

# OVERVIEW

## 1. Overview of Government companies and Statutory corporations

As on 31 March 2004, the State had 42 Public Sector Undertakings (PSUs) comprising 38 Government companies and four Statutory corporations, as against the same number of PSUs as on 31 March 2003. Out of 38 Government companies, 28 were working Government companies while 10 were non-working Government companies. All the four Statutory corporations were working corporations. There is no company under the purview of Section 619 B of the Companies Act, 1956 as on 31 March 2004.

*(Paragraphs 1.1 and 1.44)*

The total investment in working PSUs decreased from Rs.4093 crore as on 31 March 2003 to Rs.2369.95 crore as on 31 March 2004. The total investment in 10 non-working PSUs decreased from Rs.86.90 crore as on 31 March 2003 to Rs.84.16 crore as on 31 March 2004.

*(Paragraphs 1.2 and 1.21)*

The budgetary support in the form of capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs.68.69 crore in 2002-2003 to Rs.204.55 crore in 2003-2004. The State Government guaranteed loans aggregating to Rs.8.29 crore to one working PSU during 2003-2004. As on 31 March 2004 guarantees of Rs.381.21 crore were outstanding.

*(Paragraph 1.6)*

None of the working Government companies and Statutory corporations have finalised their accounts for the year 2003-2004. The accounts of the 28 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 20 years as on 30 September 2004. Accounts of 10 non-working Government companies were in arrears for periods ranging from 7 to 21 years as on 30 September 2004.

*(Paragraphs 1.7 and 1.25)*

According to latest finalised accounts, six working PSUs (five Government companies and one Statutory corporation) earned aggregate profit of Rs.25.41 crore. Against this, 25 working PSUs (22 Government companies and three Statutory corporations) incurred an aggregate loss of Rs.747.48 crore as per latest finalised accounts. One company had not commenced commercial activities. Of the 22 loss incurring Government companies, 14 companies had

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accumulated losses aggregating Rs.170.79 crore, which exceeded their paid up capital of Rs.56.11 crore by more than two times. Similarly, three loss incurring Statutory corporations had accumulated losses aggregating Rs.4338.37 crore, which exceeded their aggregate paid up capital of Rs.1531.16 crore by more than two times.

*(Paragraphs 1.8, 1.10 and 1.12)*

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

### **2.1 Assam Petrochemicals Limited**

Aspects relating to performance and working of Assam Petrochemicals Limited was reviewed in Audit and some of the main findings are as follows:

The Company was incorporated in April 1971 with the main objective of carrying of the business of manufacturing, dealing in petrochemicals, chemical compounds and chemical products. The Company could not achieve desired plant load factor due to excess shutdowns as well as lower capacity utilisation. The Company also did not have proper mechanism to monitor and control consumption of natural gas and electrical power. There was excess stockholding leading to blockade of funds. Stocks were also not physically verified during the last five years. Some of the major points noticed during the review were as follows:

Due to lower capacity utilisation, there was loss of production of 34,027 MT Methanol and 30,603 MT Formalin valued at Rs.29.96 crore and Rs.19.72 crore respectively during the five years up to 2002-03 at actual realisation prices in respective years.

*(Paragraph 2.1.15)*

The expenditure of Rs.54.37 lakh incurred for installing micro-alloy tubes became unfruitful.

*(Paragraph 2.1.18)*

The Company had consumed excess quantities of gas valued at Rs.79.68 lakh at cost due to operation of the plant with lower load compared to its installed capacity.

*(Paragraph 2.1.21)*

The shortfall in value of sales of Methanol and Formalin during 1998-99 to 2002-03 compared to target initially fixed by the Company was Rs.12.41 crore.

*(Paragraph 2.1.28)*

The Company had incurred an expenditure of Rs.12.67 crore as salary and allowances in respect of excess manpower.

*(Paragraph 2.1.34)*

Due to delay in disposal of old plants and equipments, the Company had been deprived of interest earning of Rs.52.64 lakh.

*(Paragraph 2.1.35)*

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

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

- Loss of revenue of Rs.19.44 crore in five cases due to inordinate delay in taking over the assets and unjustified settlement of loan accounts under One Time Settlement (OTS) Scheme , non-realisation of additional charges, non-conversion of unmetered consumers into metered one, incorrect billing and non-realisation of compensation charges.

*(Paragraph 3.4, 3.5, 3.9, 3.13 and 3.15).*

- Non-recovery of dues amounting to Rs.3.89 crore in four cases.

*(Paragraph 3.6, 3.7, 3.8 and 3.10).*

- Avoidable Extra expenditure amounting to Rs.70 lakh in three cases.

*(Paragraph 3.1, 3.12 and 3.14).*

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

The working capital of the **Assam State Electricity Board** decreased from (-) Rs.705.80 crore at the beginning of 1998-99 to (-) Rs.1,898.44 crore at the end of 2002-03, major factors responsible for poor fund position were loss of interest of Rs.160.07 crore on sundry debtors in excess of two months billing, non-receipt of subsidy of Rs.1,181.59 crore for rural electrification from State Government, loans being repaid out of fresh loans due to continuous cash losses year after year.

*(Paragraph 3.3).*

The **Assam Financial Corporation** incurred a loss of Rs.11.26 crore due to inordinate delay in taking over the assets under State Financial Corporation Act, as well as disposal of taken over assets. The Corporation also suffered a loss of Rs.2.96 crore in the One Time Settlement Scheme (OTS) of the defaulted units.

*(Paragraph 3.4).*

**Assam State Electricity Board** could raise revised load security bill for Rs.1.75 crore against billable demand of Rs.5.07 crore, which resulted in non-billing of revised load security for Rs.3.32 crore.

*(Paragraph 3.7).*

**Assam State Electricity Board** suffered revenue loss of Rs.4.74 crore due to non-conversion of unmetered consumers into metered consumers.

*(Paragraph 3.9).*

Revenue of Rs.29.57 lakh remained unrealised due to failure of the **Assam State Electricity Board** to initiate timely action in compliance with Board's directives and existing provisions of Terms and Conditions of Supply (TCS).

*(Paragraph 3.10).*