

Chapter-I

1. Overview of State Public Sector Undertakings

Introduction

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

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

Type of PSUs	Working PSUs	Non-working PSUs ^ψ	Total
Government Companies	35	10	45
Statutory Corporations	04	-	04
Total	39	10	49

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

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

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

§ Assam Petrochemicals Limited.

ψ Non-working PSUs are those which have ceased to carry on their operations.

Audit Mandate

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

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

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

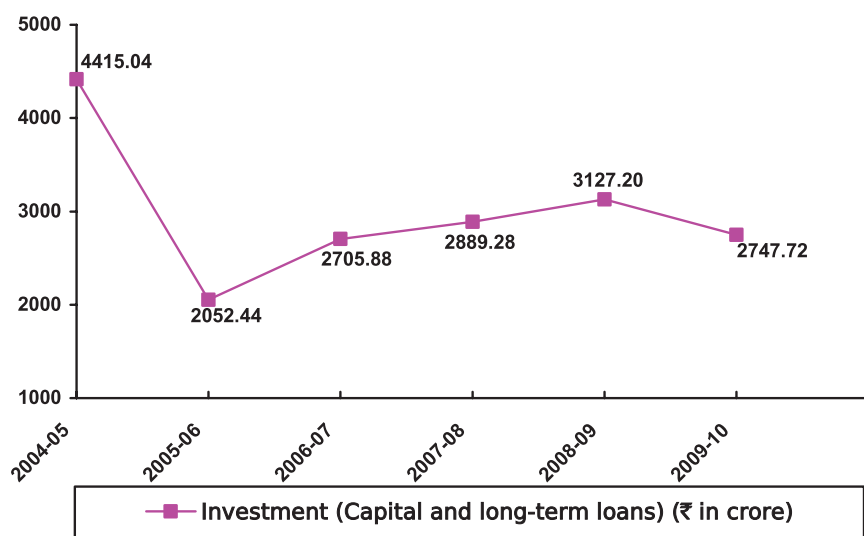
Investment in State PSUs

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

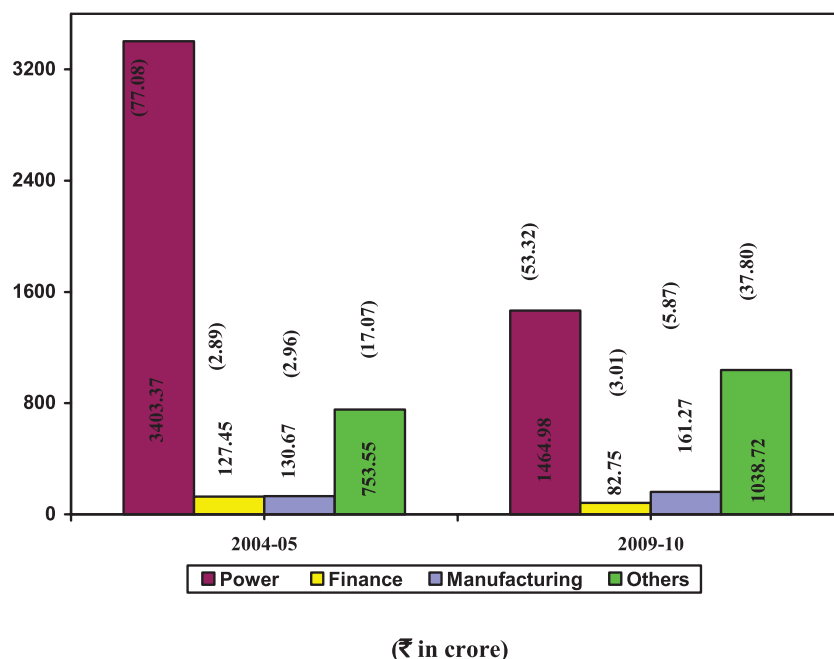
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
	(₹ in crore)						
Working PSUs	990.03	1127.35	2117.38	299.11	256.91	556.02	2673.40
Non-working PSUs	25.13	49.19	74.32	-	-	-	74.32
Total	1015.16	1176.54	2191.70	299.11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

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

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



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



(Figures in brackets show the percentage of total investment)

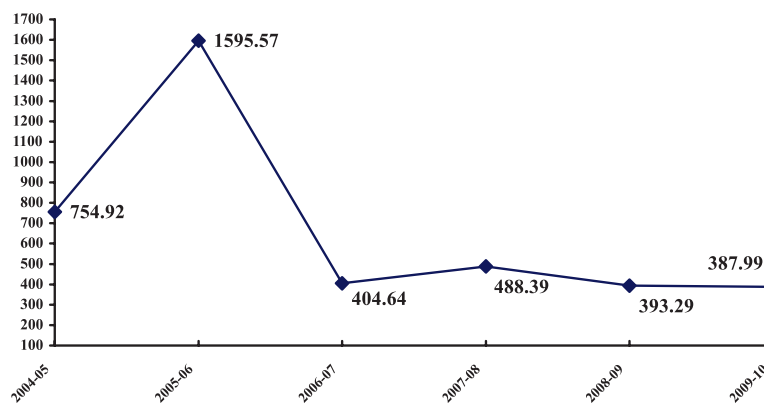
Budgetary outgo, grants/subsidies, guarantees and loans

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

(Amount ₹ in crore)

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

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



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

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

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

Reconciliation with Finance Accounts

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

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

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

Performance of PSUs

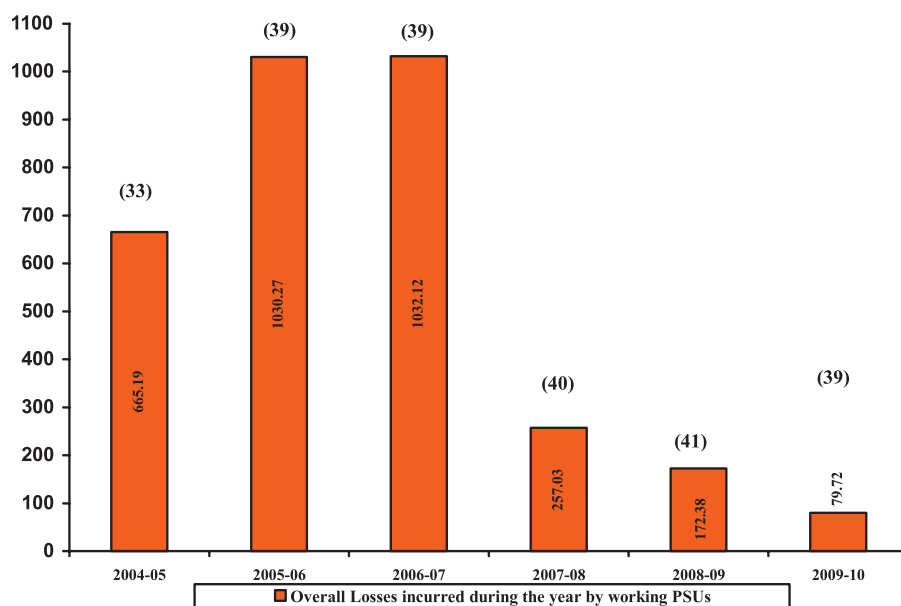
1.15 The financial results of PSUs, financial position and working results of working statutory corporations are detailed in *Annexures 2, 5 and 6* respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU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

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

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

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

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



(₹ in crore)

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

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

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

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

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

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

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

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

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

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

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

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

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

Arrears in finalisation of accounts

1.22 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2010.

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

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

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

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

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

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

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

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

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

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

Winding up of non-working PSUs

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

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

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

Accounts Comments and Internal Audit

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

(Amount ₹ in crore)

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

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

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

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

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

Assam Power Generation Corporation Limited (2007-08)

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

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

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

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

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

Upper Assam Electricity Distribution Company Limited (2008-09)

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

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

Assam Gas Company Limited (2008-09)

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

Assam Industrial Development Corporation Limited (2007-08)

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

Assam State Textile Corporation Limited (2004-05)

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

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

(Amount ₹ in crore)

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

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

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

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

Assam State Electricity Board (2008-09)

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

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

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

Assam State Transport Corporation (2004-05)

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

Assam State Transport Corporation (2005-06)

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

Assam Financial Corporation (2008-09)

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

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

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

Recoveries at the instance of audit

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

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

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

Status of placement of Separate Audit Reports

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

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

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

Disinvestment, Privatisation and Restructuring of PSUs

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

Reforms in Power Sector

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

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

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