work of mobilisation and infrastructure scheduled to be completed by February 2010 as per Master Control Network, was actually completed to the extent of 60 and 50 *per cent* respectively up to the scheduled date.

Our scrutiny further revealed the following anomalies:

- Economic feasibility in the DPR of the project was judged basing 76.26 *per cent* PLF for stage I and 77 *per cent* for stage II whereas declared PLF as per DPR was only 50 *per cent*.
- PIB cleared (December 2006) the project considering 14.40 *per cent* Internal Rate of Return (IRR) whereas IRR as per DPR works out to 12.05 *per cent* for Stage I and 11.47 *per cent* for Stage II.

In reply, the management stated that the project could not be undertaken in time due to financial constraint. As regards selection of technically unqualified contractor, the Management stated that the consultant had completely evaluated the technical bid after obtaining various clarifications on certain points before opening the financial bid. Further, management attributed slow progress of work to the stalemate arising due to the contractor's undue insistence for price increase on the plea that the quantity of work to be executed was much more than that initially assessed by the contractor before submitting the tender bid.

We noticed that:

- The Ministry of New and Renewable Energy had already sanctioned ₹ 18 crore and released ₹ 1.8 crore as the first instalment for the project in April 2000.
- The consultant had clearly mentioned (April 2007) in the Technical Evaluation Report that none of the participating bidders met the

technical qualification as required in the tender document. The consultant maintained the same stand even after evaluating (June 2007) the financial bid.

APGCL was, thus, exposed to the risk of non performance or under performance by the consortium.

Contract Management

2.11 Contract management is the process of efficiently managing contract (including inviting bids and award of work) and execution of work in an effective and economic manner. The works were awarded on turnkey (composite) basis to a single party involving civil constructions, supplies of machines and ancilliary works. During review period contracts valuing ₹ 911.44 crore were awarded. The agreements related to civil works, supply of equipments and miscellaneous works.

Instances of irregularities in the award and execution of contracts are discussed below:

2.11.1 1 × 37.2 MW Lakwa Waste He at Recovery Project (Lakwa WHRP)

Liquidated damage of ₹ 7.58 crore was not recovered from BHEL's bills.

Bid document for the project stipulated that in the event of delay in completion of work, Liquidated Damages (LD) at the rate of maximum 10 *per cent* of the contract price would be recovered from the contractor. However, while executing the contract, LD was reduced to five *per cent* resulting in undue benefit of ₹ 9.75 crore to BHEL. Further, even LD at the rate of five *per cent* was not recovered from BHEL's pending bill of ₹ 30.50 crore. It recovered only ₹ 2.17 crore and therefore, the opportunity of recovery of balance LD of ₹ 7.58 crore was remote.

APGCL did not avail exemption from excise duty under Deemed Export Benefit Scheme.

Foreign Trade Policy, 2004-09 stipulates that power projects routed through International Competitive Bidding process are eligible for duty drawback of both customs and central excise under Deemed Export Benefit Scheme. However, BHEL's quoted price included Central Excise Duty @ 16 *per cent*. This resulted in an avoidable liability of ₹ 18.68 crore to APGCL of which ₹ 7.53 crore was paid to BHEL till May 2010.

Compensation payable by BHEL for excess shut down of units was not recovered from BHEL's bills.

Although, it was mutually agreed in the meeting dated 30 September 2008 that BHEL would take 390 days' shutdown of three units (units 5, 6 and 7) for construction of stacks, BHEL took 905 days for the same. The excess shut down of 515 days (905- 390 days) beyond the agreed period entailed potential loss of generation of 233 MU (realisable value ₹ 51.26 crore). As per agreement APGCL, though, claimed compensation for loss of generation, BHEL declined to pay for the same under the pretext that the original agreement (September 2006) did not provide for any such compensation. We observed that APGCL failed to prevail upon BHEL the fact that the original agreement had no bearing on the agreement subsequently made in September 2008.

Management, in reply, stated that:

- LD was reduced from 10 *per cent* to 5 *per cent* as BHEL reduced the contract price by 15.4 *per cent*.
- Deemed Export Benefit is admissible only in case of supplies to mega power projects (500 MW and above).
- Profit oriented business organisation can never compensate for consequential loss as the same is unquantifiable.

Reply of the management is not acceptable because:

- The contract did not contain any other provision except LD to adequately safeguard the financial interest of the Company in the event of delay by BHEL.
- The same is not supported by any Excise Rules.
- Loss of generation is quantifiable *i.e* 233 MU.

2.11.2 1X 100 MW Namrup Replacement Power Project (Namrup RPP)

As mentioned in the case of Lakwa WHRP in ***Para 2.11.1*** here also while finalizing the contract, BHEL considered only the customs duty drawback and included the excise duty of ₹ 32.32 crore in the offered price. This unduly enhanced the contract price and created an avoidable liability of ₹ 32.32 crore.

NAMRUP REPLACEMENT POWER PROJECT

Operational Performance

2.12 Operations of APGCL is dependent on input efficiency consisting of material and manpower and, output efficiency in connection with Plant Load Factor, plant availability, capacity utilization, outages and auxiliary consumption. These aspects have been discussed below:

Input efficiency

2.13 Procedure for procurement of gas

Assam Electricity Regulatory Commission (AERC) fixes power generation targets for thermal power stations (TPS) considering capacity of plant, average plant load factor, and past performance. The position of gas linkages fixed by the APGCL for its two TPSs, gas required as per norms fixed by AERC, gas received and potential loss of generation due to shortfall in receipt during the period 2005-08[§] is given below:

Sl. No.	Particulars	2005-06	2006-07	2007-08	Total
1	Gas Linkage Fixed (MMSCM[**])	569.4	569.4	569.4	1708.20
2	Gas required (MMSCM)	455.57	452.37	452.68	1360.62
3	Gas received(MMSCM)	331.59	357.92	430.82	1120.33
4	Short fall in gas received (MMSCM)	123.98	94.45	21.86	240.29
5	Short fall in generation(MU)	301.48	236.47	68.87	606.82
6	Loss of potential net Revenue (₹ in crore)	23.09	19.81	4.71	47.61

*There was no shortfall in 2008-09 and 2009-10.

It would be seen from the above that gas actually received by APGCL was below gas linkage fixed as well as gas required for generation of power at PLF, fixed by AERC. Potential loss of generation in the two TPSs due to short receipt of gas worked out to 606.82 MU, valuing ₹ 47.61[††] crore during the period from 2005-06 to 2007-08.

That the management lacked initiative in arranging adequate gas for the two TPSs at correct price and adequate pressure during the period from 2005-06 to 2007-08 as would be evident from the following:

2.13.1 Inadequate supply of gas

APGCL failed to obtain firm commitment for supply of gas.

- Oil India Limited (OIL) has been supplying 0.66 Million Standard Cubic Meter Per Day (MMSCMD) of gas to the Namrup TPS on fall

§ There was no shortage in supply of gas against gas required as per plant load factor specified by AERC in the year 2008-09 and 2009-10.
**MMSCM=Million Standard Cubic Meter
†† Total realisable ₹109.85 crore less cost of gas ₹ 62.24 crore.

back[‡‡] basis since 1965. APGCL entered into a written agreement (September 2005) with OIL for committed supply of the above quantity with effect from November 2007.

- Similarly, Gas Authority of India Limited (GAIL) which was a major supplier of gas for the Lakwa TPS has been supplying 0.4 MMSCMD of gas on fall back basis only.

2.13.2 Delay in drawal of gas

GOI allotted 0.5 MMSCMD of gas for Lakwa TPS in August 2001.

Government of India (GOI) though allotted 0.5 MMSCMD of gas for its Lakwa TPS in August 2001 with instruction to the Board to enter into agreement with OIL by November 2001 the Company drew up the agreement in September 2005 i.e. five years after the date of allocation.

As per policy of GOI pricing of gas was made under two categories *viz,* Administered Price Mechanism (APM) and non-Administered Price Mechanism (non-APM). Gas allotted under APM was required to be supplied to the Power and Fertilizer sectors on priority basis at a subsidized rate.

Accordingly, price of APM gas for North-East Region was fixed at ₹ 1920 per 1000 SCM linked to net calorific value (NCV) of 10000 kilo calories (Kcal) per SCM.

However, before the finalisation of agreement in September 2005, a new pricing order was issued (June 2005) by the GOI whereby any additional gas to be supplied henceforth from newly explored well was to be priced at ₹ 3200 per 1000 SCM.

In the agreement between the APGCL and OIL price of gas was fixed at ₹ 3200 per 1000 SCM linked to NCV between 8000 and 8500 Kcal. The reasons for reduction of NCV from 10000 to 8000 and 8500 Kcal per SCM were not on record.

Belated execution of agreement with supplier resulted in avoidable excess expenditure on fuel charges of ₹ 52.24 crore.

It can be concluded from the facts of the case that due to belated execution of agreement and drawal of gas from OIL, the APGCL had to incur avoidable expenditure on fuel charges to the tune of ₹ 52.24 crore for drawal of 177.46 MMSCM of gas for the period from December 2008 to March 2010 as detailed in ***Annexure-8***.

In reply, the management stated that delay in entering into agreement with OIL was due to OIL's insistence for liquidation of its long outstanding dues before resumption of fresh supplies .Moreover, OIL informed APGCL that the gas supply to LTPS would be made from newly discovered oil fields outside the purview of APM price. Hence, the price was fixed at ₹ 3200/1000 SCM.

‡‡ Without any firm daily quantitative commitment

Management's reply is not acceptable as the GOA took over all the outstanding dues of ASEB to OIL up to September 2001 as per the tripartite agreement (March 2003) among the GOI, the GOA and Reserve Bank of India. Therefore, had APGCL entered into the agreement before June 2005 it could have availed gas at APM rate *i.e* ₹ 1920 per 1000 SCM.

2.13.3 Incorrect gas price allowed

Gas supplied to two units of APGCL were priced differently in violation of GOI orders.

As mentioned in ***para 2.13.2***, price of gas for North-East Region was fixed at ₹ 1920 per 1000 SCM. It was, however, noticed that OIL charged ₹ 3200 per 1000 SCM for 188.48 MMSCM of unused gas from Namrup TPS supplied to Lakwa TPS from June 2005 to November 2008. This resulted in excess payment of ₹ 24.12 crore {(₹ 3200 – ₹ 1920) x 188.48 MMSCM} excluding royalty and other taxes. We observed that before entering into any arrangement with OIL, APGCL did not ensure the prevailing pricing pattern of gas with reference to GOI orders from time to time.

The management, in reply, stated that OIL refused to divert the unused gas of Namrup TPS to Lakwa TPS at the APM price on the plea that the unused gas had already been allocated to North Eastern Electric Power Corporation Limited (NEEPCO).

The reply is unacceptable as the allocation of unused gas of Namrup TPS to NEEPCO was made without obtaining any consent from APGCL, the gas supplied to Lakwa TPS during June 2005 to November 2008 was from the APGCL's own allocation of 0.66 MMSCMD of gas per day for Namrup TPS and therefore should have been priced at the same rate at which it was supplied to Namrup TPS.

2.13.4 Uncontrolled drawal of gas from a private source.

The agreement (September 2005) with OIL *inter alia* stipulated transportation of gas by APGCL or its authorised agent. APGCL was to pay for actual gas drawn or Minimum Guaranteed Quantity (MGQ) of 0.4 MMSCMD (80 *per cent* of the committed quantity of 0.5 MMSCMD) whichever is higher.

Accordingly, APGCL entered into (December 2008) an agreement with AGCL for transportation of gas. The agreement also provided that AGCL might supply gas from sources other than OIL on fall back basis with the prior permission of APGCL.

Uncontrolled drawal of gas from a private source resulted in short drawal of gas from OIL and consequent avoidable expenditure of ₹ 5.18 crore on account of Minimum Guaranteed Quantity charges.

We noticed that:

AGCL injected gas from a private source namely Canaro Resources Limited (CRL) into the same pipeline carrying gas from OIL without providing for verification by APGCL of the quality and quantity of the CRL gas. The uncontrolled injection of CRL gas as such, resulted in short drawal of gas from

OIL which prompted OIL to raise claim amounting to ₹ 5.18 crore on account of MGQ charges from December 2008 onwards which was avoidable.

In reply, the management stated that there was no mechanism to ascertain whether short drawal of gas from OIL was due to the fault of OIL or AGCL and the claims by way of debit notes raised by OIL for MGQ during the period December 2008 to March 2010 was not entertained by APGCL as the matter is disputed.

We noticed that as per technical report (November 2009) accepted by APGCL, AGCL and OIL, OIL was capable of supplying 0.5 MMSCMD of gas to Lakwa TPS but it was unable to draw the same. Management had also stated (November 2009) that injection of CRL gas into the pipeline led to short drawal of gas from OIL.

Further, Management's contention that the claims of OIL were not entertained was not based on fact because APGCL had already confirmed (8 May 2010) the claims of OIL.

2.13.5 Loss of generation due to supply of gas at low pressure.

The power stations faced problems of low gas pressure.

The APGCL did not ensure supply of gas to the two TPSs at the required pressure for which the power stations faced problems of low pressure of gas from time to time. Test check of records relating to outages of plants revealed that the Lakwa TPS fell under forced shutdown for 37463.74 hours during the period of review due to low pressure of gas with consequential loss of generation aggregating to 632.08 MU valued at ₹ 114.44 crore as given in ***Annexure- 9***.

NAMRUP THERMAL POWER STATION

To draw gas at required pressure, existing infrastructure was revamped and higher transportation charges allowed to the transporters.

It was also noticed that in order to draw 0.5 MMSCMD of gas for Lakwa TPS the existing infrastructure was revamped and a revised agreement was drawn up with AGCL in December 2008. The revised agreement stipulated that AGCL would receive gas from OIL's off-take point, boost its pressure and transport the compressed gas through its High Pressure and Low Pressure pipelines and deliver the same at Lakwa at a minimum pressure of 5 kg/cm^{2}g for which the transportation charge was also revised from the existing ₹ 185 per 1000 SCM to ₹ 565.70 per 1000 SCM. The transportation charge included the cost of compressor as well as the cost of high pressure pipeline from Duliajan to Namrup.

However, on scrutiny it was observed that the gas received from OIL for Lakwa TPS was not boosted at the compressor station of AGCL (Duliajan) and the low pressure gas was injected into a low pressure pipeline from Duliajan to Lakwa, for which intake pressure at Lakwa TPS has been lower than the contracted intake pressure.

The transporters though did not comply with the requirement, higher TC was paid to it.

Since transportation of gas to Lakwa TPS was not done according to the revised agreement allowing the higher rate as per the revised agreement led to over-payment and consequential loss to the company to the extent of ₹ 6.65 crore {(₹ 565.70 – ₹ 185) x 174.64 MMSCM} of gas transmitted.

In reply, the management stated that they have already taken up the matter with AGCL in May 2010. However, the fact remains that the Company is yet (August 2010) to obtain any assurance from AGCL regarding refund of excess payment *etc.*

2.13.6 Consumption in excess of standard due to high heat rate.

Non-achievement of heat rate fixed by AERC resulted in excess consumption of gas worth ₹ 51.58 crore.

Tariff for electricity fixed by the AERC from the years 2005-06 to 2009-10 was based on heat rate[§§] ranging from 3266 to 3658 K.cal per unit of electricity generated from gas. Consumption of gas was, thus, to be regulated according to the above norms fixed by the AERC. The year-wise details of the heat rate achieved by the TPSs during 2005-10 and consequential excess consumption of gas is depicted in ***Annexure-10***.

We observed that heat consumption per unit of electricity generated ranged from 3581 K.cal/ Unit to 4022 K.cal/ Unit during the period 2005-10 as against the 3266 to 3658 K.cal/unit being the norms prescribed by the AERC resulting in excess consumption of gas worth ₹ 51.58 crore.

Management, in reply, stated that the excess heat consumption was due to running of the machines at partial load or no load because of erratic gas supply and less demand in the grid.

§§ Heat Rate= The heat required to generate one unit of energy

We observed that the target of heat rate was fixed at 50 *per cent* Plant Load Factor (PLF) for both NTPS and LTPS and these factors were considered by AERC before fixing the target for heat rate to be achieved. The average PLF in both the stations have gone up recently but the consumption of excess gas has not decreased.

Manpower

2.14 NEP recommended manpower per megawatt of installed capacity of power stations. Position of sanctioned strength & actual manpower *vis-a-vis* the manpower recommended under NEP are given below:

Actual Manpower vis-a-vis sanctioned strength and NEP norms

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Sanctioned strength	1731	1645	1554	1557	1557
2	Manpower as per the NEP recommendation	135	135	314	314	314
3	Actual manpower	1640	1541	1575	1510	1386
4	Expenditure on salaries (₹ in crore)	28.57	26.64	28.90	66.36	50.20
5	Extra expenditure with reference to sanctioned strength (₹ in lakh)	-	-	-	-	-
6	Extra expenditure with reference to NEP norms (₹ in crore) [(4/3) x (3–2)]	26.22	24.31	23.14	52.56	38.83

The Company's manpower per MW exceeded the norms recommended under National Electricity Plan.

The table above shows that actual manpower during the period 2005-10 exceeded the norms recommended under NEP. The Company, thus, incurred extra expenditure of ₹ 165.06 crore on excess manpower with reference to NEP norms. The excess manpower included 112 personnel stationed at Chandrapur Thermal Power Station (CTPS) and 105 personnel at Bongaigaon Thermal Power Station (BTPS) which remained closed since 1999.

Despite having excessive manpower, the generating stations were regularly employing temporary/contract staff for regular jobs. During 2005-10, generating stations deployed temporary staff for such jobs and incurred an expenditure of ₹ 57.72 lakh.

Further, the overtime wages paid by generating stations during the same period worked out to ₹ 1.09 crore. However, no action was taken to rationalise its staff strength or explore ways to utilise them optimally.

In reply, the management stated that the excess staff at CTPS and BTPS have been brought down to 88 and 93 respectively and the position would be further reviewed for transfer and re-deployment to the extent feasible.

Output Efficiency

2.15.1 Shortfall in generation

The targets for generation of power for each year are fixed by the AERC. It was observed in Audit that the APGCL was able to generate a total of 6610.97 MU of power during 2005-06 to 2009-10 against a target of 6789.47 MU fixed. This resulted in a net shortfall of 178.50 MU as shown below:

Targeted and Actual Generation

Year	Target (MU)	Actual (MU)	Shortfall (MU)	Percentage of Shortfall to the target
2005-06	940.15	808.07	132.08	14.05
2006-07	1112.52	867.54	244.98	22.02
2007-08	1379.97	1540.33	(160.36)	-
2008-09	1600.63	1682.82	(82.19)	-
2009-10	1756.20	1712.21	43.99	2.50

The Company's generation of energy fell short of norms fixed by AERC.

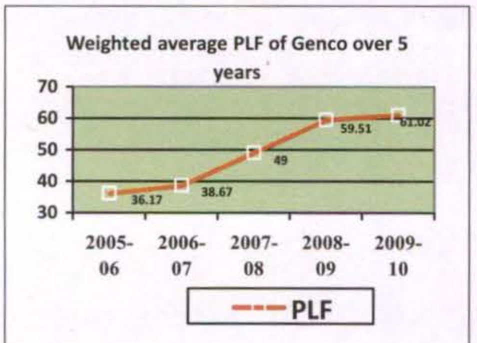
In reply, the management stated that shortfall in generation during 2005-06 and 2006-07 was due to short supply of gas to the thermal power stations and shortfall in hydel generation during 2009-10 was due to low availability of water during monsoon.

The reply of the management is not based on fact since, during 2009-10, the lone hydro electric project Karbi Langpi had actually surpassed the target and it was gas based Namrup TPS which failed to achieve the target set by AERC.

2.15.2 Low Plant Load Factor (PLF)

Diagram-V

Average Plant Load Factor for 2005-10



PLF refers to the ratio between the actual generation and the maximum possible generation at installed capacity. According to norms fixed by Central Electricity Regulatory Commission (CERC), the PLF for thermal power generating stations should be 80 *per cent*, against which the national average was 77.22 *per cent.*

Average Plant Load Factor of the Power Station was below the national average.

Against these weighted average PLF of APGCL during 2005-10 is shown in diagram-V. It can be seen in the diagram that though the average PLF of the TPSs increased from 36.17 *per cent* in 2005-06 to 61.02 *per cent* in 2009-10 it still remained less than the National Average of 77.22 *per cent.*

The details of average realization *vis-a-vis* average cost per unit, PLF achieved, average realization at national PLF, PLF at which average cost would be recovered and the difference of PLF in *per cent* are given in the following table:

PLF attained vis-a-vis National PLF

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Average Realisation (₹ per Unit)	1.78	1.89	1.67	2.20	2.00
2.	Average Cost (₹ per Unit)	2.35	2.24	1.67	2.29	2.04
3.	Actual PLF (*Per cent*)	36.17	38.67	49.00	59.51	61.02
4.	Average Realisation at National PLF♣ (₹ per Unit)	3.80	3.77	2.63	2.85	2.53
5.	PLF at which average cost stands recovered (*Per cent*) (2/1 X 3)	47.75	45.83	49.00	61.94	62.24
6.	Difference (*Per cent*) (5 – 3)	11.58	7.16	0	2.43	1.22
7.	Shortfall in generation	913.48	857.77	627.91	371.52	339.90

The table above shows that had APGCL attained the National Average PLF it could have recovered its average cost of generation. The estimated shortfall in generation works out to 3110.58 MU (with respect to National Average PLF of 77.22 *per cent*) during 2005-06 to 2009-10.

The details of maximum possible generation at installed capacity, actual generation and corresponding PLF achieved in respect of each generating unit for the five years up to 2009-10 are given in ***Annexure -11***. The main reasons for the low PLF, as observed by us were low plant availability, low capacity utilisation, major shut downs and delays in repairs and maintenance discussed in succeeding paragraphs:

2.15.3 Low plant availability

Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period. As against the CERC norm of 80 *per cent* plant availability during 2004-09 and 85 *per cent* during 2010–14, the average plant availability of power stations was 60.31 *per cent* during the five years up to 2009-10.

The details of total hours available, total hours operated, planned outages, forced outages*** and overall plant availability in respect of the State as a whole are shown in next page:

♣National Average PLF of 2008-09 was 77.22 *per cent*, which has been taken comparison purpose during the period under review.

*** Forced outages include shutdown of units due to machine breakdown, low gas pressure and grid disturbance.

Plant Outages and Plant Availability

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Total hours available	113880	113880	131400	131400	131400
2	Operated hours	53812.16	58818.16	78264	90932.46	97059.92
3	Planned outages (in hours)	7159.07	1101.34	7955.17	11992.47	8363.20
4	Forced Outages (In hours)	52908.77	53960.50	45180.83	28475.07	25976.88
5	Plant availability (2/1 x 100) (*per cent*)	47.25	51.65	59.56	69.20	73.87
6	Targeted Plant availability	58.91	76.70	78.10	78.10	78.10

The low availability of Power plants was due to longer duration of forced outages caused by inordinate delays in repair and maintenance and non-availability of required quantity of gas at adequate pressure along with disturbance in the grid. Some specific cases of longer period of shut down of the machines are given below:

- Unit 5 of LTPS was shut down for seven months due to delay in construction of Lakwa WHRP.
- Unit 5 of NTPS was shut down for seven months due to Stator winding failure.
- Unit 4 of NTPS was shut down for sixteen months from August 2005 to January 2007 for failure of starter diesel engine as discussed in para ***2.15.5***.

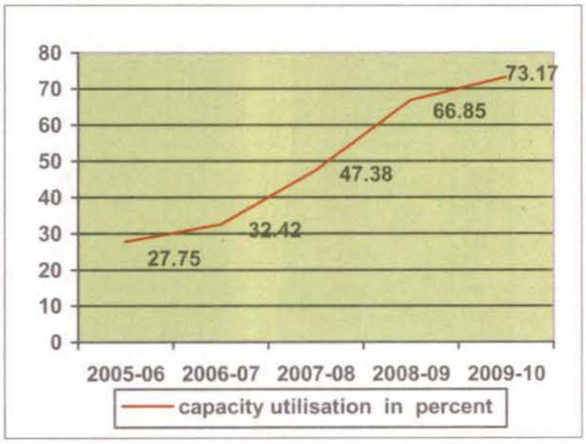
2.15.4 Low Capacity Utilisation

50.49 *per cent* of the installed capacity remained unutilised due to short supply of gas, ageing of units and constraints on transmission capacity.

Capacity utilisation means the ratio of actual generation to possible generation during actual hours of operation. Based on national average PLF of 77.22 *per cent* and plant availability at 80 *per cent*, the standard capacity utilisation factor works out to be 62 *per cent* for thermal power plants. Our analysis revealed that on the average 50.49 *per cent* of the installed capacity remained unutilized. The capacity utilisation is shown in the graph given in the next page:

Diagram-VI

Diagram Showing Capacity Utilisation



The main reasons for the low utilisation of available capacity during 2005-06 to 2007-08, as analysed in audit were: - Running of units with partial load or without load for short supply of gas; reduced capacity of old generating unit; and constraints on transmission capacity due to grid disturbance.

It would be seen that the capacity utilisation of the thermal units has improved during the review period from 27.75 *per cent* in 2005-06 to 73.17 *per cent* in 2009-10. As examined in audit, capacity utilisation of the thermal units has improved due to improvement in the supply of gas.

2.15.5 Outages

Forced outages though decreased over the five years period still remained more than norms fixed by CEA.

Outages refer to the period for which the generating unit is not available for power generation. Audit observed following deficiencies in planned and forced outages. The total number of hours lost due to planned outages decreased from 6 *per cent* in 2005-06 to 0.96 *per cent* in 2006-07 but again increased to 6.36 *per cent* in 2009-10. The forced outages in power stations though decreased from 52908.77 hours in 2005-06 to 25976.88 hours in 2009-10 *i.e.* from 46.46 to 19.77 *per cent* of the total available hours in the respective years, it remained more than the norm of 10 *per cent* fixed by CEA in all the five years ending 31 March 2010. Compliance of the CEA norms would have entailed availability of plant for additional operational hours with consequent generation of 920.91 MU.

Unit No. 4 of Namrup TPS remained shut down for four years for want of a starter diesel engine.

Unit No. 4 of Namrup TPS was put under shutdown since August 2005 due to failure of the starter diesel engine. In January 2007, the engine was repaired and made operational. The engine failed again in February 2007. The tender was called for purchase of new engine but it could not be finalised as yet (August 2010). However, in July 2009, the company had decided to operationalise the unit with the help of a repaired diesel engine brought from Lakwa TPS which was lying idle since 2005. Since then, the unit was generating on an average 7 MU per month.

Indecision/delayed decision to operationalise Unit No. 4 resulted in loss of generation.

Thus, due to indecision on the part of the management, the unit remained under shut down for 45 months resulting in loss of potential generation of 315 MU (realisable value ₹: 60.33 crore).

Management, in reply, stated that tender for procurement of starter diesel engine could not be finalised as yet (August 2010) for want of a suitable vendor.

2.15.6 Auxiliary consumption of power

Energy consumed by power stations themselves for running their equipments and common services is called Auxiliary Consumption. The norms prescribed by CEA in the National Electricity Plan for Combined Cycle gas based power plant was 3 *per cent.*

AERC laid down norms for auxiliary consumption in respect of the three power stations. Year-wise and station-wise auxiliary consumption (in percentage of gross generation) allowed by AERC *vis-a-vis* actual consumption recorded by the power stations during the period of review is shown below:

Actual Auxiliary consumption vis-a vis approved by AERC

Year	Auxiliary consumption approved by AERC (in *per cent*)			Actual Auxiliary consumption (in *per cent*)		
	Namrup TPS	Lakwa TPS	Karbi Langpi HEP	Namrup TPS	Lakwa TPS	Karbi Langpi HEP
2005-06	4.50	5.50	NA*	5.24	9.42	NA
2006-07	4.50	5.50	NA	5.64	8.64	NA
2007-08	4.30	5.59	0.50	5.47	7.17	0.50
2008-09	4.00	5.59	0.50	5.42	7.52	0.50
2009-10	3.00	5.59	0.50	4.76	8.77	0.50

* NA: Not applicable—Plant commissioned in 2007-08

Auxiliary consumption of thermal power stations exceeded the norms allowed by AERC.

It showed that barring Karbi Langpi HEP, actual auxiliary consumption of the remaining power stations exceeded the norms allowed by AERC. As worked out in Audit, due to excess consumption in auxiliaries, 105.49 MU of energy could not be despatched to the grid.

Management, in its reply (May 2010) to audit observation attributed excess auxiliary consumption to:

- Part loading of gas turbines due to non-availability of adequate gas supply and grid conditions at Lakwa TPS.
- Low capacity utilization of the de-rated machinery vis-à-vis static auxiliary consumption, erratic gas supply and inadequate power evacuation system at Namrup TPS.

However, the fact remains that these aspects might have been considered by AERC before determining different benchmarks of performance of the power stations.

Repairs & Maintenance

2.16 To ensure long term sustainable levels of performance, it is important to adhere to periodic maintenance schedules. The efficiency and availability of equipment is dependent on the strict adherence to annual maintenance and equipment overhauling schedules. Non-adherence to schedule carry a risk of the equipment consuming more gas, fuel oil and a higher risk of forced outages which necessitate undertaking R&M works. These factors lead to increase in the cost of power generation due to reduced availability of equipments which affect the total power generated.

In the above context, we observed that:

- Periodic maintenance of the units was not carried out as per schedule of the original manufacturers (OEM).
- Maintenance works were carried out only in the event of break down of machinery.
- Time to be taken for various maintenance works were not specified by the management.

The following instances would illustrate the point:

Preventive maintenance of units was not carried out as recommended by the original equipment manufacturers.

Actual Preventive Maintenance carried out vis-a-vis recommended

Sl. No.	Types of preventive maintenance	Recommended Hours of operation before maintenance	Actual hours of operation before maintenance	Delay in maintenance (Hours)	Year in which servicing has been carried out
1	Washing of Air filter net ,Unit-I (WCL make)	3000-4000	8999	4999	2008-09
2	Compressor Cleaning and combustion operation	7000	11537	4537	2009-10
3	Major overhauling of Unit-2 (WCL make)	28000	40052	12052	2007-08
4	Major Overhauling of Unit-6 (BHEL make)	48000	72886	24886	2008-09

In reply, management stated that periodic maintenance of some units could not be carried out as per schedule of OEM due to non availability of spares in time, power demand of the state and further denied that maintenance works were carried out only in the event of break down of the machines.

Renovation and Modernisation

2.17 Renovation & Modernisation (R&M) and refurbishment activities involve identification of the problems of generating units of TPSs, preparation of techno economic viability reports, preparation of detailed project reports (DPR) to lay down benefits to be achieved from these works.

R&M activities are aimed at overcoming problems in operating units caused due to generic defects, design deficiency and ageing by re-equipping, modifying, augmenting them with latest technology/systems. R&M activities are undertaken in TPS operating at Plant Load Factor (PLF) of 40 *per cent* and above after assessing the performance and requirement of the units.

Refurbishment activities are aimed at extending economic life of the units by 15 to 20 years which have served for more than 20 years or operating at PLF below 40 *per cent*. Necessary permission and clearance for R&M and Refurbishment activities from AERC/CEA/State Government are obtained. For Refurbishment and R&M activities, Power Finance Corporation (PFC) sanctions loan equal to 70 *per cent* of the estimated cost of the activity against guarantee furnished by the State Government and rest of the fund is met through internal sources or loan from State Government.

2.17.1 10th Plan R & M Scheme

10th Plan R & M Scheme primarily envisaged restoration of the Unit No.2 of Namrup TPS which was under shutdown since August 2001 and raising generation from 350 MU in 2005-06 to 600 MU in 2007-08 and 740 MU in 2008-09 in respect of Lakwa TPS.

Scheduled date of completion, actual date of completion of the programme at the two TPSs are shown in the following statement:

10th Plan R & M Scheme

Name of Power Station	Scheduled Date of completion (Revised date)	Actual Date of completion
Lakwa TPS	31 March 2007 (September 2007)	In progress
NTPS	31 March 2007	December 2007

We observed that:

- The programme at Lakwa TPS remained incomplete even after a lapse of 33 months from the targeted (revised) date of completion.
- The programme at Namrup TPS was completed after a lapse of 8 months from the targeted date.

R&M programme at Lakwa TPS was delayed due to delay in awarding work and at Namrup TPS due to delay in arranging funds.

- At Lakwa TPS, out of 40 items of work to be executed as per DPR, 23 items were fully completed as on April 2010. The programme at Lakwa TPS was delayed due to delay in awarding work orders. Barring four orders (value: ₹ 13.52 crore), remaining 22 orders of ₹ 13.83 crore were issued after the targeted date of completion.
- For restoration of the Unit-2 of Namrup TPS, a provision of ₹ 12 crore was made in the DPR prepared in December 2002. As per the provision of the DPR, the restoration of the unit would be completed in March 2004 and on restoration, the unit would be able to generate 120 MU per annum at 60 *per cent* PLF. The Company, however, took 59 months as against 14 months envisaged in the DPR for restoration of the unit due to delay in arranging fund from PFCL because of delay in execution of Asset Hypothecation Deed (AHD) resulting in loss of generation of 326.25 MU (realisable value: ₹ 54.48 crore).
- Works of ₹ 10.90 crore of O & M nature were included in R & M activities and expenditure on them were incurred out of R & M funds. This also resulted in deferment of O & M expenses over a long period which was otherwise realizable through tariff of the year in which the expenditure was actually incurred.

There was shortfall in achievement of generation target at the end of 2008-09.

- Although, R&M schemes envisaged increase in generation to 1402 MU, APGCL achieved 1248 MU leaving a shortfall of 154 MU at the end of 2008-09.

The management, in reply, stated that the delay in completion of R&M programme at Lakwa TPS was due to poor response from OEM, technical short comings in finalisation of NITs, remote location, *etc.*

However, the fact remains that while the R&M programme at Lakwa TPS was scheduled to be completed by September 2007, NITs for many components of the work were floated only in the years 2008-09 and 2009-10.

As regards delay in restoration of Unit-2, management stated that the execution of AHD was delayed as assets of Namrup TPS was mortgaged to Life Insurance Corporation of India which was reluctant to issue 'No Objection Certificate' and finally, the company considered mortgaging assets of Lakwa TPS (unit-4) to PFCL for disbursement of loans. The fact, however, remains that the company could have considered mortgaging the assets of Lakwa TPS instead of creating second charge on the assets of Namrup TPS to avoid delay and loss of generation.

2.17.2 *Operation & Maintenance*

The operation and maintenance (O&M) cost includes expenditure on the employees, repair & maintenance including stores and consumables, consumption of capital spares not part of capital cost, security expenses, administrative expenses *etc.*, of the generating stations besides corporate expenses apportioned to each generating stations *etc.*, but exclude the expenditure on fuel.

CERC has fixed norms for O&M cost. It was noticed that the Company had achieved the CERC norms in all the five years as shown below:

Actual O & M cost incurred vis-a-vis norms

Year	Installed Capacity (MW)	O & M cost approved by CERC	O & M cost per MW approved by CERC	Actual cost incurred	Actual cost per MW	Excess of actual cost above approval	Excess O&M Cost incurred per MW
		(₹ in crore)					
2005-06	254	46.23	0.18	39.44	0.16	-	-
2006-07	254	46.23	0.18	37.52	0.15	-	-
2007-08	354***	84.68	0.24	40.77	0.12	-	-
2008-09	354	84.68	0.24	84.32	0.24	-	-
2009-10	354	84.68	0.24	71.00	0.20	-	-

It was noticed that Company had achieved the CERC norms in respect of O&M cost in all the five years.

Financial Management

2.18 Efficient fund management is the need of the hour in any organisation. This also serves as a tool for decision making, for optimum utilisation of available resources and borrowings at favourable terms at appropriate time.

The power sector companies should, therefore, streamline their systems and procedures to ensure that funds in idle inventory are not invested, outstanding advances are adjusted/recovered promptly and funds are not borrowed in advance of actual need.

The main sources of funds were realisations from sale of power, funds from State/Central Governments, loans from State Government/Financial Institutions (FI) *etc*. These funds were mainly utilised to meet payment of fuel purchase bills, debt servicing, employee and administrative costs and system improvement works of capital and revenue nature.

Details of sources and utilisation of resources on actual basis for all the power sector companies for the years 2005-06 to 2009-10 are given in the following table:

*** Includes Karbi Langpi Hydro Electric project of 100 MW.

Sources and utilisation of resources

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
				(₹ in crore)		
Cash inflow						
1.	Net Profit/(loss)	(40.83)	(18.00)	1.18	(7.03)	29.93
2.	Add: adjustments	53.41	50.66	83.09	114.73	77.80
	Operating profit before working capital changes.	12.58	32.66	84.27	107.70	107.73
3.	Operating activities	110.17	56.45	-	118.54	34.98
4.	Investing activities	0.56	275.77	93.35	29.16	25.45
5.	Financing activities	798.82	154.29	118.49	5.75	73.68
	Total	**922.13**	**519.17**	**296.11**	**261.15**	**241.84**
Cash outflow						
6.	Operating activities	169.89	2.65	41.44	31.32	39.73
7.	Investing activities	722.61	501.65	126.36	158.27	89.30
8.	Financing activities	23.41	7.36	33.83	83.23	81.34
	Total	**915.91**	**511.66**	**201.63**	**272.82**	**210.37**
	Net increase in cash and cash equivalents	6.22	7.51	94.48	(11.67)	31.47

The cash deficit from operating activities in the years 2005-06, 2007-08 and 2009-10 was overcome mainly by increased grants and borrowings from the State Government. However, in the year 2008-09, APGCL earned net cash from operating activities to the extent of ₹ 87.22 crore. Main reasons for cash deficit in the financing and investing activities in the years 2008-09 and 2009-10 were heavy interest commitment on loans, locking up of funds in inventory and spare parts not required immediately and heavy capital expenditure without adequate returns. Therefore, there is an urgent need to optimise internal resource generation by enhancing the PLF to national level. This would have enabled increased availability of funds to the extent of ₹ 579.30 crore (realisable value of shortfall in generation with reference to national PLF).

However, we also noticed that the Company could not utilise the available funds for the intended purposes and kept the funds in short term deposits from time to time. Some instances, as noticed in audit, are given below by way of illustration.

Despite having sufficient fixed deposits, the APGCL resorted to Bank overdraft.

- While, the Company had fixed deposits ranging from ₹ 76.62 crore (March 2008) to ₹ 86.59 crore (March 2010), it resorted to overdraft ranging from ₹ 3 crore to ₹ 2.46 crore during the period of three years ended 31 March 2010, which resulted in avoidable payment of interest of ₹ 68.86 lakh.

For availing loan long before actual execution of work resulted in loss of interest of ₹ 0.16 crore.

- Inspite of receiving (April 2000) ₹ 1.8 crore as the first instalment of subsidy from the Ministry of New and Renewable Energy for implementation of Lungnit SHEP, APGCL obtained State Government loan of ₹ one crore on March 2006 at the rate of 10.50 *per cent* interest, 39 months before the contract was signed (July2009). Thus, availing of loan before the actual execution of work resulted in net loss of interest of ₹ 15.75 lakh.

Holding of spares in excess of norms resulted in loss of interest of ₹ 4.31 crore.

- As per the guidelines of Central Electricity Regulatory Commission (CERC), the Thermal Power Stations (TPS) have to maintain spares of ₹ four lakh for each MW of installed capacity. As worked out by us, the value of spares to be maintained by the TPSs on the basis of CERC guidelines should be ₹ 10.16 crore. However, during the year 2008-09, the TPSs held a stock of spares valued at ₹ 51.19 crore resulting in holding of spares in excess of norm by ₹ 41.03 crore.

This resulted in blocking up of funds and corresponding loss of interest of ₹ 4.31 crore (calculated at 10.50 *per cent* rate of interest on ₹ 41.03 crore) for one year alone.

Management, in reply, stated that the company held excess inventory since lead time for procurement of imported spares was very high. The facts, however, remain that the Company was holding stocks in excess of the CERC norms.

Claims and Dues

2.19 The APGCL sells energy to DISCOMS at the rates specified by AERC from time to time. AERC fixed the tariff rates after considering various economic and other factors. Generally, sale price does not cover the total input costs. The table below gives the details of subsidy claims raised, subsidy realised, energy bills on DISCOMS and recoveries there against and gas bills received *vis-a-vis* payments made for the review period.

Claims and dues

Sl. No.	Details	2005-06	2006-07	2007-08	2008-09	2009-10	Total
		(₹ in crore)					
1	Energy Bills on ASEB	133.73	152.90	247.65	351.16	334.00	1219.44
2	Amounts Received	113.14	211.51	254.64	317.76	286.22	1183.27
3	Gas Bills Received	80.25	97.44	119.32	157.61	183.77	638.39
4	Payments Made	80.25	97.44	119.32	157.61	183.77	638.39

It can be seen from the above table that the company's dues & claims on account of the above have not been received in time except in 2006-07 and 2007-08.

In order to secure its financial interest, a commercial enterprise needs to have a well organised system of internal check and control especially with regard to its claims and dues.

Tariff Fixation

2.20 The APGCL is required to file the application for approval of Generation Tariff for each year 120 days before the commencement of the respective year or such other date as may be directed by the Commission. The Commission accepts the application filed by APGCL with such modifications /conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders, issue an order containing targets for controllable items and the generation tariffs for the year within 120 days of the receipt of the application.

The Commission sets performance targets for each year of the Control Period for the items or parameters that are deemed to be "controllable".

Any financial loss on account of underperformance on targets is not recoverable through tariffs.

Audit noticed that the Commission did not allow expenditure of ₹ 3.32 crore and ₹ 6.43 crore during two years *viz.,* 2005-06 and 2006-07 respectively on account of cost of fuel (₹ 2.58 crore), interest on term loan (₹ 6.87 crore) and return on equity (₹ 30.36 lakh), considering those costs as controllable which resulted in adding to the loss of APGCL for the respective years.

Environment Issues

2.21 In order to minimize the adverse impact on the environment, the GOI had enacted various Acts and Statutes. At the State level, Assam State Pollution Control Board (SPCB) is the regulating agency to ensure compliance with the provisions of these Acts and Statutes. Ministry of Environment and Forests (MoE&F), GOI and Central Pollution Control Board (CPCB) are also vested with powers under various Statutes.

Audit scrutiny relating to compliance with the provisions of various Acts in this regard revealed the following:

2.21.1 Operation of plant without consent

Lakwa TPS was operating without statutory consent required from the State Pollution Control Board (SPCB).

Since its commissioning in 1981, Lakwa TPS was operating without obtaining any consent required under Air and Water Prevention and Control of Pollution Acts, 1974 and 1981 respectively. In May 2000, CPCB directed the Company to take immediate measures to obtain consent to operate from SPCB. SPCB, though accorded (August 2009) consent to operate for the year 2008-09, it did not give similar consent for the years 2009-10 and 2010 – 11 as the company was yet to liquidate the outstanding consent fees of ₹ 38.70 lakh payable for the period of 18 years since the date of commissioning. Thus, the plant has been operating without any consent from SPCB.

2.21.2 Absence of monitoring facilities and equipments

As per the provisions of the Environment (Protection) Act, 1986, TPSs should provide on-line monitoring systems to record Small particulate matter (SPM) levels. However, the Company did not comply with the same. Moreover, the following additional irregularities were also observed at Lakwa TPS.

Power Stations were not equipped with pollutant gas monitoring facilities.

- Out of seven stacks of seven gas turbine units of Lakwa TPS, provision for setting up pollutant gas monitoring facilities exists only in three stacks.
- Although, the three out of seven stacks had provision for installation of equipments to measure actual emission of pollutants, the same were yet to be installed.

2.21.3 Stack height not conforming to SPCB standards

Stack height did not conform to the norms set by SPCB.

The SPCB while according consent to operate for the year 2008-09 *inter-alia* stated that stack height should be minimum 30 meters. It was noticed that Lakwa TPS has four stacks of only 16 meters which was in violation of the stack height norms of the SPCB, leading to discharge of smoke and other pollutants at a lower/undesired level of the atmosphere.

Noise Pollution

There was no provision for recording/monitoring noise level at the Power Stations.

2.22 Noise Pollution (Regulation and Control) Rules, 2000 aim to regulate and control noise producing and generating sources with the objective of maintaining ambient air quality. To achieve the above, noise emission from equipment be controlled at source, adequate silencing equipment should be provided at various noise sources and a green belt should be developed around the plant area to diffuse noise dispersion. The TPSs are required to record sound levels in all the areas stipulated in the rules referred to above.

Audit scrutiny revealed that none of the thermal power station of the Company recorded noise levels at all nor there was any equipment installed to record the noise levels of the power stations.

Water pollution

The Company does not have any system for monitoring pollutant in the waste water discharge from the Power Stations.

2.23 APGCL does not have any system of monitoring pollutants in the waste water discharge from the two thermal power stations.

2.23.1 Non-registration of projects under Clean Development Mechanism (CDM)

We noticed that although, all the four ongoing projects are eligible for carbon credit benefit, APGCL did not initiate action for registration of the project as

Failure to get the projects registered as CDM projects entailed potential loss of revenue in the form of carbon credit.

CDM project at the initial stage due to lack of awareness. Belatedly, the company engaged (November 2009) a consultant to explore the possibility of availing the benefit in respect of Lakwa WHRP. The firm projected that Lakwa WHRP is capable of generating in 9 years an estimated 930109 CER[†††] by selling which the company could have earned net revenue of ₹ 69.32 crore[‡‡‡] (CER 930109 X 12 Euro x ₹ 69.86 = ₹ 77.97 crore discounted at 12 *per cent* for 1st Five years and 10 *per cent* for next four years = ₹ 69.32 crore).

The projects though eligible, were not registered as CDM project.

Thus, the company may lose potential revenue of ₹ 69.32 crore in the form of carbon credit due to its ignorance and failure to get CDM registration. Benefit that would have been available in respect of three other projects have not been worked out by the Company.

Monitoring by top management

MIS data and monitoring of service parameters

2.24 The APGCL plays an important role in the State economy. For such a giant organisation to succeed in operating economically, efficiently and effectively, there should be documented management systems of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targ ets should generally be such that the achievement of which would make an organisation self-reliant. Audit review of the system existing in this regard revealed the following:

- Although, there exists an MIS in respect of the thermal power stations, regular monthly or yearly analysis and reporting to the top management was not being done.
- The detailed MIS in respect of the Karbi Langpi Hydro-Electric Project was yet to be in place (June 2010).

Conclusion

- **The company could not meet the power demand of the State due to inadequate capacity additions. Peak demand of the State could not be met even by import of power.**
- **There has been cost overrun due to delay in taking up of the projects.**

††† One CER = 12 Euros, 1 Euro = ₹ 69.86.
‡‡‡ As worked out by the consultant appointed by APGCL.

- **The company failed to exercise necessary controls over fuel linkage and consumption.**
- **There has been low capacity utilisation of the plants .**
- **R&M programmes of the Company were taken up without carrying out the Residual Life Assessment Study of the Units. The executed R&M programmes also failed to achieve the desired objective.**
- **Management did not address the issues of environmental pollution.**
- **The performance data collected through MIS was not placed before the Board for review.**

Recommendations

The following recommendations are made

The Company/State government must

- **Plan capacity addition commensurate with the state's energy requirement.**
- **Ensure proper project management for completion of the projects within scheduled date.**
- **Undertake Residual Life Assessment Study, Techno Economic Feasibility Study before undertaking Renovation and Modernisation programme.**
- **Plan and procure fuel (gas) commensurate with its requirement.**
- **Maintain vigil so as to ensure fulfilment of contractual obligations by the transporters of gas.**
- **Ensure that receipt of gas is commensurate with generation target fixed by the Company/AERC.**
- **Ensure management control over achievement of station heat rate as per AERC norms.**
- **Evolve an adequate MIS for evaluating the performance of all the generating stations and ensuring periodical analysis and review by top management for corrective action *etc.***

Transaction Audit observations

Chapter-III

3. Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government companies/Statutory corporations are included in this Chapter.

Government companies

Assam Power Distribution Company Limited

3.1 Procedural/System lapses

Failure to take appropriate action on time resulted in accumulation of arrears of ₹ 4.07 crore which remained unrealised.

(a) Clause 4.3.1.1 of Assam Electricity Regulatory Commission (AERC) (Electricity Supply Code & Related Matters) Regulations, 2004 stipulates that where a person neglects to pay any charge for electricity or any other sum due from him to a licensee, by the due date mentioned in the bill, in respect of supply, transmission or distribution or wheeling of electricity, the licensee may, after giving not less than 15 clear days' notice in writing to such person and without prejudice to his rights to recover such charge or other sum by suit, cut off supply of electricity, until such charge or other sum, together with any expenses incurred by him in cutting off and reconnecting the supply, are paid. This provision emphasises that the billing authorities *i.e.,* the concerned sub-division must resort to disconnection of supply of electricity so that the consumers are discouraged from defaulting payment of dues against consumption of electricity.

Scrutiny of records (August 2009) of consumer ledgers of three sub-divisions under Mirza Electrical Division of the Company indicated that despite huge realisable outstanding dues from the consumers, service connections of the consumers were not disconnected. Scrutiny of arrear bills of 2,209 consumers, whose individual outstanding ranged between ₹ 5,000 to ₹ 33,000, revealed that outstanding dues ranging between 2 to 15 years stood at ₹ 2.78 crore whereas load security on the basis of 2/3 months average consumption was obtained. Further, an amount of ₹ 1.17 crore against 1,365 unmetered consumers remained unrealised for the period ranging from 7 to 20 years. In other words, lack of monitoring as well as non-initiation of the steps, as stipulated in the Regulations, resulted in non-realisation of ₹ 3.95 crore for a long period of time.

The management, in reply (July 2010), confirmed that in accordance with audit observations, 100 *per cent* disconnection could not be carried out due to remoteness of locations as well as shortages of required staffs. The fact remains that ₹ 3.95 crore remain unrecovered for last 2 to 20 years.

The Company should evolve a system of issuance of disconnection notices where outstanding dues had crossed the amount of load security.

(b) Further, Clause 4.2.2.4 of the Assam Electricity Regulatory Commission (AERC) (Electricity Supply Code and Related Matters) Regulations, 2004 stipulates that "in the event of any meter being found *prima facie* incorrect (which includes a stopped, slow or fast meter) and where actual errors of reading cannot be ascertained, the assessed quantity of energy consumed shall be determined by taking the average consumption for the previous three months, preceding the date on which the defect was detected or the next three months after correction whichever is higher and bill be prepared and presented accordingly".

Scrutiny (October 2009) of the records of Area Manager, Industrial Revenue Collection Area, Rangia revealed that out of seven cases of incorrect meters (detected during January 2004 to March 2008 and replaced during March 2006 to June 2008), four consumers were billed on the basis of average of previous three months' consumption and three consumers were billed on the basis of previous one month's consumption for the period ranging between 3 to 49 months instead of at higher average consumption of the next three months after correction of the meters. This resulted in short billing of ₹ 13.50 lakh.

Thus, non-adherence to the provision resulted in short billing and consequent short-realization of revenue of ₹ 13.50 lakh (July 2010).

The management confirmed (July 2010) that in accordance with audit observations, revised bills (₹ 13.50 lakh) had been raised against the consumers and ₹ 1.70 lakh has been recovered from consumers (October 2010). The fact remains that company had not observed the prescribed system as guided in AERC's regulation to prepare revised bill in respect of defective meter after replacement.

The company should adhere to the provision as envisaged in the Regulations issued by the AERC to avoid recurrence of similar irregularity.

The matter was reported to the Government in September/December 2009 respectively. Reply from the Government is awaited (November 2010).

3.2 Delay in utilisation of power line

Non-utilisation of line and sub-station due to non-deployment of staff for over a period of two and half years resulted in blockade of fund of ₹1.97 crore.

In order to reduce, line losses, length and overloading of existing 11 KV line, and for voltage regulation, the construction of a 26 KM long 33 KV Agia - Mornoi line along with a sub-station (2 x 2.5 MVA) at Mornoi under Goalpara Electrical Division at an estimated cost of ₹ 163 lakh was approved (January 2003) by Assam State Electricity Board (ASEB). The work orders for construction of the line were issued (December 2004) to two contractors *viz,* A and B dividing the work in two parts with the direction to complete A's part by December 2004 and B's part by February 2005 respectively.

The line and sub-station though were successfully test charged in February 2008, the commercial commissioning was deferred for want of terminal equipments and adequate staff.

Scrutiny of records (December 2009) relating to construction of line revealed that neither adequate survey was done prior to commencement of line construction nor adequate time was provided to the contactors while issuing the work orders. The required materials were also not arranged. All these had culminated in extension of line length from 26 KM to 33.2 KM, completion of work in December 2007 in place of original schedule of completion of February 2005 and revision of cost to ₹ 240.21 lakh after 20 months (August 2006) of issue of original work order. The work was completed at a cost of ₹ 1.97 crore. Further, even after trial run of the line in February 2008, terminal equipments were not procured and adequate staff was not placed for its operation which had resulted in non-utilisation of line and sub-station for over a period of two and half years resulting in blockade of fund of ₹ 1.97 crore.

In reply, the management stated (June 2010), on being pointed out by audit, the Company decided to mobilise required manpower and materials to operationalise the line; the line was finally commissioned in July 2010.

The fact that the line remained unutilized during February 2008 to July 2010 shows the negligence/inaction on the part of the management.

The Company needs to undertake proper planning prior to commencement of work, provide adequate time schedule to the contractors, arrange required materials and monitor the progress of work and engage required staffs for its operation so that desired benefits to the consumers are ensured in time rather than taking initiatives on being pointed out by audit.

The matter was reported to the Government in January 2010. Reply is awaited (November 2010).

3.3 Idle investment

Partial execution of a 33 KV line rendered ₹ 97.37 lakh idle.

Under Normal Development/System Improvement (ND/SI) Scheme, construction of 14.50 KM long 33 KV Pathsala—Nathkuchi line for objectives (i) uninterrupted power supply, (ii) receiving power from both ends, (iii) minimisation of load shedding, (iv) getting of new service connections *etc.*, (estimated cost: ₹ 69.30 lakh) was taken up by the Pathsala Electrical Division in November 1996 with a target date for completion by February 1997. But the work was abandoned due to dearth of materials.

Later, the same project was executed afresh under Non-Lapsable Central Pool of Resources (NLCPR) for ₹ 97.37 lakh in November 2006. Though the construction work was completed in November 2006, the line could not be made operational till June 2010 due to low megger[1] value of Disc and Pin Insulators in the newly constructed 33 KV line as well as non completion of some petty work like fitting of 33 KV Gang Operated Air Brake (GOAB) switch and Drop Out (DO) fuse at both ends of the line for isolation and protection.

Thus, the expenditure of ₹ 97.37 lakh incurred on the construction of 14.50 KM long 33 KV line remained idle for more than 3 years. The above stated objectives were not achieved.

The management, however, confirmed (July 2010) that the line, constructed under NLCPR 2002-03 and remaining unenergised mainly for defective/damaged insulator, had now been energized and put into commercial operation with effect from 1 July 2010 after replacing damaged insulators and completing other balance works.

We observed that the requisition of materials for repairing the line was issued in February 2010 after the audit observation was issued in November 2009. The management had failed to take any action during November 2006 to February 2010. It shows the negligence/inaction on the part of the management.

The Company should arrange appropriate quality of materials for completion and operation of the lines prior to its execution on priority.

The matter was reported to the Government in November 2009. Reply is awaited (November 2010).

3.4 Non-realisation of dues

Non-realisation of ₹ 87.24 lakh arising out of irregular implementation of Single Point Power Supply Scheme (SPPSS).

In order to ensure timely collection of revenue in rural area, Assam State Electricity Board (ASEB) introduced (November 2004) a scheme under the title 'Single Point Power Supply Scheme' (SPPSS). The scheme, *inter alia,* provided that:

- Agents would be appointed in rural areas for collection of revenue.
- The Sub-divisional authorities would hand over the eligible distribution transformers (DTR) to the agents and raise monthly bills on the agents as per the agreed rates and as per meter reading of the DTRs. The bills were to be deposited by the agents within due date failing which the contract would be liable to be terminated with seven days notice to that effect.

[1] Megger: An apparatus for measuring insulation resistance.

- Agents, on their part, would serve bills on consumers as per the prevailing tariff and collect revenue. Bills for arrear outstanding against the consumers on the date of handing over the DTRs were to be prepared by the Sub-divisional authority, agents would serve the bills to the consumer and the same were to be paid by the consumers direct to the Board.

We noticed following irregularities in implementation of the above scheme in Mirza Electrical Division:

(a) Forty four DTRs involving 3,202 consumers under the three Electrical Sub-Divisions of Mirza Electrical Division were handed over to 14 Agents during 2005-08. Scrutiny of the records (July - August 2009 and verification in May 2010) revealed that bill for ₹ 47.47 lakh in respect of 44 DTRs raised on the 14 Agents were not deposited in the respective sub-divisions (June 2010). Load security deposited by the Agents in respect of those 44 DTRs was only ₹ 6.21 lakh. Dues were accumulated between February 2006 to July 2009 due to part payment made by the agent against the bill raised by the Company.

The management, in reply, stated (November 2010) that an amount of ₹ 2.85 lakh was recovered from the agents. However, the fact remains that substantial amount of ₹ 44.62 lakh remained unrealised (November 2010) due to not taking prompt action against the agents.

(b) Scrutiny of records further revealed that Mirza Electrical Sub-division did not prepare the bills for outstanding amount upto the date of handing over charge of the meters to the agents; only a joint survey report indicating the arrear amount in individual cases was handed over (February 2006). The amount of arrears in individual cases varied from ₹ 125 to ₹ 20,000. The total amount of arrears worked out to ₹ 42.62 lakh.

Clause 4.3.3 of Electricity Supply Code and Related Matters Regulations, 2004 stipulates that 'Notwithstanding anything contained in any other law for the time being in force, no sum due from any consumer under this section shall be recoverable after a period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges for electricity supplied.'

Non-compliance of the provision of SPPSS relating to preparation of bills on account of arrear revenue after engagement of the agents resulted in non-recovery of the outstanding amount from the consumers.

The management confirmed (July 2010) that as follow up of audit observation, actions had been initiated for disconnection of power supply of the defaulters with the assistance of agents; and responsibility of recovery of arrear dues had also been entrusted to the agent. However, no recovery was made till date (October 2010) by agents and fact remains that the amount has already become time-barred by virtue of Clause stated above and the chances of recovery of outstanding dues are remote.

The management should implement and monitor all the provisions of the scheme otherwise objectives of full and speedy revenue collection may be frustrated.

The matter was reported to the Government in September 2009. Reply is awaited (November 2010).

3.5 Violation of Tariff Order

Non-compliance with the Tariff Order resulted in short billing / non-realisation of ₹35.05 lakh.

Tariff Order dated 27 May 2005 issued by the Assam Electricity Regulatory Commission (AERC) abolished rural unmetered category of consumers and in its place a new category of consumers titled 'Jeevan Dhara' was introduced for lowest level of electricity users with low paying capacity. 'Jeevan Dhara' category covered supply of power to any premises exclusively for the purpose of own requirement with connected load of not more than 0.5 KW and consumption up to 1 kwh/day or 30 kwh per month with tariff consisting of energy charges of ₹ 2.00/kwh and fixed charges of ₹ 15 per month. The order *ibid*, also stipulated that consumers failing to convert to metered connection within three months from the date of issue of the tariff order were to be charged @ ₹ 250 per connection up to ten connected points with additional charge of ₹ 30 per point for every connected point beyond 10 points.

Scrutiny (February-March 2010) of the records maintained at the Damra Electrical Sub-Division revealed that 479[3] unmetered consumers having 2,330 connected points were not brought under 'Jeevan-Dhara' category. Instead, they were billed at the rate of ₹ 25 per connected points up to May 2010 as unmetered category of consumers.

In terms of the Tariff Order *ibid*, those unmetered consumers should have been brought under 'Jeevan-Dhara' category with installation of appropriate meters and in failure to do so should have been served bills @ ₹ 250/Month.

Violation of the above order of AERC resulted in short billing and non-realisation of ₹ 35.05 lakh from September 2005 to May 2010[4].

The management confirmed in June 2010 that revised energy bills for ₹ 5.99 lakh (February 2010) only were served to the rural point consumers for payment. However, no revised bill was issued in respect of Kutir Jyoti consumers which

[3]

Rural point consumer	255 having	2106 connected points
Kutir Jyoti	224 having	224 connected points
Total	**479**	**2330**

[4] 57 months x ₹ 61,500 per month (₹ 250 x 479 consumers less ₹ 25 x 2,330 points)

stood at ₹ 28.73[5] lakh against 224 consumers and management accepted that necessary efforts are being taken to convert the unmetered consumers into metered consumers by installing new meters at the premises of the consumers.

The Company should adhere to the provisions as envisaged in the tariff order of the AERC.

The matter was reported to the Government in April 2010. Reply is awaited (November 2010).

3.6 Computerised billing and collection system

₹ 23.56 lakh remained unrealised from the consumers due to non-incorporation of provision of codes in the billing software.

Assam State Electricity Board on approval of Government of Assam initiated (July 2002) a computerised billing project under Accelerated Power Development and Reforms Programme (APDRP) with the objective of preparation and submission of all bills to the consumers in time. During the course of IT Audit of the computerized application relating to monitoring, billing and collection system of the office of the Area Manager, Jorhat Industrial Revenue Collection Area (JIRCA) for High Tension[6] (HT) consumers, the following deficiencies were noticed:

During checking of Master Data (January-February 2010) containing 770 records in JIRCA relating to HT Consumers, we noticed that none of the records contain complete information like connected load – 46 consumers, sanctioned load – 103 consumers, contracted load – 90 consumers and load security – 770 consumers which were absolutely necessary for validation check in computerised generation of bill.

Further, Data analysis showed that there were 62 consumers who had crossed the connected load over the sanctioned load. The consequential loss to the Distribution Company could not be ascertained due to absence of data in computerized system.

Management stated that sanction load column remained blank in some cases due to ignorance as it did not affect billing process. Records relating to load security were maintained manually and sanction load remained to be recorded in the database since it had no significance in calculation of amount of various charges in the bill. Contention of management is not tenable on the ground that removal of any data from master data table may result in non-raising of bill in respect of consumers who crossed the connected load over the sanctioned load.

[5] 57 months (224 points x ₹ 250 - ₹ 25 x 224 points) = ₹ 28.73 lakh.

[6] High Tension consumer means a consumer who is supplied electricity at a voltage higher than 440 volts but not exceeding 33000 volts.

It was also observed that the billing software implemented was deficient as it allowed 'Multiplying factor' being shown as 0 (zero) in 13 instances.

Management also stated that multiplying factor relating to permanently disconnected consumer cases was removed for generation of error free bill. Contention of management is not tenable as removal/deletion of any data from master data table is irregular. To overcome, this problem a suitable check might have been incorporated in the concerned fields/columns of the tables.

The analysis of the Database (April 2008 to October 2009) revealed that the database contained invalid entries or inconsistent data as evident from the following:

The database contained 22 records amounting to ₹ 1.31 crore in connection with arrears receivable from consumers. Period of commencement of arrears indicated a date later than the date of issue of database (23 January 2010) to audit.

The payment date of bill was prior to bill date in respect of 37 consumers involving an amount of ₹ 34.40 lakh against which payment was recorded as ₹ 12.64 lakh. The management stated that this happened due to insertion of manual receipt of previous bill later into the system.

In 156 cases of rectification of bill, the date of rectification was shown as Sunday. The management stated (April 2010) that some times, they used to change the system date in the server, to adjust 'due date' of the bill. And while rectifying any bill, the date of rectification was not felt important and it was always ignored. Contention of management was not found to be tenable on the ground that this practice of changing of system date of the server compromised the sanctity of the database besides causing an open invitation for fraud/ misutilisation of the database.

In respect of table for history of arrears, 13 records showed a negative amount of ₹ 14.66 lakh in the 'arrear paid' column and in 58 records, the arrear paid date is after the system date ranging from 25-08-2010 to 26-08-2116 involving a negative amount of ₹ 6.32 lakh. The management stated that these records were dummy records entered into the system at the time of initialisation of the software. This indicated that the database was still in insanitised form.

The table for capturing data relating to receipt of money from consumer against their bills does not contain any record. In absence of any record in this table, reconciliation of cash received against the amount paid by the consumers was not possible. The management stated that steps will be taken to capture the details of manual receipt issued to the consumers.

Non-incorporation of provisions of the code in the software: Clauses 4.2.2.4 and 5.A.4.5 of the Electricity Supply Code & Related Matters Regulation, 2004 amended in 2007 of Assam Electricity Regulatory Commission (AERC) provided for procedure for assessment of consumption and consequential billing effect in cases of incorrect or stopped meter. Test check revealed that JIRCA could not prefer the bill in respect of six cases for the period between March 2006 and November 2008 for an amount of ₹ 23.56 lakh due to non-incorporation of above provisions of the code in the billing software. This had resulted in non-realisation of ₹ 23.56 lakh. The management stated that revised bill would be prepared and served after collecting consumption figure of off-season period.

The matter was reported to the Government in September 2010. Reply is awaited (November 2010).

Assam Seeds Corporation Limited

3.7 Avoidable loss

Loss of ₹ 30.30 lakh due to acceptance of seeds without germination test.

The Directorate of Agriculture (DOA) in Assam engages Assam Seeds Corporation Limited (ASCL) for supply of certified seeds of different Rabi Crops as per schedule of Action Plan and guidelines attached with the indent of supply. The terms and conditions of the indent *inter-alia* stipulate that the seeds would be in conformity with Seeds Act, 1966 and Seed Control Order, Government of India. Seed not conforming to the above would be rejected. Further, any seed found to be below standard after laboratory test by Assam State Seed Certification Agency (ASSCA) on arrival at Guwahati or District headquarters would be rejected and ASCL would have to lift the stock at own cost and DOA reserves the right to recover expenditure, if any, incurred for the rejected materials.

ASCL placed orders on various firms for supply of seeds on similar terms and conditions and procured a quantity of 2,88,815.67 quintals of seeds from them during 2006-07 to 2008-09 without any germination test. Out of this, 2,267.31 quintals was certified as non-seeds by ASSCA during 2007-08 to 2010-11. ASCL delivered balance quantity of 2,86,548.36 quintals of seeds to District Agricultural Offices and sold 2,498.55 quintals (including 231.24 quintals of seeds carried forward from 2005-06) as non-seeds for ₹ 27.17 lakh against its procurement cost of ₹ 57.47 lakh.

ASCL sustained a loss of ₹ 30.30 lakh on disposal of non-seeds which could have been detected and rejected, had the germination test been carried out as per terms and conditions of indents/supply orders. In absence of certification, the company also could not raise any claim on the supplier, thus, losing opportunity of recovery of the loss from the supplier.

The management, in reply, stated (September 2010) that germination test of seeds require 10/12 days time and it was not possible to detain a loaded truck for these 10/12days for reasons of space, halting charges, traffic problem *etc*.

The reply of the management was not found tenable on the ground that conducting germination test prior to receipt and supply of seeds was an essential condition of the indents of DOA and its own supply order. Further, importance of seeds lies in its germination capacity which erodes normally in three months.

The Company should procure seeds as per the Action Plan and the terms and conditions of the indents and its own supply order.

The matter was reported to the Government in May 2010. Reply is awaited (November 2010).

Assam Small Industries Development Corporation Limited

3.8 Arrears in finalisation of accounts

Failure of the Company to finalise its account in a time bound manner has resulted in unaccountability of Government investment besides leaving scope for fraud and leakage of public money.

Section 210 of the Companies Act, 1956, read with Sections 166 and 216, casts the duty on the Board of Directors of a Company to place the accounts of the Company along with Auditor's Report (including supplementary comments of CAG) in the Annual General Meeting of the shareholders within six months of the close of its financial year. As per Section 210 (5), if any person being a Director of a Company fails to take all reasonable steps to comply with the provisions of Section 210, he shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to ten thousand rupees or with both. Similar provision exists under Section 210 (6) in respect of a person who is not a Director but is charged with the duty of ensuring compliance with Section 210.

In spite of above provisions in the Companies Act, Assam Small Industries Development Corporation Limited has not been finalising its accounts in time and there were arrears of 17 years in finalisation of its accounts as on 30 September 2010. The Company has finalised its accounts upto 1992-93. Audit has been bringing out the arrears in finalisation of accounts to the notice of the Chief Secretary to the Government of Assam from time to time. However, there has not been any effective action to liquidate the arrears during past three years. The State Government has already made an investment in the Company of ₹ 3.49 crore as equity (₹ 1.01 crore), loan (₹ 1.04 crore) and grants (₹ 1.44 crore) during the period for which the accounts have not been finalised. The reasons for delay in finalisation could be inadequate staff, lack of expertise, managerial deficiency *etc.*

In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and, thus, Government's investment in the Company remains outside the scrutiny of the State Legislature. Further, the working and affairs of the Company, report on which is required to be presented to the State Legislature under section 619 A (3) had remained outside the supervision of the State Assembly as the same could not be presented due to non-adoption of accounts in the AGM. Delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act. In view of this, it is recommended that the Government and the Company management may:

- Impart necessary training to its employees to gain expertise in finalisation of accounts;
- consider outsourcing the work of preparation of accounts to clear the arrears; and
- make a time-bound programme to clear the arrears and monitor it on a continuous basis.

The matter was reported to the Government/Management in November 2010; their replies are awaited (November 2010).

Statutory corporations

Assam State Transport Corporation

3.9 Non-compliance with the policy/directives

Non-observance of Governor's directives resulted in non-levying as well as non-realisation of ₹1.79 crore.

Inter State Bus Terminus (ISBT) at Betkuchi, Guwahati city was operationalised from 1 April 2008 for easing out traffic congestion in Guwahati city as well as for safety and convenience of general public and also in the interest of public service. In this regard, Governor of Assam was pleased to issue two notifications on 24 March 2008 through the Transport Department, Government of Assam restricting entry of interstate buses from different specified entry points to the city, from midnight of 31 March 2008 and mandating all buses entering the ISBT to pay the requisite fees and charges to be determined by the ISBT authority. The ISBT authority was also to ensure and provide:

(i) appropriate securities and amenities to the passengers,

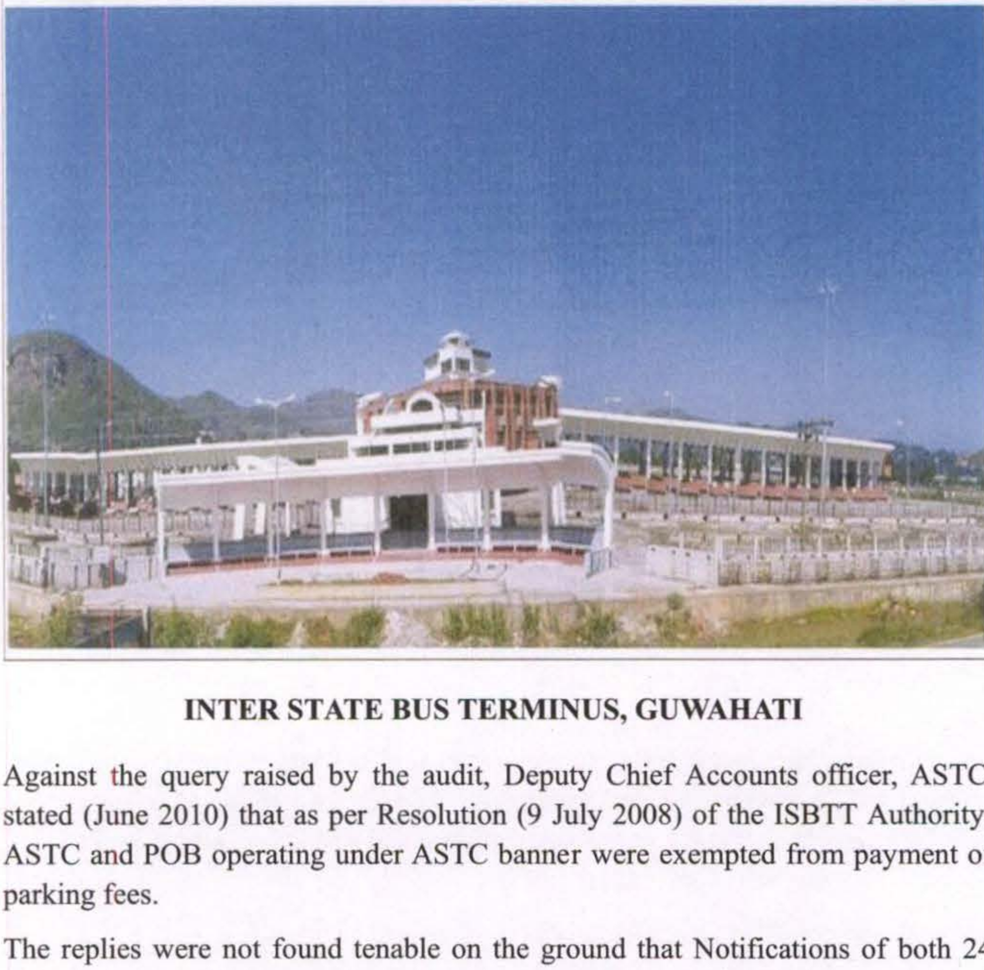
(ii) facilities of booking counter to the bus operators,

(iii)bus and route information to the passengers,

(iv)bus services throughout day and night.

Another Notification of the same day constituted seven members committee *viz.*, Inter State Bus and Truck Terminus (ISBTT) Authority entrusting all tasks like management, maintenance of the assets, operationalisation, provision of basic amenities and utilities, maintenance of hygiene and health standards, safety and security of commuters in the ISBT and the ISBTT premises within the State of Assam. The Governor of Assam *vide* Notification dated 26 March 2008 fixed the operational fees/parking charges fees of ₹ 200 per bus per day for all inter state buses plying to and from ISBT Guwahati.

Scrutiny of the records relating to operation of buses from the ISBT revealed that collection of parking fees from private buses started from first day of April 2008. However, the same was not levied on Private Owned Buses (POB) operated under ASTC[10] banner and ASTC buses resulting in loss of revenue of ₹ 1.79 crore [11]during the period 1 April 2008 to October 2010.



INTER STATE BUS TERMINUS, GUWAHATI

Against the query raised by the audit, Deputy Chief Accounts officer, ASTC stated (June 2010) that as per Resolution (9 July 2008) of the ISBTT Authority, ASTC and POB operating under ASTC banner were exempted from payment of parking fees.

The replies were not found tenable on the ground that Notifications of both 24 and 26 March 2008 of the Governor categorically specified that all inter state

[10] ASTC: Assam State Transport Corporation.

[11]

Sl No.	Period	ASTC Buses	POB	Total Buses	Parking Fees Due @ ₹ 200
1	April 2008 – December 2008	3847	14020	17867	3573400
2	January 2009 – January 2010	10747	35264	46011	9202200
3.	February 2010-October 2010	6489	19276	25765	5153000
	Total	**21083**	**68560**	**89643**	**17928600**

buses plying to and from ISBT Guwahati will have to pay the operational fees/parking charges at the rate of ₹ 200 per bus per day. Further, seven members ISBTT committee had not been delegated any authority of fixation of operational fees/parking charges.

Non-compliance to the Notification issued by the Governor on operational fees/parking charges by the ISBT Authority, Guwahati resulted in violation of Governor's order as well as revenue loss of ₹ 1.79 crore.

The ISBT authority should adhere to the Notification and avoid delay in implementation so that further loss of revenue may not occur.

The matter was reported to the Management/Government in May 2010; their replies are awaited (November 2010).

Assam Financial Corporation

3.10 Waiver of interest

Foregoing of income of ₹ 23.37 lakh in settlement of loan account in a non-deserving case.

Assam Financial Corporation (Corporation) sanctioned (May 1995) a loan of ₹ 64 lakh, with repayment period of 30 quarterly instalments of varying amount commencing from July 1996 to October 2003 to Kiron Transport Company Private Limited (borrower) for setting up a modern automobile workshop at Guwahati. Accordingly, Corporation released (April 1996 to January 1999) ₹ 54.09 lakh. The deed of Hypothecation executed (March 1996) in this regard, laid down that payment from the borrower would be appropriated sequentially; first against meeting of expenditure incurred relating to loan and finally, against amount of principal due and repayable against this loan. The deed of Rectification (executed in July 1996) stipulated rate of interest on loan as 19 or 20 *per cent per annum* in cases refinance was not available, with additional rate of 4 *per cent* as penal interest for default in re-payment of interest and/or loan.

Borrower had been irregular in re-payment of both principal and interest as and when those became due. Re-payment schedule was re-drawn twice in May 2000 and September 2002 on borrower's request yet repayment was irregular.

A settlement package was arrived at to close the loan account on payment of ₹ 50.62 lakh (Principal: ₹ 42.61 lakh and Interest: ₹ 8.01 lakh) by the loanee against total dues of ₹ 185.19 lakh as on September 2006. The amount was received in February-March 2007 and finally the loan account was closed on obtaining *post facto* approval of the Board in December 2007. Scrutiny of records revealed that approval for waiver of dues was obtained by not disclosing the following facts to the Board.

- Settlement amount was calculated by lowering normal interest rate from 19 *per cent* to 13.5 *per cent* with effect from 1 April 2005 and waiving penal interest rate of 4 *per cent* on overdue amount in violation of Hypothecation Deed executed in March 1996.

- Loan accounts were re-drawn to show lower outstanding principal amount by adjustment of receipts against principal amount instead of adjusting it at first against normal and penal interest dues as per terms of clause 7 (a) of the Hypothecation Deed. In fact, overall amount due as on September 2006 was ₹ 185.19 lakh (Principal: ₹ 54.09 lakh and Interest: ₹ 131.10 lakh) calculated at interest rates stipulated in the deed and total amount paid thereagainst was ₹ 161.82 lakh upto the said period.
- Actual amount of dues to be waived off was not apprised to the Board.
- Financial soundness of business of the borrower along with its re-payment ability was also not apprised to the Board while taking decision on closure of the loan account. Annual Financial Statements (AFS), *i.e.* the Balance Sheet and the Profit and Loss account (2000-01 to 2003-04) of the borrower's business as submitted to the corporation, revealed net profit (2003-04) of ₹ 40.28 lakh, accumulated amount of Reserve & Surplus of ₹ 142.92 lakh (as on March 2004), and incurring of expenditure on interest payment of more than of ₹ 97.98 lakh. AFS for the period beyond 2003-04 and up-to-date of closure of loan account was also not collected.
- Borrower paid ₹ 50.62 lakh in just two months though there was failure in re-payment as per schedule during past ten years.
- Valuation of securities against the loan was ₹ 175.11 lakh (November 2006).

The management, in reply, (November 2010) confirmed:

- There were no specific guidelines relating to closure/settlement of loan account; settlement proposals were placed before the Board on case to case basis for consideration and approval on merit.
- Payments in the loan account were re-adjusted to arrive at the settlement amount and interest was charged at 13.5 *per cent* in place of 19/20 *per cent.* Penal interest at stipulated rate of 4 *per cent* was also not charged.
- There was delay in implementation of the project and bank had inordinately delayed sanction of enhancement of cash credit limit to the borrower.
- Settlement of loan account was considered on the logic that it was long pending NPA Account bearing higher rate of interest and the settlement package would facilitate the corporation to realise the long overdue amount as early as possible instead of going for a likely long drawn litigation for recovery.

Reply of the management was not found tenable on the ground that above amount shown to be received against principal (February-March 2007) was in fact only a depiction of re-drawn position. Adjustment of receipt against outstanding principal prior to adjustment of outstanding normal and penal interest was in violation of terms of clause 7 (a) of the Hypothecation deed of March 1996. Reply did not mention any reasons for non-collection and non-consideration of AFS (of period beyond March 2004) of borrowers' business to ascertain borrower's financial soundness/weaknesses. If the condition of enhancement of cash credit was tagged with the disbursement of Corporation's loan financial prudence would have been closure of loan account in 1999 than closure in 2007. Memorandum presented before the Board did not disclose all these facts and also did not mention exact amount of waiver. Delayed implementation of borrower's project coupled with inordinate delay in sanctioning of enhancement of cash credit limit of the borrower by a bank and disbursement of instalment of loan as late as 1999 revealed that monitoring of loan utilisation by the borrower was totally absent.

Re-drawal of loan account and waiver of penal interest in violation of terms of the Hypothecation/Rectification Deeds and non consideration of financial soundness of the borrower in the background of valuation of ₹ 175.11 lakh (November 2006) of securities against the loan only to allow closure of loan account, was in fact an undue favour to a non-deserving borrower resulting in foregoing of income of ₹ 23.37 lakh.

The management prior to closure of any loan account, need to consider financial soundness of business of the borrower and the terms of the deeds/agreements entered into with the borrowers relating to sanction and disbursement of loan.

The matter was reported to the Government in May 2010. Reply from the Government is awaited (November 2010).

General

3.11 Follow-up action on Audit Reports

3.11.1 Outstanding Explanatory Notes

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained by various Public Sector Undertakings (PSUs). It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance (Audit & Fund) Department, Government of Assam issued (May 1994) instructions to all administrative departments that immediately on receipt of Audit Reports, the concerned departments would prepare an explanatory note on the paragraphs and reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Note' (ATN) to the Assam Legislative Assembly with a copy to the Principal Accountant General/Accountant General within 20 days from the date of receipt of the Reports. Besides this, the department would ensure submission of written Memorandum as called for on the para(s) concerning the department within the time limit prescribed by the Assam Legislative Assembly from time to time.

Though the Audit Reports presented to the Legislature for the period from 2004-05 to 2008-09 contained comments on 76 paragraphs/reviews, explanatory notes on 75 paragraphs/reviews were not received till November 2010 as detailed below:

Year of Audit Report (Commercial)	Date of presentation to the State Legislature	Total paragraphs/ reviews in Audit Report	No. of paragraphs/ reviews for which explanatory notes were not received
2004-2005	February 2006	13	13
2005-2006	March 2007	14	13
2006-2007	March 2008	15	15
2007-2008	March 2009	18	18
2008-2009	March 2010	16	16
	Total	**76**	**75**

Department-wise analysis of paragraphs/reviews for which explanatory notes are awaited is given in ***Annexure* 12.** Departments of Power, Industries & Commerce and Information Technology were largely responsible for non-submission of explanatory notes.

3.11.2 Action Taken Notes on Reports of Committee on Public Undertakings (COPU)

As per Rule 32 (2) of the working of the COPU, Assam Legislative Assembly, the replies to paragraphs and recommendations are required to be furnished within three months from the date of presentation of the Report by the Committee on Public Undertakings (COPU) to the State Legislature. Replies to 128 recommendations pertaining to 17 Reports of the COPU, presented to the State Legislature between August 1997 and November 2010 had not been received as on November 2010 as detailed below:

Year of the COPU Report	Total number of Reports involved	Number of recommendations where ATNs replies not received
1997-98	1	01
2002-03	1	09
2003-04	2	18
2004-05	1	10
2007-08	3	06
2008-09	6	65
2009-10	2	10
2010-11	1	09
Total	**17**	**128**

3.11.3 Response to inspection reports, draft paragraphs and reviews

Audit observations raised during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of four weeks. A review of inspection reports issued up to March 2010 pertaining to 26 PSUs disclosed that 592 paragraphs relating to 148 inspection reports remained outstanding at the end of November 2010; of these, 126 inspection reports containing 511 paragraphs had not been replied to for more than one year. Department-wise break-up of inspection reports and audit observations outstanding as on 30 November 2010 are given in ***Annexure 13***.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the Administrative Department concerned demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that the written replies on 14 draft paragraphs and one performance audit forwarded to various departments between May and November 2010 as detailed in ***Annexure 14*** had not been received so far (November 2010). It is recommended that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to inspection reports and ATNs on the recommendations of COPU as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment is taken within the prescribed period, and (c) the system of responding to audit observations is revamped.

GUWAHATI **(MUKESH P. SINGH)**
THE 24 JAN 2011 **Principal Accountant General (Audit), Assam**

Countersigned

NEW DELHI **(VINOD RAI)**
THE 27 JAN 2011 **Comptroller and Auditor General of India**

Annexures

Annexure–1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2010 in respect of Government Companies and Statutory Corporations

(Referred to in paragraph 1.7)

(Figures in column 5 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Assam Seeds Corporation Limited	Agriculture	27-01-67	1.46	-	-	1.46	3.89	-	0.77	4.66	3.19:1 (3.20:1)	255
2	Assam Agro-Industries Development Corporation Limited	Agriculture	27-01-75	1.10	1.10	-	2.20	19.46	-	-	19.46	8.85:1 (3.30:1)	1
3	Assam State Minor Irrigation Development Corporation Limited	Irrigation	15-10-80	17.35	-	-	17.35	-	-	-	-	-- (--)	18
4	Assam Fisheries Development Corporation Limited	Fisheries	01-03-77	0.49	-	-	0.49	-	-	-	-	-- (--)	96
5	Assam Livestock and Poultry Corporation Limited	Animal Husbandry	06-02-84	0.07	2.13	-	2.20	-	0.10	-	0.10	0.05:1 (0.05:1)	26
6	Assam Tea Corporation Limited	Industries & Commerce	04-02-72	29.54	-	-	29.54	30.82	-	-	30.82	1.04:1 (3.67:1)	16746
7	Assam Plantation Crop Development Corporation Limited♣	Soil Conservation	01-11-74	5.00	-	-	5.00	7.80	-	-	7.80	1.56:1 (1.56:1)	108
	Sector wise total			**55.01**	**3.23**		**58.24**	**61.97**	**0.10**	**0.77**	**62.84**	**1.08 :1 (2.20:1)**	**17250**
FINANCE													
8	Assam Plains Tribes Development Corporation Limited	Welfare of Plains Tribes & Backward Classes	29-03-75	2.57	0.75	-	3.32	-	-	21.85	21.85	6.58:1 (6.27:1)	211
9	Assam State Development Corporation for Other Backward Classes Limited	Welfare of Plains Tribes & Backward Classes	06-08-75	0.10	-	0.10	0.20	-	-	3.46	3.46	17.30:1 (1.27:1)	74

♣ Figures taken from previous year due to non-furnishing of information

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital[$]				Loans[**] outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
10	Assam State Development Corporation for Scheduled Castes Limited	Welfare of Plains Tribes & Backward Classes	18-01-75	5.34	4.51	-	9.85	-	-	11.57	11.57	1.17:1 (1.28:1)	139
11	Assam State Film (Finance & Development) Corporation Limited	Cultural Affairs	04-09-74	0.10	-	-	0.10	-	-	-	-	-- (0.40:1)	13
	Sector wise total			**8.11**	**5.26**	**0.10**	**13.47**			**36.88**	**36.88**	2.74:1 (2.29:1)	**437**
INFRASTRUCTURE													
12	Assam Hills Small Industries Development Corporation Limited♣	Hill Areas Development	30-03-64	2.00	-	-	2.00	14.30	-	-	14.30	7.15:1 (7.15:1)	56
13	Assam Industrial Development Corporation Limited	Industries & Commerce	21-04-65	93.09	-	-	93.09	18.16	-	-	18.16	0.20:1 (0.37:1)	160
14	Assam Small Industries Development Corporation Limited	Industries & Commerce	27-03-62	6.51	-	-	6.51	1.04	-	-	1.04	0.16:1 (0.16:1)	154
15	Assam Electronics Development Corporation Limited	Information Technology	04-04-84	9.31	-	-	9.31	0.55	-	2.96	3.51	0.38:1 (0.46:1)	133
16	Assam Power Loom Development Corporation Limited♣	Industries & Commerce	05-03-90	3.54	-	-	3.54	-	-	-	-	-	11
17	Assam Mineral Development Corporation Limited	Mines and Minerals	19-05-83	4.89	-	-	4.89	-	-	-	-	-	122
18	Assam Police Housing Corporation Limited	Home	05-11-80	0.04	-	-	0.04	-	-	-	-	-	199
19	Assam Government Construction Corporation Limited	PWD (R&B)	24-03-64	2.00	-	-	2.00	-	-	-	-	-	27
	Sector wise total			**121.38**			**121.38**	**34.05**		**2.96**	**37.01**	**0.30:1 (0.44:1)**	**862**
MANUFACTURING													
20	Assam Petrochemicals Limited (Subsidiary of AIDC)	Industries & Commerce	22-04-71	-	-	9.13	9.13	-	-	-	-	-	418
21	Ashok Paper Mill (Assam) Limited	Industries & Commerce	07-06-91	0.01	-	-	0.01	6.00	-	-	6.00	600.00:1 (315.01:1)	280
22	Assam Hydro-Carbon and Energy Company Limited	Industries & Commerce	05-02-06	21.00	-	-	21.00	-	-	-	-	-	0

♣ Figures taken from previous year due to non-furnishing of information

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
23	Assam Conductors and Tubes Limited	Industries & Commerce	22-06-64	1.54	-	-	1.54	4.33	-	-	4.33	2.81:1 (2.81:1)	1
24	Amtron Informatics (India) Limited	Information Technology	27-03-02	0.01	-	-	0.01	-	-	1.20	1.20	120.00:1 (125.00:1)	31
25	Assam State Textiles Corporation Limited	Industries & Commerce	26-02-80	15.76	-	-	15.76	11.74	-	-	11.74	0.74:1 (0.90:1)	7
26	Assam State Fertilizers and Chemicals Limited	Industries & Commerce	30-03-88	-	-	4.93	4.93	8.97	-	-	8.97	1.82:1 (1.82:1)	50
27	Pragjyotish Fertilizers and Chemicals Limited	Industries & Commerce	27-02-04	-	-	2.33	2.33	-	-	-	-	-	3
	Sector wise total			**38.32**		**16.39**	**54.71**	**31.04**		**1.20**	**32.24**	0.59:1 (0.58:1)	**790**
POWER													
28	Assam Power Generation Corporation Limited	Power	23-10-03	455.86	-	-	455.86	72.64	-	276.46	349.10	0.77:1 (0.89:1)	1388
29	Assam Electricity Grid Corporation Limited	Power	23-10-03	99.88	-	-	99.88	229.84	-	48.01	277.85	2.78:1 (2.38:1)	2077
30	Assam Power Distribution Company Limited	Power	23-10-03	58.69	-	-	58.69	119.12	-	4.64	123.76	2.11:1	4542
	Sector wise total			**614.43**			**614.43**	**421.60**		**329.11**	**750.71**	**1.22:1 (1.46:1)**	**8007**
31.	Assam Tourism Development Corporation Limited♣	Tourism	06-06-88	0.39	-	-	0.39	-	-	-	-	-	91
	Sector wise total			**0.39**			**0.39**					**-**	**91**

♣ Figures taken from previous year due to non-furnishing of information

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
MISCELLANEOUS													
32.	Assam Government Marketing Corporation Limited	Handloom, Textile & Sericulture	16-12-59	2.16	1.34	-	3.50	-	-	-	-	-	80
33.	Assam State Text Book Production and Publication Corporation Limited	Education	03-03-72	1.00	-	-	1.00	-	-	-	-	-	126
34.	Assam Gas Company Limited	Industries & Commerce	31-03-62	16.91	-	-	16.91	-	-	26.67	26.67	1.58:1 (2.61:1)	341
35.	DNP Limited	Industries & Commerce	15-06-07	-	-	106.00	106.00	-	-	181.00	181.00	1.71:1	0
	Sector wise total			**20.07**	**1.34**	**106.00**	**127.41**			**207.67**	**207.67**		**547**
	Total A (All sector-wise working Government companies)			**857.71**	**9.83**	**122.49**	**990.03**	**548.66**	**0.10**	**578.59**	**1127.35**	**1.14:1 (1.29:1)**	**27984**
B. Working Statutory corporations													
FINANCE													
1	Assam Financial Corporation	Finance	01-04-54	18.40	-	-	18.40	14.00	-	-	14.00	0.76:1 (--)	165
	Sector wise total			**18.40**			**18.40**	**14.00**			**14.00**	0.76:1 (--)	**165**
POWER													
2	Assam State Electricity Board	Power	01-01-75	99.84	-	-	99.84	-	-	-	-	-	-
	Sector wise total			**99.84**			**99.84**					-	
SERVICE													
3	Assam State Transport Corporation	Transport	01-03-70	167.73	-	-	167.73	233.17	-	-	233.17	1.39:1 (0.45:1)	2544
4	Assam State Warehousing Corporation	Co-operation	01-08-58	7.67	-	5.47	13.14	9.74	-	-	9.74	0.74:1	457
	Sector wise total			**175.40**		**5.47**	**180.87**	**242.91**			**242.91**	**1.34:1 (0.44:1)**	**3001**
	Total B (All sector-wise working Statutory corporations)			**293.64**		**5.47**	**299.11**	**256.91**			**256.91**	**0.86:1 (0.34:1)**	**3166**
	Grand Total (A + B)			**1151.35**	**9.83**	**127.96**	**1289.14**	**805.57**	**0.10**	**578.59**	**1384.26**	**1.07:1 (0.98:1)**	**31150**

C. Non-working Government companies													
Sl. No.	**Sector & Name of the Company**	**Name of the Department**	**Month and year of incorpo-ration**	**Paid-up Capital$**				**Loans** outstanding at the close of 2009-10**				**Debt equity ratio for 2009-10 (Previous year)**	**Manpower (No. of employees) (as on 31.3.2010)**
				State Govern-ment	**Central Govern-ment**	**Others**	**Total**	**State Govern-ment**	**Central Govern-ment**	**Others**	**Total**		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
MANUFACTURE													
1	Assam Tanneries Limited	Industries & Commerce	28-09-61	0.02	-	0.01	0.03	-	-	-	-	-	0
2	Industrial Papers (Assam) Limited	Industries & Commerce	06-09-74	-	-	0.40	0.40	-	-	-	-	-	1
3	Amtron Sen Electronics Limited♣	Industries & Commerce	25-10-85	-	-	0.02	0.02	-	-	-	-	-	0
4	Assam Spun Silk Mills Limited♣	Industries & Commerce	31-03-60	1.70	-	-	1.70	4.36	-	0.20	4.56	2.68:1 (2.68:1)	212
5	Assam Polytex Limited♣	Industries & Commerce	29-05-82	-	-	5.62	5.62	-	-	6.30	6.30	1.12:1 (1.12:1)	0
6	Assam Syntex Limited	Industries & Commerce	01-04-85	-	-	5.12	5.12	-	-	-	-	-	2
7	Assam State Weaving and Manufacturing Company Limited	Industries & Commerce	29-11-88	8.20	-	-	8.20	11.15	-	-	11.15	1.36:1 (1.36:1)	4
8	Assam and Meghalaya Mineral Development Corporation Limited♣	Mines & Minerals	10-08-64	0.20	-	0.03	0.23	-	-	-	-	-	0
9	Cachar Sugar Mills Limited	Industries & Commerce	30-03-72	3.38	-	-	3.38	16.66	-	-	16.66	4.93:1 (3.62:1)	1
10	Fertichem Limited	Industries & Commerce	29-03-74	-	-	0.43	0.43	3.77	-	6.75	10.52	24.47:1 (0.04:1)	2
	Sector wise total			**13.50**		**11.63**	**25.13**	**35.94**		**13.25**	**49.19**	**1.37:1 (1.28:1)**	**222**
	Total C (All sector-wise non-working Government companies)			**13.50**		**11.63**	**25.13**	**35.94**		**13.25**	**49.19**	**1.96:1 (1.28:1)**	**222**
	Grand Total (A + B + C)			**1164.85**	**9.83**	**139.59**	**1314.27**	**841.51**	**0.10**	**591.84**	**1433.45**	**1.09:1 (0.99:1)**	**31372**

All figures are provisional and as given by the companies/corporations.

$ Paid-up capital includes share application money.

** Loans outstanding at the close of 2009-10 represent long-term loans only.

♣ Figures taken from previous year due to non-furnishing of information

Annexure – 2

Statement showing summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraph 1.15)

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-): Net Profit/ Loss before Interest & Depreciation	Net Profit (+)/ Loss (-): Interest	Net Profit (+)/ Loss (-): Deprecia-tion	Net Profit (+)/ Loss (-): Net Profit/ Loss	Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1	Assam Seeds Corporation Limited	2001-02	2008-09	-0.39	-	0.06	-0.45	2.30	-3.02	1.46	-13.41	5.43	-0.45	-
2	Assam Agro-Industries Development Corporation Limited	2003-04	2006-07	-2.46	0.64	0.02	-3.12	13.37	-0.75	2.20	-28.04	-11.97	-2.48	-
3	Assam State Minor Irrigation Development Corporation Limited	1996-97	2010-11	-3.32	-	0.02	-3.34	0.02	-	12.58	-21.02	61.09	-3.34	-
4	Assam Fisheries Development Corporation Limited	2004-05	2010-11	0.34	-	0.17	0.17	2.21	-	0.49	-11.54	6.07	0.17	2.80
5	Assam Livestock and Poultry Corporation Limited	1985-86	1999-2000	-0.01	-	-	-0.01	0.03	-	0.03	-0.01	0.02	-0.01	-
6	Assam Tea Corporation Limited	1998-99	2010-11	5.39	5.76	1.15	-1.52	48.90	-	27.54	-55.10	37.02	4.24	11.45
7	Assam Plantation Crop Development Corporation Limited	1987-88	1995-96	0.15	0.59	-	-0.44	0.22	-0.08	5.00	-1.80	9.21	0.15	1.63
	Sector-wise total			**-0.30**	**6.99**	**1.42**	**-8.71**	**67.05**	**-3.85**	**49.30**	**-130.92**	**106.87**	**-1.72**	
FINANCE														
8	Assam Plains Tribes Development Corporation Limited	1987-88	2003-04	-0.18	-	0.16	-0.34	0.01	-	0.94	-2.07	-1.14	-0.34	-
9	Assam State Development Corporation for Other Backward Classes Limited	1990-91	2005-06	-0.09	0.01	0.02	-0.12	-	-	1.23	-0.10	-0.52	-0.11	-
10	Assam State Development Corporation for Scheduled Castes Limited	2003-04	2010-11	-1.60	0.24	0.02	-1.86	0.66	-	9.40	-14.30	23.46	-1.62	-
11	Assam State Film (Finance & Development) Corporation Limited	1996-97	2008-09	0.04	-	-	0.04	-	-	0.10	-0.14	0.09	0.04	44.44

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
INFRASTRUCTURE														
12	Assam Hills Small Industries Development Corporation Limited	1988-89	2003-04	-0.26	-	0.04	-0.30	0.13	-	2.00	-2.18	3.82	-0.30	-
13	Assam Industrial Development Corporation Limited	2008-09	2009-10	-30.72	-	0.10	-30.82	9.08	-	93.10	-138.06	87.46	-30.82	-
14	Assam Small Industries Development Corporation Limited	1992-93	2005-06	0.16	0.17	0.07	-0.08	10.71	-0.04	5.50	-3.45	3.60	0.09	2.50
15	Assam Electronics Development Corporation Limited	2002-03	2009-10	-0.30	0.19	0.04	-0.53	2.57	-1.06	8.78	-7.54	6.40	-0.34	-
16	Assam Power Loom Development Corporation Limited	1993-94	2001-02	-	-	-	-	-	-	1.47	-	1.28	-	-
17	Assam Mineral Development Corporation Limited	2000-01	2008-09	-0.50	-	0.34	-0.84	4.68	-	4.89	-4.87	2.31	-0.84	-
18	Assam Police Housing Corporation Limited	2000-01	2010-11	-0.10	-	0.07	-0.17	2.05	1.53	0.04	-1.56	-1.53	-0.17	-
19	Assam Government Construction Corporation Limited	2000-01	2010-11	-0.40	-	0.07	-0.47	1.85	-	2.00	-8.14	-6.03	-0.47	-
	Sector-wise total			**-32.12**	**0.36**	**0.73**	**-33.21**	**31.07**	**0.43**	**117.78**	**-165.80**	**97.31**	**-32.85**	
MANUFACTURING														
20.	Assam Petrochemicals Limited	2008-09	2009-10	6.40	0.10	0.49	5.81	49.79	-	9.13	4.74	83.07	5.91	7.11
21.	Ashok Paper Mill (Assam) Limited	2008-09	2009-10	-0.97	0.56	4.89	-6.42	0.16	-0.12	0.01	-55.10	73.97	-5.86	-
22.	Assam Hydro-Carbon and Energy Company Limited	2008-09	2009-10	0.95	-	-	0.95	-	-	21.00	0.96	21.46	0.95	4.43
23.	Assam Conductors and Tubes Limited	1992-93	2008-09	-0.06	-	0.01	-0.07	1.10	-	1.54	-2.73	1.79	-0.07	-
24.	Amtron Informatics (India) Limited	2003-04	2010-11	-0.07	-	0.06	-0.13	16.22	-0.06	0.01	-0.50	0.82	-0.13	-
25.	Assam State Textiles Corporation Limited	2004-05	2010-11	6.78	-	0.52	6.26	-	-	15.76	-37.18	-0.68	6.26	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
26.	Assam State Fertilizers and Chemicals Limited	2003-04	2009-10	0.18	-	0.10	0.08	1.41	-1.29	3.76	-9.90	-0.99	0.08	-
27.	Pragjyotish Fertilizers and Chemicals Limited	2005-06	2008-09	-	-	-	-	-	-	2.33	-	1.77	-	-
	Sector-wise total			**13.21**	**0.66**	**6.07**	**6.48**	**68.68**	**-1.47**	**53.54**	**-99.71**	**181.21**	**7.14**	**3.94**
POWER														
28.	Assam Power Generation Corporation Limited	2008-09	2010-11	116.16	80.02	43.45	-7.31	360.45	0.06	455.86	-63.70	1042.74	72.71	6.97
29.	Assam Electricity Grid Corporation Limited	2008-09	2010-11	81.16	28.08	33.44	19.64	348.60	-15.57	99.93	-95.98	738.08	47.72	6.47
30.	Lower Assam Electricity Distribution Company Limited♦	2007-08	2008-09	26.71	19.56	15.77	-8.62	512.84	0.03	58.69	-56.86	622.40	10.94	1.76
31.	Upper Assam Electricity Distribution Company Limited♦	2008-09	2010-11	14.86	19.26	12.30	-16.70	495.74	-1.99	56.03	-105.84	530.86	2.56	0.48
32.	Central Assam Electricity Distribution Company Limited♦	2007-08	2008-09	-4.87	20.56	13.48	-38.91	409.44	20.33	48.00	-75.17	411.26	-18.35	-
	Sector-wise total			**234.02**	**167.48**	**118.44**	**-51.90**	**2127.07**	**2.86**	**718.51**	**-397.55**	**3345.34**	**115.58**	**3.45**
SERVICES														
33	Assam Tourism Development Corporation Limited	**2002-03**	**2010-11**	**-0.02**	-	**0.05**	**-0.07**	**1.27**	-	**0.39**	**-0.57**	**23.65**	**-0.07**	-
	Sector-wise total			**-0.02**	-	**0.05**	**-0.07**	**1.27**	-	**0.39**	**-0.57**	**23.65**	**-0.07**	-
MISCELLANEOUS														
34	Assam Government Marketing Corporation Limited	1984-85	2005-06	-0.01	-	0.01	-0.02	1.65	-	1.62	-0.61	2.62	-0.02	-

♦ Lower Assam Electricity Distribution Company Limited, Upper Assam Electricity Distribution Company Limited and Central Assam E lectricity Distribution Company Limited have been merged into one Company *i.e.* Assam Power Distribution Company Limited in 2009-10

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-): Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
35	Assam State Text Book Production and Publication Corporation Limited	1990-91	2005-06	1.31	0.39	0.01	0.91	7.61	-0.01	1.00	2.12	7.64	1.30	17.02
36	Assam Gas Company Limited	2008-09	2009-10	55.16	6.20	17.73	31.23	172.23	2.00	16.91	139.73	156.55	37.43	23.91
37.	DNP Limited	2009-10	2010-11	-	-	-	-	-	-	106.00	-	258.15	-	-
	Sector-wise total			**56.46**	**6.59**	**17.75**	**32.12**	**181.49**	**1.99**	**125.53**	**141.24**	**424.96**	**38.71**	**9.11**
	Total A (All Sector-wise working Government companies)			**269.42**	**182.33**	**144.66**	**-57.57**	**2477.30**	**-0.04**	**1076.72**	**-669.92**	**4201.23**	**124.76**	**2.97**
B. Working Statutory corporations														
FINANCE														
1	Assam Financial Corporation	2008-09	2009-10	3.16	-	0.16	3.00	4.33	-	18.40	-3.53	22.97	3.00	13.06
	Sector-wise total			**3.16**		**0.16**	**3.00**	**4.33**	**-**	**18.40**	**-3.53**	**22.97**	**3.00**	**13.06**
POWER														
2	Assam State Electricity Board	2008-09	2010-11	0.77	0.71	0.03	0.03	995.15	-4.94	99.84	-	34.83	0.74	2.12
	Sector-wise total			**0.77**	**0.71**	**0.03**	**0.03**	**995.15**	**-4.94**	**99.84**	**34.83**	**0.74**	**2.12**	
SERVICE														
3	Assam State Transport Corporation	2005-06	2010-11	-3.23	16.54	3.73	-23.50	37.14	-6.82	371.59	-509.00	-107.05	-6.96	-
4	Assam State Warehousing Corporation	2005-06	2009-10	-0.59	0.53	0.56	-1.68	5.65	-0.22	10.54	-8.13	11.97	-1.15	-
	Sector-wise total			**-3.82**	**17.07**	**4.29**	**-25.18**	**42.79**	**--7.04**	**382.13**	**-517.13**	**-95.08**	**-8.11**	
	Total B (All Sector-wise working Statutory corporations)			**0.11**	**17.78**	**4.48**	**-22.15**	**1042.27**	**-11.98**	**500.37**	**-520.66**	**-37.28**	**-4.37**	
	Grand Total (A + B)			**269.53**	**200.11**	**149.14**	**-79.72**	**3519.57**	**-12.02**	**1577.09**	**-1190.58**	**4163.95**	**120.39**	**2.89**
C. Non-working Government companies														
MANUFACTURING														
1	Assam Tanneries Limited	1982-83	1983-84	-	-	-	-	-	-	0.02	-	-	-	-
2	Industrial Papers (Assam) Limited	1998-99	2007-08	-	-	-	-	-	-	0.40	-	-	-	-
3	Amtron Sen Electronics Limited	1991-92	1993-94	-0.01	-	-	-0.01	-	-	0.02	-	0.14	-0.01	-
4	Assam Spun Silk Mills Limited	1991-92	1996-97	-0.08	-	-	-0.08	2.45	-0.04	1.70	-3.54	0.32	-0.08	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
5	Assam Polytex Limited	1987-88	1993-94	-	-	-	-	-	-	5.26	-	-	-	-
6	Assam Syntex Limited	2007-08	2010-11	0.01	0.91	0.08	-0.98	0.08	-	5.12	-40.10	-11.01	-0.07	-
7	Assam State Weaving and Manufacturing Company Limited	2008-09	2010-11	-0.03	-	1.49	-1.52	0.07	-0.14	11.61	-5.07	27.49	-1.52	-
8	Assam and Meghalaya Mineral Development Corporation Limited	1983-84	1984-85	-0.01	-	-	-0.01	-	-	0.23	-0.09	0.05	-0.01	-
9	Cachar Sugar Mills Limited	1985-86	1994-95	-0.53	0.65	-	-1.18	0.02	-	3.38	-12.51	3.39	-0.53	-
10	Fertichem Limited	2008-09	2008-09	0.01	0.14	-	-0.13	0.07	-	2.00	-26.63	1.85	0.01	0.54
Sector-wise total				**-0.64**	**1.70**	**1.57**	**-3.91**	**2.69**	**-0.18**	**29.74**	**-87.94**	**22.23**	**-2.21**	
Total C (All Sector-wise non-working Government companies)				**-0.64**	**1.70**	**1.57**	**-3.91**	**2.69**	**-0.18**	**29.74**	**-87.94**	**22.23**	**-2.21**	
Grand Total (A + B + C)				**268.89**	**201.81**	**150.71**	**-83.63**	**3522.26**	**-12.20**	**1606.83**	**-1278.52**	**4186.18**	**118.18**	**2.82**

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Annexure – 3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2010

(Referred to in paragraph 1.10)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Assam Seeds Corporation Limited	-	-	0.15	-	-	0.15	-	-	-	-	-	-
2.	Assam Agro-Industries Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
3.	Assam State Minor Irrigation Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
4.	Assam Fisheries Development Corporation Limited	-	-	-	0.14	-	0.14	-	-	-	-	-	-
5.	Assam Livestock and Poultry Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
6.	Assam Tea Corporation Limited	-	1.28	-	-	-	-	-	-	-	-	-	-
7.	Assam Plantation Crop Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total		**1.28**	**0.15**	**0.14**		**0.29**						
FINANCE													
8.	Assam Plains Tribes Development Corporation Limited	-	-	-	3.25	-	3.25	-	-	-	-	-	-
9.	Assam State Development Corporation for Other Backward Classes Limited	-	-	-	0.75	-	0.75	-	-	-	-	-	-
10.	Assam State Development Corporation for Scheduled Castes Limited	-	-	3.55	9.1	-	12.65	-	9.00	0.90	-	-	0.90

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
11.	Assam State Film (Finance & Development) Corporation Limited	-	-	-	0.10	-	0.10	-	-	-	-	-	-
	Sector wise total			**3.55**	**13.20**		**16.75**		**9.00**	**0.90**			**0.90**
INFRASTRUCTURE													
12.	Assam Hills Small Industries Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
13.	Assam Industrial Development Corporation Limited	-	0.26	2.14	-	-	2.14	-	-	25.21	-	-	25.21
14.	Assam Small Industries Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
15.	Assam Electronics Development Corporation Limited	-	-	-	-	-	-	-	5.00	0.73	-	-	0.73
16.	Assam Power Loom Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
17.	Assam Mineral Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
18.	Assam Police Housing Corporation Limited	-	-	21.03	24.23	0.50	45.76	-	-	-	-	-	-
19.	Assam Government Construction Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total		**0.26**	**23.17**	**24.23**	**0.50**	**47.90**		**5.00**	**25.94**			**25.94**
MANUFACTURING													
20.	Assam Petrochemicals Limited	-	-	-	-	-	-	-	-	-	-	-	-
21.	Ashok Paper Mill (Assam) Limited	-	2.85	-	1.00	-	1.00	-	-	-	-	-	-
22.	Assam Hydro-Carbon and Energy Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
23.	Assam Conductors and Tubes Limited	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
24.	Amtron Informatics (India) Limited	-	-	-	-	-	-	-	-	-	-	-	-
25.	Assam State Textiles Corporation Limited	-	-	-	14.20	-	14.20	-	-	-	-	-	-
26.	Assam State Fertilizers and Chemicals Limited	-	-	-	-	-	-	-	-	-	-	-	-
27.	Pragjyotish Fertilizers and Chemicals Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total		**2.85**		**15.20**		**15.20**						
POWER													
28.	Assam Power Generation Corporation Limited	-	8.80	3.60	35.25	1.90	40.75	-	32.93	70.14	-	-	70.14
29.	Assam Electricity Grid Corporation Limited	-	81.79	-	-	-	-	-	-	41.28	-	-	41.28
30.	Lower Assam Electricity Distribution Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
31.	Upper Assam Electricity Distribution Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
32.	Central Assam Electricity Distribution Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total		**90.59**	**3.60**	**35.25**	**1.90**	**40.75**		**32.93**	**111.42**			**111.42**
SERVICES													
33.	Assam Tourism Development Corporation Limited	-	-	4.48	14.37	-	18.85	-	-	-	-	-	-
	Sector wise total			**4.48**	**14.37**		**18.85**						
MISCELLANEOUS													
34.	Assam Government Marketing Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
35.	Assam State Text Book Production and Publication Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
36.	Assam Gas Company Limited	-	-	-	-	-	-	-	-	17.53	-	-	17.53
37.	DNP Limited	-	100.00	-	-	-	-	-	-	-	-	-	-
Sector wise total			**100.00**							**17.53**			**17.53**
Total A (All sector-wise working Government companies)		-	**194.98**	**34.95**	**102.39**	**2.40**	**139.74**	-	**46.93**	**155.79**	-	-	**155.79**
B. Working Statutory corporations													
FINANCE													
1.	Assam Financial Corporation	-	14.00	-	-	-	-	-	-	-	-	-	-
Sector wise total			**14.00**										
POWER													
2.	Assam State Electricity Board	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total													
SERVICE													
3.	Assam State Transport Corporation	-	12.00	-	26.00	-	26.00	-	-	-	-	-	-
4.	Assam State Warehousing Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total			**12.00**		**26.00**		**26.00**						
Total B (All sector-wise working Statutory corporations)		-	**26.00**	-	**26.00**	-	**26.00**	-	-	-	-	-	-
Grand Total (A + B)			**220.98**	**34.95**	**128.39**	**2.40**	**165.74**		**46.93**	**155.79**			**155.79**
C. Non-working Government companies													
MANUFACTURING													
1.	Assam Tanneries Limited	-	-	-	-	-	-	-	-	-	-	-	-
2.	Industrial Papers (Assam) Limited	-	-	-	1.27	-	1.27	-	-	-	-	-	-
3.	Amtron Sen Electronics Limited	-	-	-	-	-	-	-	-	-	-	-	-
4.	Assam Spun Silk Mills Limited	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
5.	Assam Polytex Limited	-	-	-	-	-	-	-	-	-	-	-	-
6.	Assam Syntex Limited	-	-	-	-	-	-	-	-	-	-	-	-
7.	Assam State Weaving and Manufacturing Company Limited	-	-	-	-	-	-	-	-	-	-	-	-
8.	Assam and Meghalaya Mineral Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
9.	Cachar Sugar Mills Limited	-	-	-	-	-	-	-	-	-	-	-	-
10.	Fertichem Limited	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total					1.27		1.27						
Total C (All sector-wise non-working Government companies		-	-	-	1.27	-	1.27	-	-	-	-	-	-
Grand Total (A + B + C)			220.98	34.95	129.66	2.40	167.01		46.93	155.79			155.79

[@] Figures indicate total guarantees outstanding at the end of the year.

Annexure-4

Statement showing the State Government's investment in PSUs for which accounts are in arrears

(Referred to in paragraph 1.25)

(₹ in crore)

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which the accounts are in arrears				No. of accounts in Arrear (As on 30 September 2010)
				Equity	Loans	Grants	Others Loans guaranteed by State Government	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A	**Working Government Companies**							
1	Assam Agro-Industries Development Corporation Limited	2003-04	2.20	-	30.59	-	-	6
2	Assam Livestock and Poultry Corporation Limited	1985-86	2.19	-	-	3.23	-	24
3	Assam Fisheries Development Corporation Limited	2003-04	0.49	-	-	-	0.73	5
4	Assam Plantation Crop Development Corporation Limited	1987-88	5.00	-	9.16	1.62	-	22
5	Assam Plains Tribes Development Corporation Limited	1987-88	0.94	1.12	1.82	76.68	-	22
6	Assam State Development Corporation for Scheduled Castes Limited	2002-03	9.08	0.45	16.20	29.86	2.00	6
7	Assam State Fertilizers and Chemicals Limited	2003-04	3.76	1.16	2.03	-	-	6
8	Assam Electricity Grid Corporation Limited	2008-09	99.93	-	65.44	-	-	1
9	Assam Power Distribution Company Limited	2008-09	58.69	-	22.57	144.78	-	2
10	Assam State Film (Finance & Development) Corporation Limited	1996-97	0.10	-	-	0.21	-	13
11	Assam State Textiles Corporation Limited	2004-05	15.76	-	-	14.20	-	5
12	Assam Small Industries Development Corporation Limited	1992-93	5.50	1.01	1.04	1.44	-	17
13	Assam Conductors and Tubes Limited	1992-93	0.25	1.29	0.62	0.05	-	17
	Total A (All Working Government Companies)		**203.89**	**5.03**	**149.47**	**272.07**	**2.73**	**146**
B	**Statutory Corporations**							
1	Assam State Transport Corporation	2005-06	371.59	75.40	-	90.34	-	4
2	Assam State Warehousing Corporation	2005-06	10.54	1.40	-	-	-	4
	Total B (All Statutory corporations)		**382.13**	**76.80**	**-**	**90.34**	**-**	**8**
	Total A+ B		**586.02**	**81.83**	**149.47**	**362.41**	**2.73**	**154**

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which the accounts are in arrears				No. of accounts in Arrear (As on 30 September 2010)
				Equity	Loans	Grants	Others Loans guaranteed by State Government	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
C	**Non - working Government Companies**						-	
1	Fertichem Limited	2008-09	0.42	-	-	5.74	-	1
2	Industrial Papers(Assam) Limited	1998-99	0.40	-	-	1.27	-	10
3	Assam Syntex Limited	2007-08	5.12	-	-	39.25	-	2
Total C (All non-working Government Companies)			**5.94**	**-**	**-**	**46.26**	**-**	**13**
Total A + B + C			**591.96**	**81.83**	**149.47**	**408.67**	**2.73**	**167**

Annexure-5

Statement showing financial position of Statutory corporations

(Referred to in paragraph 1.15)

Particulars	2006-07	2007-08	2008-09
		(₹ in crore)	
Working Statutory Corporations			
1. Assam State Electricity Board			
A. Liabilities			
Equity Capital	99.84	99.84	99.84
Loans from Government	15.19	12.10	-
Other long-term loans (including bonds)	-	-	-
Reserves and surplus	27.23	23.33	21.73
Current liabilities and provisions	469.62	497.17	356.92
Total-A	**611.88**	**632.44**	**478.49**
B. Assets			
Gross fixed assets	0.20	0.25	0.29
Less: Depreciation	0.02	0.04	0.07
Net fixed assets	0.18	0.21	0.22
Capital work-in-progress	-	-	-
Current assets	440.80	565.64	478.27♠
Investments	37.06	-	-
Miscellaneous expenditure/Deferred cost	-	-	-
Deficits	133.84	66.59	-
Total-B	**611.88**	**632.44**	**478.49**
C. Capital employed*	**-28.64**	**68.68**	**121.57**

♠ Current Assets include intangible assets of ₹ 86.74 crore.

* Capital employed represents net fixed assets (including work-in-progress) *plus* working capital (excluding subsidy receivable).

2. Assam State Transport Corporation	2006-07♣ (Provisional)	2007-08 (Provisional)	2008-09 (Provisional)
A. Liabilities			
Capital (including capital loan & equity capital)	377.54	381.42	390.90
Borrowings (Government)	-	-	-
(Others)	-	-	-
Funds**	45.07	63.52	90.18
Trade dues and other current liabilities (including provisions)	168.22	158.70	167.45
Total	**590.83**	**603.64**	**648.53**
B. Assets			
Gross Block	20.78	-	-
Less: Depreciation	3.86	-	-
Net fixed assets	16.92	29.45	44.99
Capital work-in-progress (including cost of chassis)	42.42	45.49	64.94
Current assets, loans and advances	4.14	31.00	25.75
Investments	8.77	5.57	10.56
Accumulated losses	518.58	492.13	502.29
Total	**590.83**	**603.64**	**648.53**
C. Capital employed*	**-104.74**	**-52.76**	**-31.77**

♣ Figures have been re-assessed.
** Excluding depreciation funds but including reserves and surplus.
* Capital employed represents net fixed assets (including work-in-progress) *plus* working capital (excluding subsidy receivable).

3. Assam Financial Corporation	2007-08	2008-09	2009-10 (Provisional)
A. Liabilities			
Paid-up capital	13.43	18.40	18.40
Share application money	-	-	-
Reserve fund and other reserves and surplus	7.26	2.83	2.83
Borrowings:			
(i) Bonds and debenture	4.00	-	-
(ii) Fixed Deposits	-	-	-
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	-	-	-
(iv) Reserve Bank of India	-	-	-
(v) Loan towards share capital:			
(a) State Government	-	-	-
(b) Industrial Development Bank of India	-	-	-
(vi) Others (including State Government)	-	-	14.00
Other liabilities and provisions	1.33	1.90	2.65
Total-A	**26.02**	**23.13**	**37.88**
B. Assets			
Cash and Bank balances	5.88	6.91	22.26
Investments	0.01	0.01	0.01
Loans and Advances	7.24	9.02	10.52
Net fixed assets	1.15	1.14	1.05
Other assets	1.57	2.52	2.51
Miscellaneous expenditure	10.17	3.53	1.53
Total-B	**26.02**	**23.13**	**37.88**
C. Capital employed**	**63.27**	**22.96**	**28.23**

** Capital employed represents the mean of the aggregate of the opening and closing balances of paid-up capital, reserves (other than those which have been funded specifically and backed by investments), bonds, deposits and borrowings (including refinance).

4. Assam State Warehousing Corporation	2006-07♦ (Provisional)	2007-08 (Provisional)	2008-09 (Provisional)
A. Liabilities			
Paid-up capital	10.94	11.54	12.14
Reserves and surplus	10.55	11.15	11.72
Borrowings: (Government)	8.59	9.16	9.74
(Others)	-	-	-
Trade dues and current liabilities (including provision)	1.27	2.51	2.41
Total-A	**31.35**	**34.36**	**36.01**
B. Assets			
Gross Block	19.39	20.00	20.02
Less: Depreciation	9.38	9.94	10.49
Net fixed assets	10.01	10.06	9.53
Capital work-in-progress	0.57	0.57	1.28
Current assets, loans and advances	13.04	14.23	14.49
Profit and Loss account	7.73	9.50	10.71
Total-B	**31.35**	**34.36**	**36.01**
C. Capital employed*	**22.35**	**22.36**	**22.89**

♦ Figures have been re-assessed.

* Capital employed represents the net fixed assets (including capital work-in-progress) *plus* working capital.

Annexure-6

Statement showing working results of Statutory corporations

(Referred to in paragraph 1.15)

Sl. No.	Particulars	2006-07♦	2007-08♦	2008-09
			(₹in crore)	
Working Statutory corporations				
1.	**Assam State Electricity Board**			
1.	(a) Revenue receipts	633.44	966.39	984.42
	(b) Subsidy/subvention from Government	-	-	-
	(c) Other incomes	74.02	12.09	10.73
	Total	**707.46**	**978.48**	**995.15**
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	835.63	982.64	994.38
3.	Gross surplus (+)/deficit (-) for the year (1-2)	-128.17	-4.16	0.77
4.	Adjustments relating to previous years	0.72	-4.78	0.03
5.	Final gross surplus (+)/deficit (-) for the year (3+4)	-127.45	-8.94	0.80
6.	**Appropriations:**			
	(a) Depreciation (less capitalised)	0.02	0.02	0.03
	(b) Interest on Government loans	-	-	-
	(c) Interest on others, bonds, advance *etc.* and finance charges	1.68	0.60	0.71
	(d) Total interest on loans & finance charges (b+c)	1.68	0.60	0.71
	(e) Less: Interest capitalised	-	-	-
	(f) Net interest charged to revenue (d-e)	1.68	0.60	0.71
	(g) **Total appropriations (a+f)**	1.70	0.62	0.74
7.	Surplus (+)/deficit (-) before accounting for subsidy from State Government {5-6(g)-1(b)}	-129.15	-9.56	0.06
8.	Net surplus (+)/deficit (-) {5-6(g)}	-129.15	-9.56	0.06
9.	Total return on capital employed*	-127.47	-8.96	0.77
10.	Percentage of return on capital employed	-	-	0.63

♦ Figures have been re-assessed

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

2.	Assam State Transport Corporation		2006-07[♦] (Provisional)	2007-08 (Provisional)	2008-09 (Provisional)
1.	**Operating:**	(a) Revenue	38.46	36.55	37.86
		(b) Expenditure	51.58	51.15	53.36
		(c) Surplus (+)/deficit (-)	-13.12	-14.60	-15.50
2.	**Non-operating:**	(a) Revenue	12.27	12.97	13.75
		(b) Expenditure	8.72	8.20	8.41
		(c) Surplus (+)/deficit (-)	3.55	4.77	5.34
3.	**Total:**	(a) Revenue	50.73	49.52	51.61
		(b) Expenditure	60.30	59.35	61.77
		(c) Surplus (+)/deficit (-)	-9.57	-9.83	-10.16
4.	Interest on capital and loans		8.72	8.20	8.41
5.	Total return on capital employed		-0.85	-1.63	-1.75
3.	**Assam Financial Corporation**		**2007-08♦**	**2008-09**	**2009-10 (Provisional)**
1.	Income				
	1. Interest on loans		3.33	3.78	4.21
	2. Other income		2.78	0.55	1.17
	Total-1		**6.11**	**4.33**	**5.38**
2.	Expenses				
	(a) Interest on loans		-	-	0.15
	(b) Provision for NPA		-	-	-
	(c) Other expenses		4.62	3.82	3.85
	Total-2		**4.62**	**3.82**	**4.00**
3.	Profit before tax (1-2)		1.49	0.51	1.38
4.	Provision for tax		0.63	-	0.14
5.	Other appropriations		5.19	2.49	0.48
6.	Amount available for dividend		6.05	3.00	1.72
7.	Dividend		-	-	-
8.	Total return on capital employed*		0.25	0.20	0.15
9.	Percentage of return on capital employed		0.40	0.87	0.53

♦ Figures have been re-assessed.

* Provision for NPA has been taken into consideration for calculation of total return on capital employed.

4.	Assam State Warehousing Corporation	2006-07* (Provisional)	2007-08 (Provisional)	2008-09 (Provisional)
1.	**Income**			
	(a) Warehousing charges	6.05	5.93	6.02
	(b) Other income	0.78	0.68	1.21
	Total-1	**6.83**	**6.61**	**7.23**
2.	**Expenses**			
	(a) Establishment charges	4.47	4.80	5.00
	(b) Other expenses	3.12	3.48	3.40
	Total-2	**7.59**	**8.28**	**8.40**
3.	Profit before tax (1-2)	-0.76	-1.67	-1.17
4.	Other appropriations	-	-	-
5.	Amount available for dividend	-	-	-
6.	Dividend for the year	-	-	-
7.	Total return on capital employed	-	-	-

*Figures have been re-assessed.

Annexure – 7

Statement showing Operational performance of Assam Power Generation Corporation Limited

(Referred to in paragraph 2.8)

Sl.No	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Installed capacity			(MW)		
(a)	Thermal (Gas)	254	254	254	254	254
(b)	Hydel	Nil	Nil	100	100	100
(c)	Other	Nil	Nil	Nil	Nil	Nil
	TOTAL	**254**	**254**	**354**	**354**	**354**
2	Normal maximum demand	NA	NA	NA	NA	NA
3	Power generated *			(MKWH)		
(a)	Thermal (Gas)	808.05	867.54	1031.14	1248.42	1310.30
(b)	Hydel	Nil	Nil	510.18	434.40	401.91
(c)	Other	Nil	Nil	Nil	Nil	NIL
	TOTAL	**808.05**	**867.54**	**1541.32**	**1682.82**	**1712.21**
	Percentage increase/decrease (-) over previous year	-	7.36	77.67	9.18	1.75
4	Less: Auxiliary consumption					
(a)	Thermal(Gas) (Percentage)	57.03 (7.06)	62.19 (7.17)	66.54 (4.09)	81.97 (6.57)	92.95 (7.00)
(b)	Hydel (Percentage)	Nil	Nil	0.99 (0.19)	2.17 (0.50)	2.01 (0.50)
	TOTAL (Percentage)	**57.03 (7.06)**	**62.19 (7.17)**	**67.53 (4.38)**	**84.14 (5.00)**	**94.96 (6.00)**
5	Net power generated (in MU)	751.02	805.35	1473.79	1598.68	1617.25
6	Total demand (in MUs)	4218.00	4442.00	4858.00	5166.00	5466.00
7	Deficit (-)/Surplus (+) power (In MU)	-3466.98	-3636.65	-3384.21	-3567.32	-3848.75
8	**Power purchased#**	**2761.36**	**2910.30**	**2530.61**	**2640.32**	**3010.12**

* Power Produced figures are given by APGCL

Power Purchased figures are taken from SLDC

Annexure-8

Statement showing excess payment made to OIL for Lakwa Thermal Power Station

(Referred to in paragraph 2.13.2)

Month	Qty (in 1000 SCM)	Calorific Value (Kacal/SCM)	Bills as per APM rates									Amount actually paid ₹	Excess Payment ₹ (13-12)
			Rate ₹ Per 1000 SCM	Rate ₹ Per 1000 SCM (after CV adjustment)	Amount ₹ (2x5)	Royalty	Total Royalty ₹ (7 X 2)	Sub Total ₹ (6+8)	Sales Tax (%)	Sales Tax ₹ (9 X 10)	Total ₹ (9+11)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
December 2008	10227.330	8269	1920	1587.65	16237420.47	149.97	1533792.68	17771213.15	20	3554242.63	21325455.78	49266563	27941107.22
January 2009	11764.158	8180	1920	1570.56	18476315.99	149.97	1764270.78	20240586.77	20	4048117.35	24288704.12	56669690	32380985.88
February 2009	10442.471	8281	1920	1589.95	16603006.77	149.97	1566057.38	18169064.15	20	3633812.83	21802876.98	50302928	28500051.02
March 2009	11367.746	8177	1920	1569.98	17847133.87	149.97	1704820.87	19551954.74	20	3910390.95	23462345.69	54760115	31297769.31
April 2009	10231.005	8263	1920	1586.5	16231489.43	149.97	1534343.82	17765833.25	20	3553166.65	21318999.90	49284265	27965265.10
May 2009	11496.862	8710	1920	1672.32	19226432.26	149.19	1715216.84	20941649.10	20	4188329.82	25129978.92	62819718	37689739.08
June 2009	10258.613	8510	1920	1633.92	16761752.95	149.19	1530482.47	18292235.42	20	3658447.08	21950682.50	54856578	32905895.50
July 2009	11404.037	8412	1920	1615.1	18418660.16	149.19	1701368.28	20120028.44	20	4024005.69	24144034.13	59180794	35036759.87
August 2009	11320.347	8256	1920	1585.15	17944448.05	149.19	1688882.57	19633330.62	20	3926666.12	23559996.74	58746488	35186491.26
September 2009	10627.690	8244	1920	1582.85	16822039.12	149.19	1585545.07	18407584.19	20	3681516.84	22089101.03	55151972	33062870.97
October 2009	11550.880	8245	1920	1583.04	18285505.08	149.19	1723275.79	20008780.87	20	4001756.17	24010537.04	59942830	35932292.96
November 2009	10858.700	8206	1920	1575.55	17108424.79	149.19	1620009.45	18728434.24	12	2247412.11	20975846.35	52594070	31618223.65
December 2009	11936.729	8339	1920	1601.09	19111777.43	156.47	1867739.99	20979517.42	12	2517542.09	23497059.51	57912827	34415767.49
January 2010	12032.695	8203	1920	1574.98	18951253.97	156.47	1882755.79	20834009.76	12	2500081.17	23334090.93	58378420	35044329.07
February 2010	11022.702	8203	1920	1574.98	17360535.20	156.47	1724722.18	19085257.38	12	2290230.89	21375488.27	53478288	32102799.73
March 2010	10917.803	8412	1920	1615.1	17633343.63	156.47	1708308.64	19341652.27	12	2320998.27	21662650.54	52969355	31306704.46
Total	**1,77,459.80 (or 177.46 MMSCM)**	--	--	--	--	--	--	--	--	--	--	**Total (₹)**	**522387052.57** *i.e.* **₹ 52.24 crore**

Annexure-9

Statement showing forced outages and loss of generation due to low gas pressure

(Referred to in paragraph 2.13.5)

Year	Name of Station	Forced Outages on account of low gas pressure	(Estimated) Loss of Generation (in MU)	Realisation rate per unit (₹ per unit) (Realisable value)	₹ in crore
2005-06	LTPS *	15727.86	263.23	1.78	46.85
2006-07	LTPS	7035.78	121.72	1.89	23.00
2007-08	LTPS	10347.70	175.26	1.67	29.27
2008-09	LTPS	2890.40	47.03	2.20	10.35
2009-10	LTPS	1462.00	24.84	2.00	4.97
Total	-	37463.74	632.08	-	114.44

* Lakwa Thermal Power Station.

Annexure-10

Statement showing year-wise excess consumption of Gas in Assam Power Generation Corporation Limited

(Referred to in paragraph 2.13.6)

Namrup Thermal Power Station (NTPS)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Gross generation (MU)	400.37	325.83	431.23	482.25	473.36
2	Heat consumption allowed by AERC (K. Cal/ KWh)	3266	3266	3266	3266	3266
3	Actual heat consumption (K. Cal/ KWh) (6/1)	3651.10	3898.63	3923.35	3950.13	4022.76
4	Gas consumption (MMSCM)	177.57	153.89	204.29	229.24	227.92
5	Average calorific value of Gas (K. Cal/ SCM)	8232.19	8254.53	8281.69	8309.86	8354.74
6	Heat received from Gas for generation (MK.cal π) (4 x5)	1461790	1270290	1691866	1904952	1904212
7	Heat required from Gas for generation (MK.cal π)(1x2)	1307608	1064161	1408397	1575029	1545994
8	Gas required for gross generation (MMSCM)(1x2/5)	158.84	128.92	170.06	189.54	185.04
9	Excess consumption of Gas (MMSCM) (4 - 8)	18.73	24.97	34.23	39.70	42.88
10	Rate of Gas per MMSCM (₹ in crore)	0.23	0.26	0.24	0.26	0.25
11	Value of excess Gas consumed (₹ in crore) (9 x10)	4.31	6.49	8.22	10.32	10.72

Lakwa Thermal Power Station (LTPS)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Gross generation (MU)	350.04	470.49	514.67	682.11	762.77
2	Heat consumption allowed by AERC (K. Cal/ KWh)	3658	3658	3600	3600	3435
3	Actual heat consumption (K. Cal/ KWh) (6/1)	3799.95	3787.17	3764.39	3534.75	3581.76
4	Gas consumption (MMSCM)	154.08	204.03	226.53	278.37	317.01
5	Average calorific value of Gas (K. Cal/ SCM)	8632.76	8733.16	8552.60	8661.45	8618.21
6	Heat received from Gas for generation (MK.cal π)(4 x5)	1330136	1781827	1937420	2411088	2732059
7	Heat required from Gas for generation MK.cal π)(1x2)	1280446	1721052	1852812	2455596	2620115
8	Gas required for gross generation (MMSCM)(1x2/5)	148.32	197.07	216.64	283.51	304.02
9	Excess consumption of Gas (MMSCM) (4 - 8)	5.76	6.96	9.89	NIL	12.99
10	Rate of Gas per MMSCM (₹ in crore)	0.26	0.28	0.29	0.37	0.40
11	Value of excess Gas consumed (₹ in crore) (9 x 10)	1.50	1.95	2.87	NIL	5.20

π Million Kilo Calorie

Annexure 11

Statement showing the actual generation and Plant Load Factor

(Referred to in paragraph 2.15.2)

Station	Year	Installed Capacity (MW)	Maximum Generation Possible (MU)	Actual Generation (MU)	Plant load factor (*per cent*)
(I)	(II)	(III)	(IV)	(V)	(VI) i.e. {(V)/(IV)}
NTPS	2005-06	134	1173.84	458	39.02
	2006-07	134	1173.84	381.61	32.51
	2007-08	134	1173.84	516.47	44
	2008-09	119.5	1046.82	682.11	65.16
	2009-10	119.5	1046.82	547.53	52.3
Total (NTPS)			**5615.16**	**2585.72**	**46.05**
LTPS	2005-06	120	1051.2	350.04	33.3
	2006-07	120	1051.2	470.49	44.76
	2007-08	120	1051.2	514.67	48.96
	2008-09	120	1051.2	566.31	53.87
	2009-10	120	1051.2	762.77	72.56
Total (LTPS)			**5256**	**2664.28**	**50.69**
		Grand Total	**10871.16**	**5250**	**48.29**

Annexure-12

Statement showing paragraphs/reviews for which explanatory notes were not received

(Referred to in paragraph 3.11.1)

Sl. No.	Name of department	2004-2005		2005-2006		2006-2007		2007-2008		2008-09	
		No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received
1.	Power	07	07	05	05	05	05	08	08	03	03
2.	Transport	01	01	01	01	01	01	01	01	02	02
3.	Co-operation	--	--	--	--	--	--	01	01	--	--
4.	Welfare	01	01	01	01	01	01	02	02	01	01
5.	Agriculture	--	--	02	02	01	01	--	--	--	--
6.	Fisheries	--	--	01	01	--	--	--	--	--	--

Sl. No.	Name of department	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009	
		No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received
7.	Industries and Commerce	02	02	01	01	06	06	02	02	06	06
8.	Mines & Minerals	--	--	01	01	--	--	--	--	02	02
9.	Public Enterprises	01	01	01	01	01	01	--	--	02	02
10.	Home	01	01	--	--	--	--	--	--	--	--
11.	Education (Elementary)	--	--	01	--	--	--	--	--	--	--
12.	Information and Technology	--	--	--	--	--	--	04	04	--	--
	Total:	**13**	**13**	**14**	**13**	**15**	**15**	**18**	**18**	**16**	**16**

Annexure-13

Statement showing the department-wise outstanding Inspection Reports (IRs) as on November 2010

(Referred to in paragraph 3.11.3)

Sl. No.	Departments	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Animal Husbandry	1	1	9	2005-06
2.	Co-operation	1	1	3	2005-06
3.	Education	1	1	5	2005-06
4.	Fisheries	1	2	7	2005-06
5.	Handloom, Textiles & Sericulture	2	2	8	2005-06
6.	Home	1	1	4	2009-10
7.	Industries & Commerce	8	11	45	2005-06
8.	Information & Technology	1	1	10	2008-09
9.	Mines & Minerals	1	1	6	2008-09
10.	Tourism	1	2	10	2006-07
11.	Welfare of Plains Tribes & Backward Classes	3	3	13	2005-06
12.	Transport	1	39	88	2004-05
13.	Power	4	83	384	2004-05
	Total	**26**	**148**	**592**	**-**

ANNEXURE-14

Statement showing the department-wise draft paragraphs/reviews replies to which are awaited

(Referred to in paragraph 3.11.3)

Sl. No.	Name of the Departments/Corporation	Number of Draft Paragraphs	Number of reviews	Period/date of issue
1.	Power	10	1	May 2010 to September 2010
2.	Transport	1	-	May 2010
3.	Agriculture	1	-	June 2010
4.	Industries & Commerce	1	-	November 2010
5	Finance	1	-	May 2010
	Total:	**14**	**1**	**-**