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**REPORT OF THE  
COMPTROLLER AND  
AUDITOR GENERAL OF  
INDIA**

**FOR THE YEAR ENDED 31 MARCH  
2005**

**(COMMERCIAL)**

**Government of Assam**

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# TABLE OF CONTENTS

	<u>Reference to</u>	
	<u>Paragraph (s)</u>	<u>Page (s)</u>
<b>PREFACE</b>		ix
<b>OVERVIEW</b>		xi-xiv
<b>CHAPTER-I</b>		
<b>Overview of Government companies and Statutory corporations</b>	<b>1</b>	<b>1-23</b>
Introduction	1.1	1-2
Working Public Sector Undertakings (PSUs)	1.2-1.17	2-9
Reforms in power sector	1.18-1.21	9-12
Non-working Public Sector Undertakings (PSUs)	1.22-1.27	12-16
Budgetary support to non-working/sick PSUs— status of non-working/sick PSUs	1.28	16-17
Status of placement of Separate Audit Reports of Statutory corporations in Legislature	1.29	17-18
Disinvestments, Privatisation and Restructuring of Public Sector Undertakings	1.30-1.31	18
Results of audit of accounts of PSUs by the Comptroller and Auditor General of India	1.32-1.38	19-21
Recoveries at the instance of audit	1.39	21
Internal audit/internal control	1.40	21
Recommendation for closure of PSUs	1.41	22
Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)	1.42	22-23
619-B Companies	1.43	23

---

	<u>Reference to</u>	
	<u>Paragraph (s)</u>	<u>Page (s)</u>
<b>CHAPTER-II</b>		
<b>Reviews relating to Government companies</b>	<b>2</b>	
<b>Review on Execution of Construction Works by Assam Police Housing Corporation Limited</b>	<b>2.1</b>	<b>24-37</b>
Highlights		24
Introduction	2.1.1	25
Scope of audit	2.1.2	25
Audit objectives	2.1.3	25-26
Audit criteria	2.1.4	26
Audit methodology	2.1.5	26
Audit findings	2.1.6-2.1.18	27-36
Implementation	2.1.7-2.1.11	27-30
Execution of works	2.1.12-2.1.16	30-35
Expenditure on work-charged employees	2.1.17	35
Internal control	2.1.18	36
Conclusion		36
Recommendations		37

	<u>Reference to</u>	
	<u>Paragraph (s)</u>	<u>Page (s)</u>
<b>Review on Implementation of Welfare Schemes for the Plains Tribes People by Assam Plains Tribes Development Corporation Limited.</b>	<b>2.2</b>	<b>38-57</b>
Highlights		38-39
Introduction	2.2.1	39
Scope of audit	2.2.2	40
Audit objectives	2.2.3	40
Audit criteria	2.2.4	41
Audit methodology	2.2.5	41
Audit findings	2.2.6-2.2.25	42-56
Implementation	2.2.7	42-43
Special Central Assistance funded scheme	2.2.8-2.2.15	43-48
NSTFDC funded loan scheme	2.2.16-2.2.19	49- <del>51</del>
Other loan schemes	2.2.20-2.2.21	52
Non-compliance of Government instructions	2.2.22	52-53
Delay in implementation/delivery of inputs	2.2.23	53
Cash Management	2.2.24	54
Internal control	2.2.25	54-56
Conclusion		56
Recommendations		56-57

	<u>Reference to</u>	
	<u>Paragraph (s)</u>	<u>Page (s)</u>
<b>CHAPTER-III</b>		
<b>Transaction audit observations</b>	<b>3</b>	<b>58-77</b>
<b>Government companies</b>		
<b>Assam Tea Corporation Limited</b>		
Loss of revenue	3.1	58-59
<b>Assam Industrial Development Corporation Limited</b>		
Non-recovery of loan	3.2	59-61
<b>Statutory corporations</b>		
<b>Assam State Transport Corporation</b>		
Non-recovery of penalty	3.3	61-62
<b>Assam State Electricity Board</b>		
Non-realisation of revised load security	3.4	62
Undue benefit to consumers	3.5	63-64
Loss of revenue	3.6	64
Loss of revenue	3.7	65
Blockage of borrowed funds	3.8	66-67
Theft of Board's properties	3.9	67-68
Deficiencies in internal control/internal audit system of Assam State Electricity Board	3.10	68-73



**Reference to**

**Paragraph (s)**    **Page (s)**

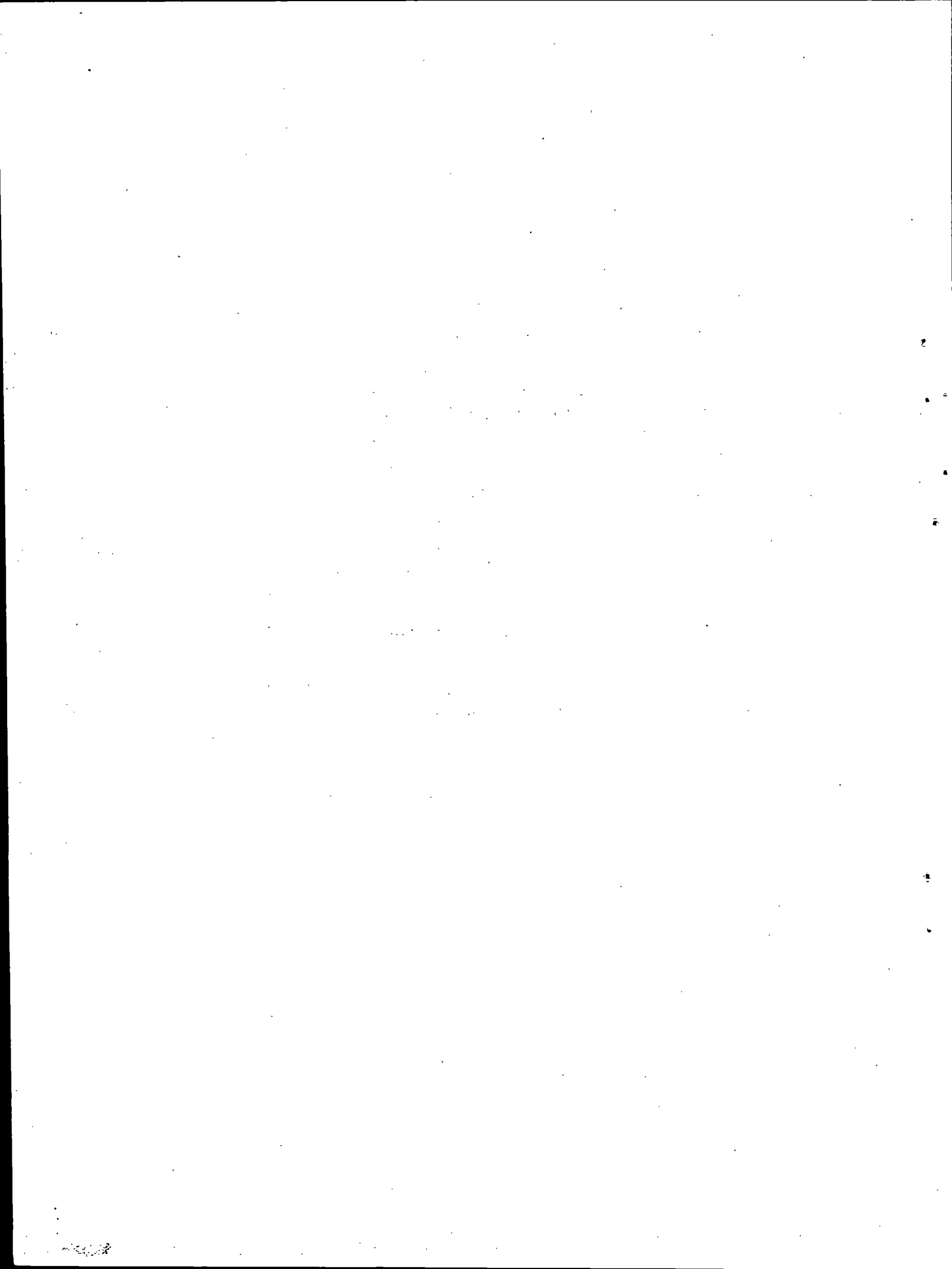
**General**

Avoidable administrative cost	3.11	73-74
Follow-up action on Audit Reports	3.12	75-76
Response to Inspection Reports, Draft Paragraphs and Reviews	3.13	76-77

## ANNEXURES

<u>No.</u>	<u>Particulars</u>	<u>Reference to</u>	
		<u>Paragraph (s)</u>	<u>Page (s)</u>
1.	Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2005 in respect of Government companies and Statutory corporations	1.4,1.5,1.6 & 1.24	81-86
2.	Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised	1.7,1.8,1.9,1.17, 1.26 & 1.27	87-93
3.	Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2005	1.6 & 1.24	94-95
4.	Statement showing financial position of Statutory corporations	1.8	96-98
5.	Statement showing the working results of Statutory corporations	1.8	99-100
6.	Statement showing the operational performance of Statutory corporations	1.13	101-103
7.	Statement showing status of Sick/Relief Undertakings	1.28	104-105
8.	Statement showing Government companies/Statutory corporations more than five years in existence with turnover less than Rupees five crore	1.41	106-108
9.	Statement showing PSUs with turnover more than Rupees five crore and incurring losses for five consecutive years.	1.41	109-110
10.	Statement showing details of fund received, expenditure incurred on completed works and funds retained by the Company	2.1.11	111
11.	Statement showing year-wise fund released against schemes sanctioned by NSTFDC and Government of Assam	2.2.2	112-113

<u>No.</u>	<u>Particulars</u>	<u>Reference to</u>	
		<u>Paragraph (s)</u>	<u>Page (s)</u>
12.	Statement showing ongoing/incomplete projects	3.8	114-116
13.	Statement showing the avoidable administrative expenses incurred by the companies	3.11	117-119
14.	Statement showing paragraphs/reviews for which explanatory notes were not received	3.12.1	120-121
15.	Statement showing persistent irregularities pertaining to Government companies appeared in the Report of the Comptroller and Auditor General of India for the years 1998-99 to 2003-04 (Commercial)—Government of Assam	3.12.3	122-123
16.	Statement showing persistent irregularities pertaining to Statutory corporations appeared in the Report of the Comptroller and Auditor General of India for the years 1998-99 to 2003-04 (Commercial)—Government of Assam	3.12.3	124-126
17.	Statement showing the department-wise outstanding Inspection Reports (IRs) as on 31 August 2005	3.13	127
18.	Statement showing the department-wise draft paragraphs/reviews replies to which are awaited	3.13	128



## PREFACE

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

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

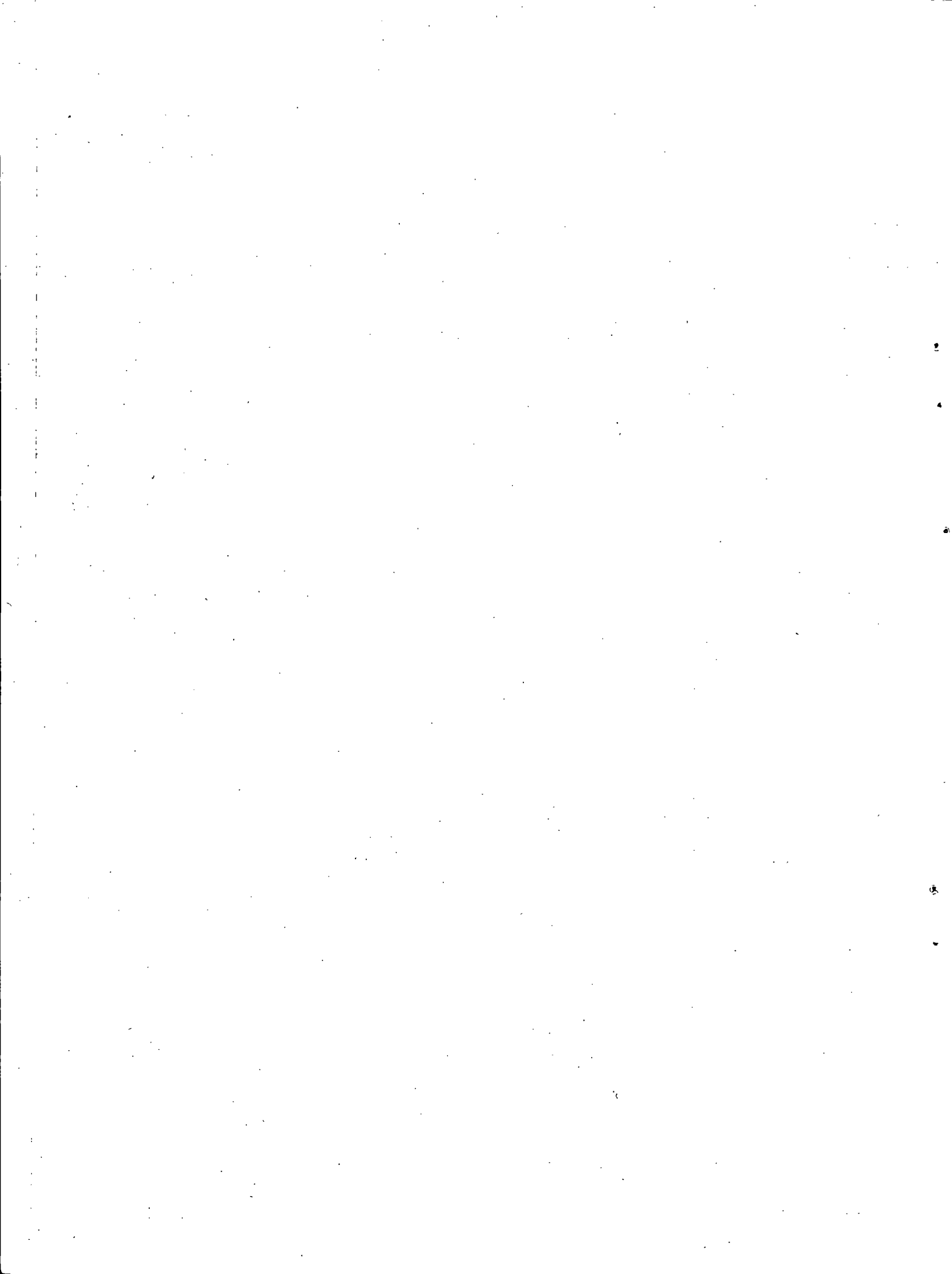
2. This report deals with the results of audit of Government companies and Statutory corporations including Assam State Electricity Board and has been prepared for submission to the Government of Assam under Section 19A of the Comptroller and Auditor General's (CAG) (Duties, Powers and Conditions of 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 2004-05 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 2004-05 have also been included, wherever considered necessary.

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# OVERVIEW

## I. Overview of Government companies and Statutory corporations

As on 31 March 2005, the State had 43 Public Sector Undertakings (PSUs) comprising 39 Government companies and four Statutory corporations. Of these, there were only 29 working Government companies and the remaining 10 were non-working Government companies. All the four Statutory corporations were working corporations. There is no company under the purview of Section 619 B of the Companies Act, 1956 as on 31 March 2005.

*(Paragraphs 1.1 and 1.43)*

The total investment in working PSUs increased from Rs.4,136.82 crore as on 31 March 2004 to Rs.4,342.98 crore as on 31 March 2005. The total investment in 10 non-working PSUs increased from Rs.71.09 crore as on 31 March 2004 to Rs.72.06 crore as on 31 March 2005.

*(Paragraphs 1.2 and 1.22)*

The budgetary support in the form of capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs.204.55 crore in 2003-2004 to Rs.754.92 crore in 2004-05. The State Government guaranteed loans aggregating to Rs.130 crore during 2004-05. As on 31 March 2005 guarantees of Rs.417.01 crore were outstanding against six working Government companies and two Statutory corporations.

*(Paragraph 1.6)*

The accounts of the 29 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 21 years as on 30 September 2005. Accounts of 10 non-working Government companies were in arrears for periods ranging from eight to 22 years as on 30 September 2005. None of the working Government companies and Statutory corporations have finalised their accounts for the year 2004-05.

*(Paragraphs 1.7 and 1.26)*

According to latest finalised accounts, seven working PSUs (six Government companies and one Statutory corporation) earned aggregate profit of Rs.37.67 crore. Against this, 24 working PSUs (21 Government companies and three Statutory corporations) incurred an aggregate loss of Rs.702.86 crore. One company had not commenced commercial activities and one company had not

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prepared any annual accounts. Of the 21 loss incurring Government companies, 11 companies had accumulated losses aggregating Rs.134.65 crore, which exceeded their paid up capital of Rs.27.88 crore. Three loss incurring Statutory corporations had accumulated loss aggregating Rs.4,995.65 crore, which exceeded their aggregate paid up capital of Rs.1531.16 crore.

*(Paragraphs 1.8, 1.10 and 1.12)*

## **2. Reviews in respect of Government companies**

Reviews relating to Execution of Construction Works by **Assam Police Housing Corporation Limited**, and Implementation of Welfare Schemes for the Plains Tribes People of Assam by **Assam Plains Tribes Development Corporation Limited** were conducted and some of the main findings are as follows:

### **Execution of construction works by Assam Police Hosing Corporation Limited**

**Assam Police Housing Corporation Limited** is a wholly owned State Government company with the main objective of formulating and executing housing schemes for the employees of the State Police Department and undertakes construction of buildings for the personnel of the State Police Department. The value of works executed is entirely dependent upon the volume of works allocated by the State Government. The Company was as such perpetually dependent on State Government for its economic viability.

There was shortfall in release of funds by the State Government as compared to its budgetary provisions. The Company received a total amount of Rs.118.52 crore during the five years upto 2004-05 against budgeted provision of Rs.289.81 crore.

The Company executed works valued at Rs.95.48 crore during the same period. Cumulative unspent balance at the end of the year was Rs.37.78 crore.

Instances of failure to comply with codal requirements in execution of works causing frequent changes in technical specifications after award of works, extra expenditure (Rs.15.32 lakh) and irregular retention of Government funds (Rs.5.61 crore) were also noticed.

*(Chapter 2.1)*



## **Implementation of Welfare Schemes for the Plains Tribes people of Assam by Assam Plains Tribes Development Corporation Limited**

**Assam Plains Tribes Development Corporation Limited** is a wholly owned Government company with the main objective of extending financial assistance to the tribal (Plains) population of the State. The Company, however, did not have required data in respect of the target population. It also did not have mechanism in place to monitor proper disbursement of assistance and its impact.

Special Central Assistance funds meant for disbursement as subsidy were partly disbursed as loan in violation of Government of India's guidelines and thus, the beneficiaries were deprived of the full benefit of the scheme. In addition to this, a substantial part of the funds received for implementing different schemes were diverted towards meeting administrative and establishment expenses.

There was lack of co-ordination among implementing agencies in execution of SCA funded schemes as same/identical schemes were implemented by various authorities in the same area.

*(Chapter 2.2)*

### **3. Transaction audit observations**

Audit observations included in this Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications, are listed below, category-wise:

- There were five cases of loss amounting to Rs.2.01 crore on account of sale of tea leaf at lower rates, failure of the Management to enforce provisions of the agreement, undue benefit to consumers, incorrect categorization of consumers and calculation of compensation claims in contravention of laid down provision of Terms and Conditions of Supply of Electricity.

*(Paragraphs 3.1, 3.3, 3.5, 3.6 and 3.7)*

- Instances of non-recovery of loans, penalty/non-realisation of dues due to faulty project appraisal and lack of proper follow-up action and non-realisation of revised load security amount to Rs.4.15 crore.

*(Paragraphs 3.2 and 3.4)*

- There was also blockage of borrowed funds amounting to Rs.23.84 crore due to taking-up of works without ensuring availability of funds, failure to

get the projects commissioned as per approved time frame, abandonment of the projects.

*(Paragraph 3.8)*

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

- **Assam Tea Corporation Limited** suffered revenue loss of Rs.47.37 lakh due to sale of green tea leaf at rates lower than the agreed firm rates.

*(Paragraph 3.1)*

- **Assam Industrial Development Corporation Limited** could not realise dues to the extent of Rs.3.43 crore due to faulty appraisal and lack of proper initiative.

*(Paragraph 3.2)*

- **Assam State Electricity Board** took-up works/projects without ensuring availability of sufficient fund, failure to get the projects commissioned as per approved time frame, abandonment of the projects *etc.*, resulted in blockage of borrowed funds of Rs.23.84 crore.

*(Paragraph 3.8)*

## CHAPTER-I

### I. Overview of Government companies and Statutory corporations

#### Introduction

*1.1* As on 31 March 2005, there were 39 Government companies (\*29 working companies and 10 non-working\*\* companies) and four working Statutory corporations against 38 Government companies (28 working companies and 10 non-working companies) and four Statutory corporations as on 31 March 2004 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of Statutory corporations are as shown below:

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

\* During 2004-05, audit of one Company (Amtron Informatics (India) Limited) was entrusted.

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

\*\*\* The earlier provision of Section 69 (2) of the Electricity (Supply) Act, 1948 was repealed by the Electricity Act, 2003.

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

### **Working Public Sector Undertakings (PSUs)**

#### ***Investment in working PSUs***

**1.2** As on 31 March 2005, the total investment in 33 working PSUs (29 Government companies and four Statutory corporations) was Rs.4,342.98 crore\*\* (equity: Rs.1,786.91 crore and long-term loans: Rs.2,556.07 crore\*\*\*) as against 32 working PSUs (28 Government companies and four Statutory corporations) with a total investment of Rs.4,136.82\*\*\*\* crore (equity: Rs.1,786.55 crore and long term-loans: Rs.2,350.27 crore as on 31 March 2004. Increase in the total investment was mainly due to loans received by the agriculture, industry, textile, power and other sectors. The analysis of investments in working PSUs is given in the following paragraphs.

#### ***Sector-wise investment in working Government companies and Statutory corporations***

**1.3** The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2005 and 31 March 2004 are indicated in the pie-charts on the next page:

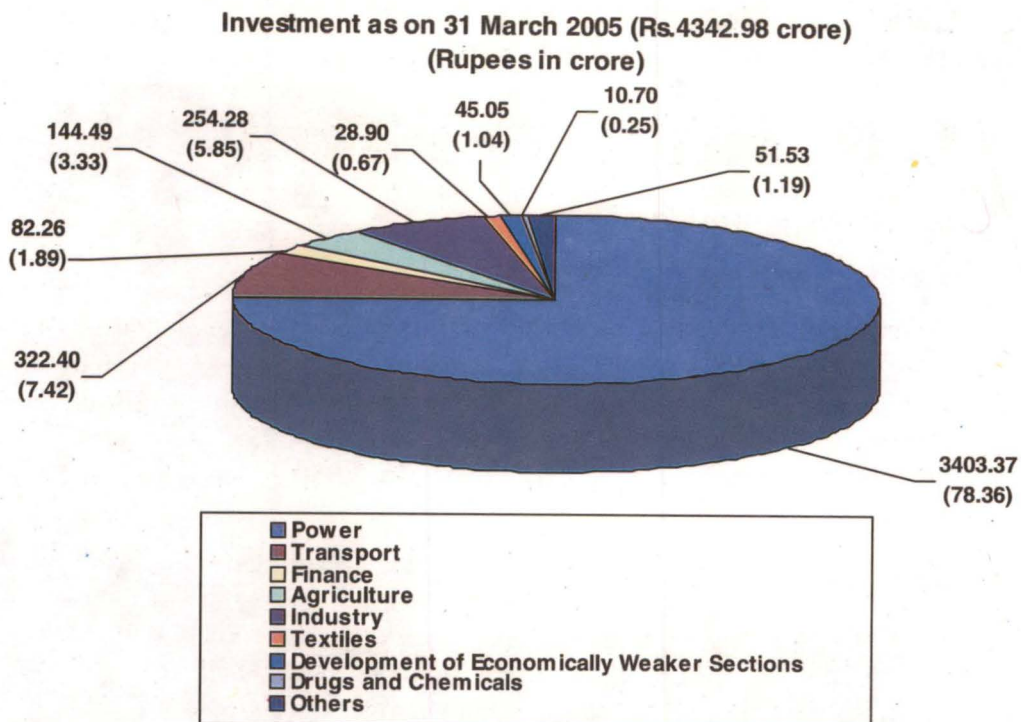
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\* Erstwhile Electricity Regulatory Commission Act, 1998 repealed by the Electricity Act, 2003.

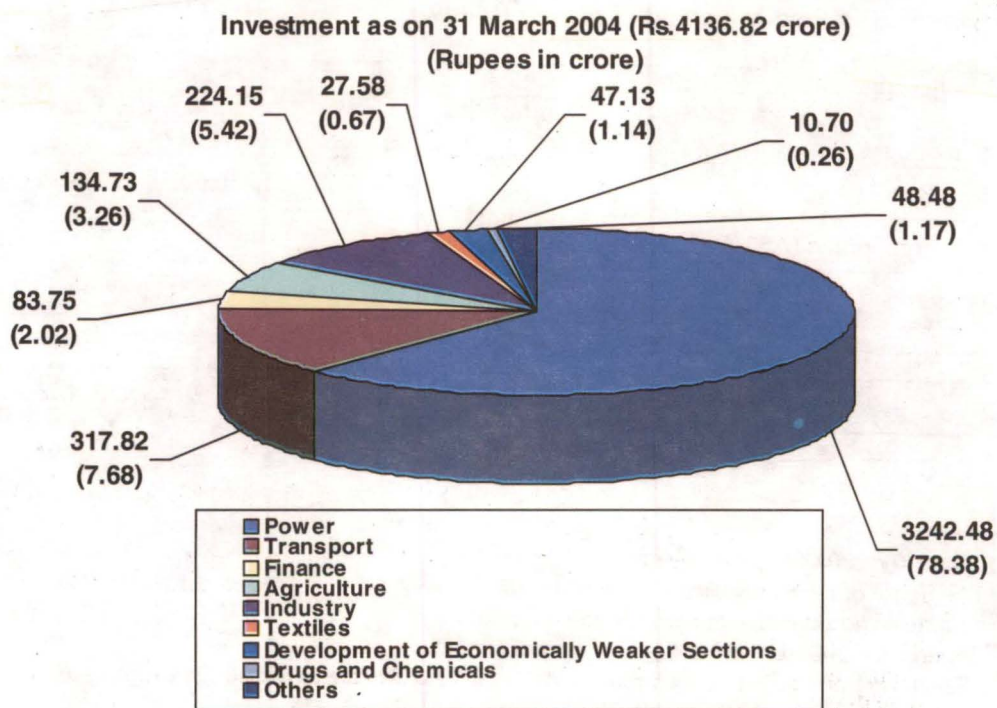
\*\* State Government's investment was Rs.4,037.80 crore (Others Rs.305.18 crore). Figure as per Finance Accounts 2004-05 is Rs.1,777.99 crore. The difference is under reconciliation.

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

\*\*\*\* The figure of total investment for the year 2003-04 as per previous year Audit Report, was Rs.2,369.95 crore (provisional). The difference of Rs.1,766.87 crore was due to recasting of figures of equity and loans as per finalised accounts for the year 2003-04 and the figures as provided by the Corporation.



(Figures in brackets indicate percentage)



(Figures in brackets indicate percentage)

### Working Government companies

1.4 The total investment in the working Government companies at the end of March 2004 and March 2005 was as follows:

Year	Number of working Government companies	Equity	Share application money	Long term loans	Total
		(Rupees in crore)			
2003-2004	28	245.05	-	235.11	480.16
2004-2005	29	245.41	-	274.64	520.05

Increase in the total investment was mainly due to loans received by the agriculture, industry, textiles and 'others' sectors.

The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in *Annexure 1*.

As on 31 March 2005, the total investment in working Government companies comprised 47.19 per cent of equity capital and 52.81 per cent of loans as compared to 51.04 per cent and 48.96 per cent respectively as on 31 March 2004.

### Working Statutory corporations

1.5 The total investment in four working Statutory corporations at the end of March 2004 and March 2005 was as follows:

Name of corporation	2003-2004		2004-2005	
	Capital	Loan	Capital	Loan
	(Rupees in crore)			
Assam State Electricity Board (ASEB)*	1,350.00	**1,892.48	1,350.00	2,053.37
Assam State Transport Corporation (ASTC)***	167.73	150.09	167.73	154.67
Assam Financial Corporation (AFC)***	13.43	70.32	13.43	68.83
Assam State Warehousing Corporation (ASWC)***	****10.34	2.27	10.34	4.56
<b>Total</b>	<b>1,541.50</b>	<b>2,115.16</b>	<b>1,541.50</b>	<b>2,281.43</b>

\* Figures for 2004-05 are provisional.

\*\* The figure of loans has been increased by Rs.1,766.97 crore due to recasting of figures as per finalised accounts for the year 2003-04.

\*\*\* Figures for 2003-04 and 2004-05 are provisional.

\*\*\*\* The figure of equity has been reduced by Rs.0.10 crore due to recasting of figures as provided by the Corporation.

The summarised statement of Government investment in working Statutory corporations in the form of equity and loans are detailed in **Annexure 1**.

As on 31 March 2005, the total investment in working Statutory corporations comprised 40.32 per cent of equity capital and 59.68 per cent of loans as compared to 42.16 per cent and 57.84 per cent respectively as on 31 March 2004.

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

**1.6** The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to working Government companies and working Statutory corporations are given in **Annexures 1 and 3**.

The budgetary outgo in the form of equity capital, loans and grants/subsidies from the State Government to 29 working Government companies and four working Statutory corporations for the three years up to 31 March 2005 are given below:

(Rupees in crore)

Particulars	2002-2003				2003-2004				2004-2005			
	Companies		Corporations		Companies		Corporations		Companies		Corporation	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity Capital outgo from budget	3	0.54	-	-	-	-	-	-	3	0.35	-	-
Loans given from budget	4	6.24	2	52.71	1	0.10	-	-	3	8.99	3	149.64
Grants/Subsidy towards projects/programmes/schemes	6	9.20	-	-	9	9.97	2	194.48	8	12.25	2	583.69
<b>Total outgo</b>	<b>10*</b>	<b>15.98</b>	<b>2*</b>	<b>52.71</b>	<b>10*</b>	<b>10.07</b>	<b>2*</b>	<b>194.48</b>	<b>11*</b>	<b>21.59</b>	<b>5*</b>	<b>733.33</b>

During the year 2004-05, the Government had guaranteed loans aggregating Rs.130 crore obtained by one working Government company (Rupees five crore) and one Statutory corporation (Rs.125 crore). At the end of the year guarantees amounting to Rs.417.01 crore obtained by six working Government companies (Rs.102.18 crore) and two working Statutory corporations (Rs.314.83 crore) were outstanding. There was no default in repayment of guaranteed loans during the year.

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

**Finalisation of accounts by working PSUs**

1.7 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Out of 33 working PSUs (29 working Government companies and four working Statutory corporations), none of the Government companies/corporations had finalised its accounts for the year 2004-05 up to 30 September 2005 as could be noticed from *Annexure-2*. During the period from October 2004 to 30 September 2005, 15 working Government companies finalised 21 accounts for previous years. Similarly, during this period, three working Statutory corporations finalised five accounts for previous years.

The accounts of 29 working Government companies and four Statutory corporations were in arrears for periods ranging from one to 21 years as on 30 September 2005 as detailed in the following table:

Sl. No.	Number of working companies/corporations		Period for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to Serial Number of Annexure-2	
	Government companies	Statutory corporations			Government companies	Statutory corporations
1.	1	-	1984-1985 to 2004-2005	21	27	-
2.	1	-	1986-1987 to 2004-2005	19	5	-
3.	2	-	1988-1989 to 2004-2005	17	18,22	-
4.	2	-	1989-1990 to 2004-2005	16	3,7	-
5.	2	-	1991-1992 to 2004-2005	14	23,29	-
6.	1	-	1992-1993 to 2004-2005	13	9	-
7.	2	-	1993-1994 to 2004-2005	12	13,28	-
8.	1	-	1994-1995 to 2004-2005	11	17	-
9.	3	-	1995-1996 to 2004-2005	10	20,21,24	-
10.	1	-	1996-1997 to 2004-2005	9	16	-
11.	4	1	1997-1998 to 2004-2005	8	1,4,14,25	2
12.	2	-	1998-1999 to 2004-2005	7	6,19	-
13.	-	1	2000-2001 to 2004-2005	5	-	4
14.	2	-	2002-2003 to 2004-2005	3	15,26	-
15.	2	1	2003-2004 to 2004-2005	2	2,8	3
16.	3	1	2004-2005	1	10,11,12	1



It is the responsibility of the administrative departments to oversee and ensure that the accounts are finalised and adopted by the PSUs within prescribed period. Though the concerned administrative departments and officials of the Government were apprised quarterly by Audit regarding arrears in finalisation of accounts, no effective measures have been taken by the Government and, as a result, the net worth of these PSUs as on date could not be assessed in Audit.

### ***Financial position and working results of working PSUs***

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

According to the latest finalised accounts of 29 working Government companies and four working Statutory corporations, 21 companies and three corporations had incurred an aggregate loss of Rs.20.51 crore and Rs.682.35 crore respectively, six companies and one corporation had earned an aggregate profit of Rs.37.66 crore and Rs.1.02 lakh respectively. One company had not commenced commercial activities and one Company had not prepared any annual accounts.

### ***Working Government companies***

#### ***Profit earning working Government companies and dividend***

**1.9** Out of 15 working Government companies, which finalised their accounts for previous years during October 2004 to 30 September 2005, five\* Government companies earned an aggregate profit of Rs.34.88 crore and one company (Sl. No. A-6 of **Annexure-2**) though earned profit of Rs.2.78 crore, it, however, did not finalise any accounts during this period. All these companies except one (Sl. No. A-25) earned profit for two or more successive years. These companies did not declare dividend.

#### ***Loss incurring working Government companies***

**1.10** Of the 21 loss incurring working Government companies, 11\*\* companies had accumulated losses aggregating Rs.134.65 crore, which exceeded their aggregate paid-up capital of Rs.27.88 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies. According to available information, out of these 11 companies, the total

\* Sl. Nos. A-4, 10, 11, 25 and 29 of Annexure-2.

\*\* Sl. Nos. A-1, 2, 7, 12, 13, 16, 20, 21, 22, 26 and 28 of Annexure-2.

financial support so provided by the State Government by way of subsidy and grants during 2004-05 to two\* companies amounted to Rs.1.44 crore.

### ***Working Statutory corporations***

#### ***Profit earning Statutory corporations and dividend***

**1.11** Assam State Warehousing Corporation, which finalised its accounts for the year 1999-2000 earned profit of Rs.1.02 lakh but did not declare dividend.

#### ***Loss incurring Statutory corporations***

**1.12** All the three\*\* loss incurring working Statutory corporations, had accumulated losses aggregating Rs.4,995.65 crore which exceeded their aggregate paid-up capital of Rs.1,531.16 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these corporations in the form of contribution towards subsidies and grants. According to available information, the total financial support so provided by the State Government by way of subsidies and grants during 2004-05 to two\*\*\* corporations, out of these three corporations amounted to Rs.583.69 crore.

#### ***Operational performance of working Statutory corporations***

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

Some of the important observations on the operational performance of the Statutory corporations are given below:

##### ***Assam State Electricity Board:***

**1.14** Net power generated has increased from 675.630 MKWH in 2003-04 to 720.940 MKWH in 2004-05.

Transmission and distribution losses increased from 40.57 per cent in 2002-03 to 42.58 percent in 2003-04 and decreased to 37.63 per cent in 2004-05.

##### ***Assam State Transport Corporation:***

**1.15** Average number of vehicles held decreased from 372 in 2002-03 to 347 in 2004-05.

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\* Sl. Nos. A-8 and 12 of Annexure 3.

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

\*\*\* Sl. Nos. B-1 and 3 of Annexure-3.

Average number of breakdown per lakh kilometer decreased from 30.92 in 2002-03 to 30.45 in 2004-05.

### ***Assam Financial Corporation***

**1.16** The Corporation had not sanctioned any loan application during the year 2003-04.

The loan outstanding at the close of the year increased from Rs.1.91 crore in 2002-03 to Rs.2.08 crore in 2003-04.

### ***Return on capital employed***

**1.17** The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in **Annexure 2**. As per the latest finalised accounts (up to 30 September 2005), the capital employed\* worked out to Rs.451.01 crore in 27\*\* working companies and total return\*\*\* thereon amounted to Rs.31.67 crore which was 7.02 per cent as compared to total return of Rs.18.34 crore in the previous year (accounts finalised up to September 2004). Similarly, the capital employed and total return thereon in case of four working Statutory corporations as per the latest finalised accounts (up to 30 September 2005) worked out to Rs.795.03 crore and (-) Rs.410.16 crore respectively, against the total return of (-) Rs.447.56 crore in previous year (accounts finalised up to September 2004).

## **Reforms in power sector**

### ***Status of implementation of MoU between the State Government and the Central Government.***

**1.18** In pursuance to Chief Ministers' conference on Power Sector Reforms held in March 2001, a Memorandum of Understanding (MoU) was signed on 26 March 2001 between the Ministry of Power, Government of India (GOI) and the Department of Power, Government of Assam (GOA) as a joint commitment for implementation of reforms programme in power sector with identified milestones.

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

\*\* Out of 29 Government companies, one company is yet to start commercial function and one company has not prepared any annual accounts.

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

Status of implementation of reforms programme against each commitment made in the MoU is given below:

Sl. No.	Commitment as per MoU	Targeted completion schedule	Status (As on 31 March 2005)
<b>Commitments made by the State Government</b>			
1.	Reduction of Transmission and Distribution (T&D) losses	To reduce T&D losses to 20 per cent by 31 March 2002	37.63 per cent
2.	100 per cent electrification of all villages	31 March 2007	Not yet achieved
3.	100 per cent metering of all distribution feeder	31 July 2001	Completed
4.	100 per cent metering of all consumers	31 December 2001	1,20,942 unmetered consumers yet to be converted to the metered consumers. Besides, for replacement of damaged/stopped meter etc, technical bids have been opened and under process of evaluation.
5.	Securitise outstanding dues of Central Public Sector Undertakings	30 September 2001	Power Bond issued by the Government of Assam in 2003.
6.	Online computerised billing in all major towns	31 March 2002	Not yet achieved
7.	To bring down the level of ASEB's receivable to 60 days billing	March 2002	Not yet achieved. Receivables (revenue) is equal to 114 days billing.

### **State Electricity Regulatory Commission (SERC)**

**1.19** Assam Electricity Regulatory Commission was formed on 14 August 2001 under Section 17 of Electricity Regulatory Commissions Act, 1998\* with the main objective of determining electricity tariff, to regulate power purchase and procurement process of transmission and distribution utilities, to promote competition, efficiency and economy in the activities of the electricity industry. The Commission is a body corporate and comprises one member who is appointed by the State Government. The audit of accounts of the Commission has been entrusted to CAG under Section 104 (2) of the Electricity Act, 2003. The Commission had not finalised its first accounts so far (30 September 2005).

\* Since replaced by the Electricity Act, 2003.

### **Impact of Government policies in the State in regard to Power Sector**

**1.20** The State power sector is largely represented by the Assam State Electricity Board (ASEB), which is responsible for generation, transmission and distribution of power in the State. As on 1 April 1998, the ASEB had four thermal (533.50 MW) and two mobile gas turbine (18.90 MW) power stations in the State. One 20 MW unit was added to Lakwa Thermal Power Station (LTPS) in May 1999 increasing the total installed capacity of thermal power generation to 572.40 MW. Two gas turbine power stations (18.90 MW) and two Thermal Power Stations, *namely*, 60 MW Chandrapur Thermal Power Station (CTPS) and 240 MW Bongaigaon Thermal Power Station (BTPS) were shutdown in March 2000 and March 2002 respectively. Thus, as on March 2005, with de-rating (July 2002) of Namrup Thermal Power Station (NTPS) from 133.50 MW to 113 MW, the ASEB's available generating capacity was only 233 MW.

**1.21** The Chief Ministers' conferences held in October and December 1996 recommended a Common Minimum National Action Plan for Power (CMNAP) for improving the operational and financial performance of the State Electricity Boards within a definite time frame. In February 1997, the State Cabinet accepted the CMNAP, in principle, and as a follow-up action, an Operational and Financial Action Plan (OFAP) was formulated and accepted by the State Cabinet in November 1997 and since then the OFAP was under implementation by the State Electricity Board.

The operational and financial performance in respect of ASEB, however, recorded a downward slide as would be seen from the following table:

Sl. No.	Particulars	1998-99	2003-04
(i)	Net power generated (MU)	855.02	677.20
(ii)	Plant load factor (percentage)	19.13	16.75
(iii)	Power purchased (MU)	1,977.75	2,616.60
(iv)	Percentage of power purchased to total units available	69.82	79.44
(v)	Power available for sale	2,832.77	3,293.80
(vi)	Power sold	1,752.89	2,098.59
(vii)	T&D loss	1,079.88	1,195.21
(viii)	Percentage of T&D losses	38.12	36.29
(ix)	<b>Operational loss (Rupees in crore)</b>		
	For the year	549.77	655.48
	Cumulative	2,428.85	4,693.41

While power generation decreased from 855.02 MU in 1998-99 to 677.20 MU in 2003-2004, the power purchased increased from 1,977.75 MU to 2,616.60 MU over the same period. Plant load factor decreased from 19.13 *per cent* in 1998-99 to 16.75 *percent* in 2003-04 and percentage of T&D losses decreased

from 38.12 per cent in 1998-99 to 36.29 per cent in 2003-04. Operational loss increased from Rs.549.77 crore in 1998-99 to Rs.655.48 crore in 2003-04.

As per Industrial Policy of Assam (1997), the State Government was required to take effective steps for completion of (i) Amguri Gas-based Power Project (360 MW) and (ii) Karbi-Langpi Hydro-electric Power Project (100 MW) within five years. It was, however, seen in audit that the Amguri Gas based Power Project was stopped in 1994 after incurring an expenditure of Rs.9.01 crore for purchase of land and had not been revived thereafter. The Karbi-Langpi Hydro-electric Power Project started way back in 1980 was yet to be completed.

As a step towards restructuring, ASEB has been unbundled into five companies incorporated under Companies Act, 1956 on 23 October 2003, but the actual operation of these companies are yet (30 September 2005) to start due to non-transfer/non-bifurcation of assets and liabilities. ASEB has been authorised (August 2004) to continue to function as the State Transmission Utility and as a Licensee up to 9 December 2004.

As per clause 4 (i) of the Assam Electricity Reform First Transfer (AERFT) Scheme, 2004, the functions, properties and all interests, rights and liabilities of the Board shall stand transferred to and vest in the State Government on and from the date of publication (10 December 2004) of the scheme in the official gazette.

The functions and undertakings forming part of the newly incorporated five companies shall stand transferred to and vest in the companies on and from the date of the transfer to be notified by the State Government which shall be issued/notified on or before 31 May 2005.

State Government, however, has not issued any notification/order in this regard so far (September 2005) and the ASEB continued to function as State Transmission Utility and Licensee.

### **Non-working Public Sector Undertakings (PSUs)**

#### ***Investment in non-working Government companies***

**1.22** As on 31 March 2005 the total investment in 10 non-working PSUs (10 non-working Government companies) was Rs.72.06 crore\* (equity: Rs.29.65 crore and long term loans: Rs.42.41 crore) as against the total investment of Rs.71.09\*\* crore (equity: Rs.14.35 crore, share application money: Rs.15.30

\* State Government's investment was Rs.8.44 crore (Others Rs.63.62 crore). Figure as per Finance Accounts 2004-05 is Rs. 22.01 crore. The difference is under reconciliation.

\*\* Previous year figure of total investment was Rs.84.16 crore. This has been recasted based on the information provided by the company.

crore and long term loans: Rs.41.44 crore) in 10 non-working PSUs as on 31 March 2004.

As per latest finalised accounts, out of 10 companies, five \* companies have become sick in terms of Section 3 (1) of the Sick Industrial Companies (Special Provision) Act, 1985 since their accumulated losses have exceeded their net worth. Out of these five companies, four\*\* companies have been declared as Relief Undertakings under the provisions of Assam State Industrial Relief Undertakings (Special Provision) Act, 1989.

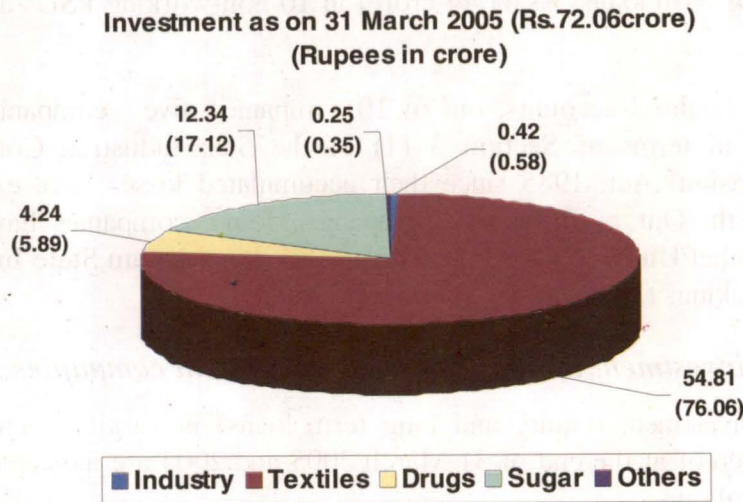
### ***Sector-wise investment in non-working Government companies***

**1.23** The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2005 and 2004 are indicated in the pie charts as follows:

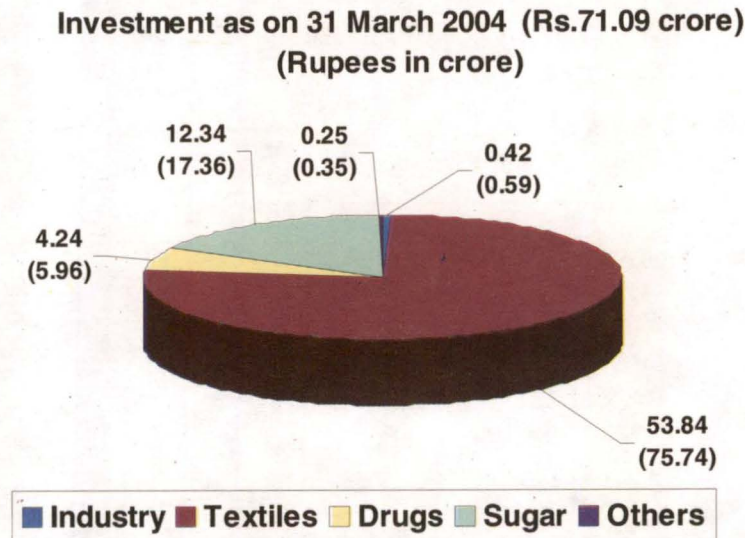
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\* Sl. No. C 1,4,6,9,10 of Annexure 2.

\*\* Sl. No. C 4,6,9,10 of Annexure 2.



(Figures in brackets indicate percentage)



(Figures in brackets indicate percentage)

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

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



During the year 2004-05, there was no budgetary outgo in the form of subsidies/grant. The State Government also did not waive any loans and interest during the year.

Total guarantees outstanding at the end of the year amounted to Rs.0.69 crore obtained by one non-working company.

### ***Total establishment expenditure of non-working PSUs***

**1.25** According to available information, the year-wise details of total establishment expenditure of non-working PSUs and the sources of financing them during last three years up to 2004-05 are given below:

Year	Number of PSUs	Total establishment expenditure	Financed by holding company
		(Rupees in crore)	
2002-2003	4	1.95	1.95
2003-2004	3	1.11	1.11
2004-2005	4*	0.33	0.33

### ***Finalisation of accounts by non-working PSUs***

**1.26** The accounts of 10 non-working companies were in arrears for periods ranging from eight to 22 years as on 30 September 2005 as can be seen from **Annexure 2**. Out of 10 non-working companies, three companies finalised four Accounts for previous years during the period from October 2004 to 30 September 2005.

### ***Financial position and working results of non-working PSUs***

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

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

\* Out of 10 non-working Government companies, only four companies had furnished the information.

Sl. No	Name of the company	Paid-up capital	Net worth*	***Cash loss	Accumulated loss
(Rupees in lakh)					
(1)	(2)	(3)	(4)	(5)	(6)
1.	Assam Tanneries Limited	2.40	(-) 1.39	0.12	3.79
2.	Industrial Papers (Assam) Limited	39.93	39.93	Commercial function not started	
3.	Amtron Sen Electronics Limited	2.00	1.80	0.77	0.20
4.	Assam Spun silk Mills Limited	169.59	(-) 184.02	5.90	353.61
5.	Assam Polytex Limited	526.01	314.65	Commercial function not started	
6.	Assam Syntex Limited	511.50	(-) 1820.90	264.88	2,332.40
7.	Assam State Weaving and Manufacturing Company Limited	1,060.95	760.54	45.64	300.41
8.	Assam Meghalaya Mineral Development Corporation Limited	23.44	14.71	0.73	8.73
9.	Cachar Sugar Mills Limited	337.85	(-) 912.93	89.15	1250.78
10.	Fertichem Limited	199.47	(-) 972.80	90.11	1,172.27
<b>Total</b>		<b>2,873.14</b>	<b>(-) 2,760.41</b>	<b>497.30</b>	<b>5,422.19</b>

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

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

As on 31 March 2005, nine<sup>\*\*\*</sup> companies (*Annexure 7*) were sick under SICA yardstick as per latest finalised accounts. These included five<sup>\*\*\*\*</sup> companies declared (September 1993 – April 2001) by the State Government also as relief undertakings under Assam State Industrial Relief Undertakings (Special Provision) Act, 1989 (IRUA).

Two<sup>\*\*\*\*\*</sup> more companies though not sick by SICA yardstick were declared as relief undertakings by the State Government under the aforesaid Act.

Present operational status of these companies is enumerated in *Annexure 7*.

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

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

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

\*\*\*\* Sl. Nos. 1,2,4,5,7 of Annexure-9.

\*\*\*\*\* Sl. Nos. 3 and 6 of Annexure-9.

It would be observed that in order to revive six\* out of 11 sick/relief undertakings by way of private/joint sector participation, the Government of Assam had signed MoUs with different parties during the period from July 1993 to August 2000. In two cases, parties subsequently backed out, and in one case MoU had to be cancelled before it could be implemented. In this connection, it was observed that although the companies had been non-operational, efforts for revival through private/joint sector participation were taken only after a lapse of 2½ to 10 years from the date of their becoming non-operational.

Scrutiny further revealed that the Government of Assam under the scheme of modernisation/revitalisation disbursed interest (17.75 per cent including penal interest of 2.75 per cent) bearing loan of Rs.9.15 crore to Assam Industrial Development Corporation Limited (AIDC) during the period from 1991 to March 2005 with specific instruction for onward transmission of the same to relief undertakings for making payment of salaries, wages and implementation of Voluntary Retirement Scheme (VRS). Since the companies so assisted had been incurring losses over the years, action of the Government in providing unproductive wages, instead of taking any concrete measure for revival/revitalisation of those units, was not justified. Moreover, by routing the funds through AIDC, the latter was unduly burdened with interest liability of Rs.11.38 crore (March 2005).

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

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

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
1.	Assam State Electricity Board	1995-1996	1996-1997	February 2000
			1997-1998	July 2000
			1998-1999	September 2001
			1999-2000	December 2001
			2000-2001	November 2002
			2001-2002	July 2003
			2002-2003	May 2004
			2003-2004	August 2005

\* Out of six companies whose MoUs were signed, four are non-working and two companies though working but no production being carried out.

Sl. No	Name of Statutory corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
2.	Assam State Transport Corporation	1989-1990	1990-1991 1991-1992 1992-1993 to 1994-1995 1995-1996 1996-1997	January 1997 February 1997  November 1998  November 2003 March 2004
3.	Assam Financial Corporation	1999-2000	2000-2001 2001-2002 2002-2003	September 2003 November 2004 June 2005
4.	Assam State Warehousing Corporation	1994-1995	1995-1996 1996-1997 1997-1998 1998-1999 1999-2000	June 2002 March 2003 December 2003 March 2005 July 2005

The State Government has not placed the Separate Audit Reports in the State Legislature even after lapse of eight years (Assam State Transport Corporation). Though under respective statutes, State Government is required to place the Separate Audit Reports in the Legislature, same has not been complied with.

### Disinvestments, Privatisation and Restructuring of Public Sector Undertakings

#### *Re-structuring programme of Government of Assam*

**1.30** As per MoU on Mid Term Fiscal Reforms, process of disinvestments in four Government companies (Assam Tea Corporation Limited, Assam Syntex Limited, Assam State Textile Corporation Limited and Assam State Weaving and Manufacturing Company Limited) was to be completed by 31 December 2003. Disinvestments, however, did not materialise till September 2005 except in case of Assam Syntex Limited, which had been leased out to a private party *with effect from* March 2003.

**1.31** As identified by the State Government, four Government companies (Cachar Sugar Mills Limited, Assam Spun Silk Mills Limited, Fertichem Limited and Assam State Minor Irrigation Development Corporation Limited) were to be closed by 31 December 2003. The closure of these PSUs, however, have not materialised till now (September 2005).

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

**1.32** During the period from October 2004 to 30 September 2005, the audit of accounts of 15 working Government companies and three Statutory corporations were selected for review. The net impact of the important audit observations as a result of review of the PSUs was as follows:

Details	Working Government companies	Working Statutory corporations	Working Government companies	Working Statutory corporations
	No. of accounts		(Rupees in lakh)	
Decrease in profit	3	-	110.95	-
Increase in profit	2	1	4.66	33.05
Increase in loss	4	-	111.14	-
Decrease in loss	2	1	14.40	16,860.88
Non-disclosure of material facts	2	3	54.99	28,966.06
Errors of classification	3	2	17.33	23,151.60

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

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

***Assam Agro-Industries Development Corporation Limited (2002-03)***

**1.33** Non-provision of interest on CPF and employer's contribution to Pension Fund resulted in understatement of current liabilities and loss for the year by Rs.34.28 lakh.

***Assam Electronics Development Corporation Limited (1996-97)***

**1.34** Short-provisioning of sundry creditors resulted in understatement of current liabilities as well as cumulative loss by Rs.82.50 lakh.

***Assam Gas Company Limited (2003-04)***

**1.35** Sundry Debtors were overstated by an amount of Rs.10.49 crore due to non-provisioning for bad and doubtful debts with consequential overstatement of profit to the extent of Rs.1.68 crore and current liability (Suspense receivable) Rs.8.81 crore.

**1.36** The following major errors, omissions and irregularities were pointed out in the Separate Audit Report (SAR) on the Annual Accounts of one Statutory Corporation.

**Assam State Electricity Board-2003-04**

1.37 The net deficit of Rs.655.48 crore after prior period adjustment had been overstated by Rs.168.61crore (net) as detailed below:

<u>A</u>	<u>Understated due to</u>	<u>Amount</u> <u>(Rupees in crore)</u>
i.	Short provision for purchase of power	16.15
ii.	Non-adjustment of receivables	8.93
iii.	Non-adjustment of shortage of fuel	<u>58.81</u>
	<b>Total (A)</b>	<b><u>83.89</u></b>
<u>B</u>	<u>Overstated due to</u>	
i.	Excess appropriation of wheeling charge	2.57
ii.	Excess provision for depreciation	0.67
iii.	Understatement of receivables	9.49
iv.	Excess accountal of purchase of power	102.04
v.	Non-adjustment of provision for accrued interest	<u>137.73</u>
	<b>Total (B)</b>	<b><u>252.50</u></b>
	<b>Net overstatement (B-A)</b>	<b><u>168.61</u></b>

**Audit assessment of the working results of Assam State Electricity Board**

1.38 Based on the audit assessment of the working results of the Assam State Electricity Board (ASEB) for three years up to 2003-04 and taking into consideration the major irregularities and omissions pointed out in the SARs on the annual accounts of the ASEB and not taking into account the subsidy/subventions receivable from the State Government, the net surplus/deficit and the percentage of return on capital employed of the ASEB is as follows:

Sl. No.	Particulars	2001-2002	2002-2003	2003-2004
		(Rupees in crore)		
1.	Net surplus (+)/deficit (-) as per books of accounts	(-) 643.68	(-) 695.51	(-) 655.48
2.	Subsidy/subvention from the State Government	52.33	80.06	0.04
3.	Net surplus (+)/deficit (-) before subsidy from the State Government (1-2)	(-) 696.01	(-) 775.57	(-) 655.52
4.	Net increase/decrease in net surplus (+)/deficit (-) on account of audit comments on the annual accounts of the SEB	(-) 452.84	(-) 121.19	168.61

Sl. No.	Particulars	2001-2002	2002-2003	2003-2004
		(Rupees in crore)		
5.	Net surplus (+)/deficit (-) after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-) 1148.85	(-) 896.76	(-) 486.91
6.	Total return* on capital employed	(-) 893.11	(-) 628.07	(-) 220.45
7.	Percentage of total return on capital employed	-	-	-

### Recoveries at the instance of audit

**1.39** Test check of records of Assam State Electricity Board and Assam State Transport Corporation conducted during April 2004 to March 2005 disclosed wrong fixation of tariff/non-levy/short levy/short realisation of revenue aggregating Rs.1.65 crore (ASEB: Rs.1.54 crore and ASTC: Rs.0.11 crore). The Board/Corporation accepted the observations, which had been pointed by audit and a sum of Rs.1.26 crore (ASEB: Rs.1.15 crore and ASTC: Rs.0.11 crore) was recovered at the instance of audit.

### Internal audit/internal control

**1.40** The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/ internal control system in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. Accordingly, the Statutory Auditors observed deficiencies in respect of internal audit system in case of nine companies, during the year 2004-05. Comments in respect of these companies were of the following nature:

- Internal audit required to be strengthened having due regard to its size and nature of its business\*\*
- Inadequate internal audit system\*\*\*
- The scope of work and responsibility of internal audit wing were not clearly laid down\*\*\*\*
- The compliance on internal audit report was not adequate\*\*\*\*\*

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

\*\* Sl. Nos. A-7, 13, 24 and C-10 of Annexure-2.

\*\*\* Sl. Nos. A-2 and C-2 of Annexure-2.

\*\*\*\* Sl. No. A-10 of Annexure-2.

\*\*\*\*\* Sl. Nos. A-6 and 24 of Annexure-2.

**Recommendation for closure of PSUs**

**1.41** Even after completion of 15 to 51 years of their existence, the turnover of 19 Government companies (working: 14, non-working: 5) and one Statutory\* corporations have been less than Rupees five crore in each of the preceding five years of latest finalised accounts (*Annexure-8*). Similarly, three working Government companies and two Statutory corporations with turnover more than Rupees five crore have been incurring losses for five consecutive years as per their latest finalised accounts, leading to negative net worth (*Annexure-9*). In view of poor turnover and continuous losses, the Government may either improve performance of above 22 Government companies and two Statutory corporations or consider their closure. The Government may also like to consider the merger of Assam Financial Corporation (AFC) with the Assam Industrial Development Corporation (AIDC) since their functions are identical in nature. Moreover, turnover of AFC is less than Rupees five crore with losses for consecutive five years leading to negative net worth (*Annexure-8*).

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

**1.42** During the period from April 2004 to March 2005, Committee On Public Undertakings (COPU) held two meetings and discussed one review and 5 paragraphs of the Audit Reports (Commercial) for the years 1997-98 to 2001-02.

The position of Audit Reports (Commercial) pending in-COPU for discussion as on 31 March 2005 was as follows:

Period of Audit Report	No. of reviews and paragraphs appeared in Audit Report		No. of reviews and paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1989-1990	4	19	-	5
1990-1991	3	15	2	1
1991-1992	2	10	2	4
1992-1993	2	6	1	6
1993-1994	3	13	3	5
1994-1995	3	11	2	2
1995-1996	2	14	-	6
1996-1997	2	12	-	5

\* Excluding Assam State Electricity Board and Assam State Transport Corporation



Period of Audit Report	No. of reviews and paragraphs appeared in Audit Report		No. of reviews and paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1997-1998	3	16	1	5
1998-1999	4	11	-	5
1999-2000	3	17	1	4
2000-2001	3	10	3	8
2001-2002	2	14	2	10
2002-2003	3	13	3	13
2003-2004 <sup>4</sup>	1	16	1	16
<b>Total</b>	<b>40</b>	<b>197</b>	<b>21</b>	<b>95</b>

### **619-B Companies**

**1.43** There was no company under Section 619-B of the Companies Act, 1956.

## CHAPTER-II

### 2. REVIEWS RELATING TO GOVERNMENT COMPANIES

#### 2.1 REVIEW ON EXECUTION OF CONSTRUCTION WORKS BY ASSAM POLICE HOUSING CORPORATION LIMITED

##### Highlights

The Company was incorporated (December 1980) to undertake construction works for Police Department and as such the Company was solely dependent on allotment of sufficient works by the State Government. The Company received an amount of Rs.118.52 crore against the budget provision of Rs.289.81 crore and executed works valued at Rs.95.48 crore. Despite availability of funds, the Company had reduced the quantum of work. As on 31 March 2005, there was cumulative unspent balance of Rs.37.78 crore.

*(Paragraphs 2.1.1, 2.1.7, 2.1.8, 2.1.9 and 2.1.13)*

Audit also noticed lack of transparency in the award of work; irregular retention of funds (Rs.5.61 crore); non-remittance of interests (Rs.5.05 crore) earned on unspent Government funds.

*(Paragraphs 2.1.10, 2.1.11 and 2.1.16)*

The Company failed to comply with codal requirements causing frequent changes in technical specifications after award of work and consequential increase in tender value as well as extra avoidable expenditure of Rs.15.32 lakh.

*(Paragraph 2.1.14)*

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## **Introduction**

**2.1.1** The Assam Police Housing Corporation Limited (Company) was incorporated on 5 December 1980 as a wholly owned Government Company with the main objective to formulate, execute housing schemes for the employees of the Police Department; and undertake construction of buildings for the personnel of the Police Department.

The works allotted to the Company by the State Government are executed through private contractors registered with the Company on open tender basis. The execution of works is supervised by five branch offices of the Company. The Company executes construction work of residential and other administrative buildings for the State Police Department under both Plan and Non-plan schemes of the State Government, centrally sponsored Non-plan scheme of modernisation of State Police Force and Finance Commission Awards.

The Company is managed by a Board of Directors consisting of not more than 10 Directors, all nominated by the State Government. As on 31 March 2005, there were eight Directors including the Chairman-cum-Managing Director.

The performance and working of the Company for the period from 1985-86 to 1991-92 was reviewed in audit and incorporated in the Report (Commercial) of the Comptroller and Auditor General of India, Government of Assam—1991-92. The review is yet to be discussed by the Committee on Public Undertakings (COPU).

## **Scope of audit**

**2.1.2** The present review conducted during March 2005 to April 2005 covers an evaluation of actual performance in execution of works along with an assessment of the system and infrastructure available for the purpose. The review covers the period from 2000-01 to 2004-05.

## **Audit objectives**

**2.1.3** The main objective of the review is to ascertain how far the mandated objectives of the Company 'formulating and executing construction schemes for the benefit of State Police Department and its employees' were achieved, and executed effectively with economy and efficiency. Towards this goal, Audit analysed the following:

- Appropriation of funds received and closure of accounts;
- Execution of works;

- Preparation of detailed design and estimates;
- System of awarding works contract;
- Internal control and internal audit.

### **Audit criteria**

**2.1.4** The audit criteria, includes examination and analysis of the systems and procedures designed for achievement of objectives of the Company to see whether:

- funds were received before execution of works;
- all applicable rules/regulations were complied with;
- administrative approval/technical sanctions were obtained before execution of work;
- open competitive tenders were invited and works were awarded to the lowest tenderer;
- reasonableness of rates allowed to contractors was ascertained.

### **Audit methodology**

**2.1.5** Following audit methodologies were adopted:

- For fund analysis, receipt and utilisation of funds were ascertained from cash book, bank account, administrative sanctions and correspondence with the State Government.
- Selection of works for scrutiny was made on the basis of value (cases above Rs.10 lakh each) to find out compliance with applicable rules and regulations in the context of overall audit objectives.
- The works required to be scrutinised were compiled from cost estimates, administrative sanctions received and work orders issued.
- Correspondence with State Government, monthly/quarterly progress reports placed before the Board of Directors, instructions to field offices *etc*, were also examined, wherever necessary.

### Audit findings

2.1.6 Audit findings, as a result of review on execution of construction works by Assam Police Housing Corporation Limited was reported to the Government/Management in June 2005 and discussed in the meeting of Audit Review Committee for State Public Sector Enterprises (ARCPSE) held on 26 July 2005, which was attended by the Commissioner and Secretary (Home), Government of Assam, and Chairman-cum-Managing Director of the Company. Subsequently, the Company also submitted detailed written replies (August 2005), which have been taken into consideration during finalisation of the review.

During the period from 2000-01 to 2004-05, the Company executed works valued at Rs.95.48 crore out of the assigned works of Rs.118.52 crore. The shortcomings noticed in Audit are discussed in succeeding paragraphs:

### Implementation

2.1.7 The Company received funds from the State Government against budgetary provisions made under (i) State plan/non-plan, (ii) Finance Commission Awards, and (iii) Modernisation grants. The details of budgetary provisions made by the State Government and actual funds received by the Company are detailed below:

Years	Budget provisions				Actual receipts				Shortfall (Percentage)
	State Government	Finance Commission Awards	Modernisation Grants	Total	State Government	Finance Commission Awards	Modernisation Grants	Total	
(Rupees in crore)									
2000-01	4.39	27.08	0.50	31.97	0.40	6.84	-	7.24	24.73 (77.35)
2001-02	2.60	9.38	32.78	44.76	-	0.15	16.34	16.49	28.27 (63.16)
2002-03	4.51	-	64.16	68.67	0.40	-	16.34	16.74	51.93 (75.62)
2003-04	0.30	5.00	66.89	72.19	1.83	6.30	22.85	30.98	41.21 (57.09)
2004-05	1.97	-	70.25	72.22	0.30	0.54	46.23	47.07	25.15 (34.82)
<b>Total</b>	<b>13.77</b>	<b>41.46</b>	<b>234.58</b>	<b>289.81</b>	<b>2.93</b>	<b>13.83</b>	<b>101.76</b>	<b>118.52</b>	<b>171.29</b>

It will be seen from the table that the State Government did not release the budgeted amount during the last five years ended 31 March 2005. There was a shortfall of Rs.171.29 crore in receipt of funds ranging from 34.82 per cent to 77.35 per cent, compared to budget provisions during 2000-01 to 2004-05.

Due to shortfall in release of funds by the State Government, the value of works executed during 2001-02 and 2002-03 was very low at Rs.17.08 crore only. On these works, the Company earned overhead charges of Rs.2.56 crore (at the rate of 15 per cent of value of works executed) against the revenue expenditure of Rs.4.33 crore, as discussed in paragraphs 2.1.8 and 2.1.9 *infra*. Thus, there was a shortfall of Rs.1.77 crore towards recovery of overhead charges.

### Value of works executed

2.1.8 The details of value of works executed during the period from 2000-01 to 2004-05 and the funds received are given in the following table:

Year	Funds received	Value of works executed			Unspent balance at the end of the year
		Payment made to contractors for works	15 per cent overhead charges	Total	
(Rupees in crore)					
Upto March 2000					14.74
2000-01	7.24	22.29	3.34	25.63	(-) 3.65
2001-02	16.49	10.75	1.61	12.36	0.48
2002-03	16.74	6.33	0.95	7.28	9.94
2003-04	30.98	19.96	2.99	22.95	17.97
2004-05	47.07	23.70	3.56	27.26	37.78
<b>Total</b>	<b>118.52</b>	<b>83.03</b>	<b>12.45</b>	<b>95.48</b>	

The Company executed works valued at Rs.95.48 crore during the years 2000-01 to 2004-05 out of Rs.118.52 crore received during the same period. Cumulative unspent balance at the end of year 2004-05 was Rs.37.78 crore, as discussed in paragraphs 2.1.10 and 2.1.11 *infra*.

### Recovery of overhead charges

2.1.9 As per item No.4 of 83<sup>rd</sup> Board meeting dated 12 September 2003, the revenue expenditure of the Company is required to be met from earning of overhead charges at 15 per cent (Agency Charges: 10 per cent; Contingencies: 3 per cent; Work-charge employees: 2 per cent) of the value of works executed. The details of value of works executed, revenue expenditure incurred and the *percentage* of revenue expenditure to value of works for the five years upto 2004-05 are as follows:

Years	Value of works excluding overhead charges	Revenue expenditure (excluding value of capital stores wrongly debited to Profit and Loss Account)	Percentage of revenue expenditure to value of works executed
(Rupees in crore)			
2000-2001	22.29	2.22	9.96
2001-2002	10.75	2.20	20.47
2002-2003	6.33	2.13	33.65
2003-2004	19.96	2.42	12.12
2004-2005	23.70	2.45	10.34
<b>Total</b>	<b>83.03</b>	<b>11.42</b>	<b>13.75</b>

**The Company was perpetually dependent on State Government**

The *percentage* of revenue expenditure to value of works executed (excluding overhead charges) varied from 9.96 to 33.65 during 2000-01 to 2004-05 against 15 *per cent* allowed by the State Government. It would be observed from the table above that the revenue expenditure was almost constant during the period of review, while value of works executed varied, and was very low during the years 2001-02 to 2002-03. In these years only, *percentage* of revenue expenditure to value of works executed was also quite high. Value of works executed is entirely dependent upon the volume of works allocated by the State Government, Home (C) Department. The Company was, thus, perpetually dependant on State government for its economic viability.

The Company, while accepting the facts, stated (August 2005) that efforts were being made to procure works from other departments and Central Public Sector Undertakings.

### **Remittance of interest on Government funds**

**2.1.10** The Finance Department had reduced the agency charges from 15 *per cent* to six *per cent* from 31 July 2003. A High Power Committee, constituted by the State Government, in its meeting held on 29 October 2003 had, however, recommended continuance of 15 *per cent* charges subject to the condition that interest earned on fixed deposits made from unspent Government funds should be deposited with the State Government.

Decision taken by the Finance Department on the recommendations of the High Power Committee, if any, was not made available. In spite of recommendations of High Power Committee, the Company did not make any payment to State Government out of interest earned on fixed deposits amounting to Rs.5.05 crore during 2003-04 and 2004-05. The plan/estimates submitted by the Company upto 2004-05 and administratively approved by Government, however, included 15 *per cent* overhead charges.

The Management while accepting the audit observations stated (July 2005) that at present it was not possible to deposit the interest earnings into the

Government accounts owing to (i) committed liabilities, (ii) non-finalisation of accounts, and (iii) low bank interest resulting in fund constraint. The Company, in its reply of August 2005 only explained the reasons for keeping its funds in fixed deposit.

The reply is not acceptable as committed liabilities, if any, were required to be met from the funds received for the works, and not from interest income. Non-finalisation of accounts and low bank interest was not relevant for payment of interest to Government.

### ***Retention of funds***

**2.1.11** The State Government provides funds to the Company from time to time under Annual Plan/Non-plan Schemes, centrally sponsored non-plan scheme of modernisation of State Police Forces, and Finance Commission Awards for execution of construction works. The funds so received are categorised by the Company as advance from customers.

The advances received were required to be appropriated against actual value of works executed after closure of respective works accounts. Savings, if any, were required to be refunded.

The Company, however, did not formally close the works accounts in respect of works already completed. As per Annual Progress Report, the advances received (since inception) included savings amounting to Rs.5.61 crore as detailed in *Annexure-10*.

As on 31 March 2005, the Company had not taken any action to close the works accounts and refunded the amount or otherwise adjusted the unspent balance with the approval of State Government.

The Management stated (August 2005) that the exercise of closing of account had been initiated and that any profit or balance, which remained after detail accounting, would be at the disposal of the Government for refund or construction of additional works.

### ***Execution of works***

**2.1.12** Details of works undertaken, works completed and spill-over during the five years from 2000-01 to 2004-05 <sup>are</sup> ~~were~~ given in the next page:

**Formal non-closure of works accounts resulted in irregular retention of funds of Rs.5.61 crore**



Years	Spill-over from previous year (units)	No. of Units* undertaken	Total	No. of units* completed	Reduction in units	Spill-over to next year (units*)
2000-01	1,347	14	1,361	1,001	125	235
2001-02	235	350	585	414	121	50
2002-03	50	78	128	25	4	99
2003-04	99	483	582	90	-	492
2004-05	492	614	1,106	583	-	523

Audit observed that the Company did not prepare completion certificate in respect of all works executed and completed.

### *Reduction in quantum of work sanctioned under Tenth Finance Commission Awards*

**2.1.13** The Home Department sanctioned a total amount of Rs.82.91 crore under Tenth Finance Commission Awards (TFCA)—1996-97 to 1999-2000, for construction of 5,102 Lower Supervisory Quarters. The Company, however, received only Rs.74.62 crore during July 1997 to February 2000 in respect of 4,649 L.S quarters; of which the Company constructed 4,389 quarters and another 10 quarters were planned to be constructed. The year-wise break-up is as under:

Head of Account	1999-2000	2000-2001	2001-2002	Total
TFCA, 1996-97	995	58	37	1,090
TFCA, 1997-98	1,233	91	33	1,357
TFCA, 1998-99	744	443	100	1,287
TFCA, 1999-2000	Nil	374	281	655
<b>Total</b>	<b>2,972</b>	<b>966</b>	<b>451</b>	<b>4,389</b>

**Scope of work reduced by 250 L.S. quarters on the pretext of higher/excess expenditure, however, the Company had an unspent net balance of Rs.2.42 crore**

The Company from time to time reduced the scope of work by 250 quarters and hence, did not take up for construction during 2002-03 to 2004-05. As per progress reports submitted to Board for the years 2000-01 to 2002-03, the reduction was made on the pretext that higher/excess expenditure had been incurred (leading to funds constraint) on certain works already executed on certain low-lying lands, as well as construction of 22 R.C.C quarters in place of Assam Type quarters.

Audit noticed that even after incurring higher expenditure, the Company had an unspent balance of Rs.2.42 crore (net) out of the funds received. Hence, reduction in quantum of work was not justifiable.

\* Units refers to number of quarters and administrative buildings.

The Management stated (August 2005) that reduction of quantum of works was not due to shortage of fund but due to site condition and that the balance amount available would be utilised for construction of further quarters as early as possible.

The reply of the Management is not acceptable in view of the fact that reasons for reduction in quantum of works as stated in the reply were at variance with those recorded in progress reports approved by the Board.

### ***Compliance with codal formalities***

**2.1.14** The Board of Directors decided in March 1989 to follow the rules and regulations of the Assam Government Construction Corporation Limited (AGCC) till the finalisation of its own rules and regulations. Audit noticed (April 2005) that the Company had neither finalised rules/manuals of its works operations nor followed the rules and regulations of AGCC. The Company was following the rules and regulations of Assam Public Works Department since inception.

As per Para 229 of the Assam Public Works Department Manual, technical sanction is required to be obtained from competent authority before commencement of work. The Company was, however, executing all works after obtaining administrative sanction from State Government based on lump-sum estimates without obtaining technical sanction. Technical sanction, besides ensuring technical feasibility of work, prevents frequent changes in specification after commencement of work. Since it comprises item-wise quantum of work technically required to be executed, it acts as an important tool for comparing item-wise quantities of work actually executed. In the absence of technical sanction, the quality and quantities of works executed with reference to technical requirements could not be ensured. Instances noticed in audit are discussed below:

- The work of construction of 25 four-storied R.C.C buildings at various district headquarters of the State was awarded to 25 contractors during August 2002 at a total tender value of Rs.13.97 crore. Subsequent to awarding the work, the tender value of each work was enhanced by total amount of Rs.1.21 crore mainly due to change in specification of foundations from isolated footing to pile foundation/combined footing.

Out of 25 works, 21 works were completed during 2003 at total cost of Rs.12.83 crore. The remaining four works were in progress (March 2005).

- Under Tenth Finance Commission Awards, the work of construction of a two-storied R.C.C. residential quarters at Subsidiary Bureau (SB) headquarters at Kahilipara, Guwahati was awarded (March 2000) to a contractor at Rs.14.79 lakh (five *per cent* above 1996-97 SOR). Similarly, the work of construction of a three-storied R.C.C residential quarters at

**In the absence of technical sanction, the quality and quantities of works executed with reference to technical requirements could not be ensured**

the same location was also awarded (March 2000) to another contractor at Rs.20.36 lakh (five *per cent* above 1996-97 SOR).

In January 2001, the Chief Engineer of the Company changed the specification of both the buildings to four-storied buildings and the plinth area when the contractors had already achieved more than 60 *per cent* physical/financial progress. Consequent on change of specification of the buildings, the tender value was enhanced to Rs.22.84 lakh and Rs.39.76 lakh respectively.

The first work was completed on 12 May 2001 at a cost of Rs.22.46 lakh. The second work was completed on 30 June 2001 at a cost of Rs.39.76 lakh.

The cost of both the four-storied buildings at five *per cent* above the rates prescribed in the APWD SOR for buildings—1996-97 worked out to Rs.46.90 lakh (Rs.15.18 lakh and Rs.31.72 lakh on plinth area basis) against actual expenditure of Rs.62.22 lakh. There was, thus, extra avoidable expenditure of Rs.15.32 lakh.

**Non-obtaining of technical sanction resulted in extra expenditure of Rs.15.32 lakh**

The Company stated (August 2005) that there were practical difficulties in complying with all Government rules/regulations.

The reply of the Management is not acceptable because technical sanction is an important control mechanism for monitoring execution of work. Further, being a Government Company and not having its own technical operational manual, Company was expected to follow Public Works Manual.

**2.1.15** Audit further noticed that the Company also did not comply with requirements of Assam Public Works Manual with regard to the following:

- Non-maintenance of contractors' ledger as required under Para 427 of the Manual.
- Non-maintenance of Check Measurement Book as required under Para 376 of the Manual.

Due to non-maintenance of contractors' ledger, details of payments made and recoveries outstanding were not readily available and hence, could not be vouched in audit. Non-maintenance of Check Measurement Register indicated absence of control on quantum of works executed.

The Company in its reply (July 2005) stated that audit observations had been noted for compliance and in its reply of 10 August 2005, the Company further stated that it would make its own rules/regulations.

**Lack of transparency in awarding the works**

**2.1.16.** As per procedure followed, the Company awards the works to contractors registered with the Company after inviting *percentage* rate tender. The estimated costs put to tender are worked out on plinth area basis at rates prescribed in relevant Assam Public Works Department (APWD) schedule of rates (SOR).

Scrutiny of comparative statements of tenders received revealed that all participating tenderers/contractors quoted the same rate above/below the schedule and they all ranked as the lowest (L1). The Company awarded the work to one of the contractors below the quoted rate. Instances noticed are tabulated as follows:

Sl. No.	Particulars of work	No. of tenders	Rate quoted by the tenderers	Rate at which work awarded	Date of award of work
1.	Construction of ground floor of Central Hospital at Police Training Centre, Dergaon.	15	35 <i>per cent</i> above	10 <i>per cent</i> above	May 2002
2.	Construction of three-storied R.C.C control room building at Guwahati	8	35 <i>per cent</i> above	10 <i>per cent</i> above	November 2002
3.	Construction of two-storied R.C.C building for hostel of trainees at Commando Ballation, Mandakata.	7	15 <i>per cent</i> above	5 <i>per cent</i> above	November 2002
4.	R.C.C four-storied buildings at District headquarters under Modernisation grant-2000-01 (23 works out of 25 works).	107	35 <i>per cent</i> above	10 <i>per cent</i> above	August 2002
5.	Construction of L.S. quarters 20 units (one building) under Tenth Finance Commission Awards—1998-99 (two works)	10	15 <i>per cent</i> above	5 <i>per cent</i> above	February 2000

The fact that all participating tenderers quoted the same *percentage* rate indicated existence of a cartel among the registered contractors, which restricted competition.

The Company, however, awarded the works to one contractor in each case at a lower rate without recording the reasons and without analysing the item-wise rates. Thus, the procedure followed by the Company for award of works lacked transparency.

The Company stated (August 2005) that the rates quoted by the contractors were their own decision and also after receipt of tenders, comparative statements were prepared to ascertain the lowest rate and wherever needed, works were awarded after negotiation.

The reply of the Management is not acceptable, as the records of negotiations with the contractors, if any, were not produced to audit. As such, Management's contention cannot be vouchsafed in Audit. Moreover, reasons for which all participating contractors were quoting the same rate could not be explained.

### **Expenditure on work charged employees**

2.1.17 The State Government had allowed 15 *per cent*\* of the value of work to the Company as overhead charges, which included two *per cent* towards work-charged employees. Details of works executed and payments made to work-charged employees are given in the table as follows:

Years	Bills paid to contractors for execution of works	Two <i>per cent</i> charges for work-charged employees	Salary and wages paid to work-charged employees	Extra expenditure (4-3)
(1)	(2)	(3)	(4)	(5)
(Rupees in crore)				
2000-2001	22.29	0.45	0.88	0.43
2001-2002	10.75	0.22	0.85	0.63
2002-2003	6.33	0.13	0.83	0.70
2003-2004	19.96	0.40	0.84	0.44
2004-2005	23.70	0.47	0.75	0.28
<b>Total</b>	<b>83.03</b>	<b>1.67</b>	<b>4.15</b>	<b>2.48</b>

It may be seen from above that the Company incurred extra expenditure of Rs.2.48 crore towards salary and allowances of work-charged employees during 2000-01 to 2004-05.

The Management in its reply (July 2005) stated that termination notice had been served (February 2001) to work-charged employees who obtained (March 2001) stay orders from the Guwahati High Court, which were not vacated as of September 2005.

The reply of the Management is not tenable as (i) the Company was executing works through contractors and hence, there was no need to employ work-charged employees; (ii) the work-charged employees were recruited between January 1983 to November 1987 and termination notices were served in February 2001 *i.e.* after more than 18 years.

\* Revised to six *per cent* in July 2003 but not yet enforced by the Government.

### **Internal control**

**2.1.18** The system of internal control of the Company was deficient with regard to the following:

- The Company did not have any Accounting Manual of its own. Despite Board of Directors' instructions (March 1989), the Company was yet (September 2005) to finalise its own rules and regulations.
- In the absence of any laid down rules and regulations of their own, the Company was required to follow the APWD codes. The Company, however, did not comply with codal requirements with regard to obtaining technical sanction before commencement of work, maintenance of Check Measurement register and Contractors ledger.
- The Company did not finalise its annual accounts from 1995-96 onwards as on 31 March 2005. The Company did not have a system of internal audit. Consequently, non-compliance with codal formalities, extra avoidable expenditure, non-closure of works accounts, under-recovery of overhead charges, *etc*, were not brought to the notice of the Management for timely remedial action.

The Management stated (August 2005) that internal control system would be reviewed and strengthened. It was also stated that they proposed to introduce an internal audit wing.

The matter was reported to the Government in June 2005; reply had not been received (September 2005).

### **Conclusion**

**The Company was incorporated to undertake construction works for Police Department. For its existence, the Company was solely dependent on allotment of sufficient works by the State Government, Police Department. There was, however, shortfall in release of funds by the State Government as compared to its budgetary provision for the works that the Company executes. The Company failed to comply with the codal requirements in respect of execution of works causing frequent changes in technical specifications after award of works. The method of award of work to contractors was not transparent. Cases of extra expenditure and irregular retention of funds were also noticed. The Company did not have an accounting manual and an internal audit system.**

## **Recommendations**

- The Company should ensure that (i) all the codal requirements are followed, and (ii) Government funds are not unnecessarily retained.
- The Company should draw up detailed technical specifications and obtain technical sanction for each work to avoid any changes after allotment of work and consequential enhancement of costs.
- The system of award of works to contractors should be made more transparent.
- The Company should prepare its own accounting manual and introduce the system of internal audit in order to ensure that shortcomings in execution of systems, works, *etc*, are brought to the notice of the higher Management for taking timely remedial action.

## 2.2 REVIEW ON IMPLEMENTATION OF WELFARE SCHEMES FOR THE PLAINS TRIBES PEOPLE BY ASSAM PLAINS TRIBES DEVELOPMENT CORPORATION LIMITED

### Highlights

Assam Plains Tribes Development Corporation Limited was incorporated in March 1975 with the main objective of extending financial assistance to the tribal (Plains) population of the State. The Company implemented Family Oriented Income Generating Scheme (FOIGS) out of Special Central Assistance (SCA) received from the State Government and Term Loan Scheme out of loan obtained from National Scheduled Tribes Finance and Development Corporation (NSTFDC). The Company had neither any database as to plains tribes people under the jurisdiction of its 28 branches nor had they finalised branch-wise, year-wise lists of beneficiaries assisted so far since inception. SCA funds meant for disbursement as subsidy were partly disbursed as loan in violation of Government of India guidelines and thus, the beneficiaries were deprived of the full benefit of the scheme. Besides, a substantial part of the SCA funds amounting to Rs.26.13 crore were diverted towards administrative and establishment expenses of the Company.

*(Paragraphs 2.2.1, 2.2.7 and 2.2.9)*

Audit also noticed:

- Lack of co-ordination among implementing agencies in execution of SCA funded schemes as same/identical schemes were implemented by various authorities in the same area.

*(Paragraph 2.2.15)*

- Programmes taken up for implementation were formulated at Head office of the Company without associating the beneficiaries and field level functionaries and thus area/community specific needs/demands, problems were lost sight of.

*(Paragraph 2.2.12)*

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- There is no mechanism in place to monitor proper distribution of assistance to the intended beneficiaries and evaluate from time to time, the impact of the schemes implemented by it.

(Paragraph 2.2.25)

- The Company failed to repay its dues to NSTFDC as substantial amount recovered from loanees was used by the Company to meet its overhead expenses. As a result, the Company is already saddled with a huge debt burden.

(Paragraph 2.2.17)

## Introduction

**2.2.1** The Assam Plains Tribes Development Corporation Limited (Company) was incorporated as a wholly owned Government Company on 29 March 1975 with the main objective of extending financial assistance to the tribal (Plains) population of the State so as to bring about their economic upliftment.

As per Census Report (2001), the State had Scheduled Tribes (Plains) [ST (P)] population of 27,27,179. The Company, however, did not have any database as regards Scheduled Tribes (Plains) people/families residing in the jurisdiction of 28 branch offices of the Company, their occupational pattern, classifying them under 'Below Poverty Line' (BPL)\*, 'Double the Poverty Line' (DPL)\*\*, 'Creamy Layers' etc.

The Management of the Company is vested in a Board of Directors consisting of not more than 15 Directors including the Chairman and the Managing Director who are appointed by the State Government. Managing Director, the Chief Executive of the Company, is assisted in his day-to-day activities by a Financial Adviser and Branch Managers. As on 31 March 2004, there were 12 Directors on the Board.

The Company has 28 branch offices, headed by Branch Managers to oversee the implementation of various schemes sponsored by the State Government and National Scheduled Tribes Finance and Development Corporation Limited (NSTFDC).

\* BPL: Income limit upto Rs.7,000 per annum.

\*\* DPL: Income limit upto Rs.31,952 per annum for rural areas and Rs.42,412 per annum for urban areas.

### **Scope of audit**

2.2.2 The performance of the Company has not been appraised earlier. The present appraisal analyses the performance of the Company with regard to implementation of various welfare schemes for the plains tribes people of Assam during the five years ended 31 March 2004. The review conducted during November 2004 to December 2004 and March 2005 to April 2005 covers 26 schemes, out of 44 schemes (*Annexure-11*), implemented by the Company.

Scrutiny of records at corporate office, five out of 28 branch offices, were selected for field inspection; of which three branches had been operating in areas with maximum concentration of tribal (plains) people and two in other areas.

### **Audit objective**

2.2.3 The audit objective extends to make an assessment as to how far the Company achieved the socio-economic goals and results set under various schemes and to examine whether the money spent on welfare schemes derived the intended benefits. Towards this goal, audit analysed the following:

- Follow up of Government of India guidelines.
- Adequate survey and planning before formulation and implementation of schemes.
- Co-ordination among implementing agencies in execution of Special Central Assistance funded schemes to avoid overlapping of the same schemes implemented by the different Government agencies in the same area or for the same beneficiaries.
- Utilisation of Special Central Assistance Funds.
- Disbursement and recovery of loan out of Special Central Assistance Schemes.
- Disbursement of loan to beneficiaries out of NSTFDC funds.
- Compliance of Government instructions for procurement of inputs for distribution amongst the beneficiaries.
- Evaluation of performance of the schemes in post implementation period.

### **Audit criteria**

2.2.4 Audit criteria includes examination and analysis of the following systems and procedures designed for achievement of ultimate socio-economic objective of the schemes:

- Formulation of schemes,
- Selection of beneficiaries *vis-à-vis* directives of the State Government/funding agencies,
- Utilisation of funds received from the Government and other financial institutions for approved welfare schemes for the intended purpose,
- Correlation between physical and financial progress and achievement of targets *vis-à-vis* scheme objectives,
- System of monitoring and evaluation of schemes.

### **Audit methodology**

2.2.5 The methodologies adopted for attaining audit objectives by comparing with reference to the audit criteria were:

- Analysis of procedures in respect of disbursement, utilisation and recovery of financial assistance provided by the Company to Scheduled Tribe (Plains) beneficiaries living below poverty line (BPL\*) and double the poverty line (DPL\*\*). For this, the audit scrutinised minutes/agenda notes of the meeting of Board of Directors, guidelines issued by Government of India/State Government, NSTFDC and loan agreements with beneficiaries, *etc.*
- Analysis of data in respect of disbursement, utilisation and recovery, available with the Company. For this purpose, the audit scrutinised the minutes of the Project Committee, loan registers, financial assistance files of the beneficiaries, circulars issued by the Head office, returns furnished from time to time by the Branch offices, orders placed for procurement of inputs, *etc.*
- A questionnaire seeking answers to various queries was given to the Company and the answers thereto were obtained from the Management.

\* BPL: Income limit upto Rs.7,000 *per annum*.

\*\* DPL: Income limit upto Rs.31,952 *per annum* for rural areas and Rs.42,412 *per annum* for urban areas.

### **Audit findings**

**2.2.6** Audit findings, as a result of review on Implementation of Welfare Schemes for Plains Tribes People were reported to the Government/Management in June 2005 and discussed in the meeting of Audit Review Committee for State Public Sector Enterprises (ARCPSE) held on 25 July 2005, which was attended by the Secretary to the Government of Assam, Department of Welfare of Plains Tribes and Backward Classes, and Managing Director of the Company. The review could not be discussed in detail as the facts and figures as set out in the draft review were still under examination by the Management. While finalising the report, the replies of the Management were received (August 2005), which have been taken into consideration.

The accounts have been finalised only upto the year 1987-88. The Company has prepared provisional accounts upto the year 2001-02 only.

During the period covered by this review (1999-2004), the Company received funds amounting to Rs.21.76 crore under Special Central Assistance and Rs.16.33 crore from NSTFDC for disbursement amongst beneficiaries.

The audit findings on the receipts, utilization and disbursement of funds are discussed in succeeding paragraphs:

### **Implementation**

**2.2.7** The Company is implementing schemes under Special Central Assistance (SCA) provided by the Government of India and term loan schemes sanctioned by the National Scheduled Tribes Finance and Development Company (NSTFDC) Limited.

Special Central Assistance has been extended since 1977-78 by the Government of India in addition to the State Plan efforts to facilitate family based income generation activities so as to cover employment-cum-income generation activities and infrastructure development incidental thereto.

During the period 1999-2004, the Company received funds as grants-in-aid under Special Central Assistance Scheme from the State Government and implemented/formulated Family Oriented Income Generation Schemes (FOIGS) and Anti Poverty Simple Economic Assistance (APSEA) Scheme respectively.

The Company, though, has been implementing FOIGS, APSEA (out of SCA) since 1977-78 and term loan scheme (out of NSTFDC loan) since 1992-93, it is yet to finalise the scheme-wise/branch-wise/year-wise list of beneficiaries.

### **Special Central Assistance funded scheme**

**2.2.8** The Company received funds under Special Central Assistance (SCA) as grants-in-aid. The Company, however, during the five years ended March 2004, provided financial assistance by way of subsidy and loan to the scheduled tribes (plains) people living below poverty line (BPL). The assistance to the beneficiaries was by way of providing agricultural machinery and implements, looms with yarns, livestock, *etc.*, procured by the Company out of SCA.

As per State Government instructions (1990) the Company was required to implement FOIGS as a bankable scheme, with an average cost of Rs.12,000 per scheme per beneficiary family.

**FOIGS was to be implemented as a bankable scheme**

The beneficiary was to be financed by way of subsidy of Rs.6,000 which was to be provided by the Company. The remaining Rs.6,000 was to be financed by the banks by way of a loan to the beneficiary. The subsidy was to be released by the Company to the bank for disbursement to the beneficiary along with the bank loan. The Company, in violation of State Government's instructions, was giving loans to the beneficiaries, out of the amount of subsidy (Rs.6,000 per beneficiary) received by it for disbursement as subsidy to the beneficiary.

Since 1995-96, the Company launched a new scheme under the name and style "Anti-poverty Simple Economic Assistance" (APSEA) and utilised fund received from Government in procurement of materials for distribution of the same to the beneficiaries and recovered 25 *per cent* of the cost of materials, terming and treating the same as loan, from the beneficiaries before delivery of material. This not only diluted the scheme but also enabled the Company to appropriate the scheme fund (SCA) to meet administrative and establishment expenses of the Company.

The Management in reply stated (August 2005) that though the scheme under SCA was to be implemented with 100 *per cent* subsidy, the Company with the approval of Board of Directors and with permission of the State Government implemented the scheme providing 75 *per cent* subsidy and 25 *per cent* loan. The 25 *per cent* loan was recovered at a time before delivery of the inputs and has entirely been utilised towards meeting administrative expenditure, as there was no other source of income.

Management's reply only corroborated the facts and observations made by audit.

### Utilisation of Special Central Assistance Funds

2.2.9 Funds sanctioned and released to the Company out of SCA by the State Government and utilisation thereof by the Company during the period are tabulated below:

Year	Amount sanctioned	Amount received	Total fund available	Amount utilised towards disbursement as			Balance
				Subsidy	Loan	Total	
(Rupees in lakh)							
1998-99	-	-	-	-	-	-	2,848.23
1999-2000	1,044.93	529.82	3,378.05	286.15	131.90	418.05	2,960.00
2000-01	915.77	396.72	3,356.72	447.42	97.54	544.96	2,811.76
2001-02	254.18	248.16	3,059.92	263.31	55.93	319.24	2,740.68
2002-03	499.48	605.04	3,345.72	409.12	48.18	457.30	2,888.42
2003-04	395.87	395.82	3,284.24	555.78	98.97	654.75	2,629.49
<b>Total:</b>	<b>3,110.23</b>	<b>2,175.56</b>		<b>1961.78</b>	<b>4,32.52</b>	<b>2,394.30</b>	

In this regard, following deserve mention:

- During the period prior to 1999-2000, the Company had not utilised the funds fully for the purpose it was intended.
- Audit observed that the terms of SCA scheme as laid down by Government of India did not stipulate utilisation of the grants for disbursement as loan. Therefore, utilisation of SCA grants partly as loan by the Company was highly irregular and defeated the intent and purpose of the assistance.
- Against the unutilised balance of Rs.26.29 crore, the Company held the cash and bank balance of Rs.16.32 lakh as on 31 March 2004; Rs.26.13 crore having been unauthorisedly diverted towards disbursement of loan and administrative and establishment expenses of the Company.

Utilisation of grants as loan was irregular

The Company utilised an amount of Rs.26.13 crore grants towards administrative expenses

The Management in reply stated (August 2005) that the audit has shown the unutilised SCA balance fund of Rs.26.29 crore as on 31 March 2004 but practically there is no such balance as on 31 March 2004.

The reply of the Management is not acceptable as the same is not in conformity with the records of the Company. As per records maintained by the

Company, it had an unutilised balance of Rs.26.29 crore of SCA fund as on 31 March 2004 and a cash and bank balance of Rs.16.32 lakh.

### ***Targets and achievement***

**2.2.10** Targets fixed by the Company, in terms of number of beneficiaries and achievement thereagainst during the period 1999-2004 are tabulated below:

Year	Target (In numbers)	Achievement	
		In numbers	In percentage
1999-2000	10,000	6,925	69.25
2000-01	10,000	9,793	97.93
2001-02	10,000	5,634	56.34
2002-03	15,000	12,081	80.54
2003-04	20,000	6,972	34.86
<b>Total</b>	<b>65,000</b>	<b>41,405</b>	

It may be seen from the above that the Company could not achieve the targets in any of the five years.

The Management, in reply stated (August 2005) that due to non-receipt of funds from State Government, year-wise target could not be achieved.

Management's reply is not acceptable in view of the fact that funds received from State Government were either lying unutilised or diverted towards administrative and establishment expenses of the Company, as discussed in paragraph 2.2.9 *supra*.

### ***Disbursement/Recovery of loan***

**2.2.11** Loan granted, out of SCA, to the beneficiaries in each year during the five years, recovery made and loan outstanding at the end are detailed below:

Year	Loan disbursed	Recovery made	Balance outstanding
	(Rupees in lakh)		
1998-99	-	-	1395.71
1999-2000	131.90	77.41	1,450.20
2000-01	97.54	92.54	1,455.20
2001-02	55.93	70.59	1,440.54
2002-03	48.18	95.00	1,393.72
2003-04	98.97	50.09	1,442.60
<b>Total</b>	<b>432.52</b>	<b>385.63</b>	

From the above table, it would be seen that out of the loan of Rs.432.52 lakh disbursed during the period 1999–2004, an amount of Rs.385.63 lakh has been recovered. Recovery during the period 2000-01, 2001-02 and 2002-03 improved because loan component of the assistance was realised from the recipients (beneficiaries) before delivery of inputs to them. The balance of Rs.1,442.60 lakh outstanding as at the end of 2003-04 mostly pertain to the loans disbursed prior to 1999-2000 which remained unrecovered as no concerted efforts were made by the Company towards its recovery.

The age-wise analysis of balance outstanding could not be done by Audit, as year-wise/scheme-wise ledgers were not maintained by the Company.

Audit observed that total loan recovered was utilised by the Company towards administrative and establishment expenses of the Company.

The Management, in reply, while accepting the audit observations stated (August 2005) that as the Company has no specific fund for meeting up the administrative expenditure, the 25 per cent loan component recovered from the beneficiaries was spent towards administrative expenditure.

### ***Follow-up of Government of India guidelines***

**2.2.12** The Government of India had been issuing guidelines from time to time on implementation of SCA funded schemes. The latest guidelines (incorporating the earlier guidelines) issued in May 2003 envisaged:

- The need for formulation, on a priority basis, of innovative projects for creating employment-cum-income generation activities based on the felt needs of the local tribals;
- Prioritisation of most neglected tribals in the forest villages.
- Long-term area specific micro-planning by taking into consideration Integrated Tribal Development Project/Integrated Tribal Development Area and the blocks/clusters therein as geographical units;
- Gearing-up of ground level functionaries effectively so as to attract institutional finance;

**Field level functionaries and the prospective beneficiaries were not associated in formulation of schemes**

In line with the course of action suggested above, it was incumbent upon the Company's Management at different levels to interact on sustainable basis with different tribal communities, self-help groups; identify area/community specific development bottlenecks; area-specific potential for employment-cum-income generation and also ensure participation of prospective beneficiaries in formulation of schemes, monitoring closely the impact of the schemes, through establishment of a Management Information System (MIS),



and by providing need-based back-up support and training, *etc*, wherever felt necessary.

Audit observed that the Management did not take any of the above exercises in the pre or post implementation period of different SCA funded schemes as would be evident from the following:

**Beneficiary targets were arbitrarily fixed**

- Year-wise target of beneficiaries was set without any field survey and without any perspective planning, short or long term, envisaging wider/maximum coverage of BPL section of tribal population over a certain period of time.

**Economic viability of schemes were not judged before implementation**

- Schemes taken up under FOIGS and APSEA were formulated at Head Office of the Company without judging their technical feasibility and economic viability. Neither the Branch Officers nor the beneficiaries had any role in formulation of the schemes.

As a matter of practice, schemes finalised at Head Office were circulated to the Branch Offices of the Company for inviting proposals from beneficiaries for sanction, *etc*.

The Management, in reply stated (August 2005) that though the prospective beneficiaries were not involved during preparation of the schemes, from the response of the prospective beneficiaries it appeared to the Management that the schemes were suitable for them.

Fact, however, remains that the beneficiaries had no option but to accept the schemes, which were subsidised to the extent of 75 *per cent*.

### ***Procurement and distribution of power tillers and tractors***

**2.2.13** The Company spent Rs.15.23 crore on procurement and distribution of power tillers and tractors, out of total SCA fund utilised (Rs.23.94 crore) during 1999-2004.

The two schemes (Power tillers and Tractors), formulated by the Head office, were circulated to the branches for wide publicity. The Branch Managers were asked to sponsor applications from Farm Management Committees (FMC) to Head office for sanction and execution of the schemes, *etc*.

The power tillers and tractors were distributed to the FMCs comprising 87 and 23 member beneficiaries respectively; the beneficiaries were being mostly marginal farmers.

These schemes were undertaken without considering their employment-cum-income generating potential, need-based demand from beneficiaries.

In the absence of any records, Audit could not assess the impact of employment or income generation by the implementation of these schemes.

### ***Implementation of Infrastructure Development Programme***

**2.2.14** The Government of Assam during 2002-03 sanctioned (December 2002) an amount of Rupees two crore as grants-in-aid towards implementation of the Infrastructure Development Programme for procurement of desk-benches to the Provincialised Educational Institutions within Integrated Tribal Development Project (ITDP) areas of Assam out of SCA funds released by Government of India.

**Procurement and distribution of plastic moulded desk-bench was not in conformity with or incidental to SCA scheme**

The Company procured (2003-04) 3,486 plastic-moulded desk-benches at a cost of Rs. 1.94 crore for distribution to provincialised schools with 60 to 70 *per cent* tribal students on their roll. Utilisation of SCA fund for the aforesaid purpose, as observed in audit, was not in conformity with the intent and purpose of SCA as outlined in Government of India guidelines. Moreover, field surveys, if any, conducted for assessment of branch-wise/area-wise/school-wise demand, requirement of the item, *etc*, were not on record indicating lack of transparency in formulation of schemes.

**Non-acceptance of lowest tendered rates resulted in loss of Rs.1.38 crore to the Company**

Further, these desk-benches were procured at the rate of Rs.5,561.75 per pair, which was higher than the lowest tendered rate of Rs.1,600 per pair received by the Company. Acceptance of the higher rate without any valid ground resulted in loss of Rs.1.38 crore to the Company.

### ***Co-ordination among implementing agencies in execution of SCA funded schemes***

**Three Government agencies were engaged in implementation of FOIGS without any co-ordination among them**

**2.2.15** Directorate of Welfare of Plains Tribes and Backward Classes, Government of Assam, Assam Tribal Development Authority (ATDA) and Assam Plains Tribes Development Corporation Limited (APTDC) were the three agencies entrusted with the implementation of Family Oriented Income Generating Schemes (FOIGS) and Infrastructural Development Programmes in Scheduled Tribes (ST) concentrated areas.

**Overlapping of schemes implemented by different authorities**

In order to avoid overlapping of assistance by the aforesaid agencies as also to ensure equitable distribution of benefits to the needy tribal people, the three authorities were required to act in co-ordination right from the stage of formulation of schemes upto their execution.

Scrutiny of records and discussion with the Management revealed that there was absence of co-ordination among these authorities even though same/identical schemes were implemented by all these authorities in the same area.

**NSTFDC funded loan schemes***Terms and conditions of NSTFDC loans*

**2.2.16** As per terms and conditions of NSTFDC loan, NSTFDC was to provide term loan upto 90 *per cent* of the cost of the project, State-level channelising agencies were to contribute their share of assistance as per their schemes and to provide the required subsidy and promoter's share varying from zero to 10 *per cent* depending upon the cost of the project.

Loans granted by NSTFDC, Promoter's contribution and expenditure incurred out of the same by the Company during 1999-2004 are as follows:

Year	NSTFDC's share	Promoter's share	Total	Inputs procured	Cash loan	Total
(Rupees in lakh)						
1999-2000	815.75	89.29	905.04	868.32	43.92	912.24
2000-01	451.77	49.75	501.52	437.79	85.12	522.91
2001-02	344.81	65.03	409.84	270.54	24.48	295.02
2002-03	20.47	11.88	32.35	82.50	-	82.50
2003-04		2.92	2.92	15.95	-	15.95
<b>Total</b>	<b>1,632.80</b>	<b>218.87</b>	<b>1,851.67</b>	<b>1,675.10</b>	<b>153.52</b>	<b>1,828.62</b>

The table indicates that during the five years 1999-2004, the Company arranged a total fund of Rs.18.52 crore (NSTFDC loan: Rs.16.33 crore, Promoter's share: Rs.2.19 crore) and utilised Rs.18.29 crore in procurement of inputs and granting cash loans, retaining the balance of Rs.23.05 lakh.

Further, it would be observed from above that, as per terms and conditions of NSTFDC, the Company did not contribute its due share towards the cost of the projects. Beneficiaries were thus, made to bear more than their due share. Moreover, funds acquired from NSTFDC and the beneficiaries were not utilised fully, a part of the fund having been retained by the Company.

*Drawal and repayment of loan to NSTFDC*

**2.2.17** The Company obtained loans from National Scheduled Tribes Finance and Development Company (NSTFDC) at nominal rate of interest (four to six *per cent*).

The details of loan drawn by the Company, repayment made thereagainst, loan outstanding at the close of the year during the period 1999-2004 are as follows:

Year	Loan drawn	Repayment	Loan outstanding at the close of the financial year
1998-1999	-	-	119.80
1999-2000	815.75	-	935.55
2000-01	451.77	-	1,387.32
2001-02	344.81	45.00	1,687.13
2002-03	20.47	80.00	1,627.60
2003-04	-	20.00	1,607.60
<b>Total</b>	<b>1,632.80</b>	<b>145.00</b>	

Interest due and payable on the loan every year was not accounted for on accrual basis. On the basis of demand notices received by the Company from time to time from NSTFDC, the following position of over dues emerged:

Year	Repayment over due at the beginning		Current dues		Repayment made		Balance over due at the close		Recoveries from beneficiaries	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
(Rupees in lakh)										
1999-2000	-	-	64.11	29.74	64.11	29.19	-	0.55	24.95	21.18
2000-01	-	0.55	151.84	49.40	103.31*	34.68*	48.53	15.27	133.15	37.26
2001-02	48.53	15.27	273.20	69.26	102.00*	31.37*	219.73	53.16	97.94	40.00
2002-03	219.73	53.16	353.72	77.95	52.48	27.52	520.97	103.59	100.76	40.89
2003-04	520.97	103.59	367.41	79.88	0.00	20.00	888.38	163.47	75.20	47.54
<b>Total</b>					<b>321.90</b>	<b>142.76</b>	<b>1051.85</b>		<b>432.00</b>	<b>186.87</b>

The Company's dues to NSTFDC increased from Rs.0.55 lakh in 1999-2000 to Rs.10.52 crore in 2003-04

The Company repaid only Rs.1.94 crore to NSTFDC out of the total recovery of Rs.6.19 crore from the beneficiaries.

The table above indicates that the Company's dues to NSTFDC increased from Rs.0.55 lakh in 1999-2000 to Rs.10.52 crore (principal plus interest) in 2003-04. Total repayment of Rs.4.65 crore (Principal plus Interest) includes Rs.2.71 crore which were adjusted by NSTFDC against the fresh sanction of loan.

The huge increase in dues was attributable to the Company's failure in timely recovery of dues from loanees (beneficiaries) and also appropriation of dues realised from loanees towards meeting out the administrative and establishment expenses of the Company. Audit also observed that out of total recovery of Rs.6.19 crore (principal plus interest) from beneficiaries during the five years ended 31 March 2004, the Company repaid Rs.1.94 crore only to NSTFDC.

\* Repayment adjusted against fresh sanction of loan.

### **Disbursement of loan to beneficiaries**

**2.2.18** Loans drawn from NSTFDC were partly utilised by the Company in procurement of power tillers, vehicles (TATA Sumo, Auto-rickshaw, etc), for delivery of the same to the selected beneficiaries as loan bearing interest at the rate of seven to nine *per cent per annum* and partly in disbursement of loan in cash to the beneficiaries for undertaking schemes viz., fisheries, electrical shops, groceries, etc.

Table below shows target set in terms of number of beneficiaries for each of the five years (1999-2004) and achievement thereagainst by the Company during the period:

Years	Target	Achievement
1999-2000	157	12
2000-01	496	374
2001-02	75	122
2002-03	6	75
2003-04	-	6
<b>Total</b>	<b>734</b>	<b>589</b>

Table indicates that the Company failed to achieve the targets during the above periods. Achievements in excess of targets as appearing against the two years (2001-02 and 2002-03) were due to spill-over of unachieved targets in earlier years.

Audit observed that shortfall in achieving targets was due to delay in selection of beneficiaries, procurement of materials, etc.

### **Economy in procurement of inputs**

**2.2.19** In order to procure Mahindra & Mahindra model tractors against NSTFDC funded term loan scheme, the Management collected (March 1999) price quotation from two firms viz., Rajdhani Tractors & Agencies (L<sub>1</sub>) and D&N Enterprise (L<sub>2</sub>) (owned by Shri Pabitra Hira). The price of Rs.3.68 lakh per tractor (with accessories) quoted by L<sub>1</sub> was lower than the price of Rs.4.14 lakh per tractor quoted by L<sub>2</sub>. The Company, however, placed orders for 10 tractors with L<sub>1</sub> and for 30 tractors with L<sub>2</sub> at the same price of Rs.4.14 lakh per tractor. Reasons for not accepting the lower rate, or for allowing the higher rate to both the firms were not on record.

Thus, procurement of 40 tractors with accessories at higher rates led to extra expenditure of Rs.18.40\* lakh.

\* 40 x Rs.4.14 lakh – 40 x Rs.3.68 lakh.

### **Other loan schemes**

**2.2.20** The Company, in addition to the above schemes, also implemented three loan schemes viz. margin money loan, consumption loan, direct loan up to 1991-92. Rupees.13.87 crore (principal) were outstanding as at the beginning of 1999-2000. During the five years (1999-2004), the Company recovered only Rs.90 lakh against total outstanding indicating poor recovery performance.

**The Management did not take any action to secure the interest of the Company resulting in huge magnitude of outstanding loan**

As per terms and conditions of the loan schemes, in case of default in repayment of three consecutive loan instalments, the Management was empowered to take legal action against the defaulters or seize the assets acquired out of the loan. The Management did not take any such action to secure the interest of the Company. Moreover, the Company has not analysed the reasons behind defaults of such magnitude and has not drawn-up plans for recovery.

Audit also observed that the Company has not maintained year-wise/scheme-wise loan ledger/registers. Loanee's personal ledger accounts, wherever maintained, were neither updated nor maintained in the manner required.

### **Poor recovery performances of field offices**

**Recovery made by branches did not even meet their wage bill**

**2.2.21** Twenty-eight branches of the Company, which should have engaged themselves in developmental work, were in fact, primarily engaged in recovery of loans only. Recovery performance of the branches during the last 5 years ended 31 March 2004 revealed that total recovery of Rs. 6.19 crore by the branch offices did not even meet their total wage bill of Rs. 7.27 crore for the same period.

It was further revealed that out of above 28 branches, loan recovery in respect of five branches was only 34 per cent of their total wage bill, which put a question mark on the justification of continuance of these branches.

### **Non-compliance of Government instructions**

**Government instructions to procure agricultural equipments from AAIDC Limited were not followed by the Company**

**2.2.22** The Government of Assam issued instructions in 1985 to procure all agricultural equipments & machinery from Assam Agro-Industries Development Company Limited (AAIDC), a State Sector Undertaking. In contravention of the said instructions, the Company has been procuring the machinery from open market at the approved sales prices of AAIDC for their own products. As the sale price approved by AAIDC for the Company's (AAIDC) sale points included an element of profit, the Company, by procuring the machinery from private dealers, passed on the benefit to the private dealers instead of to the sick Government Company (AAIDC); against

15 orders placed for procurement of agricultural machinery and equipments from private dealers during the last five years, the sick Government Company (AAIDC) was deprived of profit margin of Rs.51.21 lakh. Further, before procurement from private dealers, submission of manufacturer's price list was not insisted upon in any case, on any occasion.

**Procurement from private dealers resulted in extra expenditure of Rs.1.01 crore**

Scrutiny further revealed that the Company, during the period October 2002 to September 2003, procured 113 tractors from private dealers at Rs.5.21 lakh per tractor with accessories against the prevailing AAIDC's sale price of Rs.4.32 lakh for the same brand, which resulted in extra expenditure of Rs.1.01\* crore to the Company.

Management in reply stated (August 2005) that the Company would look into the matter in future as regard to placement of supply orders with AAIDC.

### **Delay in implementation/delivery of inputs**

**2.2.23** As per purchase orders placed for procurement of power tillers and tractors (inputs), the suppliers were required to deliver the inputs to the beneficiaries within a period of 45/60 days from the date of issue of purchase order. Audit observed that there was abnormal delay ranging from six months to one year in delivery of inputs to the beneficiaries by four firms (owned by the same owner) on whom 12 orders valuing Rs.12.93 crore were placed.

**Implementation of the schemes was delayed due to delay in delivery of inputs**

The agreements entered into with these firms did not provide for payment of advances. The Company, however, paid advances, ranging from 80 to 90 *per cent* of the value of the purchase orders, to these firms. The agreements also did not provide for penalty in the event of non-supply, short supply or delay in delivery of inputs to the beneficiaries. As a result, implementation of the schemes was delayed. Moreover, in case of NSTFDC funded term loan schemes, such delay in delivery of inputs also resulted in increased interest burden on the Company.

Management stated (August 2005) that these firms were the only institutional dealers authorised to quote the price of and supply MF tractors to the State Government institutions.

Management's contention is not tenable in view of the fact that the State Government had approved seven different brand of tractors for procurement by Government departments, agencies, *etc.* Management's reply was silent on the delay in delivery of inputs and its effect on increased interest burden on the Company

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\* Rs.5.21 x 113 – Rs.4.32 x 113.

## **Cash management**

2.2.24 The Company has not prepared bank reconciliation statement since 1997-98 either at Head office or at field offices.

- There is no system in place to reconcile remittances from field/branch offices with headquarters' bank account.
- Minus balance of Rs.28.76 crore against eight bank accounts appearing in accounts since 1997-98 remained unreconciled.

The Company stated (August 2005) that the matter has been noted for future guidance.

- In order to monitor and ensure timely encashment of fixed deposits, the Company was required to maintain a Fixed deposit register with full particulars of date of deposit, period of deposit, date of maturity, interest receivable, etc. The Company, though, had a good number of deposits with different banks but had not maintained a fixed deposit register till the year 2003.

It was noticed in Audit that a fixed deposit receipt of Rs.10 lakh was encashed after 102 months of the date of its maturity (12 July 1994).

- During inspection of branch offices by headquarters officials, eight cases of misappropriation of cash amounting to Rs.15.98 lakh were detected. In one case, a police case has been registered. Out of the remaining seven cases involving a total misappropriation of Rs.10.88 lakh, in four cases, the Company could recover (August 2005) an amount of Rs.1.29 lakh only. The Management has not initiated any step for recovery of the balance amount though period allowed for recovery had already expired indicating failure of the Company in enforcing financial discipline and accountability of its employees.

The Company stated (August 2005) that stern action was being taken against the employees concerned.

## **Internal Control**

2.2.25 The following internal control weaknesses were noticed in the system:

### *Monitoring and evaluation of schemes*

There was no control-mechanism in place to monitor the performance and efficacy of the implemented schemes especially with regard to their impact on the economic upliftment of the tribal people. Feed-backs, wherever received,

**Management did not evaluate the impact of the schemes on the economic upliftment of the targeted beneficiaries**



from field offices were primarily related to date of delivery of equipments, working condition of the asset, etc.

**Management is yet to ascertain the number of actual beneficiaries under FOIGS bankable scheme**

As regards FOIGS (bankable schemes), funded out of SCA, implemented through banks upto 2000-01, the Management was yet (August 2005) to ascertain the number of cases where banks had released full amount (50 per cent subsidy released to the banks by APTDC and 50 per cent by banks as loan) of cost of the project to the approved beneficiaries. The Company also failed to furnish to Audit the number of beneficiaries in respect of whom subsidy components were released to banks for implementation of the schemes.

Management in reply stated (August 2005) that the monitoring and evaluation mechanism has not functioned due to funds crunch.

### ***Monitoring and control over delivery of inputs***

There was no system in place at Head office to monitor, through regular returns from field offices, actual/timely delivery of inputs to the selected beneficiaries.

A test check of records relating to the implementation of the programmes for distribution of spray machines, power tillers and tractors under SCA and NSTFDC term loan schemes, revealed the following irregularities/discrepancies:

**Management did not monitor delivery of inputs to the intended beneficiaries**

- The Company procured (July 2000 to July 2001) 6,912 spray machines at a total cost of Rs.1.14 crore for distribution to the beneficiaries. Actual Payees Receipt (APR) furnished by field offices revealed that out of the above, 5,397 machines were distributed to the beneficiaries. The status (August 2005) of remaining 1,515 machines (value: Rs.25 lakh) has neither been enquired into by the Head office nor could be provided to Audit.
- Against four orders for procurement of power tillers and tractors, two tractors (value: Rs.10.27 lakh) and six compulsory attachments (value: Rs.5.65 lakh) were not delivered, five tillers (value: Rs.5.43 lakh) with same engine number and chassis number were shown to have been delivered at two destinations, though payment was made in full in all the above cases.

In reply Management (August 2005) stated that:

- Monitoring and evaluation process would be started.
- As regards the status of 1,515 spray machines, the Company was yet to collect the Actual Payees Receipts from some branch offices.

- In the case of two tractors, the supplier had assured (November 2001) the Management to submit delivery challans and the Company would take action for collecting the same.
- The Company has already taken action for obtaining accurate information on missing items from the concerned branch offices as well as from the suppliers.

Management's reply, corroborated audit observation that the Company had no system of regularly monitoring actual delivery of inputs to the beneficiaries.

The above matters were reported to Government in June 2005; their reply had not been received (September 2005).

### **Conclusion**

The Company did not have control mechanism in place to monitor the performance and efficacy of the implemented schemes especially, with regard to their impact on the economic upliftment of the tribal people. The Company did not maintain even the database as regards tribal population of the State in terms of occupational pattern and poverty status. Government of India guidelines for formulation as well as prioritisation of most neglected tribals were not followed. The funds required to be given as grants under Special Central Assistance for disbursement amongst the beneficiaries were partly given as loan. The funds were diverted to a large extent towards administrative and establishment expenses of the Company; even the recoveries against the loans given to the beneficiaries were utilised towards administrative and establishment expenses. The Company failed to monitor and evaluate the impact of the schemes; there was also lack of co-ordination among implementing agencies in execution of SCA funded schemes. Recovery performance of the field offices was too dismal as compared to their wage bill.

### **Recommendations**

- The Company needs to finalise branch-wise/scheme-wise list of beneficiaries assisted under different schemes implemented since inception, immediately.
- Management should ensure participation of prospective beneficiaries as well as grass root level functionaries in formulation of schemes/programmes in order to ensure public awareness and maximum economic benefits.

- The Company should adopt a pragmatic system of formulation of schemes (need-based area-wise).
- Government of India guidelines need to be followed strictly for utilisation and disbursement of grants to the beneficiaries.
- Efforts need to be made to gear-up recovery performance for enhancing the revenue generation capacity of the Company and the issue of diversion of funds meant for disbursement amongst the beneficiaries towards administrative and establishment expenses of the Company needs to be addressed by the Company/State Government.
- Monitoring and study of the performance of the schemes and their impact on the socio-economic status of the tribal population is required.
- In order to avoid duplication of efforts, the Government should ensure close co-ordination among different implementing agencies or consider merging the organisations engaged in functions, which are overlapping, so as to cut down excessive administrative expenses.

## CHAPTER-III

### 3. TRANSACTION AUDIT OBSERVATIONS

Important audit findings noticed as a result of test check of transactions made by the State Government companies/Statutory corporations are included in this chapter.

#### GOVERNMENT COMPANIES

##### Assam Tea Corporation Limited

#### *Loss of revenue*

*The Company suffered revenue loss of Rs.47.37 lakh due to sale of green tea leaf at rates lower than the agreed firm rates.*

3.1 For sale of green leaf of its seven tea gardens for the season 2003 commencing from March 2003, the Company entered into agreements (March 2003) with seven highest bidders on the basis of garden-wise firm rate quoted by the selected bidders. The rates quoted were as per Clause 9 of the agreement and were applicable for specified quantity and were to remain valid upto 31 December 2003. Clause H of the agreement provided that in the event of non-fulfilment of any or all the conditions of the agreement, it could be terminated, by giving one month's notice on either side.

Scrutiny of records of the Company at Corporate office revealed (February 2005) that out of the total quantities of 68.75 lakh kgs of green leaf sold till the end of the season (December 2003), the Company sold 23.48 lakh kgs at rates lower than the agreed rates, even though the agreed/accepted rates were firm and valid for the entire plucking season (March 2003 to December 2003), for reasons not on record in respect of six cases. In one case, (Rajabari Tea Estate) the purchaser, after procurement of 1.53 lakh kgs of leaf (against agreed quantity of three lakh kgs), refused to purchase the balance quantity at agreed rate due to fall in market price. The Company, however, without ascertaining the veracity of the fact, accepted the lower rates offered by the purchaser.

Thus, due to sale of 23.48 lakh kgs of green leaf at lower rates than the agreed firm rates, the Company suffered loss of revenue of Rs.47.37 lakh.

The Management in reply stated (July 2005) that all the decisions taken for lowering the price were taken by Garden Level Management Committee and also that during the period most of the employees and workers did not get their

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salaries and wages in full as green leaf prices fell and buyers were reluctant to buy green leaf at agreed price which might have prompted local Management Committee to resort to distress sale to keep the gardens functioning.

The fact, however, remains that before agreeing to the lower price offered by the buyers on the plea of low market price, the Management on its own had not verified the prevailing market price. Moreover, the local Management sold the tea leaves at lower rates without the approval of the authorities at the corporate office.

The matter was reported to the Government in April 2005; reply is awaited (September 2005).

### **Assam Industrial Development Corporation Limited**

#### ***Non-recovery of loan***

***Dues to the extent of Rs.3.43 crore could not be realised due to faulty project appraisal and lack of proper initiative.***

3.2 Audit scrutiny (July—September 2004) of records of the Company revealed the following two cases where the Company sanctioned loans to two firms without proper appraisal of viability of the projects as regard to availability of required working capital, raw materials, infrastructure, marketing arrangements of the finished products *etc.* As a result dues amounting to Rs.3.43 crore remained unrealised.

3.2.1 During April 1990 to December 1993, the Company disbursed term loan of Rs.71.50 lakh to Saharia Textiles (Pvt.) Limited (loanee), and also released an amount of Rs.5.50 lakh towards equity participation for setting-up of a Power loom project at Mangaldoi. The loan was to be repaid in 15 half-yearly instalments commencing from April 1993 and to be completed by April 2000. Due to failure of the loanee to repay any instalment, the repayment schedule was subsequently revised to 14 half-yearly instalments commencing from October 1995. Despite rephasing of the repayment schedule, the loanee continuously defaulted in repayment of principal and interest. On being requested (December 1999) by the loanee, the Company sanctioned (June 2000) additional Working Capital Term loan (WCTL) of Rs.22 lakh as well as funded the interest (Rs.73.22 lakh) overdue upto May 2000 for rehabilitating the unit with the following terms and conditions:

- The WCTL would be repayable in five half-yearly equal instalment of Rs.4.40 lakh each, commencing from September 2001.
- Funded interest (Rs.73.22 lakh) would be repayable in three years, commencing from April 2007.

- Repayment of existing term loan of Rs.71.50 lakh was rescheduled from April 2003 and to be completed by March 2007.

Test check of records revealed that inspite of extending WCTL, funding of interest and repeated rephasing of repayment schedule of original term loan, the loanee failed to make the unit viable and repay the loan. Till May 2004, outstanding dues accumulated to Rs.2.16 crore\*.

Management stated (August 2005) that the Default Review Committee (DRC) of the Company had already decided to take over the unit of the loanee and initiate legal action against the guarantor. It was also stated that minutes of the DRC were placed in the Board of Director's meeting held in June 2005 for approval and the Company has initiated action for taking over of the unit and the legal notice was being issued shortly.

**3.2.2** The Company sanctioned an amount of Rs.71.08 lakh to Brahmaputra Gases (Private) Limited (loanee) in January 1997 to set-up a plant to manufacture Dissolved Acetylene Gases at Jorhat. The loan was to be repaid in 17 half-yearly instalments commencing from April 1999. The loanee, however, defaulted in repayment of overdue instalments of principal (Rs.44 lakh) and paid only interest amounting to Rs.13.22 lakh till May 2004, leaving an overdue outstanding balance of Rs.1.27 crore\*\*.

The Company (May 2004) allowed the loanee time till July 2004 to submit a firm proposal for repayment failing which the Company was to issue legal notice followed by taking over the unit. But, till the date of audit (September 2004) neither the loanee had submitted any firm proposal for repayment nor the Company had taken any concrete steps for realisation of the dues.

The Management stated (August 2005) that the Company has recently carried out an inspection of the project and an appropriate action for recovery of dues would be taken shortly.

The fact, thus, remains that due to faulty projects appraisal and lack of proper and timely follow-up initiative/action, dues to the extent of Rs.3.43 crore accumulated over the years remained unrealised.

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* Principal term loan:	Rs.71.50 lakh
Funded interest:	Rs.73.22 lakh
WCTL:	Rs.22.00 lakh
Normal interest:	Rs.47.20 lakh
Addl/Penal interest:	Rs. 2.26 lakh
<b>Total:</b>	<b>Rs.216.18 lakh</b>

**\*\* As on 15 May 2004:**

Principal overdue:	Rs.44.00 lakh
Interest overdue:	Rs.76.19 lakh
Addl/Penal Interest:	Rs. 6.83 lakh
<b>Total:</b>	<b>Rs.127.02 lakh</b>

The matter was reported to the Government in June 2005; their reply is awaited (September 2005).

## **STATUTORY COPORATIONS**

### **Assam State Transport Corporation**

#### *Non-recovery of penalty*

*Failure of the Management to enforce provisions of the agreement on defaulting private bus owners resulted in loss of revenue of Rs.18.68 lakh*

**3.3** The Corporation introduced (2001) a scheme under the name and style 'Self Employment Scheme'. Under the scheme, the Corporation allowed the private bus owners to operate their own buses under its banner and on their routes. Accordingly, the Corporation entered (2001) into agreements with the private bus owners to operate their buses on approved routes in Assam.

As per Clause 39 and 40 of the agreement, the private bus owners were required to give at least 48 hours notice to the Station authorities when the buses were not likely to be made available on a particular day, failing which the Corporation was at liberty to levy penalty of Rs.500 per day.

On scrutiny of records of Station Superintendent, Machkhowa, it was observed (July 2004) that a number of private buses were off-road for an aggregate of 3,736 bus days during the period from October 2001 to March 2004 for which neither prior intimation was received from the bus owners nor the Corporation initiated any action to invoke penalty clause.

During State Audit Committee meeting held in August 2005, Management stated that the fine was realised from a vehicle owner, after full satisfaction that the vehicle was on-road without giving any information to the Corporation. No fine was realised from an owner, if his vehicle was off-road, for reasons beyond his control.

The reply of the Management is not acceptable in view of the fact that the Management had not ascertained whether the buses were actually on-road without giving any information to the Corporation; further, in respect of the 3,736 cases, the Management did not ascertain the reasons for which the buses were kept off-road.

Thus, non-compliance of the terms and conditions of the agreement by the private bus owners and non-invocation of the penalty clause by the Management resulted in loss of revenue amounting to Rs.18.68 lakh during the period from October 2001 to March 2004.

Thus, due to failure of the station authority to safeguard the financial interest of the Corporation in accordance with the terms and conditions of the scheme and agreement, the Corporation sustained a revenue loss of Rs.18.68 lakh.

The matter was brought to the notice of the Government in (April 2005); their replies are awaited (September 2005).

### **Assam State Electricity Board**

#### ***Non-realisation of revised load security***

***Revised load security of Rs.72.34 lakh raised against an existing consumer remained unrealised for lack of appropriate action under the provision of the TCS.***

**3.4** The Board amended (July 2000) Clause-7 (C) of the Terms and Conditions of Supply (TCS), 1998 according to which all the existing consumers of the Board whose security deposit fell short of three/two\* times of the average monthly billed amount during the preceding calendar-year, were required to pay the differential amount as security deposit within 30 days from the date of notice/bills, failing which the consumer's connection was liable to be disconnected without further notice.

Test check of records of the Area Manager, Industrial Revenue Collection Area (AM, IRCA), Tinsukia revealed (October 2004) that revised load security bill for an amount of Rs.72.34 lakh was served to a bulk category of consumer (Hindustan Fertilizer Corporation Limited) having sanctioned load of 10 MW in September 2002. Audit observed that AM, IRCA neither took any initiative to realise the revised load security bill nor was the consumer's service connection disconnected as required under Clause-7 (C) of the TCS for reasons not on record. Consequently, revised load security bill for Rs.72.34 lakh remained unrealised.

The Management stated (18 August 2005) that the Board has not resorted to the drastic action of disconnection considering it a Central Government Undertaking and one of the oldest bulk-consumer of ASEB and paying monthly bills regularly.

The reply of the Management is not acceptable as the same was contradictory to the provisions of Clause 7 (c) of the Terms and Conditions of the Board.

The matter was reported to the Government in December 2004 and April 2005; their reply is awaited (September 2005).

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\* Three times for Low Tension Consumers and two times for High Tension Consumers.



**Undue benefit to consumers**

***Acceptance of appeals after expiry of stipulated period as well as non-realisation of amount due contrary to the provision of Terms and Conditions of Supply (TCS) tantamount to extension of undue benefit to consumers.***

3.5 Clause 22 of the Terms and Conditions of Supply (TCS), 1998 of ASEB provides that where a consumer is found to be indulging in a malpractice with regard to use of electricity and use of device to commit theft of energy, the authorised officer of the Board, may, without prejudice to any other action that may be taken against such a consumer may ask him to pay compensation to be assessed as per Clause 22 (a) (iii) and 22 (d). Clause 22 (f) (i) also provides that a consumer aggrieved by such assessment may appeal to the appropriate authority within a period of 15 days from the date of receipt of the assessment notice/bill under intimation to the office of issue by depositing 50 per cent of the assessment bill. The Appellate authority shall decide the appeal cases expeditiously.

Scrutiny of records revealed (October 2004) that compensation/assessment bills amounting to Rs.1.64 crore were served to six consumers during the period from February 2000 to December 2002 for alleged malpractices. Being aggrieved of the assessments, consumers appealed to the appropriate authority after a period ranging from 18 to 112 days, from the date of issue of the assessment bills, against 15 days stipulated in the TCS. Moreover, while accepting the appeals filed after expiry of stipulated period, in two cases, consumers had not deposited 50 per cent of assessment bill, which was a pre-requisite for acceptance of appeal, and in four cases, appeals were accepted on realisation of lesser amount. Details are as follows:

Sl. No.	Name of the consumers	Date of issue of compensation bills	Amount of compensation bills	50 per cent of compensation bill	Amount deposited	Short deposit
1.	Singlijan Tea Estate	10.2.2000	1,95,900	97,950	54,895	43,055
2.	Thanai Tea Estate	10.2.2000	6,19,533	3,09,767	1,38,278	1,71,489
3.	Steel Worth Limited	23.3.2000	19,06,345	9,53,172	4,74,673	4,78,499
4.	Srikrishna Tea Estate	19.2.2001	3,58,932	1,79,466	-	1,79,466
5.	Lakshmi Enterprise	12.4.2002	1,96,706	98,353	49,178	49,175
6.	Dirok Tea Estate	23.4.2002	1,31,01,004	65,50,502	-	65,50,502
<b>Total</b>			<b>1,63,78,420</b>	<b>81,89,210</b>	<b>7,17,024</b>	<b>74,72,186</b>

In reply, Management stated (August 2005) that realisation of compensation would be done on receipt of verdict against the appeal.

Reply is, however, silent as to why appeals were accepted in violation of Clause 22 (f) (i) of the TCS.

Thus, acceptance of appeals after expiry of stipulated period of 15 days as well as non-realisation of 50 *per cent* of the assessment bill or realising lesser amount were not only a violation of the provisions of TCS but also resulted in undue benefit to the consumers to the tune of Rs.74.72 lakh. Moreover, appeal cases have not been disposed of so far (September 2005).

The matter was reported to the Government in December 2004 and April 2005; their replies are awaited (September 2005).

### ***Loss of revenue***

***The Board sustained loss of revenue of Rs.24.27 lakh due to wrong categorisation of consumers***

**3.6** As per Schedule of Tariff (SOT), Bulk Supply tariff (Category VIII) was applicable to consumers with connected load not less than 50 KVA provided such consumers were not covered under any other category. On the other hand, commercial tariff (Category-II) was applicable specifically to establishment and installations of commercial nature engaged with trading activities including Railway Stations.

Test check of consumers ledgers and energy bills in the Office of the Area Manager, Industrial Revenue Collection Area (AM, IRCA), Tinsukia, however, revealed (October 2004 and April 2005) that (i) Assam Gas Company Limited (Connected load: 200 KW) and (ii) Naharkatia Railway Station (Connected Load: 160 KW) have been categorised under Bulk Supply instead of Commercial. Due to this incorrect categorisation, there was under billing in respect of these consumers, which resulted in loss of revenue of Rs.24.27 lakh\* during the period from April 2000 to March 2005.

Management in reply stated (August 2005) that the consumers were rightly categorised under Bulk supply as their connected loads were of mixed categories.

Reply is not acceptable because categorisation was not in conformity with the Schedule of Tariff.

The matter was reported to the Government in April 2005; their reply is awaited (September 2005).

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\* Assam Gas Company Limited: Rs.17.93 lakh and N.F. Railway (Naharkatia Station): Rs.6.34 lakh.

### *Loss of revenue*

***Calculation of compensation claims in contravention of laid down provision of Terms and Conditions of Supply (TCS) resulted in loss of revenue of Rs.35.67 lakh.***

3.7 As per Clause 22 (a) (iii), where a consumer is found to be indulging in malpractice with regard to use of load in excess of authorised connected load, the Board may without any prejudice to any other action that may be taken against the consumer, ask him to pay compensation charges to be assessed at a rate of three times of minimum charges per month on the excess load detected, for a period of six months.

A test check of records of the Area Manager, Industrial Revenue Collection Area (IRCA), Tinsukia in October 2004 revealed the following:

Hindustan Paper Corporation Limited (HPCL) an industrial category consumer had drawn power of 12,960 KVA during May 2002 as per recording in the static meter against sanctioned/authorised load of 11,561.17 KVA (9,827 KW) resulting in excess drawal of 1,398.83 KVA.

As such, the consumer was liable to pay compensation for use of load exceeding authorised load in terms of Clause 22 (a) (iii) of TCS, 1998, which worked out to Rs. 37.77 lakh\*. Against this, Rs. 2.10 lakh\*\* calculated at normal tariff rate was realised from the consumer in contravention to Clause 22 (a) (iii) of the TCS 1998 resulting in loss of revenue of Rs.35.67 lakh.

During discussion (April 2005), Area Manager stated that penalty for over drawal of load was levied as per Board's order dated January 2005 according to which billing in such cases was to be made for the quantum of excess load at the rate of three times of demand/fixed charge. Management's contention is not acceptable in view of the fact that over drawal of load by HPCL took place in May 2002 whereas the aforesaid order came into effect from January 2005.

In August 2005, Management stated that the bill served was correct and in conformity with the tariff rate applicable upto March 2003.

Reply is not tenable in view of the fact that the calculation of the bill was not in conformity with the provisions of TCS.

The matter was reported to the Government in June 2005; their replies are awaited (September 2005).

\* Rs.37.77 lakh = 3 x 150/KVA x 1,398.83 KVA x 6.

\*\* Rs.2.10 lakh = 1,398.83 KVA x Rs.150/KVA.

### **Blockage of borrowed funds**

***Taking up of works without ensuring availability of sufficient funds, failure to get the projects commissioned as per approved time frame, abandonment of the projects etc resulted in blockage of borrowed funds of Rs.23.84 crore.***

3.8 In order to strengthen its transmission line network and transformation and distribution capacity, the Assam State Electricity Board (ASEB/Board), took up various projects for construction of high-tension lines, sub-stations during VI and VII Plan periods. In the absence of any operational surplus, the Board was entirely dependent either on loan from the State Government or borrowing from other financial institutions. Therefore, it was incumbent upon the Management of the Board to ensure sufficient fund flow before taking up the project for smooth progress and timely completion of the works in order to avoid price escalation and other liabilities.

Test check of records revealed (April 2004) that construction work of three transmission lines, nine sub-stations as detailed in **Annexure-12** though taken up during VI and VII plan at an estimated cost of Rs.23.24 crore could not be commissioned/completed even after expiry of seven to 17 years from their scheduled dates of completion. Meanwhile, due to delay in completion, original cost estimates of the above works had been revised to Rs.98.49 crore and completion targets have been revised upto March 2007.

It was further observed in audit that the Board had incurred an expenditure of Rs.23.84 crore upto March 2004 including expenditure of Rs.5.28 crore incurred in two abandoned projects (Sl. No. 5 and 12 of the **Annexure-12**).

In reply, Board stated (August 2004 and August 2005) that projects abandoned/remained incomplete due to State plan fund constraints. It was also stated (August 2005) that some works were proposed under Asian Development Bank funding or North Eastern Council (NEC) funding.

It was observed in audit, that the schemes/projects were to be funded from State Government loan. The State Government, however, failed to release the required fund for reasons not on record. Thus, taking up of works without ensuring availability of sufficient fund, failure to get the projects commissioned as per approved time frame, abandonment of the projects, etc, resulted in blockage of borrowed funds of Rs.23.84 crore which remained unproductive so far (September 2005).

Further, the objective of uninterrupted power supply, strengthening of transmission network remained unfulfilled for period ranging from seven to 17 years.

The matter was reported to the Government in July 2004 and May 2005; their replies are awaited (September 2005).

### ***Theft of Board's properties***

***Non-compliance of Board's directives and lack of appropriate follow-up action in respect of theft cases resulted in loss of properties worth Rs.5.93 crore.***

**3.9** The Board has prescribed (September 1992) the following course of action in cases of theft of Board's properties so as to prevent theft and retrieval of stolen materials:

- Lodge First Information Report (FIR) with the nearest Police Station within 24 hours without fail and obtain FIR No.;
- The theft cases with all particulars alongwith FIR No. are to be reported to the Chief Security Officer (CSO) and Chief Engineer concerned, indicating the involvement of ASEB employees, if any, for taking further necessary action;
- Pursue with the police department after lodging FIR, so that the materials so lost are retrieved by ASEB.

Test check of records of Board's field offices in audit from time to time as well as information furnished (May 2005) by the CSO revealed that during April 1994 to March 2005, 382 theft cases of Board's properties from charged line, sub-station and stores worth Rs.5.96 crore were reported to the CSO, out of which materials worth Rs.3.18 lakh only could be recovered so far (May 2005) leaving unrecovered materials of Rs.5.93 crore.

In this connection, Audit noticed the following deficiencies in various case of theft of Board properties.

- Theft cases in Sub-station/Stores occurred due to poor/inadequate security arrangement;
- In many cases, FIR was lodged well beyond the stipulated time of 24 hours;
- In some cases, though FIR was lodged no FIR No. was obtained;
- In none of the cases was the matter either pursued with the police department after lodging FIRs or taken up at the appropriate level of the Government;

- Departmental enquiry in order to ascertain the involvement of Board's employees could also not be conducted on the plea that FIR had already been lodged and police investigations were underway.
- Even after lapse of 30 years of its existence, the Board failed to devise any measures to prevent theft of materials from charged lines;

It may be pertinent to mention here that as per "Assam Electricity Reform First Transfer Scheme, 2004" the assets and liabilities of the Board have been provisionally apportioned among the five companies based on the annual accounts for the year ended 31 March 2004. The fixed assets as per the said accounts included Rs.5.93 crore being the value of stolen materials, which were physically not available with the Board. The Board is also charging depreciation on such materials.

Despite being repeatedly pointed out in audit, the Board failed to take appropriate action to prevent the recurrence of theft of its properties. Moreover, due to lack of appropriate follow-up action, recovery of materials worth Rs.5.93 crore appeared to be bleak.

The Management while accepting the audit observation stated (August 2005) that:

- Some field officers could not lodge FIR in time due to untimely detection of theft cases in remote places which were not frequented by ASEB officials regularly;
- The required information regarding FIR numbers were not always received by the ASEB office;
- Due to shortage of manpower, the sub-station/stores could not be adequately manned by security personnel.
- As regards theft of materials from charged line, the Board had proposed to engage VDPs in the vulnerable areas for protection of tower and transmission line.

The matter was reported to the Government in June 2005; their replies are awaited (September 2005).

**Deficiencies in internal control /internal audit system of Assam State Electricity Board.**

**3.10** Internal Control System is a Management tool used to provide reasonable assurance that Management's objectives are being achieved in an efficient, effective and adequate manner. A good system of internal control should comprise, *inter alia*, proper allocation of functional responsibilities

within the organisation, proper operating and accounting procedures to ensure the accuracy and the reliability of accounting data, efficiency in operations and safeguarding of assets, quality of personnel commensurate with their responsibilities and duties, and review the work of one individual by another whereby possibility of fraud or error in the absence of collusion is minimised.

The Internal Control system of Assam State Electricity Board covering the period 1999-2004 was examined with the objective of ascertaining whether there existed a proper internal control structure.

Test check of records revealed the following deficiencies:

### ***Budget***

**3.10.1** Budget is a quantitative financial expression of a programme of measure planned for a given period. The budget is drawn-up with a view to plan future operations and to make ex-post-facto checks on the results obtained. Timely preparation of budget and analysis of variations noticed in actual execution, serves the purpose of internal control.

Audit observed following deficiencies in the preparation of budget and budgetary control.

- As per Section 61 of the Electricity Supply Act, 1948, the Board was required to submit to the State Government in February each year an Annual Financial Statement (AFS) containing estimated capital and revenue receipts and expenditure for the ensuing year. Contrary to the above provision of the Act, the approved AFS was submitted to the State Government in April every year. Due to delay in submission of AFS, State Government finalised the budget without considering the actual position reflected in the AFS.
- There were large budgetary deficits both on Revenue and Capital account between receipts and expenditure. The budget estimates, however, did not indicate the manner in which the gaps between the two would be bridged.
- Contrary to the provisions of the Act *ibid*, Board's revenue expenditure during 1999-2004 exceeded the estimated revenue receipts (excluding depreciation but including interest) by Rs.1,337.13 crore. The Board, however, had not analysed the reasons for such variations.

### ***Maintenance of Books of Accounts***

**3.10.2** The Board has been preparing its annual accounts as per provision of the Electricity (Supply) Annual Accounts Rules, 1985. Scrutiny of records revealed deficiencies in maintenance of books of accounts as detailed below:

- Fixed assets registers for the assets under the control of each unit of the Board have not been maintained. The assets have not been physically verified.
- Up-to-date register of interest on General Provident Fund (GPF) has not been maintained. Interest on GPF was provided in the accounts on provisional basis.
- Statement-7 of the Accounts of the Board did not disclose project-wise analysis of capital expenditure as required under rules.

### ***Internal control over remittances***

**3.10.3** Board's revenue from sale of power was collected by 158 Sub-divisions and Industrial Revenue Collection Areas (IRCA) spread through out the State. The Sub-divisions are primarily responsible for collection of revenue from consumers, depositing the same to their respective field bank account and keeping control on their daily remittances by the banks to Board's principal account (revenue) maintained at headquarters (Guwahati).

Test check of records of nine Sub-divisions/IRCA revealed that neither the Sub-divisions nor the field banks have been complying with the instructions. During the year 2003-04, revenue collection upto Rs.2.46 crore remained locked-up with the field banks for a period ranging from two to 31 days. The field authorities, however, never took-up the matter with the banks concerned.

It was also observed that remittances from the field banks were not regularly reconciled with principal bank account (revenue) at headquarters office. As a result, field remittances amounting to Rs.22.41 crore were lying as unreconciled remittances, Rs. 33.87 crore as unreconciled credit and Rs.1.13 crore (after reconciliation of Rs.34.91 crore at the instance of audit) as unreconciled debit as on 31 March 2004. The position has been vitiated further by exhibition of *minus balance* in the accounts, arising out of incorrect adjustment of Board's cash account, which rendered actual remittances in transit undeterminable at any point of time.

### ***Reconciliation between cash book and bank account***

**3.10.4** Bank Reconciliation Statement (BRS) is a vital document, which is prepared to show the causes of differences between the bank balances as per cash book and as per bank statement/pass book.

In this connection, references may be invited to Paragraph 3.3.9 of the Audit Report (Commercial) for the year ended 31 March 2004, wherein it has been mentioned that out of 104 field accounts for June 2003 which were test checked in audit, in 24 cases only, BRS were prepared properly; in 22 cases, BRS were not prepared at all, and in 58 cases difference of Rs.3.03 crore



between balance as per bank accounts and balance as per cash books remained unreconciled.

This is indicative of lack of control by local as well as headquarters authorities over cash Management of their respective units.

### ***Stores accounting***

**3.10.5** The Board had not fixed maximum, minimum and re-ordering level and economic order quantity in respect of any stock items so as to have effective control over procurement of materials and avoid blockage of funds in inventory. In this connection it has been noticed that despite having sufficient stock in hand, the Board continued to procure stores/spares and as a result stock balance (O&M) of Rs. 2.47 crore as at 31 March 2000 increased to Rs. 47.28 crore at the end of 2003-04. The increase in stock was due to the fact that while effecting purchases, the stock available at various stores, quantity of materials actually required for procurement, *etc*, were not confirmed. Similar observation was made in Paragraph 3.9 to 3.11 and 3.22 of the Report of the Comptroller and Auditor General of India (Commercial)—Government of Assam for the year ended 31 March 2003 wherein it was, *inter alia*, pointed out that: -

- Purchases were made much in advance of actual requirement and consequently, performance guarantee had expired before utilisation/commissioning.
- Materials were procured without ascertaining the availability of stores in stock.

### ***Inter Unit Transfer***

**3.10.6** During the course of stores transactions, materials are transferred from one accounting unit (Originating) to another accounting unit (Responding). Such transactions are booked (Debited) under Inter-Unit Transfer Account (IUTA) in the originating unit's account and the suspense head is ultimately cleared/adjusted in the accounts of the responding unit on actual receipt of materials by it. It is therefore, imperative that these suspense accounts should be cleared/adjusted before closing of the Board's annual accounts.

In the annual accounts for the period ending 31 March 2004 a sum of Rs. 52.76 crore was lying unadjusted/unreconciled since 1984-85. No steps were (September 2005) taken to investigate the reasons for delay in adjustment. The exhibition of such a huge balance under the suspense account (IUTA) indicated absence of a internal control system for timely reconciliation and adjustment of Inter-Unit Stores transactions especially in view of the fact

that such non adjustments might involve non receipt of materials by the responding unit due to theft, misappropriation of stores, loss in transit, *etc.*

This was further vitiated by exhibition of net effect (debit and credit) of 10 suspense accounts (Account Code No. 30 to 39), which rendered actual balance under Inter Unit Suspense Account (Material) undeterminable at any point of time. This was due to clubbing of the various transactions (both debit and credit) of the suspense accounts and not shown individually, as required.

### ***Internal audit***

**3.10.7** Audit function in a large public utility service such as ASEB assumes paramount importance, as it has to ensure sound internal control system in the Board. Further, Section 69 of the Electricity Supply Act, 1948 requires the Board to ensure that there is a proper system of internal check. In order to achieve this objective, a Management Audit Manual was prepared (1989) by the Board. The Manual prescribed, audit of systems and procedures including the evaluation of internal control, physical verification of assets, inventory and cash, propriety audit, *etc.* Audit observed the following:

- Board had not formulated any plan for conducting internal audit of its various units as required in the Management Audit Manual.
- The internal audit wing was inadequately staffed. Against a sanctioned strength of 66, it had only 31 members as on 31 March 2004, of which 11 members only could be deployed on audit, thereby rendering its functioning limited and ineffective.
- Internal audit paras involving a total amount of Rs.41.32 crore pertaining to the period 1982-2000 primarily related to under billing and non-billing of consumers under 14 circles and five Industrial Revenue Collection Areas (IRCAs) remained unsettled as of August 2004 indicating thereby laxity on the part of auditee entities in settlement of objections/realisation of revenue.
- Field units did not comply with Audit Reports, which was not brought to the notice of the Chairman/Board for taking corrective action.

Thus, due to inadequate staffing, the wing failed to cover significant audit areas. Further, due to poor follow-up action by Board authorities, the services of the wing could not be gainfully utilised in the interest of the Board.

Management in reply stated (August 2005) that (a) drawing up of standard norms to conduct audit of all the offices by the meager (staff) strength has virtually become unattainable, (b) in the event of non receipt of replies even after reminders by the Chief Executive Officer, the matter was placed before the Additional Chief Engineers with endorsements to Chairman, Member

(Finance), Member (Technical), Member (Personnel and Administration) and Chief Engineer (Distribution). The Board, however, could not produce any records to substantiate the fact that the competent authorities had issued any instruction for proper follow up action or taking corrective measures.

As regards pursuance of audit objection, the Board was not kept informed about non-compliance of audit objections by field units as a result, no corrective action could be taken.

The matter was reported to Government in June 2005; their replies are awaited (September 2005).

## General

### Avoidable administrative cost

***Incorporation of too many companies with similar objectives resulted in avoidable administrative cost of Rs. 10.22 crore.***

**3.11** As on March 2005, there were 39 Government companies (29 working and 10 non working). An analysis of the objective of these companies by audit as laid down in the Memorandum and Articles of Association, revealed that two to five Companies were functioning in the same sector with similar/identical objectives. Particulars of 16 such companies functioning in six sectors are detailed in **Annexure-13**.

Details in the Annexure reveal the following:

- In the **Construction sector** there were two companies viz., Assam Government Construction Corporation Limited and Assam Police Housing Corporation Limited undertaking construction of buildings, roads bridges, etc.
- In **Textile sector** there were five companies (three non working and two working) viz., Assam State Textile Corporation Limited, Assam Syntex Limited, Assam Power loom Development Corporation limited, Assam State Weaving and Manufacturing Company Limited and Assam Spun Silk Mills Limited established to carry out the business of marketing of polyester, yarn spinners, silk, etc.
- In the **Paper sector** there were two companies viz., Ashok Paper Mills (Assam) Limited and Industrial Paper (Assam) Limited established to carry out the business of manufacturing and dealing in all kinds and classes of paper, board, etc., The Industrial Paper (Assam) Limited though

was incorporated in the year 1974, the commercial function was not started even after a lapse of almost 32 years as on March 2005.

- In the **Industries sector**, there were two companies viz., Assam Small Industries Development Corporation Limited and Assam Hills Small Industries Development Corporation Limited incorporated under Companies Act, 1956 in March 1962 and March 1968 with similar/identical objectives and activities.
- In the **Finance Sector**, while Assam Financial Corporation (AFC) was set-up in April 1954 under the provision of State Financial Corporation (SFC) Act, 1951 with the main objective of extending financial support to industrial concern and to promote industrial development in the State of Assam, Assam Industrial Development Corporation Limited was incorporated under the Companies Act, 1956 in April 1965 with similar objectives and activities. In this connection, mention has already been made in Paragraph 1.42 of Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 2004 regarding merger of the two organisations.

Audit observed that proliferation of companies with similar objectives involved huge avoidable expenditure towards salaries, wages and remuneration of Chairman, Directors, Managing Directors and other executives besides expenditure on infrastructure. The details of actual expenditure incurred on administration of these companies every year based on latest finalised accounts are given in the **Annexure 13**.

Excluding the administrative expenditure pertaining to each of the major companies in six sectors [Sl. No. A (1), B (1), C (1), D (1) and E (2) in **Annexure 13**] the avoidable expenditure on 8 companies worked out to Rs.10.22 crore.

Thus, incorporation of too many Companies with similar objective resulted in avoidable administrative cost of Rs. 10.22 crore.

It is recommended that Government may examine the nature of activities of all Companies with similar objective and explore the possibility of merging them so as to reduce the administrative cost and ensure better co-ordination and effective implementation.

The matter was reported to Government in June 2005; their reply had not been received (September 2005).

### 3.12 Follow up action on Audit Reports

#### Action Taken Notes--outstanding

**3.12.1** 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 in the various offices and departments of Government. 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 this 'Action Taken Note' (ATN) to the Assam Legislative Assembly with copy to Principal Accountant General/Accountant General within 20 days from the date of receipt of the Reports. Besides this ATN, the department would ensure submission of the 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 for the year's 1999-2000 to 2003-04 were presented to the Legislature, 11 departments which were commented upon did not submit explanatory notes on 82 paragraphs/reviews as on 30 September 2005 as indicated below:

Year of Audit Report	Date of presentation	Total paragraphs/reviews in Audit Report	No. of paragraphs/reviews for which replies were not received
1999-2000	May 2001	20	20
2000-2001	March 2002	13	13
2001-2002	March 2003	16	16
2002-2003	July 2004	16	16
2003-2004	August 2005	17	17
<b>Total</b>		<b>82</b>	<b>82</b>

Department wise analysis is given in *Annexure 14*. Power and Industries Department were largely responsible for non-submission of reply.

#### Compliance to Reports of Committee on Public Undertakings (COPU)-- outstanding

**3.12.2** Replies to 38 recommendations pertaining to five Reports of the COPU presented to the State Legislature between August 1997 and December 2004 had not been received as on September 2005 as indicated in the next page:

<b>Year of the COPU Report</b>	<b>Total number of Reports involved</b>	<b>Number of recommendations where ATNs not received</b>
1997-98	1	1
2002-03	1	9
2003-04	2	18
2004-05	1	10
<b>Total</b>	<b>5</b>	<b>38</b>

Replies to 38 recommendations were required to be furnished within six months from the presentation of the Reports.

### ***Action taken on persistent irregularities in Audit Reports***

**3.12.3** With a view to assist and facilitate discussion of paras of persistent nature by the State COPU, an exercise has been carried out to identify the extent of persistent irregularities pertaining to Government Companies and Statutory Corporations. Details are indicated in **Annexures 15** and **16** respectively.

#### ***Government companies***

The irregularities of various nature having financial implication of Rs.1.59 crore (Assam Petrochemicals Limited) and Rs.3.49 crore (Assam Gas Company Limited) were included in the Reports of the Comptroller and Auditor General of India for the years 1998-99 to 2002-03 (Commercial)—Government of Assam.

#### ***Statutory corporations***

The irregularities of various nature having financial implication of Rs.24.08 crore (Assam State Electricity Board) were included in the Reports of the Comptroller and Auditor General of India for the years 1998-99 to 2002-03 (Commercial)—Government of Assam.

### **Response to Inspection Reports, Draft Paragraphs and Reviews**

**3.13** Audit observations noticed during audit and not settled on the spot are communicated to the Heads of PSUs and concerned departments of 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 six weeks. A review of Inspection Reports issued up to March 2005 pertaining to 32 PSUs disclosed that 2,037 paragraphs relating to 373 Inspection Reports remained outstanding at the end of August 2005; of these, 98 Inspection Reports containing 656 paragraphs


had not been replied for more than one year. Department-wise break-up of Inspection Reports and Audit observations outstanding as on 31 August 2005 are given in **Annexure 17**.

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 replies to 11 draft paragraphs and two reviews forwarded to the various departments during April and June 2005 as detailed in **Annexure-18** were awaited (September 2005). Reviews and draft paragraphs were, however, discussed in the ARCPSE meeting (July 2005) and State Audit Committee meeting (August 2005).

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/draft paragraphs/reviews and ATNs to recommendations of COPU as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment is taken in a time bound schedule, and (c) system of responding to the audit observations is revamped.

GUWAHATI  
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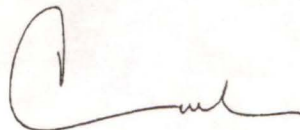
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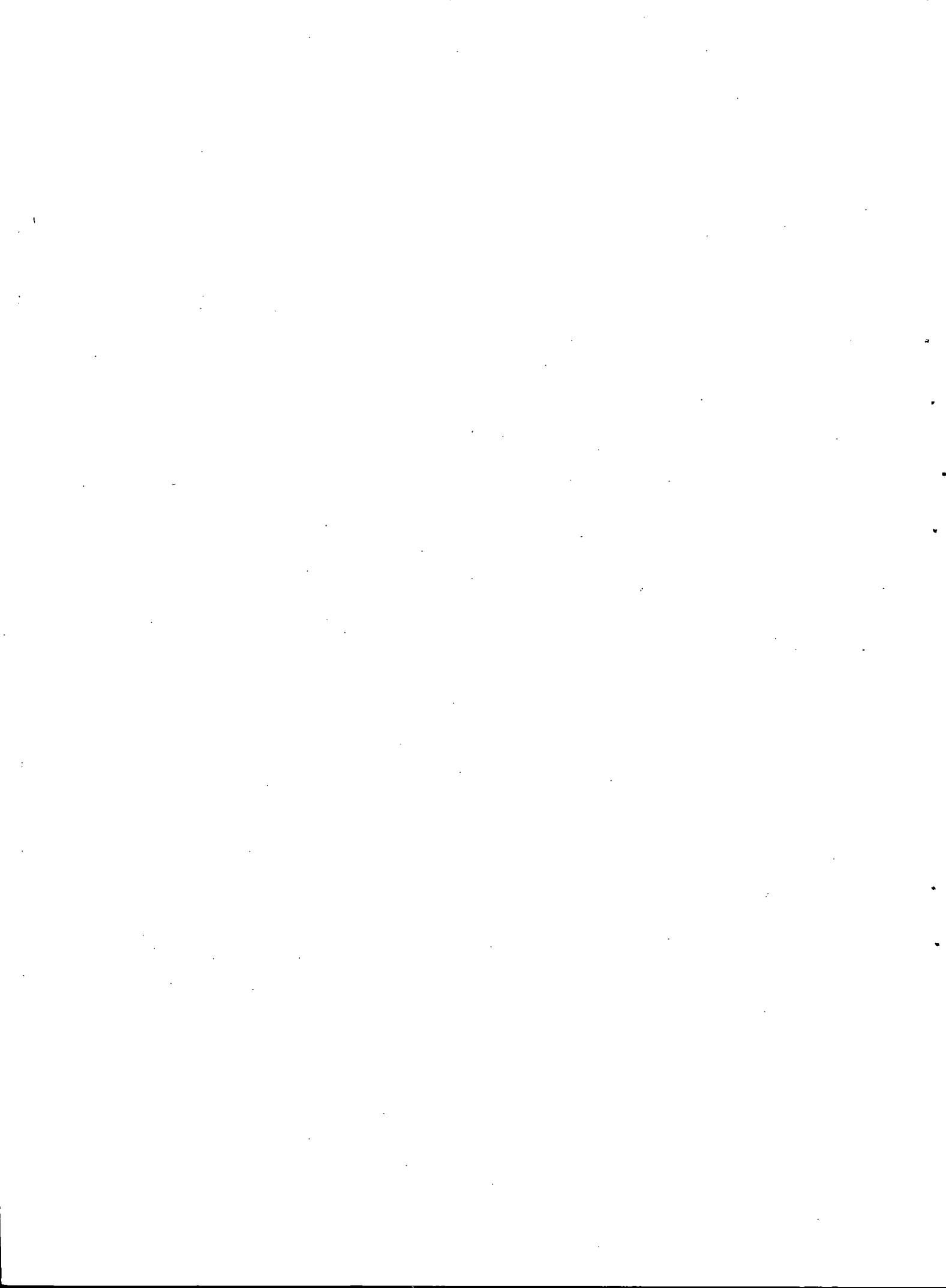
  
(SWORD VASHUM)  
Principal Accountant General (Audit)

Countersigned

NEW DELHI  
THE

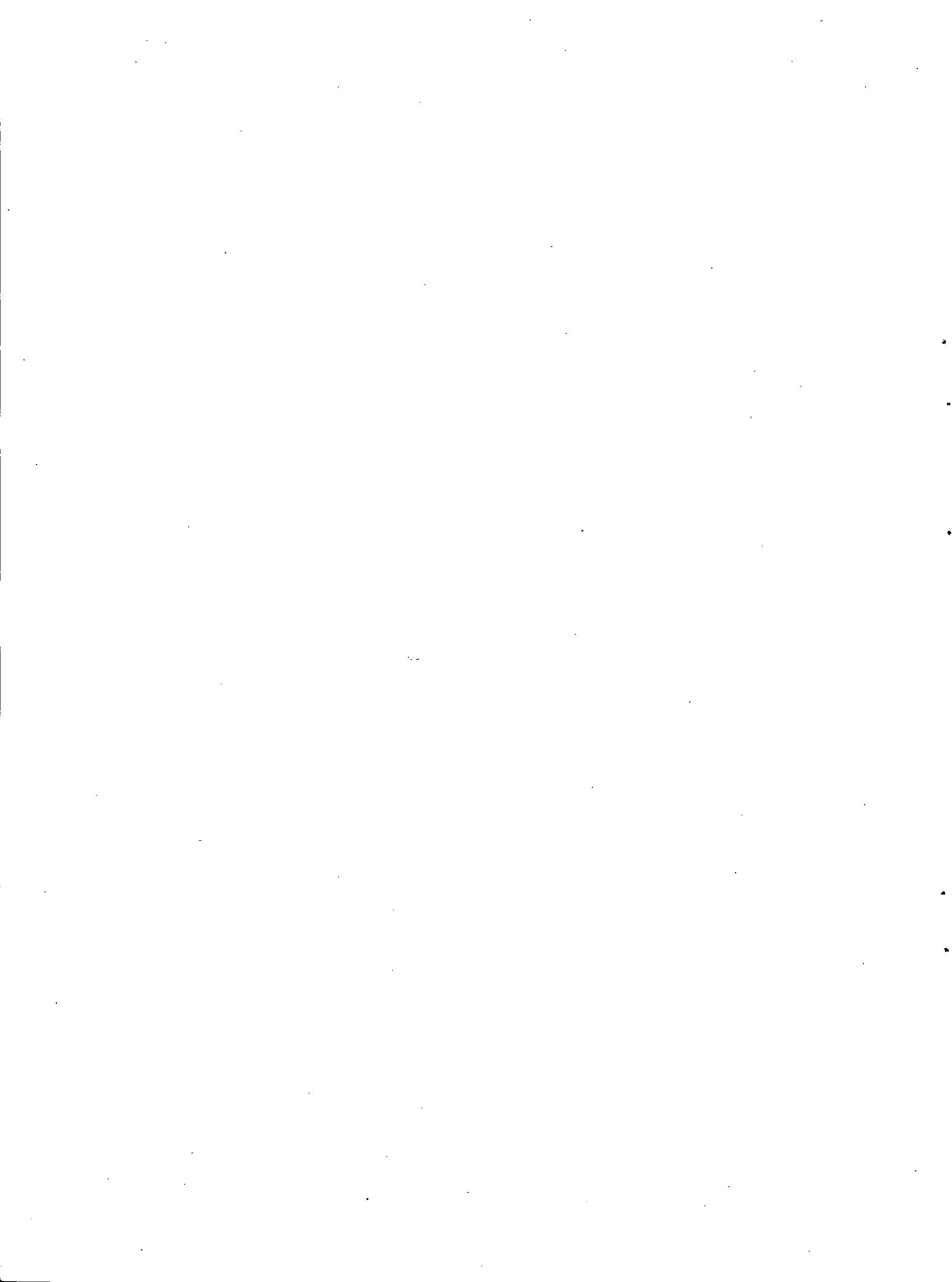
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(VIJAYENDRA N. KAUL)  
Comptroller and Auditor General of India)





# Annexures



**ANNEXURE-1**

(Referred to in Paragraphs 1.4, 1.5, 1.6 and 1.24)

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2005 in respect of Government companies and Statutory corporations

(Figures in Column-3 (a) to 4 (f) are Rupees in lakh)

Sl. No.	Sector and Name of the Company	Paid-up capital at the end of current year					Equity/loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 2004-2005			Debt equity ratio for 2004-2005 (previous year) 4(f)/3e
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	(5)
<b>A. Working Government companies:</b>													
<b>AGRICULTURE &amp; ALLIED SECTOR</b>													
1.	Assam Seeds Corporation Limited	145.80	-	-	-	145.80	-	-	-	389.00	86.92	475.92	3.26:1 (3.26:1)
2.	Assam Agro-Industries Development Corporation Limited	110.00	110.00	-	-	220.00	-	-	-	676.00	50.00	726.00	3.30:1 (3.30:1)
3.	Assam State Minor Irrigation Development Corporation Limited	1735.00	-	-	-	1735.00	-	-	-	3199.28	-	3199.28	1.84:1 (1.84:1)
4.	Assam Fisheries Development Corporation Limited	48.95	-	-	-	48.95	-	-	-	-	-	-	-
5.	Assam Livestock and Poultry Corporation Limited	6.50	212.50	-	-	219.00	-	-	-	10.00	-	10.00	0.05:1 (0.05:1)
6.	Assam Tea Corporation Limited	2953.94	-	-	0.01	2953.95	-	747.09	-	3225.07	-	3225.07	1.09:1 (0.84:1)
Sector-wise total		5000.19	322.50	-	0.01	5322.70	-	747.09	-	7499.35	136.92	7636.27	1.43:1 (1.29:1)

*Audit Report (Commercial) for the year ended 31 March 2005*

(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	(5)
<b>INDUSTRY SECTOR</b>													
7.	Assam Hills Small Industries Development Corporation Limited	200.00	-	-	-	200.00	-	20.00	-	1294.00	-	1294.00	6.47:1 (6.37:1)
8.	Assam Industrial Development Corporation Limited	9231.24	-	-	-	9231.24	-	-	-	1697.31	-	1697.31	0.18:1 (0.50:1)
9.	Assam Small Industries Development Corporation Limited	650.91	-	-	18.87	669.78	-	-	-	104.42	-	104.42	0.16:1 (0.56:1)
10.	Assam Gas Company Limited	1691.45	-	-	-	1691.45	-	-	6600.00	-	9359.00	9359.00	5.53:1 (1.87:1)
11.	Assam Petrochemicals Limited (Subsidiary of AIDC Limited)	-	-	804.15	108.45	912.60	-	-	-	-	-	-	-
12.	Ashok Paper Mills (Assam) Limited	1.01	-	-	-	1.01	-	-	-	267.23	-	267.23	264.58:1 (266.70:1)
Sector-wise total		11774.61	-	804.15	127.32	12706.08	-	20.00	6600.00	3362.96	9359.00	12721.96	1.00:1 (0.76:1)
<b>ENGINEERING SECTOR</b>													
13.	Assam Conductors and Tubes Limited	153.54	-	-	-	153.54	-	-	-	330.50	101.90	432.40	2.82:1 (2.82:1)
Sector-wise total		153.54	-	-	-	153.54	-	-	-	330.50	101.90	432.40	2.82:1 (2.82:1)
<b>ELECTRONICS SECTOR</b>													
14.	Assam Electronics Development Corporation Limited	946.48	-	-	-	946.48	20.00	-	338.28	55.00	585.72	640.72	0.68:1 (0.33:1)
15.	Amtron Informatics (India) Limited	-	-	1.00	-	1.00	-	-	-	-	132.09	132.09	132.09:1
Sector-wise total		946.48	-	1.00	-	947.48	20.00	-	338.28	55.00	717.81	772.81	0.82:1 (0.33:1)
<b>TENTILE SECTOR</b>													
16.	Assam State Textile Corporation Limited	1576.45	-	-	-	1576.45	-	132.22	-	946.15	367.60	1313.75	0.83:1 (0.75:1)
Sector-wise total		1576.45	-	-	-	1576.45	-	132.22	-	946.15	367.60	1313.75	0.83:1 (0.75:1)

(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	(5)
<b>HANDLOOM AND HANDICRAFTS SECTOR</b>													
17.	Assam Power loom Development Corporation Limited	354.47	-	-	-	354.47	-	-	-	-	-	-	-
Sector-wise total		354.47	-	-	-	354.47	-	-	-	-	-	-	-
<b>FOREST SECTOR</b>													
18.	Assam Plantation Crops Development Corporation Limited	500.00	-	-	-	500.00	-	-	-	578.00	-	578.00	1.16:1 (1.16:1)
Sector-wise total		500.00	-	-	-	500.00	-	-	-	578.00	-	578.00	1.16:1 (1.16:1)
<b>MINING SECTOR</b>													
19.	Assam Mineral Development Corporation Limited	488.60	-	-	-	488.60	-	-	-	-	62.50	62.50	0.13:1 (0.51:1)
Sector-wise total		488.60	-	-	-	488.60	-	-	-	-	62.50	62.50	0.13:1 (0.51:1)
<b>CONSTRUCTION SECTOR</b>													
20.	Assam Police Housing Corporation Limited	3.50	-	-	-	3.50	-	-	-	-	-	-	-
21.	Assam Government Construction Corporation Limited	200.00	-	-	-	200.00	-	-	-	-	-	-	-
Sector-wise total		203.50	-	-	-	203.50	-	-	-	-	-	-	-
<b>DEVELOPMENT OF ECONOMICALLY WEAKER SECTION SECTOR</b>													
22.	Assam Plains Tribes Development Corporation Limited	224.92	-	-	-	224.92	-	-	-	-	1383.29	1383.29	6.15:1 (8.15:1)
23.	Assam State Development Corporation for Other Backward Classes Limited	249.80	-	-	-	249.80	10.00	-	-	-	378.84	378.84	1.52:1 (1.77:1)
24.	Assam State Development Corporation for Scheduled Castes Limited	488.83	450.97	-	-	939.80	-	-	-	-	1328.17	1328.17	1.41:1 (1.60:1)
Sector-wise total		963.55	450.97	-	-	1414.52	10.00	-	-	-	3090.30	3090.30	2.18:1 (2.36:1)

*Audit Report (Commercial) for the year ended 31 March 2005*

(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	(5)
<b>TOURISM SECTOR</b>													
25.	Assam Tourism Development Corporation Limited	39.00	-	-	-	39.00	5.00	-	-	-	0.29	0.29	0.01:1 (0.09:1)
Sector-wise total		39.00	-	-	-	39.00	5.00	-	-	-	0.29	0.29	0.01:1 (0.09:1)
<b>DRUGS, CHEMICALS AND PHARMACEUTICAL SECTOR</b>													
26.	Assam State Fertilizers and Chemicals Limited (A subsidiary of AIDC Limited)	-	-	375.75	-	375.75	-	-	-	-	693.88	693.88	1.85:1 (1.85:1)
Sector-wise total		-	-	375.75	-	375.75	-	-	-	-	693.88	693.88	1.85:1 (1.85:1)
<b>MISCELLANEOUS SECTOR</b>													
27.	Assam Government Marketing Corporation Limited	215.52	133.50	-	-	349.02	-	-	-	158.13	-	158.13	0.45:1 (0.45:1)
28.	Assam State Film (Finance & Development) Corporation Limited	9.94	-	-	0.06	10.00	-	-	-	4.00	-	4.00	0.40:1 (0.40:1)
29.	Assam State Text Book Production and Publication Corporation Limited	100.00	-	-	-	100.00	-	-	-	-	-	-	-
Sector-wise total		325.46	133.50	-	0.06	459.02	-	-	-	162.13	-	162.13	0.35:1 (0.35:1)
Total A (All sector-wise working Government companies)		22325.85	906.97	1180.90	127.39	24541.11	35.00	899.31	6938.28	12934.09	14530.20	27464.29	1.12:1 (0.96:1)
<b>B. Working Statutory Corporations:</b>													
<b>POWER SECTOR</b>													
1.	Assam State Electricity Board	135000	-	-	-	135000	-	14277.00	2599.48	198790.38	6546.57	205336.95	1.52:1 (0.09:1)
Sector-wise total		135000	-	-	-	135000	-	14277.00	2599.48	198790.38	6546.57	205336.95	1.52:1 (0.09:1)
<b>TRANSPORT SECTOR</b>													
2.	Assam State Transport Corporation	15747.10	1025.77	-	-	16772.87	-	458.00	-	15466.95	-	15466.95	0.92:1 (0.89:1)
Sector-wise total		15747.10	1025.77	-	-	16772.87	-	458.00	-	15466.95	-	15466.95	0.92:1 (0.89:1)

## Annexure

(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	(5)
<b>FINANCING SECTOR</b>													
3.	Assam Financial Corporation	870.47	444.18	-	28.32	1342.97	-	-	-	1662.31	5220.60	6882.91	5.13:1 (9.24:1)
Sector-wise total		870.47	444.18	-	28.32	1342.97	-	-	-	1662.31	5220.60	6882.91	5.13:1 (9.24:1)
<b>AGRICULTURE AND ALLIED SECTOR</b>													
4.	Assam State Warehousing Corporation	527.00	507.00	-	-	*1034.00	-	229.44	-	456.29	-	456.29	0.44:1 (0.22:1)
Sector-wise total		527.00	507.00	-	-	1034.00	-	229.44	-	456.29	-	456.29	0.44:1 (0.22:1)
Total B (All sector-wise working Statutory corporations)		152144.57	1976.95	-	28.32	154149.84	-	14964.44	2599.48	216375.93	11767.17	228143.10	1.48:1 (0.23:1)
Total (A+B)		174470.42	2883.92	1180.90	155.71	178690.95	35.00	15863.75	9537.76	229310.02	26297.37	255607.39	1.43:11 (0.33:1)
<b>C. Non-working Government companies:</b>													
<b>INDUSTRY SECTOR</b>													
1.	Assam Tanneries Limited	1.46	-	-	0.94	2.40	-	-	-	-	-	-	-
2.	Industrial Papers (Assam) Limited	-	-	39.93	-	39.93	-	-	-	-	-	-	-
Sector-wise total		1.46	-	39.93	0.94	42.33	-	-	-	-	-	-	-
<b>ELECTRONICS SECTOR</b>													
3.	Amtron Sen Electronics Limited	-	-	2.00	-	2.00	-	-	-	-	-	-	-
Sector-wise total		-	-	2.00	-	2.00	-	-	-	-	-	-	-
<b>TEXTILE SECTOR</b>													
4.	Assam Spun Silk Mills Limited	169.59	-	-	-	169.59	-	-	-	262.00	-	262.00	1.54:1 (1.54:1)
5.	Assam Polytex Limited	-	-	562.00	-	562.00	-	-	-	-	629.72	629.72	1.12:1 (1.12:1)
6.	Assam Syntex Limited	-	-	511.50	-	511.50	-	96.82	-	362.01	368.23	730.24	1.42:1 (1.24:1)
7.	Assam State Weaving and Manufacturing Company Limited	-	-	1116.61	-	1116.61	-	-	-	28.70	1470.14	1498.84	1.34:1 (1.34:1)
Sector-wise total		169.59	-	2190.11	-	2359.70	-	96.82	-	652.71	2468.09	3120.80	1.32:1 (1.28:1)

\* The Company provided the figure (provisional) of Rs. 1044.00 lakh in the previous year.

Audit Report (Commercial) for the year ended 31 March 2005

(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	(5)
<b>MINING SECTOR</b>													
8.	Assam & Meghalaya Mineral Development Corporation Limited	20.31	-	-	3.13	23.44	-	-	-	-	-	-	-
Sector-wise total		20.31	-	-	3.13	23.44	-	-	-	-	-	-	-
<b>SUGAR SECTOR</b>													
9.	Cachar Sugar Mills Limited	-	-	297.63	40.22	337.85	-	-	-	-	896.05	896.05	2.65:1 (2.65:1)
Sector-wise total		-	-	297.63	40.22	337.85	-	-	-	-	896.05	896.05	2.65:1 (2.65:1)
<b>DRUGS, CHEMICALS AND PHARMACEUTICAL SECTOR</b>													
10.	Fertichem Limited	-	-	199.84	-	199.84	-	-	-	-	223.92	223.92	1.12:1 (1.12:1)
Sector-wise total		-	-	199.84	-	199.84	-	-	-	-	223.92	223.92	1.12:1 (1.12:1)
Total C (All sector-wise non-working Government companies)		191.36	-	2729.51	44.29	2965.16	-	96.82	-	652.71	3588.06	4240.77	1.43:1 (0.97:1)
Grand Total (A+B+C)		174661.78	2883.92	3910.41	200.00	181656.11	35.00	15960.57	9537.76	229962.73	29885.43	259848.16	1.43:1 (0.34:1)

> Companies/Corporations at Sl. No. A-3, 13, 18 and 26; C-1 to 10 except Sl. No.2 did not furnish information for the year 2004-05.

> All figures in respect of companies and corporations are provisional and as given by the companies/corporations.

> Loans outstanding as at the close of 2004-05 represent long term loans only.

\* Includes bonds, debentures, inter-corporate deposits *etc.*



**ANNEXURE-2**

(Referred to in Paragraphs 1.7, 1.8, 1.9, 1.17, 1.26 and 1.27)

**Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised.**

(Figures in Column-7 to 12 and 15 are Rupees in lakh)

Sl. No.	Sector and name of the Companies/corporations	Name of the Department	Date of incorporation	Period of Accounts	Year in which Accounts finalised	Net Profit (+)/ Loss (-)	Net impact of Audit Comments	Paid-up capital	Accumulated Profit (+)/ Loss (-)	Capital employed (A)	Total Return on Capital employed	Percentage of total Return on capital employed	Arrears of Accounts in terms of years	Turnover	Man power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	15	16
<b>A. Working Government companies.</b>															
<b>AGRICULTURE &amp; ALLIED SECTOR</b>															
1.	Assam Seeds Corporation Limited	Agriculture	27 January 1967	1996-97	2005-06	(-) 101.96	(+) 4.94	145.80	(-) 2291.27	707.34	(-) 101.96	-	8	0.66	310
2.	Assam Agro-Industries Development Corporation Limited	Agriculture	27 January 1975	2002-03	2005-06	(-) 362.58	(-) 21.69	220.00	(-) 2497.66	(-) 909.91	(-) 295.61	-	2	1076.31	205
3.	Assam State Minor Irrigation Development Corporation Limited	Agriculture	15 October 1980	1988-89	1998-99	(-) 67.33	(-) 0.12	695.00	(-) 192.03	3216.52	(-) 67.33	-	16	1049.49	NA
4.	Assam Fisheries Development Corporation Limited	Fisheries	1 March 1977	1996-97	2005-06	2.91	2.85	46.00	(-) 314.42	663.38	2.91	0.44	8	87.49	110
5.	Assam Livestock and Poultry Corporation Limited	Animal Husbandry	6 February 1984	1985-86	1999-00	(-) 0.91	-	2.50	(-) 0.91	1.59	(-) 0.91	-	19	2.47	26
6.	Assam Tea Corporation Limited	Industries	4 February 1972	1997-98	2003-04	278.56	(-) 12.51	2753.95	(-) 5360.66	3792.66	909.00	23.97	07	4816.49	15412
<b>Sector-wise total</b>						<b>(-) 251.31</b>	<b>(-) 26.53</b>	<b>3863.25</b>	<b>(-) 10656.95</b>	<b>7471.58</b>	<b>446.10</b>	<b>8.70</b>	<b>-</b>	<b>7032.91</b>	<b>-</b>

*Audit Report (Commercial) for the year ended 31 March 2005*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	15	16
<b>INDUSTRY SECTOR</b>															
7.	Assam Hills Small Industries Development Corporation Limited	Industries	30 March 1964	1988-89	2003-04	(-) 29.56	-	200.00	(-) 217.45	381.91	(-) 29.56	-	16	13.28	65
8.	Assam Industrial Development Corporation Limited	Industries	21 April 1965	2002-03	2005-06	(-) 66.54	8.92	9231.25	(-) 8311.58	7270.22	(-) 66.54	-	2	150.66	194
9.	Assam Small Industries Development Corporation Limited	Industries	27 March 1962	1991-92	2003-04	(-) 22.72	(-) 2.13	549.79	(-) 337.26	322.24	-	-	13	1238.05	208
10.	Assam Gas Company Limited	Industries	31 March 1962	2003-04	2004-05	2346.73	(-) 168.39	1691.45	5178.68	11527.33	2559.58	22.20	1	7139.56	396
11.	Assam Petrochemicals Limited (Subsidiary of AIDC Limited)	Industries	22 April 1971	2003-04	2004-05	1036.02	1.81	912.60	2097.41	3918.50	1059.91	27.05	1	5388.36	498
12.	Ashok Paper Mills (Assam) Limited	Industries	7 June 1991	2003-04	2005-06	(-) 532.24	-	1.00	(-) 2841.95	9782.28	(-) 482.34	-	1	18.00	10
<b>Sector-wise total</b>						<b>2731.69</b>	<b>(-) 159.79</b>	<b>12586.09</b>	<b>(-) 4432.15</b>	<b>33202.48</b>	<b>3041.05</b>	<b>9.16</b>		<b>13947.91</b>	
<b>ENGINEERING SECTOR</b>															
13.	Assam Conductors and Tubes Limited	Industries	22 June 1964	1992-93	2004-05	(-) 6.60	-	25.00	(-) 272.92	178.64	(-) 6.47	-	12	109.93	NA
<b>Sector-wise total</b>						<b>(-) 6.60</b>		<b>25.00</b>	<b>(-) 272.92</b>	<b>178.64</b>	<b>(-) 6.47</b>			<b>109.93</b>	
<b>ELECTRONICS SECTOR</b>															
14.	Assam Electronics Development Corporation Limited	Industries	4 April 1984	1996-97	2005-06	(-) 44.24	71.45	791.91	(-) 331.89	486.08	(-) 22.26	-	8	89.35	129
15.	Amtron Informatics (India) Limited	Industries	27 March 2002	-	-	-	-	-	-	-	-	-	9	-	42
<b>Sector-wise total</b>						<b>(-) 44.24</b>	<b>71.45</b>	<b>791.91</b>	<b>(-) 331.89</b>	<b>486.08</b>	<b>(-) 22.26</b>			<b>89.35</b>	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>TEXTILE SECTOR</b>															
16.	Assam State Textile Corporation Limited	Industries	26 February 1980	1995-96	2001-02	(-) 503.00	(-) 2.20	1544.50	(-) 3638.86	777.76	(-) 192.24	-	09	1402.43	213
Sector-wise total		-	-	-	-	(-) 503.00	(-) 2.20	1544.50	(-) 3638.86	777.76	(-) 192.24	-	-	1402.43	-
<b>HANDBLOOM AND HANDICRAFTS SECTOR</b>															
17.	Assam Power loom Development Corporation Limited	Handloom, Textiles and Sericulture	5 March 1990	1993-94	2001-02	-	-	147.01	Commercial function not yet started				11	-	11
Sector-wise total		-	-	-	-	-	-	147.01					-	-	-
<b>FOREST SECTOR</b>															
18.	Assam Plantation Crops Development Corporation Limited	Forest	1 November 1974	1987-88	1995-96	(-) 43.70	(-) 7.99	500.00	(-) 179.70	921.38	15.21	1.65	17	21.58	238
Sector-wise total		-	-	-	-	(-) 43.70	(-) 7.99	500.00	(-) 179.70	921.38	15.21	1.65	-	21.58	-
<b>MINING SECTOR</b>															
19.	Assam Mineral Development Corporation Limited	Power, Mines and Minerals	19 May 1983	1997-98	2004-05	(-) 15.00	-	488.60	(-) 242.52	450.96	(-) 15.00	-	7	502.53	167
Sector-wise total		-	-	-	-	(-) 15.00	-	488.60	(-) 242.52	450.96	(-) 15.00	-	-	502.53	-
<b>CONSTRUCTION SECTOR</b>															
20.	Assam Police Housing Corporation Limited	Home	5 November 1980	1994-95	2003-04	(-) 62.10	(-) 2.48	3.50	(-) 95.08	(-) 4.27	(-) 62.04	-	10	20.83	207
21.	Assam Government Construction Corporation Limited	PWD (R&B)	24 March 1964	1994-95	2003-04	(-) 45.11	-	170.00	(-) 457.76	(-) 202.35	(-) 45.11	-	10	125.16	329
Sector-wise total		-	-	-	-	(-) 107.21	(-) 2.48	173.50	(-) 552.84	(-) 206.62	(-) 107.15	-	-	145.99	-

*Audit Report (Commercial) for the year ended 31 March 2005*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>DEVELOPMENT OF ECONOMICALLY WEAKER SECTION SECTOR</b>															
22.	Assam Plains Tribes Development Corporation Limited	Welfare of Plains Tribes and Backward Classes	29 March 1975	1987-88	2003-04	(-) 34.24	-	93.61	(-) 207.08	(-) 113.46	(-) 34.19	-	17	0.78	117
23.	Assam State Development Corporation for Other Backward Classes Limited	Welfare of Plains Tribes and Backward Classes	6 August 1975	1990-91	2005-06	(-) 11.54	-	123.16	(-) 10.05	(-) 52.31	(-) 10.74	-	14	-	37
24.	Assam State Development Corporation for Scheduled Castes Limited	Welfare of Plains Tribes and Backward Classes	18 January 1975	1994-95	2005-06	(-) 65.85	-	775.90	(-) 270.92	363.70	(-) 52.85	-	10	1.16	156
<b>Sector-wise total</b>						<b>(-) 111.63</b>	<b>-</b>	<b>992.67</b>	<b>(-) 488.05</b>	<b>197.93</b>	<b>(-) 97.78</b>	<b>-</b>	<b>-</b>	<b>1.94</b>	<b>-</b>
<b>TOURISM SECTOR</b>															
25.	Assam Tourism Development Corporation Limited	Tourism	6 June 1988	1996-97	2005-06	10.61	(-) 0.54	24.00	(-) 20.45	711.69	10.61	1.49	8	22.14	84
<b>Sector-wise total</b>						<b>10.61</b>	<b>(-) 0.54</b>	<b>24.00</b>	<b>(-) 20.45</b>	<b>711.69</b>	<b>10.61</b>	<b>1.49</b>	<b>-</b>	<b>22.14</b>	<b>-</b>
<b>DRUGS, CHEMICALS AND PHARMACEUTICAL SECTOR</b>															
26.	Assam State Fertilizers and Chemicals Limited (A subsidiary of AIDC Limited)	Industries	30 March 1988	2001-02	2005-06	(-) 26.89	(-) 16.03	374.95	(-) 932.14	(-) 92.77	(-) 26.84	-	3	73.04	43
<b>Sector-wise total</b>						<b>(-) 26.89</b>	<b>(-) 16.03</b>	<b>374.95</b>	<b>(-) 932.14</b>	<b>(-) 92.77</b>	<b>(-) 26.84</b>	<b>-</b>	<b>-</b>	<b>73.04</b>	<b>-</b>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>MISCELLANEOUS SECTOR</b>															
27.	Assam Government Marketing Corporation Limited	Industries	16 December 1959	1983-84	2003-04	(-) 5.92	0.23	145.77	(-) 59.32	238.12	(-) 5.92	-	21	140.77	200
28.	Assam State Film (Finance & Development) Corporation Limited	Industries	4 September 1974	1992-93	2004-05	(-) 2.66	(-) 1.97	9.94	(-) 13.10	(-) 0.40	(-) 2.24	-	12	-	11
29.	Assam State Text Book Production and Publication Corporation Limited	Education	3 March 1972	1990-91	2005-06	91.25	(-) 1.26	100.00	212.19	764.11	129.82	16.99	14	761.38	128
Sector-wise total		-	-	-	-	82.67	(-) 3.00	255.71	139.77	1001.83	121.66	12.14	-	902.15	-
Total A (All sector-wise working Government companies)		-	-	-	-	1715.39	(-) 147.11	21767.19	(-) 21608.78	45108.94	3166.89	7.02	-	24251.90	-
<b>B. Working Statutory Corporations:</b>															
<b>POWER SECTOR</b>															
1.	Assam State Electricity Board	Power, Mines and Minerals	January 1975	2003-04	2005-06	(-) 65547.74	16860.88	135000	(-) 469340.67	67186.03	(-) 38901.92	-	1	84169.91	16471
Sector-wise total		-	-	-	-	(-) 65547.74	16860.88	135000	(-) 469340.67	67186.03	(-) 38901.92	-	-	84169.91	-
<b>TRANSPORT SECTOR</b>															
2.	Assam State Transport Corporation	Transport	March 1970	1996-97	2003-04	(-) 2657.21	(-) 2954.37	16772.87	(-) 23198.01	1987.75	(-) 2098.83	-	8	1986.52	2828
Sector-wise total		-	-	-	-	(-) 2657.21	(-) 2954.37	16772.87	(-) 23198.01	1987.75	(-) 2098.83	-	-	1986.52	-
<b>FINANCING SECTOR</b>															
3.	Assam Financial Corporation	Finance	April 1954	2002-03	2005-06	(-) 30.88	-	1342.97	(-) 7026.71	8932.50	(-) 30.88	-	2	284.55	181
Sector-wise total		-	-	-	-	(-) 30.88	-	1342.97	(-) 7026.71	8932.50	(-) 30.88	-	-	284.55	-

*Audit Report (Commercial) for the year ended 31 March 2005*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>AGRICULTURE AND ALLIED SECTOR</b>															
4.	Assam State Warehousing Corporation	Cooperation	August 1958	1999-2000	2005-06	1.02	33.05	1014.00	(-) 244.10	1397.02	15.87	1.14	5	540.72	438
Sector-wise total		-	-	-	-	1.02	33.05	1014.00	(-) 244.10	1397.02	15.87	1.14	-	540.72	-
Total B (All sector-wise working Statutory corporations)		-	-	-	-	(-) 68234.81	13939.56	154129.84	(-) 499809.49	79503.30	(-) 41015.76	-	-	86981.70	-
Total (A+B)		-	-	-	-	(-) 66519.42	13792.45	175897.03	(-) 521418.19	124604.24	(-) 37848.87	-	-	111233.60	-
<b>C. Non-working Government companies:</b>															
<b>INDUSTRY SECTOR</b>															
1.	Assam Tanneries Limited	Industries	28 September 1961	1982 (Year ended December)	1983-84	(-) 0.12	-	2.40	(-) 3.79	0.04	(-) 0.08	-	22	NA	NA
2.	Industrial Papers (Assam) Limited	Industries	6 September 1974	1996-97	2004-05	-	-	39.93	Commercial function not yet started			-	8	-	22
Sector-wise total		-	-	-	-	(-) 0.12	-	42.33	(-) 3.79	0.04	(-) 0.08	-	-	-	-
<b>ELECTRONICS SECTOR</b>															
3.	Amtron Sen Electronics Limited	Industries	25 October 1985	1991-92	1993-94	(-) 0.77	-	2.00	(-) 0.20	14.11	0.46	3.26	13	-	-
Sector-wise total		-	-	-	-	(-) 0.77	-	2.00	(-) 0.20	14.11	0.46	3.26	-	-	-
<b>TEXTILE SECTOR</b>															
4.	Assam Spun Silk Mills Limited	Industries	31 March 1960	1991-92	1996-97	(-) 7.46	(-) 3.88	169.59	(-) 353.61	31.65	(-) 7.46	-	13	244.54	NA
5.	Assam Polytex Limited	Industries	29 May 1982	1987-88	1993-94	-	-	526.01	Commercial function not yet started			-	17	-	NA
6.	Assam Syntex Limited (subsidiary of AIDC Limited)	Industries	April 1995	1996-97	2003-04	(-) 295.17	-	511.50	(-) 2332.40	(-) 159.08	(-) 186.27	-	8	0.01	488
7.	Assam State Weaving and Manufacturing Company Limited (Subsidiary of AIDC Limited)	Industries	29 November 1988	1996-97	2004-05	(-) 62.00	(-) 9.08	1060.95	(-) 300.41	1871.06	(-) 62.00	-	8	-	106
Sector-wise total		-	-	-	-	(-) 364.63	(-) 12.96	2268.05	(-) 2936.42	1743.63	(-) 255.73	-	-	244.54	-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>MINING SECTOR</b>															
8.	Assam & Meghalaya Mineral Development Corporation Limited	Power, Mines and Minerals	10 August 1964	1983-84	1984-85	(-) 0.73	-	23.44	(-) 8.73	4.72	(-) 0.73	-	21	0.02	NA
Sector-wise total						(-) 0.73	-	23.44	(-) 8.73	4.72	(-) 0.73	-	-	0.02	-
<b>SUGAR SECTOR</b>															
9.	Cachar Sugar Mills Limited (Subsidiary of AIDC Limited)	Industries	30 March 1972	1985-86	1994-95	(-) 118.21	-	337.85	(-) 1250.78	338.89	(-) 53.36	-	19	2.20	96
Sector-wise total						(-) 118.21	-	337.85	(-) 1250.78	338.89	(-) 53.36	-	-	2.20	96
<b>DRUGS, CHEMICALS AND PHARMACEUTICAL SECTOR</b>															
10.	Fertichem Limited (Subsidiary of AIDC Limited)	Industries	29 March 1974	1996-97	2005-06	(-) 90.11	-	199.47	(-) 1172.27	(-) 5.78	(-) 75.77	-	8	17.83	6
Sector-wise total						(-) 90.11	-	199.47	(-) 1172.27	(-) 5.78	(-) 75.77	-	-	17.83	-
Total C (All sector-wise non-working Government companies)						(-) 574.57	(-) 12.96	2873.34	(-) 5422.19	2095.61	(-) 385.21	-	-	264.59	-
Grand Total (A+B+C)						(-) 67093.99	13779.49	178770.37	(-) 526840.38	126699.85	(-) 38234.08	-	-	111498.19	-

(A): 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 balance of paid-up capital, free reserves, bonds, deposits and borrowings (including re-finance).

**ANNEXURE-3**

(Referred to in Paragraphs 1.6 and 1.24)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2005.

(Figures in Column-3 (a) to 7 are Rupees in lakh)

Sl No.	Name of the Public Sector Undertakings	Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Government	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repaying at written off	Interest waived	Penal interest waived	Total		
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	5 (a)	5 (b)	5 (c)	5 (d)	6	7
<b>A. Working Government Companies:</b>																
1.	Assam State Textile Corporation Limited	-	-	-	-	-	(249.60)	-	-	(249.60)	-	-	-	-	-	-
2.	Assam Small Industries Development Corporation Limited	-	90.88	-	90.88	-	-	-	-	-	-	-	-	-	-	-
3.	Assam Gas Company Limited	-	-	-	-	-	(1780)	-	-	(1780)	-	-	-	-	-	-
4.	Assam Tea Corporation Limited	-	-	-	-	(6998.27)	-	-	-	(6998.27)	-	-	-	-	-	-
5.	Assam Electronics Development Corporation Limited	-	-	-	-	500.00 (227.44)	-	-	-	500.00 (227.44)	-	-	-	-	-	-
6.	Assam State Development Corporation for Other Backward Classes Limited	-	20.00	-	20.00	-	-	-	-	-	-	-	-	-	-	-



1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	5 (a)	5 (b)	5 (c)	5 (d)	6	7
7.	Assam State Development Corporation for Scheduled Castes Limited	-	299.34	-	299.34	-	-	-	-	(900.00)	-	-	-	-	-	-
8.	Assam Seeds Corporation Limited	-	131.06	-	131.06	-	-	-	-	-	-	-	-	-	-	-
9.	Assam Mineral Development Corporation Limited	250	-	-	250	-	-	-	-	-	-	-	-	-	-	-
10.	Assam Tourism Development Corporation Limited	903.29	176.73	-	1080.02	-	-	-	-	-	-	-	-	-	-	-
11.	Assam Industrial Development Corporation Limited	0.67	303.00	-	303.67	-	-	-	-	-	-	-	-	-	-	-
12.	Ashok Paper Mills (Assam) Limited	-	12.83	-	12.83	-	-	-	-	-	-	-	-	-	-	-
13.	Assam Petrochemicals Limited	9.98	191.22	-	201.20	-	-	-	-	-	-	-	-	-	-	-
Total-A		1163.94	1228.06	-	3389.00	500	-	-	-	500	-	-	-	-	-	-
						(7225.71)	(3992.10)			(10217.81)						
<b>B. Working Statutory Corporations:</b>																
1.	Assam State Electricity Board	-	57369.00	-	57369.00	-	12500.00	-	-	12500.00	-	-	-	-	-	-
							(26263.46)			(26263.46)						
2.	Assam Financial Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
							(5220)			(5220)						
3.	Assam State Transport Corporation	-	1000.00	-	1000.00	-	-	-	-	-	-	-	-	-	-	-
Total-B			58369.00		58369.00		12500.00			13500.00						
							(31483.46)			(31483.46)						
<b>C. Non-working Government Companies:</b>																
1.	Assam Syntex Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
							(69.14)			(69.14)						
Total-C							(69.14)			(69.14)						
Grand Total (A+B+C)		1163.94	59594.06		60758.00	500	12500.00			13000.00						
						(7225.71)	(34544.70)			(41770.41)						

\* Subsidy includes subsidy receivable at the end of year, and has been shown in brackets.

\*\* Figures in brackets indicate guarantees outstanding at the end of the year.

**ANNEXURE-4**

(Referred to in Paragraph 1.8)

**Statement showing financial position of Statutory corporations**

Particulars	2001-2002	2002-2003	2003-2004
	(Rupees in crore)		
<b>Working statutory corporations</b>			
<b>1. Assam State Electricity Board</b>			
<b>A. Liabilities</b>			
Equity Capital	1350.00	1350.00	1350.00
Loans from Government	625.51	572.68	552.91
Other long-term loans (including bonds)	3625.83	3770.55	4140.08
Reserves and surplus	400.14	521.48	716.26
Current liabilities and provisions	2227.11	1581.43	1703.90
<b>Total-A</b>	<b>8228.59</b>	<b>7796.14</b>	<b>8463.15</b>
<b>B. Assets</b>			
Gross fixed assets	1776.26	1918.70	1960.34
Less: Depreciation	918.64	1271.22	1386.59
Net fixed assets	857.62	647.48	573.75
Capital work-in-progress	849.80	761.77	749.74
Current assets*	1933.92	2216.82	2233.86
Investments	129.89	113.72	193.96
Miscellaneous expenditure/Deferred cost	18.35	18.42	18.43
Deficits	4439.01	4037.93	4693.41
<b>Total-B</b>	<b>8228.59</b>	<b>7796.14</b>	<b>8463.15</b>
<b>C. Capital employed**</b>	<b>437.91</b>	<b>863.05</b>	<b>671.86</b>
<b>2. Assam State Transport Corporation</b>			
	<b>2000-2001</b>	<b>2001-2002</b>	<b>2002-2003</b>
	<b>(Provisional)</b>	<b>(Provisional)</b>	<b>(Provisional)</b>
<b>A. Liabilities</b>			
Capital (including capital loan & equity capital)	295.67	317.34	334.01
Borrowings (Government)	-	-	-
(Others)			
Funds***	10.68	10.68	10.68
Trade dues and other current liabilities (including provisions)	89.16	109.71	129.75
<b>Total</b>	<b>395.51</b>	<b>437.73</b>	<b>474.44</b>

\* Includes subsidy receivables of Rs.976.28 crore, Rs.1181.59 crore and Rs.1181.59 crore during 2001-02, 2002-03 and 2003-04 respectively.

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

\*\*\* Excluding depreciation funds but including reserves and surplus.

<b>B. Assets</b>	<b>2000-2001 (Provisional)</b>	<b>2001-2002 (Provisional)</b>	<b>2002-2003 (Provisional)</b>
Gross Block	17.37	14.74	15.87
Less: Depreciation	4.04	3.10	4.45
Net fixed assets	13.33	11.64	11.42
Capital work-in-progress (including cost of chassis)	2.10	6.03	7.32
Current assets, loans and advances	9.92	13.28	1.11
Investments	13.68	19.75	34.74
Accumulated losses	356.48	387.03	419.85
<b>Total</b>	<b>395.51</b>	<b>437.73</b>	<b>474.44</b>
<b>C. Capital employed*</b>	<b>(-) 63.81</b>	<b>(-) 78.76</b>	<b>(-) 109.90</b>
<b>Assam Financial Corporation</b>	<b>2001-2002</b>	<b>2002-2003</b>	<b>2003-2004 (Provisional)</b>
<b>A. Liabilities</b>			
Paid-up capital	13.43	13.43	13.43
Share application money	-	-	-
Reserve fund and other reserves and surplus	3.19	3.19	3.19
<b>Borrowings:</b>			
(i) Bonds and debenture	53.43	52.21	55.63
(ii) Fixed Deposits	0.22	0.18	0.18
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	18.12	18.12	18.12
(iv) Reserve Bank of India	-	-	-
(v) Loan towards share capital:			
(a) State Government	-	-	-
(b) Industrial Development Bank of India	-	-	-
(vi) Others (including State Government)	-	-	-
Other liabilities and provisions	53.20	56.06	50.39
<b>Total-A</b>	<b>141.59</b>	<b>143.19</b>	<b>140.94</b>
<b>B. Assets</b>			
Cash and Bank balances	5.14	6.53	5.44
Investments	0.01	0.01	0.01
Loans and Advances	62.43	60.38	63.07
Net fixed assets	1.13	1.06	1.21
Other assets	2.61	2.80	1.58
Miscellaneous expenditure	70.27	72.41	69.63
<b>Total-B</b>	<b>141.59</b>	<b>143.19</b>	<b>140.94</b>
<b>C. Capital employed**</b>	<b>86.69</b>	<b>89.33</b>	<b>87.80</b>

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

\*\* 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).

*Audit Report (Commercial) for the year ended 31 March 2005*

<b>4. Assam State Warehousing Corporation</b>	<b>2000-2001 (Provisional)</b>	<b>2001-2002 (Provisional)</b>	<b>2002-2003 (Provisional)</b>
<b>A. Liabilities</b>			
Paid-up capital	10.24	10.34	10.34
Reserves and surplus	3.05	3.09	3.12
Borrowings: (Government)	1.96	1.96	1.96
(Others)	-	-	-
Trade dues and current liabilities (including provision)	4.60	5.89	8.03
<b>Total-A</b>	<b>19.85</b>	<b>21.28</b>	<b>23.45</b>
<b>B. Assets</b>			
Gross Block	15.74	16.60	16.84
Less: Depreciation	6.19	6.73	7.28
Net fixed assets	9.55	9.87	9.56
Capital work-in-progress	0.77	0.44	0.40
Current assets, loans and advances	7.13	7.71	9.19
Profit and Loss account	2.40	3.26	4.30
<b>Total-B</b>	<b>19.85</b>	<b>21.28</b>	<b>23.45</b>
<b>C. Capital employed*</b>	<b>12.85</b>	<b>12.13</b>	<b>11.12</b>

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

**ANNEXURE-5**

(Referred to in Paragraph 1.8)

**Statement showing working results of Statutory corporations**

Sl. No.	Particulars	2001-02	2002-03	2003-04
		(Rupees in crore)		
<b>Working Statutory corporations</b>				
1.	<b>Assam State Electricity Board</b>			
1.	(a) Revenue receipts	648.51	754.77	887.54
	(b) Subsidy/subvention from Government	52.33	80.06	0.04
	<b>Total</b>	<b>700.84</b>	<b>834.83</b>	<b>887.58</b>
2.	Revenue expenditure (net of expenses capitilised) including write off of intangible assets but excluding depreciation and interest	991.17	847.28	1026.27
3.	Gross surplus (+)/deficit (-) for the year (1-2)	(-) 290.33	(-) 12.45	(-) 138.69
4.	Adjustments relating to previous years	(-) 11.70	(-) 301.51	(-) 132.75
5.	Final gross surplus (+)/deficit (-) for the year (3+4)	(-) 302.03	(-) 313.96	(-) 271.44
6.	<b>Appropriations:</b>			
	(a) Depreciation (less capitalized)	85.92	112.86	117.58
	(b) Interest on Government loans	127.44	132.84	132.27
	(c) Interest on others, bonds, advance etc. and finance charges	128.29	135.85	134.19
	(d) Total interest on loans & finance charges (b+c)	255.73	268.69	266.46
	(e) Less: Interest capitalized	-	-	-
	(f) Net interest charged to revenue (d-e)	255.73	268.69	266.16
	(g) <b>Total appropriations (a+f)</b>	<b>341.65</b>	<b>381.55</b>	<b>383.74</b>
7.	Surplus (+)/deficit (-) before accounting for subsidy from State Government {5-6(g)-1(b)}	(-) 696.01	(-) 775.57	(-) 655.22
8.	Net surplus (+)/deficit (-) {5-6(g)}	(-) 643.68	(-) 695.51	(-) 655.18
9.	Total return on capital employed*	(-) 387.95	(-) 426.82	(-) 389.02
10.	Percentage of return on capital employed	-	-	-
2.	<b>Assam State Transport Corporation</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
		(Provisional)	(Provisional)	(Provisional)
	<b>Operating:</b> (a) Revenue	13.15	20.28	7.30
	(b) Expenditure	35.94	42.25	30.84
	(c) Surplus (+)/deficit (-)	(-) 22.79	(-) 21.97	(-) 23.54
	<b>Non-operating:</b> (a) Revenue	1.81	1.05	2.62
	(b) Expenditure	9.56	11.89	9.87
	(c) Surplus (+)/deficit (-)	(-) 7.75	(-) 10.84	(-) 7.25
	<b>Total:</b> (a) Revenue	<b>14.96</b>	<b>21.33</b>	<b>9.92</b>
	(b) Expenditure	<b>45.50</b>	<b>54.14</b>	<b>40.71</b>
	(c) Surplus (+)/deficit (-)	<b>(-) 30.54</b>	<b>(-) 32.81</b>	<b>(-) 30.79</b>
	Interest on capital and loans	8.55	9.94	7.54
	Total return on capital employed	(-) 21.99	(-) 22.87	(-) 23.25

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

Audit Report (Commercial) for the year ended 31 March 2005

3.	Assam Financial Corporation	2001-02	2002-03	2003-04 (Provisional)
1.	<b>Income</b>			
	1. Interest on loans	2.85	1.82	2.73
	2. Other income	0.26	0.38	0.23
	<b>Total-1</b>	<b>3.11</b>	<b>2.20</b>	<b>2.96</b>
2.	<b>Expenses</b>			
	(a) Interest on loans	-	0.21	0.12
	(b) Provision for NPA	0.28	-	0.48
	(c) Other expenses	3.41	3.85	3.14
	<b>Total-2</b>	<b>3.69</b>	<b>4.06</b>	<b>3.74</b>
3.	Profit before tax (1-2)	(-) 0.58	(-) 1.86	(-) 0.78
-	Provision for tax	-	-	-
5.	Other appropriations	-	-	-
6.	Amount available for dividend	-	-	-
7.	Dividend	-	-	-
8.	Total return on capital employed*	(-) 29.66	(-) 30.88	NA
9.	Percentage of return on capital employed	-	-	-
4.	Assam State Warehousing Corporation	2000-01 (Provisional)	2001-02 (Provisional)	2002-03 (Provisional)
1.	<b>Income</b>			
	(a) Warehousing charges	5.41	6.16	5.48
	(b) Other income	0.10	0.06	0.35
	<b>Total-1</b>	<b>5.51</b>	<b>6.22</b>	<b>5.83</b>
2.	<b>Expenses</b>			
	(a) Establishment charges	2.97	3.88	3.84
	(b) Other expenses	2.53	3.21	2.97
	<b>Total-2</b>	<b>5.50</b>	<b>7.09</b>	<b>6.81</b>
3.	Profit before tax (1-2)	0.01	(-) 0.87	(-) 0.98
4.	Other appropriations	-	-	-
5.	Amount available for dividend	0.01	-	-
6.	Dividend for the year	-	-	-
7.	Total return on capital employed	0.16	(-) 0.67	(-) 0.78
8.	Percentage of return on capital employed	1.25	-	-

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

**ANNEXURE-6**

(Referred to in Paragraph 1.13)

**Statement showing operational performance of Statutory corporations**

Particulars	2002-03	2003-04	2004-05 (Provisional)
<b>Working Statutory corporations</b>			
<b>Assam State Electricity Board</b>			
<b>Installed capacity (MW)</b>			
(a) Thermal	300.000	300.000	300.000
(b) Hydro	2.000	2.000	2.000
(c) Gas	272.400	272.400	272.400
(d) Other	-	-	-
<b>Total</b>	<b>574.400</b>	<b>574.400</b>	<b>574.400</b>
Normal maximum demand	1334.000	NA	NA
<b>Power generated (MKWH)</b>			
(a) Thermal	62.243	-	-
(b) Hydro	-	-	-
(c) Gas	683.851	710.670	756.440
(d) Other	-	-	-
<b>Total</b>	<b>746.094</b>	<b>710.670</b>	<b>756.440</b>
<b>Less: Auxiliary consumption</b>			
(a) Thermal (percentage)	NA	NA	-
(b) Hydro (percentage)	NA	NA	-
(c) Gas (percentage)	NA	NA	35.500
(d) Other (percentage)	NA	NA	-
<b>Total</b>	<b>39.580</b>	<b>35.040</b>	<b>35.500</b>
Net power generated	706.514	675.630	720.940
Power purchased	2593.099	2658.680	2654.500
Total power available for sale	3299.613	3334.310	3375.440
Power sold	1960.812	1914.560	2105.140
Transmission and distribution losses	1338.801	1419.750	1270.300
Load factor (percentage)	14.88		15.08
Percentage of transmission and distribution losses to total power available for sale	40.57	42.58	37.63
Number of villages/towns electrified	NA	NA	NA
Number of pump sets/well energized	NA	NA	NA
Number of sub-stations	NA	31	34
<b>Transmission/distribution lines (in Kms)</b>			
(a) High/medium voltage	NA	3409	3441
(b) Low voltage	NA	727	727
Connected load (MW)	1915.884	2040264	2133070
Number of consumers	10,04,050	1059921	1059921
Number of employees	17,076	17706	16471
Consumer/employees ratio	58.80:1	59.86:1	64:1
Total expenditure on staff during the year (Rupees in crore)	250.24	210.60	294.56
Percentage of expenditure on staff to total revenue expenditure	20.35	23.01	20.45

Audit Report (Commercial) for the year ended 31 March 2005

	2002-03	2003-04	2004-05 (Provisional)
<b>Units sold (MKWH)</b>			
(a) Agriculture (Percentage share to total units sold)	10.838 (0.55)	16.030 (0.84)	15.890 (0.75)
(b) Industrial (Percentage share to total units sold)	311.421 (15.88)	301.98 (15.78)	335.560 (15.94)
(c) Commercial (Percentage share to total units sold)	191.593 (9.77)	208.840 (10.92)	221.860 (10.53)
(d) Domestic (Percentage share to total units sold)	597.232 (30.46)	694.040 (36.26)	721.440 (34.27)
(e) Others (Percentage share to total units sold)	849.728 (43.34)	693.670 (36.20)	810.39 (38.51)
<b>Total</b>	<b>1960.812</b>	<b>1914.560</b>	<b>2105.14</b>
<b>(Paise per KWII)</b>			
<b>Particulars</b>			
(a) Revenue (excluding subsidy from Government)	385	406	393
(b) Expenditure	490	478	561
(c) Profit (+)/Loss (-)	(-) 105	(-) 72	(-) 168
(d) Average subsidy claimed from Government (Rs.)	0.41	NA	NA
(e) Average interest charges (in Rupees)	1.37	NA	NA
<b>Assam State Transport Corporation</b>			
	<b>2002-03</b>	<b>2003-04 (Provisional)</b>	<b>2004-05 (Provisional)</b>
<b>Particulars</b>			
Average number of vehicles held	372	315	347
Average number of vehicles on road	257	266	290
Percentage of utilisation of vehicles	69	84	84
Number of employees	2967	2837	2828
Employees vehicle ratio	12:1	11:1	10:1
Number of routes operated at the end of the year	NA	NA	NA
Route Kilometers	8130	8130	8130
(a) Gross	117.46	113.23	146.07
(b) Effective	113.30	109.21	140.89
(c) Dead	4.16	4.02	5.08
Percentage of dead kilometers to gross kilometers	3.54	3.55	3.53
Average kilometers covered per bus per day	125	116	138
Average operating revenue per kilometer (Paise) over previous year's income (per cent)	1013 (3.58)	1127 (11.25)	1130 (10.03)
Average expenditure per kilometer (paise)	3027	3056	2906
Increase in operating expenditure per kilometer over previous year's expenditure (per cent)	(-) 508 (- 14.37)	29 (0.96)	(-) 150 (- 4.91)
Loss per kilometer (Paise)	2014	1929	1776
Number of operating depots	24	24	24
Average number of break down per lakh kilometers	30.92	30.50	30.45
Average number of accidents per lakh kilometers	0.18	0.15	0.15
Passenger kilometer operated (in crore)	33.85	30.75	NA
Occupancy ratio	-	-	-

\* Revenue expenditure includes depreciation but excludes interest on long-term loans.



Particulars	2002-2003		2003-2004 (Provisional)		2004-2005 (Provisional)	
<b>Kilometers obtained per litre of:</b>						
(a) Diesel Oil	3.58		3.60		3.62	
(b) Engine Oil	511		513		5.14	
<b>Assam State Warehousing Corporation</b>						
	2002-2003 (Provisional)		2003-2004 (Provisional)		2004-2005 (Provisional)	
Number of stations covered	44		45		41	
<b>Storage capacity created up to the end of the year (tonne in lakh)</b>						
(a) Owned	1.96		1.97		1.98	
(b) Hired	0.69		0.66		0.50	
<b>Total</b>	<b>2.65</b>		<b>2.63</b>		<b>2.48</b>	
Average capacity utilised during the year (tonne in lakh)	1.86		1.88		1.70	
Percentage of utilisation	70.19		71.48		68.63	
Average revenue per metric tonne per year (Rupees)	221.60		244.41		277.02	
Average expenses per metric tonne per year (Rupees)	258.72		266.74		285.08	
	2001-2002		2002-2003		2003-04 (Provisional)	
	Number	Amount	Number	Amount	Number	Amount
<b>Assam Financial Corporation (Rupees in lakh)</b>						
<b>Particulars</b>						
Applications pending at the beginning of the year	31	2.22	21	1.45	4	0.02
Applications received	87	2.29	18	1.20	3	0.68
<b>Total</b>	<b>118</b>	<b>4.51</b>	<b>39</b>	<b>2.65</b>	<b>7</b>	<b>0.70</b>
Applications sanctioned	67	1.21	21	0.57	Nil	Nil
Applications cancelled/with drawn/rejected/reduced	30	1.85	14	2.06	01	0.01
Applications pending at the close of the year	21	1.45	4	0.02	06	0.70
Loans disbursed	-	1.67	-	0.93	-	0.52
Loan outstanding at the close of the year (inclusive of interest)	-	184.82	-	190.63	-	207.55
<b>Amount overdue for recovery at the close of the year</b>						
(a) Principal	-	54.12	-	56.83	-	52.00
(b) Interest	-	105.49	-	127.66	-	133.87
<b>Total</b>	-	<b>159.61</b>	-	<b>184.49</b>	-	<b>185.87</b>
Amount involved in recovery certificate cases	946	10.73	993	12.02	-	14.45
<b>Total</b>	-	<b>170.34</b>	-	<b>196.51</b>	-	<b>200.32</b>
Percentage of default to total loans outstanding	-	86	-	97	-	97

**ANNEXURE-7**

**Statement showing status of Sick/Relief Undertakings.**

(Referred to in Paragraph 1.28)

Sl. No.	Name of the companies	Date of incorporation	Since when non-working/non-operational	Efforts taken for revival	Present status
(1)	(2)	(3)	(4)	(5)	(6)
1.	Cachar Sugar Mills Limited	30 March 1972	1985-1986 crushing season	MoU was signed in February 1995 with a private party for revival of the unit but the party backed out. It was decided to close the Company by 31 December 2003, which is yet to be materialised.	Non-working since 1985-86.
2.	Assam Syntex Limited	April 1995	January 1995	Leased out on the basis of MoU to a private party on 10 March 2003.	Production started from February 2004.
3.	Assam State Weaving and Manufacturing Company Limited	29 November 1988	December 1995	The MoU was signed in September 1999 and the units were operational from August 2000 to November 2000. The Government took over the units in July 2001 as the party backed out from the MoU.	Non-working since December 1996.
4.	Fertichem Limited	29 March 1974	October 1996	MoU was signed in March 1999 with M/s Beas Foundries Private Limited but the same was cancelled before it could be implemented. It was decided to close the Company by 31 December 2003, which is yet to be materialised.	Non-working since October 1996.

## Annexure

(1)	(2)	(3)	(4)	(5)	(6)
5.	Assam State Fertilisers and Chemicals Limited	30 March 1988	Prior to July 1998	The company made its one unit operational from September 2000 with the fund provided by the Government and relieved 94 surplus employees under Voluntary Retirement Scheme (VRS).	One of the two units operational since September 2000.
6.	Assam Polytex Limited	29 May 1982	Prior to 1995-1996	Nil	Non-working
7.	Assam Spun Silk Mills Limited	31 March 1960	Prior to 1998-1999	It was decided to close the Company by 31 December 2003, which is yet to be materialised.	Non-working
8.	Ashok Paper Mills (Assam) Limited	7 June 1991	Working but no production since July 1999.	Leased out in August 2000 by a MoU but production has not yet been started.	Working with negative net worth [(-) Rs.144.09 lakh]
9.	Assam Conductors and Tubes Limited	22 June 1964	Working but no production since November 1999.	Nil	Working with negative net worth [(-) Rs.79.61 lakh]
10.	Assam State Textile Corporation Limited	26 February 1980	Working but no production since July 2002.	As per MoU dated 19 July 1993, the Government handed over the management to a private party. The Government, however, did not transfer 89 per cent of equity in favour of the party in terms of MoU.	Actual status not furnished by the Government. As per accounts for the year 1995-1996, the net worth has become negative.
11.	Assam Tanneries Limited	28 September 1961	Prior to 1985	Whereabouts of the Company could not be stated by the Government	Non-working

**ANNEXURE-8**

(Referred to in Paragraph 1.41)

Statement showing Government companies/Statutory corporations more than 5 years in existence with turnover less than Rs.5 crore

(Figures in columns 6,8,10,12 & 14 are Rupees in lakh)

SL No.	Name of the PSU's	Date of incorporation	No. of years of existence	Latest 5 years accounts received up to 31 August 2005 for supplementary audit under section 619(4) of Companies Act, 1956 and turnover of respective years.									
				Year	Turnover	Year	Turnover	Year	Turnover	Year	Turnover	Year	Turnover
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>MINING</b>													
1.	Assam & Meghalaya Mineral Development Corporation Limited (NW)	19 August 1964	41	1979-80	0.08	1980-81	0.12	1981-82	0.06	1982-83	0.04	1983-84	0.02
<b>ENGINEERING</b>													
2.	Assam Conductors and Tubes Limited	22 June 1964	41	1988-89	131.83	1989-90	75.21	1990-91	46.06	1991-92	140.88	1992-93	109.93
<b>DEVELOPMENT OF ECONOMICALLY WEAKER SECTION</b>													
3.	Assam Plains Tribes Development Corporation Limited	29 March 1975	30	1983-84	0.51	1984-85	0.13	1985-86	1.04	1986-87	1.29	1987-88	0.78
4.	Assam State Development Corporation for OBC Limited	6 August 1975	30	1986-87	12.39	1987-88	12.71	1988-89	11.81	1989-90	0.61	1990-91	0.39
5.	Assam State Development Corporation for SC Limited	18 June 1975	30	1990-91	42.30	1991-92	43.15	1992-93	66.92	1993-94	44.93	1994-95	45.45
<b>CONSTRUCTION</b>													
6.	Assam Police Housing Corporation Limited	5 November 1980	25	1990-91	44.45	1991-92	53.71	1992-93	53.23	1993-94	17.51	1994-95	20.83
7.	Assam Government Construction Corporation Limited	24 March 1964	41	1990-91	30.26	1991-92	20.75	1992-93	61.01	1993-94	47.65	1994-95	125.16

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>ELECTRONICS</b>													
8.	Assam Electronics Development Corporation Limited	4 April 1984	21	1992-93	122.00	1993-94	98.29	1994-95	124.80	1995-96	134.59	1996-97	-
<b>TEXTILES</b>													
9.	Assam Spun Silk Mills Limited (N-W)	31 March 1960	45	1987-88	156.50	1988-89	196.71	1989-90	179.91	1990-91	202.17	1991-92	244.54
10.	Assam State Weaving and Manufacturing Company Limited (N-W)	29 November 1988	17	1992-93	105.95	1993-94	136.89	1994-95	138.22	1995-96	55.14	1996-97	-
<b>SUGAR</b>													
11.	Cachar Sugar Mills Limited (Subsidiary of AIDC Limited) (N-W)	30 March 1960	43	1981-82	90.51	1982-83	131.96	1983-84	131.54	1984-85	54.07	1985-86	2.20
<b>INDUSTRY</b>													
12.	Ashok Paper Mills (Assam) Limited	24 September 1990	15	1999-2000	56.05	2000-01	55.77	2001-02	63.42	2002-03	18.00	2003-04	18.00
13.	Assam Hills Small Industries Development Corporation Limited	30 March 1968	37	1984-85	29.09	1986-86	20.12	1986-87	13.31	1987-88	21.47	1988-89	13.28
<b>FINANCING</b>													
14.	Assam Financial Corporation	19 April 1954	51	1998-99	426.28	1999-2000	465.03	2000-01	378.83	2001-02	11.85	2002-03	-
<b>DRUGS, CHEMICAL &amp; PHARMACEUTICAL</b>													
15.	Assam State Fertilizers and Chemicals Limited	31 March 1988	17	1997-98	60.76	1998-99	32.63	1999-2000	42.61	2000-01	32.01	2001-02	73.05
16.	Fertichem Limited (NW)	29 March 1974	31	1995-96	93.55	1996-97	16.91	1992-93	232.98	1993-94	239.09	1994-95	154.25
<b>FOREST</b>													
17.	Assam Plantation Crop Development Corporation Limited	1 November 1974	31	1983-84	13.77	1984-85	12.78	1985-86	20.12	1986-87	30.35	1987-88	21.58

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>AGRICULTURE AND ALLIED</b>													
18.	Assam Fisheries Development Corporation Limited	1 March 1977	28	1992-93	36.20	1993-94	47.05	1994-95	65.27	1995-96	91.05	1996-97	87.49
<b>MISCELLANEOUS</b>													
19.	Assam Government Marketing Corporation Limited	16 December 1959	46	1979-80	70.94	1980-81	104.63	1981-82	111.62	1982-83	116.07	1983-84	140.77
20.	Assam State Film (Finance & Development) Corporation Limited	4 September 1974	31	1988-89	0.29	1989-90	0.59	1990-91	0.83	1991-92	0.66	1992-93	0.04

Sl. 14 is Statutory corporation and others are Government companies.

N-W: Non-working

**ANNEXURE-9**

(Referred to in Paragraph 1.41)

Statement showing PSUs with turnover more than Rs.5 crore and incurring losses for five consecutive years

(Rupees in lakh)

Sl. No.	Name of the PSUs	Date of incorporation	Turnover more than Rs.5 crore and incurring losses for five consecutive years leading to negative net worth					
			(4)	(5)	(6)	(7)	(8)	
<b>AGRICULTURE AND ALLIED</b>								
1.	Assam Seeds Corporation Limited	27 January 1967	*Yr.	1992-93	1993-94	1994-95	1995-96	1996-97
			**NW	(-) 1412.37	(-) 1703.31	(-) 1820.13	(-) 2,041.15	(-) 2,145.47
			***LY	261.65	290.91	115.93	212.93	101.96
2.	Assam Agro-Industries Development Corporation Limited	27 January 1975	Yr.	1998-99	1999-2000	2000-01	2001-02	2002-03
			NW	(-) 1022.18	(-) 1286.16	(-) 1599.59	(-) 1,912.64	(-) 2,277.66
			LY	189.84	260.15	316.66	337.16	362.58
<b>TEXTILES</b>								
3.	Assam State Textile Corporation Limited	26 February 1980	Yr.	1991-92	1992-93	1993-94	1994-95	1995-96
			NW	(-) 942.90	(-) 406.09	(-) 979.79	(-) 1431.42	(-) 1939.82
			LY	165.28	794.10	541.21	449.11	503.00

\* Yr.=Year.

\*\* NW= Net worth. This represents paid-up capital plus Free Reserves less Accumulated losses.

\*\*\* LY= Loss for the year

*Audit Report (Commercial) for the year ended 31 March 2005*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>POWER</b>							
4.	Assam State Electricity Board	January 1975	Yr. 1999-00	2000-01	2001-02	2002-03	2003-04
			NW	(-) 177366	(-) 244506.89	(-) 308874.82	(-) 334314.69
			LY	69507.38	67140.31	64367.93	65547.74
<b>TRANSPORT</b>							
5.	Assam State Transport Corporation	March 1970	Yr. 1992-93	1993-94	1994-95	1995-96	1996-97
			NW	1679.54	(-) 121.01	(-) 1962.57	(-) 5365.09
			LY	1032.56	1908.77	1841.15	2119.57

Sl. 4 and 5 are Statutory corporations and others are Government companies.



**ANNEXURE-10**

(Referred to in Paragraph-2.1.11)

**Statement showing details of fund received, expenditure incurred on completed works and funds retained by the Company**

Sl. No.	Head of Account	Funds received	Expenditure booked	Savings
		(Rupees in lakh)		
<b>A. ANNUAL PLAN:</b>				
1.	AP—General, 1994-95	170.00	151.18	18.82
2.	AP—Hills Areas, 1996-97	50.00	43.54	6.46
3.	AP—General, 1998-99	4.65	4.16	0.49
4.	AP—Hills Areas, 1999-2000	40.00	35.00	5.00
5.	AP—Hills Areas, 2000-01	40.00	35.46	4.54
6.	AP—Hills Areas, 2001-02	40.00	34.80	5.20
<b>Total (A)</b>		<b>344.65</b>	<b>304.14</b>	<b>40.51</b>
<b>B. 10<sup>TH</sup> FINANCE COMMISSION AWARDS 1998-199:</b>				
7.	Purchase of vehicles	45.00	40.00	5.00
8.	Police Housing	2,208.62	2,148.14	60.48
<b>10<sup>TH</sup> FINANCE COMMISSION AWARDS 1999-2000:</b>				
9.	O.P. Building	10.52	8.66	1.86
<b>10<sup>TH</sup> FINANCE COMMISSION AWARDS 1999-2000:</b>				
10.	RCC Reserve Office building	157.00	152.70	4.30
11.	RCC Hospital building, Dergaon	120.00	105.49	14.51
12.	RCC Class Room Building, Dergaon	150.00	140.45	9.55
13.	RCC SI Hospital, Dergaon	90.00	65.54	24.46
14.	RCC Dy. SP Hospital, Dergaon	60.00	53.17	6.83
15.	Police Station Buildings	601.00	516.78	84.22
16.	RCC Residential buildings	1,944.00	1,829.56	114.44
17.	RCC Trainees Hostel	200.00	167.99	32.01
18.	Dog Training School	22.00	18.98	3.02
<b>Total (B)</b>		<b>5,608.14</b>	<b>5,247.46</b>	<b>360.68</b>
<b>C. MODERNISATION GRANT, 2001-2002:</b>				
19.	RCC class Room building	271.50	181.13	90.37
20.	Control Room building	115.50	96.75	18.75
<b>MODERNISATION GRANT, 2003-2004:</b>				
21.	Central Provincial Store	56.00	48.30	7.70
<b>ELEVENTH FINANCIAL COMMISSION AWARDS, 2000-2001:</b>				
22.	Construction of OP/PS building	144.00	126.71	17.29
<b>ELEVENTH FINANCIAL COMMISSION AWARDS, 2001-2002:</b>				
23.	Construction of OP/PS building	144.00	118.72	25.28
<b>Total (C)</b>		<b>731.00</b>	<b>571.61</b>	<b>159.39</b>
<b>Grand total</b>		<b>6,683.79</b>	<b>6,123.21</b>	<b>560.58</b>

**ANNEXURE-11**

(Referred to in Paragraph 2.2.2)

**Statement showing year-wise fund released against schemes sanctioned by NSTFDC and Government of Assam**

Name of the scheme		Amount
		(Rupees in lakh)
<b>SCA FUNDED SCHEME:</b>		<b>1999-2000</b>
**1.	Family Oriented Income Generating Scheme (FOIGS)	219.91
**2.	Tractor	128.68
**3.	Power Tiller	99.90
**4.	Spray Machine	29.97
**5.	Milch Cow, Piggery etc.	51.36
		<b>529.82</b>
		<b>2000-2001</b>
**1.	Tractors	197.43
**2.	Power Tiller	199.29
		<b>396.72</b>
		<b>2001-2002</b>
1.	Fly Shuttle Looms	44.95
2.	Spare pump set	24.95
**3.	FOIGS (bankable scheme)	29.95
**4.	Tractor	148.31
		<b>248.16</b>
		<b>2002-2003</b>
**1.	Power Tiller	155.75
**2.	Spray Machine	49.45
**3.	Tractor	199.95
**4.	Desk-bench scheme	199.89
		<b>605.04</b>
		<b>2003-2004</b>
**1.	Tractor	395.82
		<b>2,175.56</b>
<b>NSTFDC FUNDED SCHEME:</b>		<b>1999-2000</b>
**1.	Mini bus	149.80
2.	Mini truck (LPT)	177.74
**3.	Tractor	283.40
**4.	Auto-rickshaw	15.83
**5.	Power tiller	11.98
6.	Tribal handloom	22.07
7.	Mini truck (cargo)	91.20
**8.	Tata sumo	33.60
9.	KAL Auto-rickshaw (six seater)	15.30
10.	KAL Auto-rickshaw (three seater)	13.05
11.	KAL pick-up van	1.78
		<b>815.75</b>

\*\* Indicates schemes selected for audit.

Name of the scheme		Amount
<b>NSTFDC FUNDED SCHEME:</b>		<b>2000-2001</b>
1.	Mini tea plantation	37.13
2.	Grocery	10.80
3.	Electricity shop	16.38
**4.	Mini bus	135.90
5.	Mini truck (LPT)	89.00
**6.	Tractor	91.40
7.	Tribal handloom	22.25
**8.	Micro-credit finance	34.91
9.	Fishery	14.00
		<b>451.77</b>
		<b>2001-2002</b>
**1.	Mini truck (Ashok Leyland)	18.63
**2.	Tata sumo	78.85
**3.	Auto-rickshaw	14.00
4.	Fishery	15.20
5.	Grocery	9.28
**6.	Mini bus	208.85
		<b>344.81</b>
		<b>2002-2003</b>
1.	Tribal handloom	8.64
2.	Mini tea plantation	11.83
		<b>20.47</b>
		<b>2003-2004</b>
		NIL
<b>Grand Total</b>		<b>1,632.80</b>

Particulars		No. of scheme	Money value (Rupees in lakh)	No. of scheme selected	Money value (Rupees in lakh)
1.	SCA	16	2,175.56	14	2,105.77
2.	NSTFDC	28	1,632.80	12	1,077.15
<b>Total</b>		<b>44</b>	<b>3,808.36</b>	<b>26</b>	<b>3,182.92</b>

Percentage of schemes checked  
in terms of money value:

83.58 per cent (3182.92/3808.36x100)

**ANNEXURE-12**

(Referred to in Paragraph 3.8)

**Statement showing ongoing/incomplete projects**

Sl. No.	Particulars of the Scheme	Target date of completion		Cost estimate (Rupees in crore)		Percentage of completion as on 31 March 2004	Expenditure upto (Rupees in crore)		Reasons for not charging/non-commissioning till date
		Original	Revised	Original	Revised		March 1999	March 2004	
<b>A. SUB-STATIONS:</b>									
1.	Agia (2x16 MVA, 132/33 KV) 6 <sup>th</sup> Plan	March 1988	March 1999 February 2005	1.40	6.01 (8-6-93)	90.00	2.68	4.00	Fund constraint
2.	Diphu (2x20 MVA, 132/66 KV) Additional 6 <sup>th</sup> Plan	March 1998	January 2002 July 2006	1.03	7.53 (8-6-98)	16.02	NA	1.55	Fund constraint
3.	Dhemaji (2x16 MVA, 132/33 KV) Additional 6 <sup>th</sup> Plan	December 1991	March 1994 September 2004	0.68	7.58 (8-6-98)	52.00	2.20	2.20	Fund constraint
4.	Nazira (2x25 MVA, 132/33 KV) Additional 6 <sup>th</sup> Plan	March 1988	March 2000 December 2004	1.21	8.09 (8-6-98)	49.50	NA	3.25	Fund constraint

Sl. No.	Particulars of the Scheme	Target date of completion		Cost estimate (Rupees in crore)		Percentage of completion as on 31 March 2004	Expenditure upto (Rupees in crore)		Reasons for not charging/non-commissioning till date
		Original	Revised	Original	Revised		March 1999	March 2004	
<b>A: SUB-STATIONS:</b>									
5.	Tezpur (2x50 MVA, 220/132 KV) 7 <sup>th</sup> Plan	March 1992	Nil	5.42	18.08 (8-6-98)	17.00	4.06	4.06	The project has been abandoned and materials shifted to Balipara S/S.
6.	Boko (2x10 MVA, 132/33 KV) 7 <sup>th</sup> Plan	March 1990	October 1999 March 2007	1.75	5.98 (8-6-98)	7.00	0.74	0.74	Fund constraint
7.	Bokakhat (2x25 MVA, 132/33 KV) 7 <sup>th</sup> Plan	March 1991	January 2002 December 2006	1.88	8.31 (8-6-98)	6.00	0.63	0.63	Fund constraint
8.	Umrangshu (3x25 MVA, 132/33 KV) 7 <sup>th</sup> Plan	March 1990	March 2001 October 2005	2.50	10.94 (8-6-98)	9.00	2.33	2.33	Fund constraint
9.	Silapathar (1x10 MVA, 132/33 KV) 7 <sup>th</sup> Plan	March 1992	February 2001	1.49	4.10 (8-6-98)	2.50	NA	0.18	Fund constraint
<b>B: TRANSMISSION LINES:</b>									
10.	132 KV S/C Lanka—Diphu Line Additional 6 <sup>th</sup> Plan	March 1989	February 2002 February 2005	1.35	8.16 (8-6-98)	30.70	0.55	0.55	Work held-up due to non-availability of forest clearance and fund constraint

Audit Report (Commercial) for the year ended 31 March 2005

Sl. No.	Particulars of the Scheme	Target date of completion		Cost estimate (Rupees in crore)		Percentage of completion as on 31 March 2004	Expenditure upto (Rupees in crore)		Reasons for not charging/non-commissioning till date
		Original	Revised	Original	Revised		March 1999	March 2004	
<b>B: TRANSMISSION LINES:</b>									
11.	132 KV S/C Agia—Boko Line 7 <sup>th</sup> Plan	March 1990	March 2001 March 2005	2.35	8.50 (8-6-98)	39.13	3.13	3.13	Fund constraint
12.	132 KV S/C Dhemaji—Silapathar Line 7 <sup>th</sup> Plan	March 1992	December 2001	2.18	5.21 (8-6-98)	49.68	1.22	1.22	Abandoned as per 10 <sup>th</sup> Plan guideline
<b>TOTAL</b>				<b>23.24</b>	<b>98.49</b>			<b>23.84</b>	

**ANNEXURE-13**

(Referred to in Paragraph 3.11)

Statement showing the avoidable administrative expenses incurred by the companies

Sl. No.	Name of the Company/Corporation	Year of incorporation	Objectives of the Company/Corporation	Period of accounts	Administrative expenses	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Category - A (Construction sector)</b>					<b>(Rupees in lakh)</b>	
1.	Assam Government Construction Corporation Limited	24.3.1964	Civil construction Agency (such as construction of Building, roads etc.) Construction of Govt. buildings.	1994-95	161.56	
2.	Assam Police Housing Corporation Limited	5.11.1980	Construction Agency of Police Department (such as construction of building).	1994-95	80.86	
<b>Category - B (Textile Sector)</b>						
1.	Assam State Textile Corporation Limited	26.2.1980	To carry on the business of cotton, silk, yarn spinners, weavers	1995-96	177.97	
2.	Assam Syntex Limited (Non working)	20.10.1982	To carry on the business of cotton, silk, yarn spinners, weavers	1996-97	154.96	
3.	Assam Power loom Development Corporation Limited	56.3.1990	To promote power loom, handloom and all types of textile Industry	1993-94	33.11	Commercial operation not yet started

Audit Report (Commercial) for the year ended 31 March 2005

Sl. No.	Name of the Company/Corporation	Year of incorporation	Objectives of the Company/Corporation	Period of accounts	Administrative expenses	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Category - B (Textile Sector)</b>						
					(Rupees in lakh)	
4	Assam State Weaving and Manufacturing Company Limited (Non working)	29.11.1988	To carry on the business of spinners, weavers, yarns, fabrics, polyester etc.	1996-97	45.73	
5	Assam Spun Silk Mills Limited (Non working)	31.3.1960	To carry on the business of cocoons, silk and other main and by products of the Eri, Muga etc.	1991-92	40.74	
<b>Category - C (Paper sector)</b>						
1	Ashok Paper Mill (Assam) Limited	24.9.1990	To carry on the business of manufactures of and dealers in all kinds and classes of paper, board etc.	2003-04	23.74	
2.	Industrial Papers (Assam) Limited (Non-working)	6.9.1974	To carry on the business of manufactures of and dealers in all kinds and classes of paper, board etc (to the purpose of Industry)	1996-97	323.33	Commercial operation not yet started
<b>Category - D (Industries Sector)</b>						
1.	Assam Small Industries Development Corporation Limited	27.3.1962	To promote the small Industries of Assam and to under take the marketing of small and small scale Industries.	1990-91	144.53	
2.	Assam Hills Small Industries Development Corporation Limited	30.3.1968	To promote the Industries of the Hills District of Assam	1988-89	28.67	



Sl. No.	Name of the Company/Corporation	Year of incorporation	Objectives of the Company/Corporation	Period of accounts	Administrative expenses	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Category - E (Financing Sector)</b>					<b>(Rupees in lakh)</b>	
1.	Assam Financial Corporation	19.4.1954	To assist in the development of small and medium Industry and extending financial support to Industrial concerns	2001-02	314.78	
2.	Assam Industrial Development Corporation Limited	21.4.1965	To promote the Industries of Assam and existing financial support to industrial concern.	2001-02	346.33	
<b>Total (A to E)</b>					<b>1,876.31</b>	
<b>Total (excluding A (1), B (1), C (1), D (1) and E (2))</b>					<b>1,022.18</b>	

**ANNEXURE-14**

(Referred to in Paragraph 3.12.1)

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

Sl. No.	Name of department	1999-2000		2000-2001		2001-2002		2002-2003		2003-2004	
		No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received
1	Power	05	05	06	06	09	09	09	09	12	12
2	Transport	01	01	--	--	--	--	--	--	-	-
3	Co-operation	01	01	--	--	03	03	--	--	-	-
4	Welfare	01	01	02	02	01	01	--	--	01	01
5	Agriculture	01	01	02	02	--	--	--	--	-	-
6	Animal Husbandry, Veterinary & Dairy Development	02	02	01	01	--	--	--	--	-	-

Sl. No.	Name of department	1999-2000		2000-2001		2001-2002		2002-2003		2003-2004	
		No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received	No. of para in A/R	No. of para for which reply of the Government not received
7	Industries	07	07	01	01	03	03	06	06	02	02
8	Finance	01	01	01	01	--	--	--	--	01	01
9	PWD (R&B)	01	01	--	--	--	--	--	--	-	-
10	Tourism	--	--	--	--	--	--	01	01	-	-
11.	Public Enterprises	-	-	-	-	-	-	-	-	01	01
<b>Total:</b>		<b>20</b>	<b>20</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>

**ANNEXURE-15**

(Referred to in Paragraph 3.12.3)

**Statement showing persistent irregularities pertaining to Government companies appeared in the Report of the Comptroller and Auditor General of India for the years 1998-1999 to 2003-2004 (Commercial)—Government of Assam**

Sl. No.	Gist of persistent irregularities	Year of Audit Report	Para No.	Money value (Rupees in crore)	Gist of audit observations	Recommendation of COPU/action to be taken	Details of action taken
<b>ASSAM PETROCHEMICALS LIMITED</b>							
1.	Avoidable expenditure	1998-1999.	4.1.1.1	1.41	Excess holding of load by the company during the period from September 1994 to August 1999, resulted in avoidable expenditure.	Though the para has been discussed by COPU, but the recommendation is yet to be received.	Action taken report is yet to be received.
		2002-2003	4.2	0.18	Delay in taking initiative for reduction of excess load resulted in avoidable expenditure.	Responsibility is required to be fixed for not taking initiative to reduce the excess load.	As the para is yet to be discussed action taken not intimated to audit.
<b>Total</b>				<b>1.59</b>			

Sl. No.	Gist of persistent irregularities	Year of Audit Report	Para No.	Money value (Rupees in crore)	Gist of audit observations	Recommendation of COPU/action to be taken	Details of action taken
<b>ASSAM GAS COMPANY LIMITED</b>							
2.	Avoidable expenditure	1999-2000	3.1.6.7	0.17	Awarding works contract at higher rates led to avoidable expenditure.	Though the para has been discussed by COPU but the recommendation is yet to be received.	Action taken report is yet to be received.
		2002-2003	4.5	0.83	Awarding works contract at higher rates led to extra expenditure.	Responsibility is required to be fixed for awarding works at higher rates.	As the para is yet to be discussed, action taken not intimated to audit.
		2003-2004	3.1	0.12	Due to procurement of valves at higher rate there was extra avoidable expenditure.	Responsibility is required to be fixed for awarding works at higher rates.	As the para is yet to be discussed, action taken not intimated to audit.
3	Poor cash management	1999-2000	3.1.6.2	1.11	Due to poor cash management the company lost interest of Rs.1.11 crore.	Though the para has been discussed by COPU but the recommendation is yet to be received.	Action taken report is yet to be received.
		2002-2003	4.4	1.26	Borrowing of funds at higher rates of interest despite having sufficient fund in its own account was unjustified and resulted in avoidable expenditure.	Responsibility is required to be fixed for borrowing of funds while there was sufficient fund in the accounts to meet the requirement.	As the para is yet to be discussed, action taken not intimated to audit.
<b>Total:</b>				<b>3.49</b>			
<b>Grand total</b>				<b>5.08</b>			

**ANNEXURE-16**

(Referred to in Paragraph 3.12.3)

**Statement showing persistent irregularities pertaining to Statutory corporations appeared in the Report of the Comptroller and Auditor General of India for the year 1998-1999 to 2003-2004 (Commercial)—Government of Assam**

Sl. No.	Gist of persistent irregularities	Year of Audit Report	Para No.	Money Value (Rupees in crore)	Gist of Audit observations	Recommendation of COPU/action to be taken	Details of action taken
<b>ASSAM STATE ELECTRICITY BOARD</b>							
1.	Undue benefit to consumers	1998-1999	4.2.1.2	0.10	Irregular reduction of quantum of penalty in violation of terms and conditions resulted in undue benefit to a consumer	Though the para has been discussed by COPU, but the recommendation is yet to be received	Action taken report has not yet been received
		2000-2001	4.2.1.5	4.36	Arbitrary reduction/waiver of penalty and irregular relaxation of period for calculation of compensation resulted in undue benefit to two consumers.	Responsibility is required to be fixed for granting such irregular waiver.	As the para is yet to be discussed action taken not intimated to audit
		2002-2003	4.7	1.77	Limitation of compensation period to three days instead of six months resulted in loss of Rs.0.46 crore and in another case assessment bill could not be preferred even after lapse of more than three years for malpractice (Rs.1.31 crore)	Responsibility is required to be fixed for granting such waiver and also for not preferring claim to subscribers in time for compensation charges due to the Board.	As the para is yet to be discussed action taken not intimated to audit
		<b>Total:</b>		<b>6.23</b>			
2.	Non-levy of compensation charges	2000-2001	4.2.1.3	0.59	Inaction on the part of the management resulted in non-levy of compensation charges	Responsibility is required to be fixed for not preferring compensation charges to consumers for availing extension of unauthorized connected load.	As the para is yet to be discussed action taken not intimated to audit

Sl. No.	Gist of persistent irregularities	Year of Audit Report	Para No.	Money Value (Rupees in crore)	Gist of Audit observations	Recommendation of COPU/action to be taken	Details of action taken
		2001-2002	4.2.1.4	2.23	Inaction on the part of the management to levy compensation charges for malpractice. Boards revenue remained unrealized.	Responsibility is required to be fixed for not preferring compensation charges for malpractice by consumers.	As the para is yet to be discussed action taken not intimated to audit
		2003-2004	3.15	0.15	Due to irregular waiver/reduction of compensation charges, Board sustained revenue loss.	Responsibility is required to be fixed for not preferring compensation charges for malpractice by consumers.	As the para is yet to be discussed action taken not intimated to audit
		<b>Total:</b>		<b>2.97</b>			
3.	Unrealised revenue	2000-2001	4.2.1.4	3.36	Lack of timely action on the part of the Board management resulted in accumulation of huge arrears over the years which remained unrealized	Responsibility is required to be fixed for not initiating action for recovery of revenues due to the Board.	As the para is yet to be discussed action taken not intimated to audit
		2001-2002	4.2.1.6	2.06	Failure to take appropriate action to realize the outstanding dues from permanently/temporarily disconnected consumers resulted in accumulation of huge arrears over the years which remained unrealized	Responsibility is required to be fixed for not initiating action for recovery of revenues due to the Board.	As the para is yet to be discussed action taken not intimated to audit
		2002-2003	4.11	1.88	Failure to initiate appropriate timely action to realize outstanding dues from permanently disconnected consumers resulted in accumulation of huge arrear over the years which remained unrealized	Responsibility is required to be fixed for not initiating action for recovery of revenues due to the Board.	As the para is yet to be discussed action taken not intimated to audit
		2003-2004	3.8 & 3.10	0.47	Revenue remained unrealised due to non-compliance of Court order, failure to initiate timely action in compliance to Board directives, non-adherence to the provisions of TCS etc.	Responsibility is required to be fixed for non-compliance of Court order, failure to initiate timely action.	As the para is yet to be discussed action taken not intimated to audit
		<b>Total:</b>		<b>7.77</b>			

Audit Report (Commercial) for the year ended 31 March 2005

Sl. No.	Gist of persistent irregularities	Year of Audit Report	Para No.	Money Value (Rupees in crore)	Gist of Audit observations	Recommendation of COPU/action to be taken	Details of action taken
4.	Non-realisation of load security/revised load security	2001-2002	4.2.1.2	0.61	Extension of undue benefit to a consumer in violation of the provision of TCS resulted in non-recovery of load security (Rs.0.44 crore) and loss of interest (Rs.0.17 crore)	Responsibility is required to be fixed for non-realisation of load security before release of power.	As the para is yet to be discussed action taken not intimated to audit
		2002-2003	4.6	3.18	Non-realisation of revised load security (Rs.2.60 crore) resulted in loss of interest (Rs.0.58 crore)	Responsibility is required to be fixed for non-realisation of load security due to the Board.	As the para is yet to be discussed action taken not intimated to audit.
		2003-2004	3.7	3.32	Against the billable demand of Rs.5.07 crore, revised load security bill for Rs.1.15 crore was raised. The balance remained unrealised.	Responsibility is required to be fixed for non-realisation of load security due to the Board.	As the para is yet to be discussed action taken not intimated to audit
		<b>Total</b>		<b>7.11</b>			
<b>Grant Total:</b>		<b>24.08</b>					



**ANNEXURE-17**

(Referred to in Paragraph 3.13)

**Statement showing the department-wise outstanding Inspection Reports (IRs)  
as on 31 August 2005**

Sl. No.	Departments	No. of PSUs	No. of outstanding IRs	No. of outstanding paras	Year from which paragraphs outstanding
1.	Agriculture	2	3	18	1994-1995
2.	Fisheries	1	2	15	1994-1995
3.	Animal Husbandry & Veterinary	1	1	4	1994-1995
4.	Industries	15	40	300	1994-1995
5.	Forest	1	2	10	1994-1995
6.	Home	1	4	12	1994-1995
7.	PWD (R&B)	1	3	24	1994-1995
8.	Welfare of Plains Tribes, OBC	3	9	72	1994-1995
9.	Tourism	1	1	1	2003-2004
10.	Education	1	3	31	1994-1995
11.	Finance	1	3	18	1994-1995
12.	Co-operation	1	4	31	1994-1995
13.	Transport	1	86	393	1994-1995
14.	Power, Mines & Minerals	1	5	31	1994-1995
15.	Assam State Electricity Board	1	207	1,077	1994-1995
<b>Total:</b>		<b>32</b>	<b>373</b>	<b>2,037</b>	

**ANNEXURE-18**

(Referred to in Paragraph 3.13)

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

Sl. No.	Name of the Department/Corporation	No. of draft paragraphs	No. of reviews	Period/date of issue
1.	Assam State Electricity Board	07	-	April 2005 to June 2005
2.	Assam State Transport Corporation	01	-	April 2005
3.	Welfare of Plains Tribes and Other Backward Classes	-	01	June 2005
4.	Industries	01	-	June 2005
5.	Home	-	01	June 2005
6.	Finance and Public Enterprise	01	-	June 2005
7.	Agriculture	01	-	April 2005
<b>Total</b>		<b>11</b>	<b>02</b>	-