

# Chapter-I

## Overview of State Public Sector Undertakings

### Introduction

**1.1** The State Public Sector Undertakings (SPSUs) consist of State Government companies and Statutory corporations. The SPSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Assam, the SPSUs occupy an important place in its economy. The working SPSUs registered a turnover of ₹ 3,509.96 crore for 2012-13 as per their latest finalised accounts as of September 2013. This turnover was equal to 2.44 *per cent* of State Gross Domestic Product (GDP) of ₹ 1,43,567 crore for 2012-13. Major activities of SPSUs are concentrated in Power sector. The working SPSUs incurred an overall loss of ₹ 471.91 crore in aggregate for 2012-13 as per their latest finalised accounts as on 30 September 2013. The SPSUs had employed 37,650<sup>1</sup> employees as on 31 March 2013.

**1.2** As on 31 March 2013, there were 50 SPSUs as per the details given below. Of these, one Company<sup>2</sup> was listed on the stock exchange.

Table 1.1

Type of SPSUs	Working SPSUs	Non-working SPSUs <sup>3</sup>	Total
Government companies	37	09	46 <sup>4</sup>
Statutory corporations	03	01 <sup>5</sup>	04
<b>Total</b>	<b>40</b>	<b>10</b>	<b>50</b>

### Audit Mandate

**1.3** 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).

<sup>1</sup> As per the details provided by 38 SPSUs, remaining 12 SPSUs did not furnish the details and hence the manpower position for the previous year was taken wherever applicable.

<sup>2</sup> Assam Petrochemicals Limited

<sup>3</sup> Non-working SPSUs are those which have ceased to carry on their operations.

<sup>4</sup> Excluding one company (Amtron Sen Electronics Limited), which ceased to exist (14 January 2011) in terms of the order issued by the Registrar of Companies, Shillong.

<sup>5</sup> Assam State Electricity Board is the only non-working Statutory corporation, which became defunct (2009-10) after transfer of its activities relating to generation, transmission and distribution of electricity to companies at serial no. A-30, A-31 and A-32 of *Annexure 2* respectively.

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<sup>6</sup> of the Companies Act.

**1.4** 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.

**1.5** Audit of Statutory corporations is governed by their respective legislations. Out of four Statutory corporations in Assam, CAG is the sole auditor for Assam State Electricity Board<sup>7</sup> and Assam State Transport Corporation. In respect of Assam State Warehousing Corporation and Assam Financial Corporation, CAG conducts the supplementary audit after the statutory audit conducted by Chartered Accountants.

#### Investment in SPSUs

**1.6** As on 31 March 2013, the investment (capital and long-term loans) in 50 SPSUs was ₹ 3,505.97 crore as *per* details given in below:

Table 1.2

Type of SPSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
	(₹ in crore)						
Working SPSUs	1,282.91	1,606.08	2,888.99	520.28	55.45	575.73	3,464.72
Non-working SPSUs	26.68	13.94	40.62	0.63	-	0.63	41.25
Total	1,309.59	1,620.02	2,929.61	520.91	55.45	576.36	3,505.97

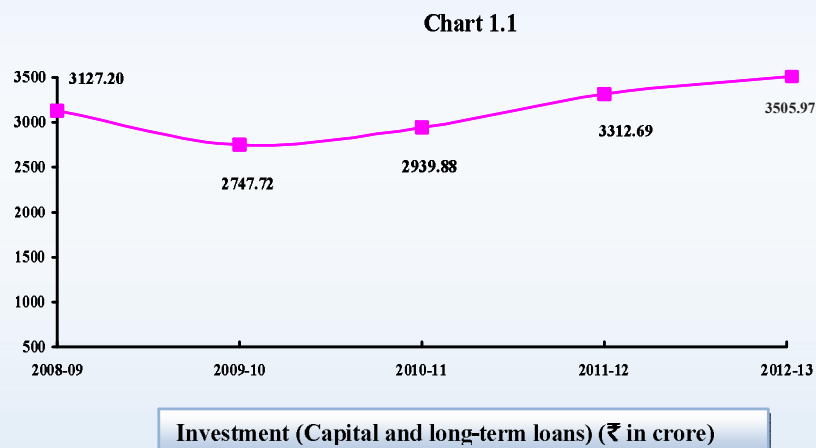
A summarised position of government investment in SPSUs is detailed in *Annexure 1*.

**1.7** As on 31 March 2013, of the total investment in SPSUs, 98.82 *per cent* was in working SPSUs and the remaining 1.18 *per cent* in non-working SPSUs.

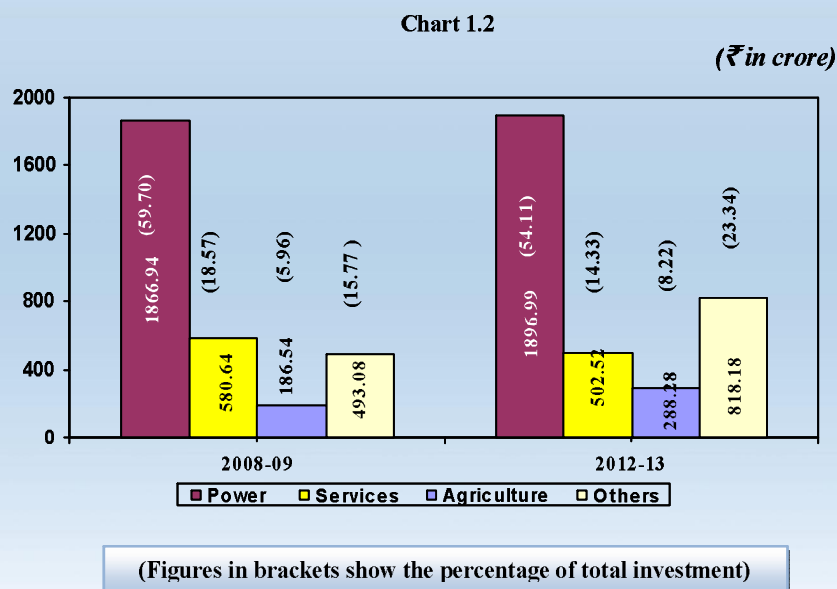
<sup>6</sup> There is no deemed Government Company under the purview of Section 619 B of the Companies Act, 1956 in Assam as on 30 September 2013.

<sup>7</sup> Assam State Electricity Board was non-functional since 2009-10 after transfer of its activities to companies at serial no. A-30, A-31 and A-32 of *Annexure 2*.

This total investment consisted of 52.21 *per cent* towards capital and 47.79 *per cent* in long-term loans. There investment had grown up by 12.11 *per cent* from ₹ 3,127.20 crore in 2008-09 to ₹ 3,505.97 crore in 2012-13 as shown in the following graph:



**1.8** The total investment in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2013 are indicated below in the bar chart. As compared to the investment in 2008-09, investment in 2012-13 has increased in the Power sector (₹ 30.05 crore), Agriculture sector (₹ 101.74 crore) and other sectors (₹ 325.10 crore) whereas investment in service sector has decreased by ₹ 78.12 crore.



### Budgetary outgo, grants/subsidies, guarantees and loans

1.9 The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantee commitment and loans written off in respect of SPSUs are given in *Annexure 3*. The summarised details for three years ended 2012-13 are shown in the following table:

Table 1.3

(Amount ₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	2	39.54	3	86.17	1	0.20
2.	Loans given from budget	6	152.06	2	316.58	4	60.29
3.	Grants/Subsidy	12	81.32	13	524.32	15	383.70
4.	Total Outgo (1+2+3) <sup>8</sup>	17	272.92	14	927.07	16	444.19
5.	Loans written off	-	-	1	3.77	-	-
6.	Interest/ Penal Interest written off	-	-	1	2.43	-	-
7.	Total Waiver	-	-	1	6.20	-	-
8.	Guarantee Commitment	4	45.53	3	38.90	01	4.00

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

Chart 1.3



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

It may be observed that the budgetary outgo to the SPSUs in the form of equity, loans, grants/subsidies, etc. had shown decreasing trend during 2008-09 (₹ 393.29

<sup>8</sup> Actual number of Companies, which received equity, loans, grants/subsidies from the state Government

crore) to 2010-11 (₹ 272.92 crore). This had increased significantly to ₹ 927.07 crore in 2011-12 mainly due to extension of loan (₹ 315.09 crore) and grants (₹ 454.79 crore) by the State Government to three power sector SPSUs. The budgetary outgo, however, had drastically reduced to ₹ 444.19 crore during the year 2012-13.

**1.11** The amount of Guarantees outstanding had also shown a decreasing trend during preceding three years and had decreased from ₹ 45.53 crore (2010-11) to ₹ 4.00 crore (2012-13).

### Reconciliation with Finance Accounts

**1.12** The figures in respect of equity and loans outstanding as per records of SPSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department are required to carry out reconciliation of differences. The position in this regard as at 31 March 2013 is stated below:

Table 1.4

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
	(₹ in crore)		
Equity	2073.85	1613.20	460.65
Loans	2801.07 <sup>9</sup>	1102.45	1698.62

**1.13** Audit observed that the differences in equity<sup>10</sup> figures existed in respect of 42 SPSUs. It was further observed that during 2011-12, the differences in the figures of Equity and Loans were to the tune of ₹ 435.71 crore and ₹ 1,433.85 crore<sup>11</sup> respectively. Thus, the unreconciled differences had increased by ₹ 24.94 crore (Equity) and ₹ 264.77 crore (Loans) during 2012-13. The Accountant General (AG) had also taken up (May 2012 / December 2013) the issue with the Chief Secretary, Principal Secretaries to the Government of Assam (GOA) and the concerned SPSUs for early reconciliation of long pending differences. No significant progress was, however, noticed in this direction. The Government and the SPSUs should take concrete steps to reconcile the differences in a time bound manner.

<sup>9</sup> Including cumulative balances of loans to SPSUs (₹ 73.69 crore) and State Electricity Board (₹ 2,727.38 crore) as adopted from the major heads 'Loans to Public Sector and other Undertakings' and 'Loans to State Electricity Board' in absence of PSU-wise details in the Finance Accounts, 2012-13 (provisional).

<sup>10</sup> SPSU-wise details of Loans not available in the Finance Accounts of the State.

<sup>11</sup> Unreconciled balance of loans during 2011-12 after considering the figures appearing under the major heads 'Loans to Public Sector and other Undertakings' (₹ 69.14 crore) and 'Loans to State Electricity Board' (₹ 2,325.95 crore) of the Finance Accounts, 2011-12.

## Performance of SPSUs

**1.14** The financial results of SPSUs, financial position and working results of working Statutory corporations as per their latest finalised accounts as of September 2013 are detailed in *Annexure 2, 5 and 6* respectively. A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. Table below provides the details of working SPSU turnover and State GDP for the period 2007-08 to 2012-13.

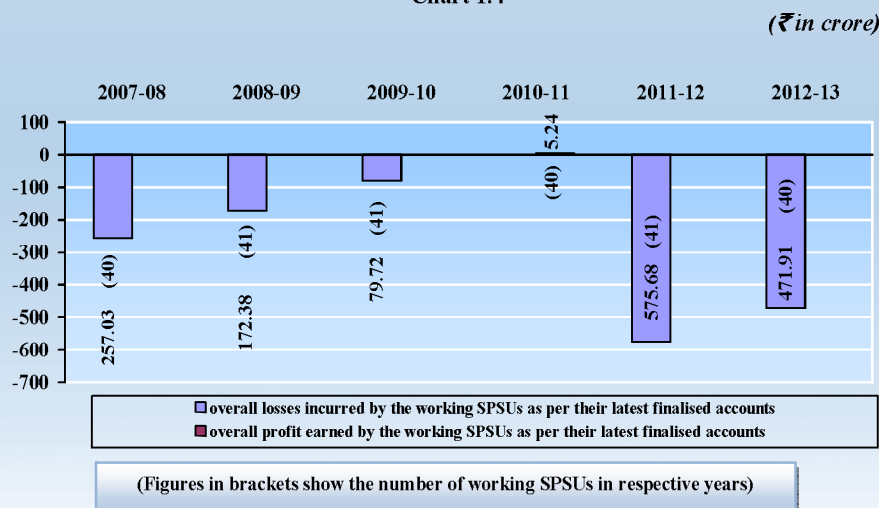
Table 1.5

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	(₹ in crore)					
Turnover <sup>12</sup>	2,036.24	2,766.90	3,519.57	2,644.44	2,879.21	3,509.96
State GDP	72,700	77,506	88,023	1,04,218	1,15,408	1,43,567
Percentage of Turnover to State GDP	2.80	3.57	4.00	2.54	2.49	2.44

The State GDP showed continuous growth during the years from 2007-08 to 2012-13. The turnover of working SPSUs correspondingly increased from ₹ 2,036.24 crore (2007-08) to ₹ 3,519.57 crore (2009-10) but decreased to ₹ 2,644.44 crore during 2010-11. The turnover, however, again improved during 2011-12 and 2012-13 and reached to ₹ 3,509.96 crore (2012-13). As a result, the percentage of the turnover to State GDP increased upto the year 2009-10 from 2.80 *per cent* (2007-08) to 4 *per cent* (2009-10) but had shown a decreasing trend during subsequent years and reached at 2.44 *per cent* during 2012-13.

**1.15** Losses incurred by working SPSUs during 2007-08 to 2012-13 are given below in a bar chart.

Chart 1.4



<sup>12</sup> Turnover of working SPSUs as per the latest finalised accounts as on 30 September of respective year.

The overall losses of the working SPSUs showed decreasing trend after 2007-08 and during 2010-11 SPSUs made profit of ₹ 5.24 crore. In the subsequent years, working SPSUs incurred losses of ₹ 575.68 crore (2011-12) and ₹ 471.91 crore (2012-13). The increase in the overall losses in last two years was caused mainly due to the losses of ₹ 599.19 crore (2011-12) and ₹ 524.85 crore (2012-13) incurred by three state power sector companies. During the year 2012-13, out of 40 working SPSUs, 16 SPSUs earned profit of ₹ 90.93 crore and 21 SPSUs incurred loss of ₹ 562.84 crore. Out of remaining three working SPSUs, two SPSUs<sup>13</sup> had not started commercial activities while one SPSU<sup>14</sup> had not finalised its first accounts. The major contributors to profits were Assam Gas Company Limited (₹ 60.45 crore), DNP Limited (₹ 11.08 crore) and Assam Police Housing Corporation Limited (₹ 8.35 crore). Heavy losses were incurred by Assam Power Distribution Company Limited (₹ 407.58 crore), Assam Electricity Grid Corporation Limited (₹ 67.63 crore), Assam Power Generation Corporation Limited (₹ 49.64 crore) and Assam State Transport Corporation (₹ 24.34 crore).

**1.16** A review of latest Audit Reports of CAG shows that the SPSUs incurred losses to the tune of ₹ 876.41 crore and made infructuous investment of ₹ 3.58 crore which were controllable with better management. Year-wise details from Audit Reports are stated as shown below:

**Table 1.6**

Particulars	2010-11	2011-12	2012-13	Total
	(₹ in crore)			
Net loss (-)/ Net Profit	5.24	(-)575.68	(-)471.91	(-)1,042.35
Controllable losses as per C&AG's Audit Report	666.40	188.19	21.82	876.41
Infructuous Investment	3.21	-	0.37	3.58

The losses of SPSUs were mainly due to deficiencies in planning, implementation of project, running their operations, financial management and monitoring.

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

<sup>13</sup> Assam Power loom Development Corporation Limited and Pragjyotish Fertilizers and Chemicals Limited (Serial no. A-17 and A-29 of *Annexure 2*).

<sup>14</sup> Assam Minorities Development and Finance Corporation limited (Serial no. A-10 of *Annexure 2*).

1.18 Some other key parameters pertaining to SPSUs are given below:

Table 1.7

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	(₹ in crore)					
Return on Capital Employed (Per cent)	*	*	2.82	2.97	*	*
Debt	1,579.94	1,554.31	1,433.45	1,217.87	1,505.09	1,675.47
Turnover <sup>15</sup>	2,036.24	2,766.90	3,519.57	2,644.44	2,879.21	3,509.96
Debt/ Turnover Ratio	0.78:1	0.56:1	0.41:1	0.46:1	0.52:1	0.48:1
Interest Payments	111.48	112.84	201.81	105.13	166.49	173.32
Accumulated losses (-)	(-)1,122.44	(-)1,102.85	(-)1,278.52	(-)1,091.09	(-)2,248.10	(-)2,640.42

\* Negative figures

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

1.19 From the above table, it may be noticed that excepting 2009-10 and 2010-11, the percentage of returns on capital employed was negative throughout the period of six years from 2007-08 to 2012-13. This was mainly due to huge losses incurred by the working SPSUs during the said periods. As discussed under *para 1.15 supra*, out of six years analysed by Audit, the working SPSUs showed overall positive working results (₹ 5.24 crore) only during one year (*viz.* 2010-11) while the overall losses of these SPSUs were at lowest (₹ 79.72 crore) during 2009-10. As a result, the percentage of return on capital employed was positive during these two years. The accumulated losses had also shown a mixed trend during the period of six years. It may be noticed that during 2007-08 to 2012-13, the accumulated losses of SPSUs had increased by more than 135.24 per cent from ₹ 1,122.44 crore (2007-08) to (-) ₹ 2,640.42 crore (2012-13).

The debt turnover ratio had improved gradually from 0.78:1 in 2007-08 to 0.41:1 in 2009-10 but deteriorated thereafter. During 2012-13, the debt turnover ratio had marginally improved from 0.52:1 (2011-12) to 0.48:1 (2012-13). The deterioration in the debt turnover ratio after 2009-10 was mainly due to net increase in debts by ₹ 242.02 crore from ₹ 1,433.45 crore (2009-10) to ₹ 1,675.47 crore (2012-13).

1.20 There was no information available regarding existence of any specific policy of the GOA on payment of minimum dividend by the SPSUs. As per their latest finalised accounts as on 30 September 2013, 16 SPSUs earned an aggregate

<sup>15</sup>Turnover of working SPSUs as per the latest finalised accounts as of 30 September of the respective year.



profit of ₹ 90.93 crore and only one SPSUs (*viz.* Assam Gas Company Limited) declared a dividend of ₹ 1.69 crore.

### Arrears in finalisation of accounts

### Working Government SPSUs

**1.21** 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 SPSUs in finalisation of accounts by September 2013.

Table 1.8

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working SPSUs	41	39 <sup>16</sup>	40	41	40
2.	Number of accounts finalised during the year	36	51	57	62	46
3.	Number of accounts in arrears	357	345	328	322 <sup>17</sup>	316
4.	Average arrears per SPSU (3 ÷ 1)	8.71	8.85	8.20	7.85	7.90
5.	Number of Working SPSUs with arrears in accounts	41	38	39	37	37
6.	Extent of arrears	1 to 24 years	1 to 25 years	1 to 24 years	1 to 25 years	1 to 25 years

**1.22** It could be seen from the above table that average arrears per SPSU had decreased from 8.71 in 2008-09 to 7.85 in 2011-12. The average arrear per SPSU again increased to 7.90 during 2012-13 mainly due to reduction in the number of accounts finalised by SPSUs from 62 accounts (2011-12) to 46 accounts (2012-13). It was observed that during the period from October 2012 to September 2013, out of 40 working SPSUs, only 9 SPSUs finalised more than one year accounts while 16 SPSUs finalised only one year accounts. Remaining 15<sup>18</sup> SPSUs, however, did not finalise any of their accounts during the said period. As of September 2013, there were arrears of 316 accounts relating to 37 SPSUs. It was further observed that out of 37 working SPSUs having arrears of 316 accounts, 7

<sup>16</sup> 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.

<sup>17</sup> This includes 16 arrear accounts of newly added Company *i.e.* Assam Minorities Development and Finance Corporation Limited.

<sup>18</sup> Serial no. A-4,5,6,7,11,13,17,25,26,27,28,29,30,35,B-2 of *Annexure 2*.

working SPSUs functioning under six Departments of the State Government had the arrears of total 159 accounts (50 *per cent*) for periods ranging between 21 and 25 years as per following details:

Table 1.9

Sl. No.	Name of the SPSU	Administrative Department	Serial no. of Annexure-2	Period of accounts	No. of accounts in arrears
1.	Assam Plantation Crop Development Corporation Limited	Soil conservation	7	1987-88	25
2.	Assam Plains Tribes Development Corporation Limited	Welfare of Plains Tribes & Backward Classes	8	1988-89	24
3.	Assam Government Marketing Corporation Limited	Handloom Textile & Sericulture	34	1989-90	23
4.	Assam Livestock and Poultry Corporation Limited	Animal Husbandry	5	1990-91	22
5.	Assam Hills Small Industries Development Corporation Limited	Hill Areas Development	13	1990-91	22
6.	Assam State Text Book Production and Publication Corporation Limited	Education	35	1990-91	22
7.	Assam State Development Corporation for Other Backward Classes Limited	Welfare of Plains Tribes & Backward Classes	9	1991-92	21

Thus, concrete steps should be taken by the SPSUs for preparation of accounts as per the statutory requirements with special focus on clearance of arrears in time bound manner.

#### Non-working Government SPSUs

**1.23** In addition to above, there were also arrears in finalisation of accounts by non-working SPSUs. Out of 10 non-working SPSUs, nine non-working SPSUs (eight Government companies and one Statutory corporation) had arrears in finalisation of accounts ranging from 1 to 30 years<sup>19</sup>. None of these 10 non-working SPSUs had started the process of liquidation.

**1.24** The State Government invested ₹ 761.90 crore (Equity: ₹ 4.97 crore, Loans: ₹ 239.70 crore and Grants: ₹ 517.23 crore) in 21 SPSUs (19 working SPSUs and 2 non-working SPSUs) during the years for which accounts were not finalised as detailed in *Annexure 4*. Delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

<sup>19</sup> Refer *Annexure-2*.

**1.25** The administrative departments of the State Government have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within the prescribed period. The matter was taken up with the concerned SPSUs, Public Enterprises Department and the respective administrative departments from time to time. The matter was also taken up (April 2010, December 2011, May 2012 and December 2012) with the Chief Secretary, GOA for drawing up clear time frame and other necessary actions for liquidating the backlog in definite time frame. During the last three years, the Public Enterprise Department, GOA had convened four<sup>20</sup> meetings which were attended by the representatives of the AG, various SPSUs and their Statutory Auditors.

As an outcome of the above efforts, 14 working SPSUs had reduced their arrears by 1 year to 12 years during 2010-11 to 2012-13. In case of 23 working SPSUs, however, the arrear position either remained unchanged or increased during last three years.

**1.26** In view of above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act 1956.

#### **Winding up of non-working SPSUs**

**1.27** There were 10 non-working SPSUs (9 Government companies and 1 Statutory corporation) as on 31 March 2013. The non-working SPSUs are needed to be closed down as their existence is not going to serve any purpose. During 2012-13, two non-working SPSUs incurred expenditure of ₹ 5.49 crore towards establishment expenditure. This expenditure was financed by the State Government in the form of grants. Information of expenditure in respect of remaining eight SPSUs was, however, not furnished to Audit.

#### **Accounts Comments and Internal Audit**

**1.28** Twenty two working Government companies forwarded their 44 audited accounts to AG during the period October 2012 to September 2013. Of these, 20 accounts of 15 companies were selected for supplementary audit, Non Review Certificates (NRC) have been issued for 23 accounts, while audit of remaining one account was in progress (October 2013). 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

<sup>20</sup> January 2012, April 2012, May 2013 and September 2013.

details of aggregate money value of comments of statutory auditors and CAG are given below:

Table 1.10

(Amount ₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	3	41.30	9	6.01	6	6.47
2.	Increase in loss	13	11.12	15	174.41	7	35.17
3.	Non-disclosure of material facts	3	11.20	--	--	2	176.42
4.	Errors of classification	7	49.40	6	16.76	1	35.35
<b>Total</b>		-	<b>113.02</b>	-	<b>197.18</b>	-	<b>253.41</b>

**1.29** During the year, the statutory auditors had given qualified certificates for all the 44 accounts. The compliance of companies with the Accounting Standards remained poor as there were 117 instances of non-compliance in 15 accounts during the year.

**1.30** Gist of some of the important comments in respect of the accounts of the Government companies is as follows:

**Assam Electricity Grid Corporation Limited (2011-12)**

- (i) Other income of the Company was understated by ₹ 3.30 crore due to non-accountal of interest earned on renewal of eight Fixed Deposits pledged with State Bank of India. This had correspondingly resulted in overstatement of 'loss for the year' to that extent.
- (ii) Incorrect capitalisation of penal interest payable against State Government loans resulted in overstatement of Capital work in Progress and understatement of 'loss for the year' by ₹ 1.14 crore each.

**Assam Power Distribution Company Limited (2011-12)**

- (i) Non-provisioning against the expenditure of ₹ 1.26 crore relating to repairs and maintenance of building had resulted in understatement of 'loss for the year' by ₹ 1.26 crore.
- (ii) Non-provisioning towards interest liability on long term loans resulted in understatement of 'current liabilities' with corresponding understatement of 'loss for the year' by ₹ 30.03 lakh each.
- (iii) Non-provisioning against 'wheeling and SLDC charges' claimed by the State Power Transmission Company resulted in understatement of 'current

liabilities' with corresponding understatement of 'loss for the year' by ₹ 16.10 crore each.

#### **Assam Industrial Development Corporation Limited (2011-12)**

- (i) Non-rectification of wrong booking of penal interest/service charges waiver on IDBI term loan under Capital Reserve during last year had resulted in overstatement of 'Capital Reserve' and 'accumulated losses' by ₹ 39.88 crore each.
- (ii) Non-provision by the Company against liability towards arrears of pay revision had resulted in understatement of 'current liabilities' and overstatement of 'profit for the year' by ₹ 2.00 crore each.

#### **Assam Electronics Development Corporation Limited (2009-10)**

Non-accounting of income against Consultancy & Administrative Charges resulted in understatement of 'profit for the year' and corresponding understatement of 'loans & advances' by ₹ 1.38 crore each.

1.31 Similarly, two<sup>21</sup> working Statutory corporations forwarded two accounts to AG during the period from October 2012 to September 2013 for conducting the supplementary audit. Of these two accounts, Statutory Auditors had given 'qualified' certificate on one account of Assam Financial Corporation while 'disclaimer' was issued on the accounts of Assam State Warehousing Corporation. The audit reports of Statutory Auditors and the supplementary audit reports of CAG on the accounts of these corporations 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:

**Table 1.11**

*(Amount ₹ in crore)*

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in loss	2	15.99	2	16.62	2	0.91
3.	Non-disclosure of material facts	1	4.08	-	-	1	0.80
4.	Errors of Classification	-	-	-	-	-	-
<b>Total</b>		-	<b>20.07</b>	-	<b>16.62</b>	-	<b>1.71</b>

<sup>21</sup> Serial no. B-1 and B-3 of *Annexure 2*.

**1.32** 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 of the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which need 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 27 companies<sup>22</sup> for the year 2012-13 are given below :

**Table 1.12**

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 Control system commensurate with the nature and size of business of the company	15	A-1,2,3,8,9,12,19,22,23,30,33, 34,36 C-2,6
2.	Absence of internal audit system commensurate with the nature and size of business of the company	15	A-1,9,12,16,18,19,22,23,29, 30,33,34,36,B-3,C-5
3.	Non-maintenance of cost record	4	A-29, C-5,6,9
4.	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	24	A-1,2,3,8,9,12,14,15,16,18,19, 20,22,23,29,33,34,36, B-1,3,C-2,5,6,9

#### Recoveries at the instance of audit

**1.33** During the course of audit in 2012-13, recoveries of ₹ 47.07 crore were pointed out to the Management of various SPSUs of which recoveries of ₹1.44 crore were admitted by SPSUs. An amount of ₹ 0.43 crore was recovered during the year 2012-13.

#### Status of placement of Separate Audit Reports

**1.34** The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the C&AG on the accounts of Statutory corporations in the Legislature by the Government.

<sup>22</sup> Serial no.A-1,2,3,8,9,12,13,14,15,16,18,19,20,22,23,29,30,31,33,34,36,B-1,3 and C-2,5,6,9 of Annexure 2.

Table 1.13

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	2008-09	2009-10	29 June 2012	Reasons called for (7 Nov 2013); reply awaited.

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

### Disinvestment, Privatisation and Restructuring of SPSUs

*1.35* There is no information regarding any disinvestment or privatisation programme in any of the SPSUs.