



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

**Report of the  
Comptroller and Auditor General of India on  
State Public Sector Enterprises  
for the period ended 31 March 2024**

**Government of Assam  
Report No. 2 of 2025  
(Commercial)**



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**GOVERNMENT OF ASSAM  
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# PREFACE





## Preface

This Report of the Comptroller and Auditor General of India (CAG) on Public Sector Enterprises (SPSEs) has been prepared for submission to the Governor of the State of Assam under Article 151 of the Constitution of India for being laid on the floor of the State legislature.

The Accounts of Government Companies are audited by CAG under the provisions of Section 143 of Companies Act, 2013. The accounts certified by Statutory Auditors (Chartered Accountants) appointed by CAG under the Companies Act, are subject to a supplementary audit by CAG, whose comments supplement the reports of Statutory Auditors. The audit of Statutory Corporations is governed by their respective legislations. The CAG is the sole auditor in respect of Assam State Transport Corporation, a Statutory Corporation, and Assam Electricity Regulatory Commission, a regulatory body. In addition, the Government Companies/Statutory Corporations are also subject to test audit by CAG.

Reports in relation to the Accounts of a Government Company or Statutory Corporation are submitted to State Government by CAG for laying before the Legislature of Assam under the provisions of Section 19-A of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit during April 2023 to March 2024 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period after March 2024 have also been included, wherever necessary. The Report has been finalised after considering the response of the State Government/SPSEs concerned, wherever received.

The audit has been conducted in conformity with the Auditing Standards issued by CAG.



# OVERVIEW



## OVERVIEW

The Report of the Comptroller and Auditor General of India on State Public Sector Enterprises for the year ended 31 March 2024 - Government of Assam, is brought out in three Chapters.

**CHAPTER-I** includes ‘General Purpose Financial Report on State Public Sector Enterprises (SPSEs)’ containing four Sections.

**CHAPTER-II** includes Performance Audit relating to ‘Working of Assam Seeds Corporation Limited’.

**CHAPTER-III** includes five Compliance Audit Paragraphs on SPSEs emerging from the compliance audit of SPSEs.

The major findings included in the Audit Report are as follows:

### Chapter I: General Purpose Financial Report on State Public Sector Enterprises

#### Section 1: Financial performance of State Public Sector Enterprises

As on 31 March 2024, there were 47 SPSEs and one State Electricity Regulatory Commission under the audit jurisdiction of CAG in Assam. These SPSEs include 44 Government Companies (including eight non-working) and three Statutory Corporations (all working). As per the latest finalised accounts of working SPSEs as on 30 September 2024, the turnover of 39 working SPSEs stood at ₹ 12,030.60 crore. The turnover of working SPSEs during last three years had registered an overall increase of 59.21 *per cent* compared to the growth of 38.84 *per cent* in GSDP during the corresponding period. Higher pace of growth in SPSE-turnover than GSDP during 2021-2024, led to increase in contribution of SPSE-turnover to GSDP from 1.84 *per cent* (2021-22) to 2.11 *per cent* (2023-24). Further, the turnover of Statutory Corporations increased from ₹ 111.04 crore in 2021-22 to ₹ 126.11 crore in 2023-24).

The major contributors to working Companies turnover during 2023-24 were three power sector Companies *viz.*, Assam Power Distribution Company Limited (₹ 9,267.01 crore), Assam Power Generation Corporation Limited (₹ 675.57 crore) and Assam Electricity Grid Corporation Limited (₹ 621.54 crore). Further, Assam Gas Company Limited (₹ 655.66 crore) and Assam Seeds Corporation Limited (₹ 138.26 crore) contributed substantially to the overall turnover. Among Statutory Corporations, Assam State Transport Corporation, having turnover of ₹ 104.16 crore, was the highest contributor towards SPSE-turnover during 2023-24.

*(Paragraphs 1.1.4 and 1.1.5)*

As on 31 March 2024, the total investment in 47 SPSEs was ₹ 17,196.56 crore (86.78 *per cent* in equity and 13.22 *per cent* in long-term loans). Out of total investment of ₹ 17,196.56 crore, the investment by Government of Assam (GoA) was ₹ 14,218.33 crore (82.68 *per cent*), which consisted of ₹ 14,087.68 crore towards equity and ₹ 130.65 crore towards long-term loans. During 2021-22 to 2023-24, the total investment of GoA in SPSEs increased by 51.29 *per cent* (₹ 4,820.14 crore) from ₹ 9,398.19 crore (2021-22) to ₹ 14,218.33 crore (2023-24).

***(Paragraph 1.1.6)***

During 2023-24, GoA provided budgetary support of ₹ 1,671.36 crore to 14 SPSEs (including two Statutory Corporations) in the form of long-term loans (₹ 61.61 crore) and grants/subsidy (₹ 1,609.75 crore). Major recipients of budgetary assistance during 2023-24 were three power sector SPSEs, which received 85.64 *per cent* (₹ 1,431.27 crore) of total budgetary allocation to SPSEs during 2023-24.

***(Paragraph 1.1.8)***

The working Companies earned overall profit of ₹ 612.11 crore during 2023-24 compared to ₹ 507.14 crore in 2022-23. The increase was mainly attributable to rise of ₹ 153.36 crore in the profit of Assam Electricity Grid Corporation Limited, primarily driven by increase of ₹ 177.48 crore in transmission charges. In case of Statutory Corporations, their overall losses declined by ₹ 24.89 crore from ₹ 110.37 crore (2022-23) to ₹ 85.48 crore (2023-24) mainly due to improved operational performance of Assam State Transport Corporation, which reported reduced loss of ₹ 82.79 crore during 2023-24 compared to ₹ 106.53 crore (2022-23).

During 2021-24, the number of profit-making working Companies having direct equity infusion by GoA ranged between 18 and 22, of which only one company *viz.*, Assam Gas Company Limited paid dividend aggregating ₹ 25.14 crore during 2021-2024 to GoA. Further, eight out of nine profit earning working Companies having no accumulated losses did not declare any dividend during 2023-24.

***(Paragraphs 1.1.9.1 and 1.1.9.2)***

The long-term loans (GoA and Others) of all the SPSEs registered an increase of ₹ 297.91 crore during 2023-24 (₹ 2,488.62 crore) as compared to 2022-23 (₹ 2,190.71 crore). Major borrowings as on 31 March 2024 pertained to Assam Petro-Chemicals Limited with a total outstanding of ₹ 1,149.71 crore (46.20 *per cent*) and two power sector Companies, which had total outstanding loans of ₹ 697.11 crore (28.01 *per cent*).

***(Paragraph 1.1.10)***

Of 28 SPSEs, the long-term loans of 17 working Companies, three Statutory Corporations and five non-working Companies were adequately covered by their assets, which is a positive sign of their solvency. However, in case of two working Companies (Assam Hills Small Industries Development Corporation Limited and Assam State Fertilizers and Chemicals Limited) and one non-working Company (Assam State Minor

Irrigation Development Corporation Limited), the outstanding loans exceeded the value of their assets.

**(Paragraph 1.1.10.1)**

The overall net profit of working Companies increased by ₹ 398.25 crore (186.22 *per cent*) from ₹ 213.86 crore (2021-22) to ₹ 612.11 crore (2023-24). The total accumulated losses (net off free reserves and surplus) of all the SPSEs were ₹ 2,644.27 crore as on 31 March 2024. Accumulated losses of the working Companies (₹ 667.34 crore) were mainly attributable to the losses of Assam Power Distribution Company Limited (₹ 1,312.25 crore), Assam Electricity Grid Corporation Limited (₹ 158.44 crore) and Assam Tea Corporation Limited (₹ 303.77 crore). Likewise, the accumulated losses of the Statutory Corporations (₹ 1,815.29 crore) were attributable mainly to the losses of Assam State Transport Corporation (₹ 1,772.22 crore), which was 97.63 *per cent* of total accumulated losses of Statutory Corporations.

**(Paragraph 1.1.11.1)**

During 2023-24, 28 out of 47 SPSEs (24 working Companies, two Statutory Corporations and two non-working Companies) had positive capital employed while the remaining 19 SPSEs had negative capital employed. The working Companies with positive capital employed registered increase of ₹ 1,475.70 crore (11.28 *per cent*) in aggregate capital employed from ₹ 13,086.61 crore (2022-23) to ₹ 14,562.31 crore (2023-24). The Earnings Before Interest and Taxes (EBIT) of working Companies also increased by ₹ 225.61 crore (37.06 *per cent*) from ₹ 608.72 crore (2022-23) to ₹ 834.33 crore (2023-24). As a result, Return on Capital Employed (RoCE) of working Companies having positive capital employed had shown an overall improvement from 4.65 *per cent* (2022-23) to 5.73 *per cent* during the current reporting year (2023-24).

On the contrary, the Statutory Corporations having positive capital employed registered a decrease of ₹ 7.60 crore (17.12 *per cent*) in their aggregate capital employed from ₹ 44.39 crore (2022-23) to ₹ 36.79 crore (2023-24). The EBIT of Statutory Corporations was, however, positive during 2023-24 and their RoCE was worked out at 3.23 *per cent* (2023-24).

**(Paragraph 1.1.11.2)**

During 2023-24, out of 47 SPSEs, 25 SPSEs (22 working Companies, one Statutory Corporation and two non-working Companies) earned profit of ₹ 741.03 crore. Of these, 16 SPSEs (15 Companies and one Statutory Corporation) had positive Equity/Shareholders' fund. During 2023-24, the Return on Equity (RoE) of these 15 working Companies having positive equity was 6.21 *per cent* as compared to the RoE of 5.30 *per cent* for 13 working Companies during 2022-23. In case of remaining seven working Companies which earned profit during 2023-24, the accumulated losses (₹ 219.62 crore) had completely eroded their paid-up capital (₹ 22.28 crore). In case of the only profit making Statutory Corporation (Assam State Warehousing Corporation), the RoE was 3.25 *per cent* during 2023-24.

**(Paragraph 1.1.11.3)**

During 2023-24, six loss-making working SPSEs (Assam Tea Corporation Ltd., Assam Small Industries Development Corporation Ltd., Assam Hills Small Industries Development Corporation Ltd., Assam State Film (Finance and Development) Corporation Ltd., Assam Financial Corporation and Assam State Transport Corporation) received budgetary support of ₹ 176.79 crore by way of loans (₹ 28.14 crore) and grants (₹ 148.65 crore), out of which the budgetary support of ₹ 170.21 crore was meant to meet the salary-related expenses of their employees. It is pertinent to mention that the aggregate losses of loss-making companies and statutory corporations have reduced from ₹ 342.09 crore (2021-22) to ₹ 206.41 crore (2023-24).

*(Paragraphs 1.1.12 and 1.1.12.1)*

Analysis of investment and net accumulated losses of 39 working SPSEs revealed that the accumulated losses (net after adjusting free reserves and surplus) of 16 working SPSEs (₹ 2,392.83 crore) had completely eroded their paid-up capital (₹ 270.70 crore). In fact, the net worth of 14 out of 16 SPSEs continued to be negative for more than 10 years.

*(Paragraph 1.1.12.2)*

## **Section 2: Oversight role of CAG**

Out of 47 SPSEs, eight working SPSEs finalised their up-to-date accounts (2023-24). Further, 25 SPSEs (20 working Companies, three Statutory Corporations and two non-working Companies) had 58 accounts in arrears for period of one to five years, while the remaining 14 SPSEs (eight working Companies and six non-working Companies) had 187 accounts in arrears for more than five years as on 30 September 2024. The highest number of accounts pending finalisation amongst working and non-working Companies pertained to Assam Minorities Development and Finance Corporation Limited (26 accounts) and Assam Powerloom Development Corporation Limited (30 accounts) respectively.

Moreover, GoA invested ₹ 485.57 crore in 18 SPSEs during the years for which their accounts were in arrears.

*(Paragraphs 1.2.4 and 1.2.5)*

During October 2023 to September 2024, 29 SPSEs forwarded 72 accounts to Accountant General (Audit) Assam for review. Of these, 67 accounts (eight accounts for the year 2023-24 and 59 accounts for previous years) of 27 SPSEs were selected for supplementary audit and Non-review certificates were issued for the remaining five accounts of four SPSEs. Significant comments were issued on financial statements of SPSEs.

*(Paragraph 1.2.9)*

Irregularities and deficiencies in financial reports or in the reporting process observed during supplementary audit which were not material were communicated to the Management of eight SPSEs during 2023-24 separately through 'Management Letter' for taking corrective action.

*(Paragraph 1.2.10)*



### Section 3: Corporate Governance

During 2019-20 to 2023-24, out of 32 working Companies who had furnished the required information, 10 Companies (including one Section 8 Company) were able to hold the minimum required number of Board meetings each year. Of the remaining 22 working Companies, four working Companies held the prescribed number of meetings in four years, 10 Companies held the prescribed number of meetings in one to three years, and eight working Companies did not hold the prescribed number of meetings in any of the five years.

*(Paragraphs 1.3.6.2)*

Of 36 working Companies, seven were required to appoint independent directors to their Board. However, two of these seven Companies had no Independent Director and one company had only one Independent Director against the required two.

*(Paragraphs 1.3.6.4)*

Five Companies were required to have women directors on their Board. Of these, four Companies complied with the requirement. Additionally, seven other Companies, though not legally obligated, voluntarily appointed women directors. This reflects both compliance with the statutory provisions and the spirit of promoting gender sensitisation in these Companies.

*(Paragraphs 1.3.6.6)*

Out of seven Companies, which were required to constitute Audit Committee, two Companies did not form the Committee contrary to the requirement of Companies Act, 2013. Further, three private limited Companies/Joint Ventures, which were under no legal obligation to constitute Audit Committee also formed Audit Committees during 2023-24, indicating a commitment to good Corporate Governance on their part.

*(Paragraph 1.3.7.1)*

Out of 29 working Companies who had organised Annual General Meeting (AGM), 12 Companies held AGM up to the financial year 2023-24, 11 Companies organised AGM up to 2022-23 while, remaining six Companies had organised AGM up to 2021-22 (two companies), 2020-21 (two companies), and 2019-20 (two companies).

*(Paragraph 1.3.8.2)*

### Section 4: Corporate Social Responsibility

As per latest finalised accounts of 36 working Companies, Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility (CSR) was applicable to seven Companies. All the seven working Companies constituted the CSR Committee.

*(Paragraphs 1.4.2 and 1.4.3.1)*

Out of four working Companies which were required to spend on CSR activities, one Company (Assam Mineral Development Corporation Limited) did not incur any expenditure on CSR activities. As such, there was shortfall of ₹ 1.22 crore in mandatory

CSR spending by this Company as per its latest finalised accounts. Two working companies surpassed their statutory obligations by incurring an additional ₹ 0.64 crore on CSR activities, demonstrating their enhanced commitment to social responsibility.

*(Paragraph 1.4.3.2)*

## **Chapter II: Performance Audit relating to SPSEs**

### **Working of Assam Seeds Corporation Limited**

The present activities of the Company are limited to production of seeds in its own farms and procurement of seeds for supply of Foundation/Certified Seeds to the Department of Agriculture (DoA), GoA for implementation of various developmental schemes. The present Performance Audit (PA) covered the activities of the Company for last six years from 2018-19 to 2023-24. The Performance Audit was conducted to assess whether:

- the production activities were carried out by efficiently utilizing the production capacities of the Company for producing quality seeds as per demand;
- the procurement process of seeds was transparent and competitive, following due financial rules;
- the infrastructure facilities for storage, processing and handling of seeds were utilised by the Company in an efficient manner; and
- an effective mechanism for marketing of seeds existed in the Company.

Brief details of the important audit observations are as follows:

During 2018-2024, there was an overall shortfall of 34.02 *per cent* (1,223.04 MT) and 90.42 *per cent* (331.63 MT) in achievement of annual production targets of paddy and non-paddy seeds respectively. The year-wise shortfall ranged between 6.70 and 49.86 *per cent* (paddy seeds) and 18.71 and 100 *per cent* (non-paddy) during the said period.

The Department of Agriculture (DoA), Government of Assam (GoA) prepared Seed Rolling Plan (SRP) during 2018-24 containing crop wise and variety wise advance production plan for different seed producing agencies including the Company. The Company, however, did not prepare any perspective or long term plan during 2018-2024 for carrying out its production activities duly linking with the SRP prepared by DoA, GoA. GoA also did not insist on the Company for implementation of the SRP.

Further, DoA, had been placing the indents on the Company for supply of seeds for distribution under various schemes on ‘annual basis’. Despite Company’s request to communicate their seed requirement at least three years in advance, DoA, continued to place indents on ‘annual basis’. As a result, the Company had to plan its production targets on annual basis without linking with the SRP, thereby defeating the objectives of GoI’s Seeds Policy.

The production of seed during 2018-2024, was lower than the seed multiplication norm resulting in shortfall of 1,166.52 MT (Paddy: 1,152.04 MT; Non-paddy: 14.48 MT) in

production of seed. The Company also could not utilise 7.07 MT of Breeder seeds despite availability of cultivable land due to constraints like shortage of technical manpower, inadequate basic farm infrastructure (like, irrigation and drainage facilities, farm fencing, *etc.*) and mechanical support.

According to Seed Procurement Policy of the GoA (September 1999), the Company shall make effort for production of seeds in the State either through its seed farms or by encouraging Registered Growers (RGs) to undertake large-scale seed production under buy-back agreements. During 2018-2024, the Company supplied 1.59 lakh MT of seeds to DoA, out of which merely 0.28 *per cent* was supplied from its own production and the balance supplied through outside procurement. As such, the Company was predominantly dependent upon private seed producers/suppliers to meet the demand of GoA. Further, the Company could not expand its market potential by increasing its own production of seeds as well as through Registered Growers by entering into agreements for ‘buy-back’ of seeds produced by them.

Against total cultivable land of 250.50 ha available during all the six years (2018-2024), the land ranging between 39 ha (15.57 *per cent*) and 124.50 ha (49.70 *per cent*) remained unutilised due to reasons like, unauthorised encroachment of land, non-availability of proper irrigation and drainage facilities, *etc.* Resultantly, the Company’s average yield of paddy seeds during 2018-2024 was 2.38 MT per ha as against the State’s average of 3.49 MT *per ha*.

The Company had no robust system for collection and analysis of vital market information relating to the Seed sector like, data on demand and supply of seeds in the State, availability of seed stock, prices in local markets, *etc.* Further, the Company neither had any marketing information of its neighbouring States nor formulated a strategy to discover yearly total requirements of seeds, pricing policies adopted by other suppliers including the qualities and varieties of seeds *etc.*

The Company did not maintain any Seed Bank on its own for scientific storage of genetically pure variety of seeds for utilisation in future in the event of natural calamities. In absence of any such facility, the Company had to depend on private growers to meet the physical targets for storage of seeds allotted by GoI under National Seed Reserve (NSR). The Company was also unable to avail the benefits of GoI Scheme relating to: one-time Revolving fund to meet the procurement cost of seeds to be stored; financial assistance for infrastructural development, purchase of machinery, plant, *etc.*

***Recommendations:***

*The Company may:*

- *ensure tentative seed requirement of the State at least three years in advance and draw up a production and procurement plan, in line with the Seed Rolling Plan prepared by the State Government;*

- *create and maintain proper infrastructure facilities (irrigation and drainage, godowns for seed storage, seed processing plants, fencing of farms, etc.) essential to fully utilise the cultivable land and maximise the production of the seed farms;*
- *increase production of seed by entering into agreement with the registered growers for seed multiplication and buying back their produce for supply to DoA and other prospective buyers;*
- *make all efforts to avail the full benefits of all the schemes of GoI/GoA for creation/modernisation of infrastructure;*
- *strengthen the marketing activities by creating a dealer network to supply quality seeds at reasonable price so as to become self-reliant and reduce dependency on GoA for company's economic viability.*

### **Chapter III: Compliance Audit Paragraphs relating to SPSEs**

Compliance Audit paragraphs included in this Chapter highlight deficiencies in the management of SPSEs. Brief details of the important audit observations have been given here:

#### **Assam Power Distribution Company Limited**

##### ***Loss of revenue due to irregular modification of tariff***

The Chief General Manager (Commercial) of Assam Power Distribution Company Limited (the Company) unilaterally modified the tariff order without obtaining approval of the Assam Electricity Regulatory Commission (AERC); and issued an order in November 2017, stating that all consumers availing power through open access sources would be billed under the Time-of-Day (ToD) tariff, and the non-ToD tariff would no longer be applicable to them. Based on this directive, the Company began billing a consumer under the ToD tariff from November 2017, which was irregular and resulted in a revenue loss of ₹ 5.82 crore up to March 2024.

***(Paragraph 3.1)***

##### ***Loss due to unjustified delay in load enhancement***

Injudicious decisions of the Company in dealing with the enhancement of contract demand of a Consumer led to revenue loss in the form of fixed charges amounting to ₹ 0.97 crore during October 2021 to June 2023.

***(Paragraph 3.2)***

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

##### ***Avoidable expenditure***

The Corporation engaged a Consultant for implementation of a State sponsored Scheme without having administrative and budgetary approval, which led to avoidable committed expenditure of ₹ 1.67 crore.

***(Paragraph 3.4)***

**Assam Industrial Development Corporation Limited**

***Non-realisation of processing fee***

Due to the Company's inaction in collecting the processing fee for issuing Eligibility Certificates, as mandated by the Industrial and Investment Policy of Assam, 2014, it could not earn revenue of ₹ 1.23 crore.

***(Paragraph 3.5)***



**CHAPTER-I**  
**GENERAL PURPOSE FINANCIAL REPORT**  
**ON**  
**STATE PUBLIC SECTOR ENTERPRISES**





# CHAPTER-I

## GENERAL PURPOSE FINANCIAL REPORT ON STATE PUBLIC SECTOR ENTERPRISES

### Section 1: Financial Performance of State Public Sector Enterprises

#### 1.1.1 Introduction

This Report presents the financial performance of Government Companies, Statutory Corporations and Government controlled other Companies in the State of Assam. The term State Public Sector Enterprises (SPSEs) encompasses State Government owned Companies set up under the Companies Act, 2013 and Statutory Corporations set up under statutes enacted by the Legislature. A *Government Company* is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by Central Government and partly by one or more State Governments and includes a company, which is a subsidiary of a Government Company. Besides this, any other company owned or controlled, directly or indirectly, by Central Government, or by any State Government or Governments, or partly by Central Government and partly by one or more State Governments are referred to in this Report as '*Government controlled other Companies*'.

#### 1.1.2 Mandate

Audit of '*Government Companies*' and '*Government controlled other Companies*' is conducted by Comptroller and Auditor General of India (CAG) under the provisions of Sections 143(5) to 143(7) of Companies Act, 2013 read with Section 19 of CAG's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations made thereunder. Under Companies Act, 2013, the CAG appoints Chartered Accountants (CAs) as Statutory Auditors for '*Government/Government controlled other Companies*' and gives directions in the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of these companies. The statutes governing some Statutory Corporations and Regulatory Authorities require their accounts to be audited only by CAG. **Table 1.1.1** shows the audit arrangement in respect of three Statutory Corporations and one Regulatory Authority (Assam Electricity Regulatory Commission) presently under the audit jurisdiction of CAG in the State of Assam.

**Table 1.1.1: Details of Statutory Corporations and Regulatory Authority**

Sl. No.	Statutory Corporation/Regulatory Authority	Authority for audit by CAG	Audit arrangement
1	Assam State Transport Corporation	Section 33(2) of Road Transport Corporations Act, 1950	Sole audit by CAG under Section 19(2) of CAG's (DPC) Act, 1971
2	Assam Financial	Section 37(6) of State	Audit conducted by CA and

Sl. No.	Statutory Corporation/ Regulatory Authority	Authority for audit by CAG	Audit arrangement
	Corporation	Financial Corporations Act, 1951	supplementary audit by CAG under Section 19(2) of CAG's (DPC) Act, 1971
3	Assam State Warehousing Corporation	Section 31(8) of State Warehousing Corporations Act, 1962	Audit conducted by CA and supplementary audit by CAG under Section 19(2) of CAG's (DPC) Act, 1971
4	Assam Electricity Regulatory Commission <sup>1</sup>	Section 104(2) of Electricity Act, 2003	Sole audit by CAG under Section 19(2) of CAG's (DPC) Act, 1971

### 1.1.3 What this Report contains

This Report gives an overall picture of the financial performance of State Government Companies and Statutory Corporations as revealed from their financial statements. Significant comments issued as a result of supplementary audit of financial statements of the SPSEs conducted by CAG during 2023-24 (or of earlier years which were finalised during the current year) are also included in this Report. This Report also contains the impact of comments issued by CAG on financial statements of Statutory Corporations where CAG is the sole auditor. Besides this, it gives an overall picture of the status of the adherence of SPSEs to the guidelines issued by Department of Public Enterprises, Government of Assam and compliance with provisions of Companies Act, 2013 on Corporate Governance and Corporate Social Responsibility.

### 1.1.4 Number of SPSEs

As on 31 March 2024, there were 47 SPSEs<sup>2</sup> and one State Electricity Regulatory Commission under the audit jurisdiction of CAG in Assam. These SPSEs include 44 Government Companies (including 6 subsidiaries<sup>3</sup> of different State Government Companies, one Company<sup>4</sup> limited by guarantee and two Government-controlled other Companies<sup>5</sup>) and three Statutory Corporations. Out of 47 SPSEs, there were 36 working Government Companies, eight non-working Government Companies and three Statutory Corporations. None of the Government Companies were listed in the

<sup>1</sup> Assam Electricity Regulatory Commission (AERC) had finalised its accounts upto 2017-18, the Separate Audit Report for which was issued in May 2020. The accounts of AERC for the subsequent six years (2018-19 to 2023-24) were pending finalisation as on 30 September 2024.

<sup>2</sup> Number of SPSEs: **Excludes:** 8 non-working Companies (five SPSEs, whose names were struck off from the records of Registrar of Companies and 3 Companies, whose whereabouts were not traceable) and two new working Companies, one of which (Assam Urban Infrastructure Development and Finance Corporation Limited) did not submit its first accounts (2023-24) in proper format and the other (Guwahati Smart City Limited) had disputed CAG's mandate to audit its Accounts, which was under examination/persuasion; **Includes:** 3 newly added working Companies (Assam Inland Waterways Corporation Limited and Assam Government IITG Healthcare Foundation and North East Gas Distribution Company Limited).

<sup>3</sup> SPSEs at Sl. No. B26, B27, B34, B36, D6 and D8 of *Appendix 2*.

<sup>4</sup> Assam Government IITG Healthcare Foundation.

<sup>5</sup> SPSEs at Sl. No. B23 and B35 of *Appendix 2*.

Stock Exchange. **Table 1.1.2** shows the summary of working and non-working Companies.

**Table 1.1.2: Details of working and non-working Companies**

Type of SPSEs	Working Companies	Non-working Companies <sup>6</sup>	Total
Government Companies	36	08	44
Statutory Corporations	03	-	03
<b>Total</b>	<b>39</b>	<b>08</b>	<b>47</b>

As an outcome of regular pursuance by Audit for closure of non-working Companies, GoA closed (July 2024) 5 non-working Companies by taking up the matter with the Registrar of Companies. Besides, 3 non-working Companies whose whereabouts were not traceable have also been excluded from the scope of this Report. Hence, the number of non-working Companies, which stood at 16 during 2022-23, reduced to eight during 2023-24. However, the process of closure of remaining 11 non-working Companies (including three untraceable non-working Companies) is yet to be completed.

### 1.1.5 Contribution to State Economy

SPSEs play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State economy, the public sector enterprises also contribute to the growth of Gross State Domestic Product (GSDP). A ratio of SPSE-Turnover to GSDP shows the extent of SPSEs' activities in the State economy. **Table 1.1.3** provides the details of turnover of working SPSEs against GSDP during 2021-22 to 2023-24.

**Table 1.1.3: Details of working SPSEs' turnover vis-à-vis GSDP**

Particulars	(₹ in crore)		
	2021-22	2022-23	2023-24
Working Companies	7,445.32	9,224.69	11,904.49
Statutory Corporations	111.04	91.29	126.11
<b>Total Turnover<sup>7</sup></b>	<b>7,556.36</b>	<b>9,315.98</b>	<b>12,030.60</b>
<b>GSDP</b>	<b>4,10,723.56</b>	<b>4,78,779.19</b>	<b>5,70,242.61</b>
<b>Percentage of Turnover to GSDP of Assam</b>			
Working Companies	1.81	1.93	2.09
Statutory Corporations	0.03	0.02	0.02
<b>Percentage of Turnover to GSDP</b>	<b>1.84</b>	<b>1.95</b>	<b>2.11</b>

*Source: Latest finalised accounts of SPSEs and information provided by the Directorate of Economic and Statistics, GoA; Figure of GSDP relating to 2023-24 is at current prices.*

As can be noticed from **Table 1.1.3**, the turnover of working SPSEs (companies and corporations) during last three years had registered an overall increase of 59.21 per cent (₹ 4,474.24 crore) compared to the overall growth of 38.84 per cent in GSDP during the corresponding period. Higher pace of growth in SPSE-turnover than GSDP during 2021-2024, led to increase in contribution of SPSE-turnover to GSDP from

<sup>6</sup> Non-working SPSEs are those which had ceased to carry on their operations.

<sup>7</sup> As per the latest finalised accounts of working SPSEs as on 30 September of respective years.

1.84 per cent (2021-22) to 2.11 per cent (2023-24). The turnover of Statutory Corporations increased from ₹ 111.04 crore in 2021-22 to ₹ 126.11 crore in 2023-24.

The major contributors to working Companies turnover during 2023-24 were three power sector Companies viz., Assam Power Distribution Company Limited (₹ 9,267.01 crore), Assam Power Generation Corporation Limited (₹ 675.57 crore) and Assam Electricity Grid Corporation Limited (₹ 621.54 crore). Further, Assam Gas Company Limited (₹ 655.66 crore) and Assam Seeds Corporation Limited (₹ 138.26 crore) contributed substantially to the overall turnover. Among Statutory Corporations, Assam State Transport Corporation, having turnover of ₹ 104.16 crore, was the highest contributor towards SPSE-turnover during 2023-24. The SPSEs had employed 32,020 employees as at the end of 31 March 2024 (*Appendix 1* and 2).

### 1.1.6 Investment in SPSEs

*Table 1.1.4* depicts the total investment (GoA and Others) in SPSEs as on 31 March 2024.

**Table 1.1.4: Details of total investment<sup>8</sup> in SPSEs**

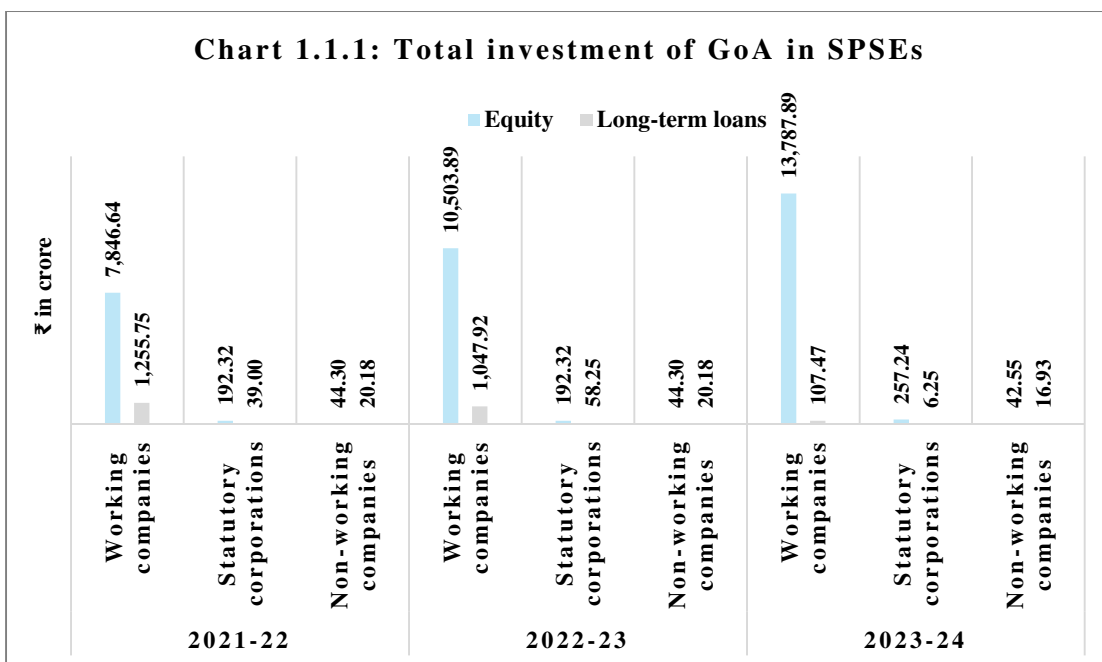
Particulars	GoA			Others			Total
	Working Companies	Statutory Corporations	Non-working Companies	Working Companies	Statutory Corporations	Non-working Companies	
Equity	13,787.89	257.24	42.55	806.96	21.28	6.71	14,922.63
Long-term loans	107.47	6.25	16.93	2,142.00	-	1.28	2,273.93
<b>Total investment</b>	<b>13,895.36</b>	<b>263.49</b>	<b>59.48</b>	<b>2,948.96</b>	<b>21.28</b>	<b>7.99</b>	<b>17,196.56</b>

*Source: As per information furnished by SPSEs; 'Others' include Central Government, banks and other financial institutions*

As can be seen from *Table 1.1.4*, the total investment (equity and long-term loans) in 47 SPSEs was ₹ 17,196.56 crore as on 31 March 2024 (*Appendix 1*). The investment was 86.78 per cent in equity and 13.22 per cent in long-term loans. Further, GoA's share was 82.68 per cent (₹ 14,218.33 crore) of total investment (₹ 17,196.56 crore) in SPSEs, consisting of 99.08 per cent (₹ 14,087.68 crore) towards equity and 0.92 per cent (₹ 130.65 crore) in long-term loans.

*Chart 1.1.1* depicts the comparative details of investment by GoA in SPSEs during 2021-22 to 2023-24.

<sup>8</sup> Investment figures are provisional and as provided by the SPSEs, except for eight SPSEs (Sl. No. A1, A2, A3, B22, B23, B25, B35 and B36 of *Appendix 1*), which finalised their accounts for 2023-24.



As can be noticed from **Chart 1.1.1**, the total investment of GoA in SPSEs registered a net overall increase of ₹ 4,820.14 crore (51.29 *per cent*) from ₹ 9,398.19 crore (2021-22) to ₹ 14,218.33 crore (2023-24), comprising increase of ₹ 6,004.42 crore (74.28 *per cent*) in equity and decrease of ₹ 1,184.28 crore (90.06 *per cent*) in GoA loans to SPSEs.

The increase in GoA's investment in SPSE-equity was mainly attributable to conversion of capital grants (₹ 1,980.40 crore) and loans (₹ 962.92 crore) provided by GoA to six working SPSEs into their equity (₹ 2,943.32 crore<sup>9</sup>) during 2023-24. The said conversion of GoA loans (₹ 962.92 crore) into equity was a major factor contributing towards net reduction of ₹ 995.70 crore in GoA's outstanding loans payable by SPSEs from ₹ 1,126.35 crore (2022-23) to ₹ 130.65 crore (2023-24). Besides, the GoA had also converted unpaid interest liability (₹ 405.41 crore) of two working SPSEs<sup>10</sup> payable against GoA loans into their equity during 2023-24.

### 1.1.7 Reconciliation with Finance Accounts of GoA

The figures in respect of equity and long-term loans extended by GoA should agree with figures appearing in Finance Accounts of the State. In case figures do not agree, the SPSEs concerned and Finance Department were required to carry out reconciliation of differences in figures. The position in this regard as on 31 March 2024 is summarised in **Table 1.1.5**.

<sup>9</sup> Assam Power Generation Corporation Limited (Loans: ₹ 17.70 crore; Grants: ₹ 402.06 crore), Assam Electricity Grid Corporation Limited (Loans: ₹ 11.52 crore; Grants: ₹ 152.46 crore), Assam Power Distribution Company Limited (Loans: ₹ 93.12 crore; Grants: ₹ 563.06 crore), Assam Tea Corporation Limited (Loans: ₹ 689.31 crore; Grants: ₹ 104.07 crore), Assam Industrial Development Corporation Limited (Loans: ₹ 86.35 crore; Grants: ₹ 758.75 crore) and Assam Financial Corporation (Loans: ₹ 64.92 crore).

<sup>10</sup> Assam Tea Corporation Limited (₹ 386.84 crore); Assam Industrial Development Corporation Limited (₹ 18.57 crore)

**Table 1.1.5: Equity and loans outstanding as per the State Finance Accounts vis-à-vis records of SPSEs**

(₹ in crore)

Particulars	Amount as per Finance Accounts of GoA	Amount as per records of SPSEs	Difference
Equity	9,358.46	14,087.68	4,729.22
Long-term loans	1,978.97	130.65	1,848.32

Source: State Finance Accounts, 2023-24 and information furnished by SPSEs

As can be seen from **Table 1.1.5**, there were significant unreconciled differences in the figures of equity (₹ 4,729.22 crore) and long-term loans (₹ 1,848.32 crore) as per the two sets of records. The difference in equity figures was mainly because of non-reflection of GoA's investment towards equity of 12 SPSEs<sup>11</sup> out of 39 SPSEs<sup>12</sup> in the Finance Accounts, where GoA had infused funds in the form of equity. Analysis of reasons for difference in loan figures was, however, difficult as the Finance Accounts did not provide SPSE-wise details of the loans provided by GoA.

*The concerned departments of GoA and the SPSEs should take concrete steps to reconcile the differences in the investment figures (equity and long-term loans) of the GoA as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.*

To reconcile the equity differences, GoA should obtain share certificates from the SPSEs concerned issued in favour of GoA and reconcile the differences with Finance Accounts. Regarding loan figures, GoA needs to compile/include SPSE-wise loan figures in State Finance Accounts and reconcile differences by obtaining 'balance confirmation certificates' from the SPSEs concerned.

### 1.1.8 Budgetary outgo of GoA

GoA provided financial support to SPSEs in various forms through the annual State budget. **Table 1.1.6** provides details of year-wise budgetary outgo towards equity, loans and grants/subsidies in respect of working SPSEs<sup>13</sup> during 2021-22 to 2023-24.

**Table 1.1.6: Year-wise budgetary support by GoA to SPSEs**

(₹ in crore)

Nature of SPSEs	2021-22		2022-23		2023-24	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
<b>Working Companies</b>						
Equity capital outgo from Budget	1	40.00	2	63.79	-	-
Loans given from budget	5	87.17	4	335.24	7	59.61
Grants <sup>14</sup> /subsidies from budget	11	1,514.70	9	1,466.86	10	1,508.57
<b>Total Outgo<sup>15</sup> (A)</b>	<b>13</b>	<b>1,641.87</b>	<b>12</b>	<b>1,865.89</b>	<b>12</b>	<b>1,568.18</b>

<sup>11</sup> SPSEs at Sl. No. A1, A2, A3, B6, B9, B12, B20, B21, B24, B28, D2 and D3 of **Appendix 1**.

<sup>12</sup> Excluding 8 SPSEs (Sl. No. B22, B26, B27, B34, B35, B36, D6 and D8 of **Appendix 1**), which had no direct equity investment by the State Government.

<sup>13</sup> None of the non-working SPSEs received any budgetary support from GoA during 2021-22 to 2023-24.

<sup>14</sup> Includes Capital and Revenue grants.

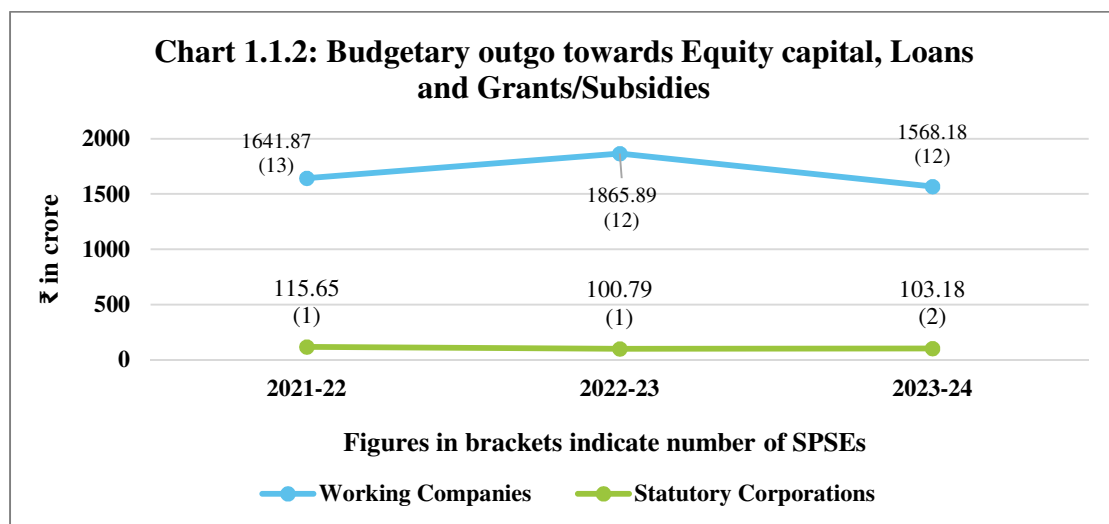
<sup>15</sup> Actual number of SPSEs which received equity, loans, grants/subsidies from GoA



Nature of SPSEs	2021-22		2022-23		2023-24	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
<b>Statutory Corporations</b>						
Loans given from budget	-	-	-	-	1	2.00
Grants/subsidies from budget	1	115.65	1	100.79	1	101.18
<b>Total outgo (B)</b>	<b>1</b>	<b>115.65</b>	<b>1</b>	<b>100.79</b>	<b>2</b>	<b>103.18</b>
<b>Grand total outgo (A) + (B)</b>	<b>14</b>	<b>1,757.52</b>	<b>13</b>	<b>1,966.68</b>	<b>14</b>	<b>1,671.36</b>
<b>Working SPSEs</b>						
Waiver of interest	3	929.88	-	-	2	405.41
Conversion of loans to Equity	2	1,578.90	1	638.41	6	962.92
Conversion of Capital grants to Equity	2	4,684.18	1	1,955.05	5	1,980.40
Guarantees issued	-	-	-	-	-	-
Guarantee Commitment	1	4.00	1	4.00	1	4.00

Source: Information furnished by the SPSEs

**Chart 1.1.2** provides the details regarding budgetary outgo towards equity, loans and grants/subsidies during 2021-22 to 2023-24.



It can be seen from **Chart 1.1.2** that the budgetary outgo (equity, loans and grants/subsidies) to SPSEs (companies and corporations) was highest during 2022-23 (₹ 1,966.68 crore) in last three years. As regards the bifurcated position of companies and corporations, the Government companies received lesser budgetary support during 2023-24 (₹ 1,568.18 crore) compared to 2022-23 (₹ 1,865.89 crore) unlike the corporations, which received marginally higher budgetary outgo during 2023-24 (₹ 103.18 crore) compared to ₹ 100.79 crore received during 2022-23. Further, GoA provided guarantee amounting to ₹ 4 crore to one SPSE (Assam Plain Tribes Development Corporation Limited) prior to 2021-22, which was not invoked by the SPSE till date. Resultantly, the guarantee commitment of GoA remained constant at ₹ 4 crore during all the three years under reference (2021-22 to 2023-24). No fresh guarantee was issued by GoA to any SPSE during previous three years.

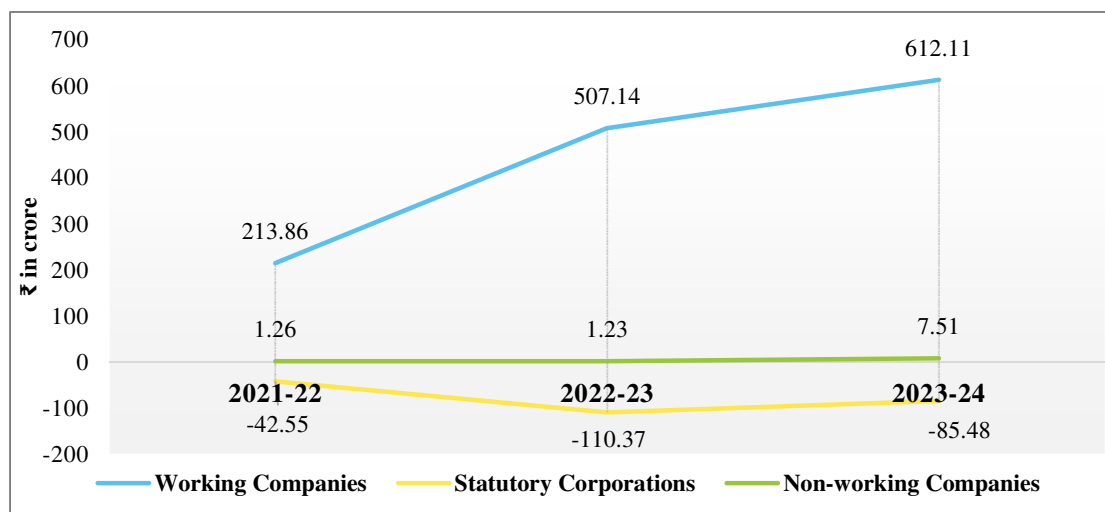
Major recipients of budgetary assistance during 2021-22 to 2023-24 were three power sector Companies, which received 82.21 *per cent* (₹ 1,444.85 crore), 71.79 *per cent* (₹ 1,411.94 crore) and 85.64 *per cent* (₹ 1,431.27 crore) of total budgetary allocation to SPSEs during 2021-22, 2022-23 and 2023-24 respectively. Further, 63.36 *per cent* (₹ 885.59 crore) of grants/subsidy released by GoA to power sector Companies (₹ 1,397.80 crore) during 2023-24 was provided to Assam Power Distribution Company Limited in the form of capital grants (₹ 390.06 crore) and revenue grants/subsidies (₹ 495.53 crore). Besides, substantial budgetary support aggregating ₹ 166.12 crore was received by Assam State Transport Corporation (grants/subsidy: ₹ 101.18 crore) and Assam Tea Corporation Limited (loans: ₹ 19.94 crore; grants/subsidy: ₹ 45 crore) during 2023-24.

## 1.1.9 Returns from SPSEs

### 1.1.9.1 Operational performance of SPSEs

The overall position of profit earned/loss<sup>16</sup> incurred by the SPSEs during 2021-22 to 2023-24 is depicted in **Chart 1.1.3**.

**Chart 1.1.3: Profit earned/loss incurred by SPSEs**



Source: Latest finalised accounts of the SPSEs as on 30 September 2024

As can be seen from **Chart 1.1.3**, the performance of working Companies improved significantly during 2023-24. During 2023-24, out of 36 working Companies, 22 Companies earned profit of ₹ 732.94 crore, while 14 Companies<sup>17</sup> incurred loss of ₹ 120.83 crore (**Appendix 2**). The overall increase of ₹ 104.97 crore in profit of working Companies from ₹ 507.14 crore (2022-23) to ₹ 612.11 crore (2023-24) was mainly attributable to increase of ₹ 153.36 crore in the profit of Assam Electricity Grid Corporation Limited (AEGCL) from ₹ 41.13 crore (2022-23) to ₹ 194.49 crore (2023-24). The improvement in profit of AEGCL was mainly due to increase in

<sup>16</sup> Figures are as per the latest finalised accounts during the respective years.

<sup>17</sup> Including loss incurred (₹ 15,000) by Assam Inland Waterways Company Limited as per its latest finalised account (2022-23), which did not feature in **Appendix 2** due to rounding off of the figures.



transmission charges by ₹ 177.48 crore from ₹ 434.67 crore (2022-23) to ₹ 612.15 crore (2023-24).

In case of Statutory Corporations, their overall losses reduced by ₹ 24.89 crore from ₹ 110.37 crore (2022-23) to ₹ 85.48 crore (2023-24) mainly due to improvement in the operational performance of Assam State Transport Corporation, which incurred loss of ₹ 82.79 crore during 2023-24 compared to ₹ 106.53 crore (2022-23).

Though eight non-working Companies did not have any activities during 2023-24 (16 companies during 2021-22 and 2022-23), their overall operational results were positive (₹ 7.51 crore) mainly due to accounting of Government Revenue Grants (₹ 5.16 crore) as income in its latest finalised accounts (2013-14) by one Company (Assam Spun Silk Mills Limited) and income earned (₹ 3.59 crore) against sale of ‘scrap’ (Plant and Machinery, *etc.*) by another Company (Assam State Textiles Corporation Limited) during 2023-24.

### 1.1.9.2 Profit earned and Dividend paid by working SPSEs

As per Public Enterprise Policy, 2019 of GoA, the SPSEs having no accumulated loss and having operating profit shall pay a minimum dividend to its shareholders out of the profit earned after payment of tax dues by the SPSEs during the preceding financial year, provided similar provision is laid down in Articles of Association/Articles of Incorporation of the SPSE. Dividend payout relating to working SPSEs during 2021-22 to 2023-24, in which GoA had direct equity infusion, is given in **Table 1.1.7**.

**Table 1.1.7: Dividend Payout by working Companies to GoA**

Report Year	SPSEs which earned profit during the year	GoA Equity (₹ in crore)	No. of SPSEs declared/paid dividend	Total dividend declared/ paid (₹ in crore)	Dividend Payout Ratio ( <i>per cent</i> )
i	ii	iii	iv	v	vi = v ÷ iii × 100
2021-22	22	999.56	1	5.07	0.51
2022-23	18	10,018.26	1	5.07	0.05
2023-24	20	12,322.82	1	15.00	0.12

*Source: As per latest finalised accounts as on 30 September of the respective years*

As can be seen from **Table 1.1.7**, the number of profit-making working Companies having direct equity infusion by GoA ranged between 18 and 22 during 2021-2024, against which only one company<sup>18</sup> during each of the three years (2021-2024) declared dividend aggregating ₹ 25.14 crore in last three years.

The overall Dividend Payout ratio of Companies during 2021-24 ranged between 0.05 *per cent* and 0.51 *per cent*. Further, during 2023-24, nine<sup>19</sup> working Companies having no accumulated losses registered an aggregate profit of ₹ 37.47 crore. However, as mentioned above, out of these nine Companies, only one company (Assam Gas Company Limited) declared dividend (₹ 15 crore) during 2023-24 and remaining eight companies did not declare any dividend.

<sup>18</sup> **2021-24:** Assam Gas Company Limited (aggregate dividend: ₹ 25.14 crore)

<sup>19</sup> SPSEs at Sl. No. B9, B12, B18, B19, B21, B25, B28, B32 and B33 of **Appendix 2**.

### 1.1.10 Long-term Debts of SPSEs

**Table 1.1.8** depicts the position of outstanding long-term debts of SPSEs during 2021-22 to 2023-24 as per their latest finalised accounts.

**Table 1.1.8: Position of Long-Term Loans (GoA and Others) of SPSEs**

(₹ in crore)			
Nature of SPSEs	2021-22	2022-23	2023-24
Working Companies	3,854.67	2,059.84	2,382.07
Statutory Corporations	64.12	55.56	42.22
Non-working Companies	75.31	75.31	64.33
<b>Total</b>	<b>3,994.10</b>	<b>2,190.71</b>	<b>2,488.62</b>

*Source: As per latest finalised accounts of SPSEs as on 30 September of the respective years*

As can be seen from **Table 1.1.8**, the long-term loans (GoA and Others) of SPSEs registered an increase of ₹ 297.91 crore (13.60 per cent) during 2023-24 as compared to 2022-23. This increase was attributable mainly to increase of ₹ 225.06 crore in debt of Assam Petro-chemicals Limited from ₹ 924.65 crore (2022-23) to ₹ 1,149.71 crore (2023-24) as well as fresh loans (₹ 155.01 crore) availed by Purba Bharati Gas Private Limited during 2023-24.

More than 74.21 per cent (₹ 1,846.82 crore) of the total borrowings (₹ 2,488.62 crore) as on 31 March 2024 pertained to Assam Petro-Chemicals Limited (₹ 1,149.71 crore) and two power sector Companies (Assam Power Generation Corporation Limited and Assam Power Distribution Company Limited: ₹ 697.11 crore) as per their latest finalised accounts as on 30 September 2024.

#### 1.1.10.1 Adequacy of assets to meet Long-term Debts of SPSEs

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than its unpaid aggregate loans/debts.

As per their latest finalised accounts as of September 2024, 28 SPSEs<sup>20</sup> (including 6 non-working) out of 47 SPSEs had outstanding long-term loans. The coverage of long-term debts by value of total assets in respect of these 28 SPSEs as per their latest finalised accounts as on 30 September 2024 is given in **Table 1.1.9**.

<sup>20</sup> SPSEs at Sl. No. A1, A2, A3, B4, B7, B8, B10, B13, B14, B15, B16, B17, B23, B24, B27, B31, B33, B34, B35, C1, C2, C3, D1, D2, D5, D6, D7 and D8 of **Appendix 2**.

**Table 1.1.9: Coverage of long-term loans with total assets**

Nature of SPSEs	Positive coverage				Negative coverage			
	No. of SPSEs	Long-term loans	Assets	Percentage of assets to loan	No. of SPSEs	Long term loans	Assets	Percentage of assets to loans
		(₹ in crore)				(₹ in crore)		
Working Companies	17	2,358.43	34,552.36	1,465.06	2 <sup>21</sup>	23.64	10.34	43.74
Statutory Corporations	3	42.22	728.93	1,726.50	-	-	-	-
Non-working Companies	5	18.68	83.11	444.91	1 <sup>22</sup>	45.65	0.50	1.10
Total	25	2,419.33	35,364.40	1,461.74	3	69.29	10.84	15.64

*Source: As per latest finalised accounts as on 30 September 2024*

As can be seen from **Table 1.1.9**, out of 28 SPSEs, two working Companies<sup>23</sup> and one non-working Company<sup>24</sup> had higher outstanding loans than the value of their assets as per latest finalised accounts as on 30 September 2024. The long-term loans of 17 working Companies, 3 Statutory Corporations and 5 non-working Companies had been adequately covered by their assets, which is a positive indication to affirm their solvency.

#### **1.1.10.2 Interest Coverage**

Interest Coverage Ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's Earnings Before Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio below one indicates that the company was not generating sufficient revenues to meet its expenses on interest.

The details of ICR in respect of SPSEs<sup>25</sup> having interest burden against long-term loans during 2021-22 to 2023-24 are given in **Table 1.1.10**.

<sup>21</sup> SPSEs at serial number B15 and B27 of **Appendix 2**.

<sup>22</sup> SPSE at serial number D2 of **Appendix 2**.

<sup>23</sup> Assam Hills Small Industries Development Corporation Limited and Assam State Fertilizers and Chemicals Limited.

<sup>24</sup> Assam State Minor Irrigation Development Corporation Limited.

<sup>25</sup> Excluding three SPSEs (*viz.* Assam Petro-Chemicals Limited, DNP Limited and Purba Bharati Gas Private Limited), which capitalised the interest expenses and other 10 SPSEs (Sl. No. B4, B8, B13, B15, B16, B17, D2, D5, D6 and D8 of **Appendix 2**), which did not provide for the interest liability in their Accounts.

**Table 1.1.10: Interest Coverage Ratio relating to SPSEs having interest burden**

Report Year	Nature of SPSEs	Interest (₹ in crore)	EBIT (₹ in crore)	No. of SPSEs having interest burden on long-term loans	No. of SPSEs having interest coverage ratio more than 1	No. of SPSEs having interest coverage ratio of less than 1
2021-22	Working Companies	116.48	116.80	8	6	2
	Statutory Corporations	4.26	- 38.29	3	1	2
	Non-working Companies	0.91	5.09	2	1	1
	<b>Total</b>	<b>121.65</b>	<b>83.60</b>	<b>13</b>	<b>8</b>	<b>5</b>
2022-23	Working Companies	100.86	636.38	10	8	2
	Statutory Corporations	5.04	- 105.33	3	1	2
	Non-working Companies	0.91	5.09	2	1	1
	<b>Total</b>	<b>106.81</b>	<b>536.14</b>	<b>15</b>	<b>10</b>	<b>5</b>
2023-24	Working Companies	71.81	812.65	10	7	3
	Statutory Corporations	3.88	- 81.60	3	1	2
	Non-working Companies	0.91	5.09	2	1	1
	<b>Total</b>	<b>76.60</b>	<b>736.14</b>	<b>15</b>	<b>9</b>	<b>6</b>

Source: Latest finalised accounts of SPSEs as on 30 September of the respective year

As can be noticed from **Table 1.1.10**, during last three years (2021-2024), two to three working companies had ICR of ‘below one’ out of total 8 to 10 companies having interest burden on borrowings each year. In case of non-working companies, half of the companies (*viz.* one out of two) having interest burden had ICR of ‘below one’.

In case of three Statutory Corporations having interest burden during each of the three years under reference, two Corporations constantly had the ICR of ‘less than one’.

The ICR of SPSEs with ‘less than one’ indicated that these SPSEs were not in a comfortable position to service their long-term debts.

## 1.1.11 Operating Efficiency of SPSEs

### 1.1.11.1 Key parameters

Some of the key parameters of the operational efficiency of SPSEs during 2021-22 to 2023-24 as per their latest finalised accounts as on 30 September of the respective year are given in **Table 1.1.11**.

**Table 1.1.11: Key parameters of operational efficiency of SPSEs**

(₹ in crore)

Report Year	Nature of SPSEs	Paid up capital	Accumulated losses (-)	Free Reserves & Surplus	Net overall profits (+)/ losses (-)	EBIT <sup>26</sup>	Capital Employed
2021-22	Working Companies	2,052.42	-2,219.66	1,371.18	213.86	413.40	5,058.61
	Statutory Corporations	213.60	-1,076.29	-	-42.55	-38.29	-798.57
	Non-working Companies	67.07	-257.35	-	1.26	2.19	-114.97
	<b>Total</b>	<b>2,333.09</b>	<b>-3,553.30</b>	<b>1,371.18</b>	<b>172.57</b>	<b>377.30</b>	<b>4,145.07</b>
2022-23	Working Companies	11,099.23	-1,967.11	1,565.10	507.14	649.76	12,757.06
	Statutory Corporations	213.60	-1,704.54	-	-110.37	-105.33	-1,435.38

<sup>26</sup> Earnings before interest and taxes

Report Year	Nature of SPSEs	Paid up capital	Accumulated losses (-)	Free Reserves & Surplus	Net overall profits (+)/ losses (-)	EBIT <sup>26</sup>	Capital Employed
	Non-working Companies	67.07	-281.06	-	1.23	2.16	-138.68
	<b>Total</b>	<b>11,379.90</b>	<b>-3,952.71</b>	<b>1,565.10</b>	<b>398.00</b>	<b>546.59</b>	<b>11,183.00</b>
2023-24	Working Companies	12,539.91	-2,333.65	1,666.31	612.11	819.26	14,254.64
	Statutory Corporations	213.60	-1,815.29	-	-85.48	-81.60	-1,559.47
	Non-working Companies	45.87	-161.64	-	7.51	8.42	-51.44
	<b>Total</b>	<b>12,799.38</b>	<b>-4,310.58</b>	<b>1,666.31</b>	<b>534.14</b>	<b>746.08</b>	<b>12,643.73</b>

Source: As per latest finalised accounts as on 30 September of the respective year

As can be seen from **Table 1.1.11**, the overall net profit of working Companies increased by ₹ 104.97 crore from ₹ 507.14 crore (2022-23) to ₹ 612.11 crore (2023-24). This was mainly due to increase in profit of Assam Electricity Grid Corporation Limited from ₹ 41.13 crore (2022-23) to ₹ 194.49 crore (2023-24). Increase in net profit of working Companies correspondingly increased the EBIT of working Companies from ₹ 649.76 crore (2022-23) to ₹ 819.26 crore (2023-24). The total accumulated losses of working Companies after netting off their reserve and surplus was ₹ 667.34 crore as on 31 March 2024. Accumulated losses (net off Free Reserves) of the working Companies during 2023-24 were mainly attributable to the losses of Assam Power Distribution Company Limited (₹ 1,312.25 crore), Assam Electricity Grid Corporation Limited (₹ 158.44 crore) and Assam Tea Corporation Limited (₹ 303.77 crore).

As regard Statutory Corporations, the overall net loss decreased by ₹ 24.89 crore from ₹ 110.37 crore (2022-23) to ₹ 85.48 crore (2023-24). This was mainly due to decrease in loss of Assam State Transport Corporation from ₹ 106.53 crore (2022-23) to ₹ 83.37 crore (2023-24), indicating improvement in performance of the Corporation. The total accumulated losses of Statutory Corporations were ₹ 1,815.29 crore as on 31 March 2024. Accumulated losses (net off Free Reserves) of the Statutory Corporations during 2023-24 were mainly attributable to the losses of Assam State Transport Corporation (₹ 1,772.22 crore), which was 97.63 per cent of total accumulated losses of Statutory Corporations.

As regard non-working Companies, more than 60.26 per cent (₹ 97.41 crore) of the total accumulated losses of non-working Companies (₹ 161.64 crore) during 2023-24 were contributed by Assam State Minor Irrigation Development Corporation Limited (₹ 63.76 crore) and Assam State Textiles Corporation Limited (₹ 33.65 crore).

#### 1.1.11.2 Return on Capital Employed

Return on Capital Employed (RoCE) is a profitability metric that measures the long-term profitability and efficiency of the total capital employed by a company. Companies create value when they generate return on capital employed in excess of cost of capital. RoCE is an important metric for long-term lenders and is calculated by dividing a company's EBIT by capital employed.

RoCE was not workable in respect of SPSEs having negative capital employed. During 2023-24, out of 47 SPSEs, 28 SPSEs<sup>27</sup> (24 working Companies, two Statutory Corporations and two non-working Companies) had positive capital employed while remaining 19 SPSEs (12 working Companies, one Statutory Corporation and six non-working Companies) had negative capital employed as detailed in **Appendix 2**. **Table 1.1.12** provides the details of RoCE in respect of SPSEs having positive capital employed during 2021-22 to 2023-24.

**Table 1.1.12: Return on Capital Employed**

Report Year	Nature of SPSEs	SPSEs having positive Capital Employed			
		Number	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (per cent)
2021-22	Working Companies	22	370.48	5,376.63	6.89
	Statutory Corporations	2	-0.27	46.41	-0.58
	Non-working Companies	6	-0.01	16.27	-0.06
	<b>Total</b>	<b>30</b>	<b>370.20</b>	<b>5,439.31</b>	<b>6.81</b>
2022-23	Working Companies	23	608.72	13,086.61	4.65
	Statutory Corporations	2	-0.23	44.39	-0.52
	Non-working Companies	6	-0.01	16.27	-0.06
	<b>Total</b>	<b>31</b>	<b>608.48</b>	<b>13,147.27</b>	<b>4.63</b>
2023-24	Working Companies	24	834.33	14,562.31	5.73
	Statutory Corporations	2	1.19	36.79	3.23
	Non-working Companies	2	-	4.15	-
	<b>Total</b>	<b>28</b>	<b>835.52</b>	<b>14,603.25</b>	<b>5.72</b>

*Source: As per latest finalised accounts as on 30 September of the respective years.*

As can be seen from **Table 1.1.12**, the working Companies with positive capital employed registered increase of ₹ 1,475.70 crore (11.28 per cent) in aggregate capital employed from ₹ 13,086.61 crore (2022-23) to ₹ 14,562.31 crore (2023-24). This increase was mainly due to increase of ₹ 1,239.52 crore in GoA's investment towards equity of three power sector companies during the reporting year 2023-24.

The EBIT of working Companies also increased by ₹ 225.61 crore (37.06 per cent) from ₹ 608.72 crore (2022-23) to ₹ 834.33 crore (2023-24), which was mainly due to increase (₹ 275.70 crore) in the net profit of two power sector companies<sup>28</sup> during 2023-24. As a result, RoCE of working Companies having positive capital employed had shown an overall improvement from 4.65 per cent (2022-23) to 5.73 per cent during the current reporting year (2023-24).

On the contrary, the Statutory Corporations having positive capital employed registered a decrease of ₹ 7.60 crore (17.12 per cent) in their aggregate capital employed from ₹ 44.39 crore (2022-23) to ₹ 36.79 crore (2023-24). The EBIT of Statutory Corporations was, however, positive during 2023-24 and their RoCE was

<sup>27</sup> SPSEs at Sl. No. A1, A2, A3, B5, B6, B8, B9, B12, B15, B16, B18, B19, B21, B23, B25, B27, B28, B29, B30, B32, B33, B34, B35, B36, C1, C3, D3 and D6 of **Appendix 2**.

<sup>28</sup> Assam Electricity Grid Corporation Limited (₹ 152.94 crore) and Assam Power Distribution Company Limited (₹ 122.76 crore).



worked out at 3.23 *per cent* (2023-24). In case of two non-working Companies, the EBIT during 2023-24 was 'nil' in absence of any activities by these Companies.

### 1.1.11.3 Return on Equity

Return on equity<sup>29</sup> (RoE) is a measure of financial performance of Companies calculated by dividing the 'net income earned' by the equity.

During 2023-24, 25 SPSEs (22 working Companies, one Statutory Corporation and two non-working Companies) earned profit of ₹ 741.03 crore as compared to profit of ₹ 596.88 crore earned by 21 SPSEs (18 working Companies, one Statutory Corporation and two non-working Companies) during 2022-23. Further, out of 25 SPSEs which earned profit during 2023-24, 16 SPSEs<sup>30</sup> (15 working Companies and one Statutory Corporation) had positive Equity or Shareholders' fund.

The RoE of these 15 working Companies during 2023-24 was 6.21 *per cent*<sup>31</sup> as compared to RoE of 5.30 *per cent* during 2022-23 in respect of 13 working Companies (having positive Equity or Shareholders' fund). In case of remaining seven<sup>32</sup> working Companies which earned profit (₹ 4.64 crore) during 2023-24, the accumulated losses (₹ 219.62 crore<sup>33</sup>) eroded their paid-up capital (₹ 22.28 crore) completely.

In case of the only profit making Statutory Corporation (Assam State Warehousing Corporation), the RoE was 3.25 *per cent*<sup>34</sup> during 2023-24. Further, in case of two non-working Companies *viz.*, Assam State Textiles Corporation Limited and Assam Spun Silk Mills Limited, which earned profit (₹ 7.99 crore) during 2023-24, the accumulated losses (₹ 57.30 crore) eroded their paid-up capital (₹ 17.14 crore) completely.

### 1.1.12 Loss making working SPSEs

**Table 1.1.13** depicts the position of aggregate losses incurred by loss-making working SPSEs<sup>35</sup> during 2021-24 as per their latest finalised accounts.

**Table 1.1.13: Details of loss-making working SPSEs**

Report Year	2021-22	2022-23	2023-24
<b>Working Companies</b>			
Total number of Companies	32	33	36
Number of loss-making Companies	9	15	14 <sup>36</sup>

<sup>29</sup> Return on Equity = (Net profit after tax and preference dividend ÷ Equity) x 100; where, Equity = paid up capital *plus* free reserves and accumulated profits *minus* accumulated losses and deferred revenue expenditure.

<sup>30</sup> SPSEs at Sl. No. A1, A2, A3, B9, B12, B16, B18, B19, B21, B25, B28, B32, B33, B34, B36 and C3 of **Appendix 2**.

<sup>31</sup> Net Profit (₹ 728.30 crore) ÷ Shareholders' fund (₹ 11,733.56 crore) x 100.

<sup>32</sup> SPSEs at Sl. No. B4, B10, B11, B13, B22, B24 and B31 of **Appendix 2**.

<sup>33</sup> Net after adjusting the Free Reserves (₹ 2.35 crore) of one Company (Sl. No. B10 of **Appendix 2**).

<sup>34</sup> Net Profit (₹ 0.10 crore) ÷ Shareholders' fund (₹ 3.08 crore) x 100.

<sup>35</sup> As the non-working SPSEs were not functional, no analysis with regard to loss incurring non-working SPSEs were made.

<sup>36</sup> Including Assam Inland Waterways Company Limited, which incurred insignificant loss (₹ 15,000) as per its latest finalised account (2022-23). Losses of this Company did not feature in **Appendix 2** due to rounding off the figures to '₹ in crore'.

Report Year	2021-22	2022-23	2023-24
Aggregate losses (₹ in crore)	(-) 299.48	(-) 84.90	(-) 120.83
<b>Statutory Corporations</b>			
Total number of Corporations	3	3	3
Number of loss-making Corporations	2	2	2
Aggregate losses (₹ in crore)	(-) 42.61	(-) 110.47	(-) 85.58
<b>Total Aggregate losses (₹ in crore)</b>	<b>(-) 342.09</b>	<b>(-) 195.37</b>	<b>(-) 206.41</b>

Source: As per latest finalised accounts of working SPSEs as on 30 September of respective years.

The details of two major contributors to losses of working SPSEs during 2023-24 are given in **Table 1.1.14**.

**Table 1.1.14: Major contributors to losses of SPSEs during 2023-24**

(₹ in crore)

Sl. No.	Name of SPSEs	Latest finalised accounts	Net Loss	Turnover
1	Assam State Transport Corporation	2022-23	(-) 83.37	104.16
2	Assam Petro-Chemicals Limited	2023-24	(-) 78.64	87.81
<b>Total</b>			<b>(-) 162.01</b>	<b>191.97</b>

Source: As per latest finalised accounts of SPSEs as on 30 September 2024

As can be seen from **Table 1.1.14**, 78.49 per cent (₹ 162.01 crore) of the total losses (₹ 206.41 crore) incurred by working SPSEs during 2023-24 were contributed by the above mentioned two SPSEs. Assam State Transport Corporation (ASTC) contributed highest loss at ₹ 83.37 crore. During 2023-24, however, there was a reduction of ₹ 23.16 crore (21.74 per cent) in the losses of ASTC from ₹ 106.53 crore (2022-23) to ₹ 83.37 crore (2023-24). Further, Assam Petro-Chemicals Limited contributed 38.10 per cent of the aggregate SPSE-losses (₹ 206.41 crore) mainly due to high cost of input material (methanol) during 2023-24.

#### 1.1.12.1 Investment made by GoA in loss-making working SPSEs

During 2023-24, GoA invested in six loss-making working SPSEs (four Companies and two Statutory Corporations) as detailed in **Table 1.1.15**.

**Table 1.1.15: Investment made by GoA in loss-making working SPSEs**

(₹ in crore)

Sl. No.	Name of SPSEs	Investment by GoA		
		Equity	Loans	Grants
Working Companies				
1	Assam Tea Corporation Ltd.	-	19.94	45.00
2	Assam Small Industries Development Corporation Ltd.	-	4.54	-
3	Assam Hills Small Industries Development Corporation Ltd.	-	1.62	-
4	Assam State Film (Finance and Development) Corporation Ltd.	-	0.04	2.47
Statutory Corporations				
5	Assam Financial Corporation	-	2.00	-
6	Assam State Transport Corporation	-	-	101.18
Total		-	28.14	148.65

Source: Information furnished by SPSEs



As can be seen from **Table 1.1.15**, six loss-making working SPSEs received budgetary support of ₹ 176.79 crore by way of loans (₹ 28.14 crore) and grants (₹ 148.65 crore), out of which the budgetary support of ₹ 170.21 crore<sup>37</sup> was meant to meet salary-related expenses of their employees. Further, one SPSE (Assam State Transport Corporation), which received GoA investment (Grant: ₹ 101.18 crore) was one of the major contributors to SPSE-losses during 2023-24, as detailed in **Table 1.1.14** *supra*.

*In view of the above scenario, GoA may consider providing further investment to loss incurring SPSEs after giving due focus on the steps needed to improve their operational and financial performance.*

### 1.1.12.2 Working SPSEs having complete erosion of paid-up capital

Complete erosion of equity capital by the accumulated losses (net after free reserves) represents negative net worth of the SPSEs.

The aggregate paid-up capital and overall accumulated losses (net after adjusting free reserves and surplus) of 39 working SPSEs as per their latest finalised accounts as on 30 September 2024 were ₹ 12,753.51 crore and ₹ 2,482.63 crore respectively. Analysis of investment and net accumulated losses of these 39 working SPSEs revealed that the accumulated losses (net after adjusting free reserves and surplus) of 16 working SPSEs<sup>38</sup> (₹ 2,392.83 crore) had completely eroded their paid-up capital (₹ 270.70 crore) as detailed in **Table 1.1.16**.

**Table 1.1.16: Erosion of Capital of working SPSEs**

(₹ in crore)				
Sl. No.	Name of SPSEs	Latest finalised accounts	Paid-up capital	Accumulated losses (net after adjusting free reserves)
<b>Statutory Corporations</b>				
1	Assam State Transport Corporation	2022-23	167.73	1,772.22
2	Assam Financial Corporation	2022-23	32.40	32.68
<b>Working Companies</b>				
3	Assam Tea Corporation Ltd.	2015-16	29.54	303.77
4	Ashok Paper Mill (Assam) Ltd.	2018-19	0.01	99.43
5	Assam Plains Tribes Development Corporation Ltd.	2021-22	2.95	40.01
6	Assam State Development Corporation for Scheduled Castes Ltd.	2020-21	10.10	33.33
7	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	3.40	17.11
8	Assam Small Industries Development Corporation Ltd.	2014-15	6.67	17.63
9	Assam Government Marketing Corporation Ltd.	2018-19	4.36	17.50
10	Assam Plantation Crop Development Corporation Ltd.	2013-14	5.00	13.71

<sup>37</sup> Government Loan: ₹ 24.48 crore (Assam Tea Corporation Limited: ₹ 19.94 crore and Assam Small Industries Development Corporation Limited: ₹ 4.54 crore; Grants: ₹ 145.73 crore (Assam State Film Finance and Development Corporation Limited: ₹ 1.35 crore, Assam State Transport Corporation: ₹ 99.38 crore and Assam Tea Corporation Limited: ₹ 45 crore).

<sup>38</sup> Excluding Assam Government - IITG Healthcare Foundation, as the Company is limited by guarantee and does not have share capital.

Sl. No.	Name of SPSEs	Latest finalised accounts	Paid-up capital	Accumulated losses (net after adjusting free reserves)
11	Assam Hills Small Industries Development Corporation Ltd.	2008-09	2.00	12.57
12	Assam Seeds Corporation Ltd.	2020-21	1.46	12.22
13	Assam State Fertilizers and Chemicals Ltd.	2011-12	4.93	7.28
14	Assam Police Housing Corporation Ltd.	2021-22	0.04	6.92
15	Amtron Informatics (India) Ltd.	2019-20	0.01	4.55
16	Assam State Film (Finance and Development) Corporation Ltd.	2019-20	0.10	1.90
<b>Total</b>			<b>270.70</b>	<b>2,392.83</b>

Source: As per latest finalised accounts as on 30 September 2024

It was seen that the net worth of 14 out of 16 SPSEs<sup>39</sup> mentioned in *Table 1.1.16* continued to be negative for more than 10 years. The gradual increase in losses of above SPSEs over the years poses a long-term burden on the State economy and resources.

### 1.1.12.3 Viability of working SPSEs whose accumulated losses completely eroded their paid-up capital

Financial autonomy is the ability of an entity to manage funds independently, which enabled the organisation to set and achieve its major objectives.

The comparative details of the turnover *vis-a-vis* employees' expenses of 16 working SPSEs having negative net worth (*Table 1.1.16*) have been summarised in *Table 1.1.17*.

**Table 1.1.17: Turnover *vis-à-vis* employees' expenses of SPSEs having negative net worth**

(₹ in crore)

Sl. No.	Name of SPSEs	Latest finalised accounts	Turnover <sup>40</sup>	Employee expenses
<b>Working Companies</b>				
1	Assam Seeds Corporation Ltd.	2020-21	138.26	9.29
2	Assam Tea Corporation Ltd.	2015-16	43.95	61.87
3	Assam Plantation Crop Development Corporation Ltd.	2013-14	1.99	1.26
4	Assam Plains Tribes Development Corporation Ltd.	2021-22	0.00	7.65
5	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	0.12	2.88
6	Assam State Development Corporation for Scheduled Castes Ltd.	2020-21	0.00	3.48

<sup>39</sup> Other than Assam Financial Corporation and Assam State Film (Finance and Development) Corporation Limited.

<sup>40</sup> Four SPSEs (Sl. No. 4, 6, 10 and 11 of *Table 1.1.17*) had 'zero' turnover as per their latest finalised accounts as these SPSEs had no revenue from their core activities and entire income earned by these SPSEs was from other sources.

Sl. No.	Name of SPSEs	Latest finalised accounts	Turnover <sup>40</sup>	Employee expenses
7	Assam State Film (Finance and Development) Corporation Ltd.	2019-20	0.05	0.58
8	Assam Hills Small Industries Development Corporation Ltd.	2008-09	0.01	0.23
9	Assam Small Industries Development Corporation Ltd.	2014-15	44.86	9.02
10	Ashok Paper Mill (Assam) Ltd.	2018-19	0.00	0.49
11	Amtron Informatics (India) Ltd.	2019-20	0.00	0.00
12	Assam State Fertilizers and Chemicals Ltd.	2011-12	1.98	1.09
13	Assam Government Marketing Corporation Ltd.	2018-19	20.40	3.43
14	Assam Police Housing Corporation Ltd.	2021-22	9.24	8.69
<b>Statutory Corporations</b>				
15	Assam State Transport Corporation	2022-23	104.16	86.19
16	Assam Financial Corporation	2022-23	7.35	8.02
<b>Total</b>			<b>372.37</b>	<b>204.17</b>

*Source: Latest finalised accounts of SPSEs as on 30 September 2024*

As can be seen from **Table 1.1.17**, the employee expenses of seven SPSEs<sup>41</sup> could be met out of their turnover, while the turnover of remaining eight SPSEs<sup>42</sup> (excluding Amtron Informatics (India) Ltd which had ‘zero’ turnover/employees expenses) was not adequate to cover their employee expenses. It was further seen that five<sup>43</sup> out of these eight SPSEs whose turnover was less than employee expenses depended on other income (such as interest earned from fixed deposits) or budgetary support to meet their salary-related expenses. It was also seen that none of the 16 working SPSEs listed above, whose accumulated losses completely eroded their equity capital had adequate resources to achieve the envisaged objectives. This led to dependency of these SPSEs on the GoA for financial support not only to undertake their mandated objectives but also to meet their employee expenses.

*GoA needs to review the working of these SPSEs to either improve their profitability or consider closing their operations, where revival is not feasible. GoA may also review the staff requirement of the SPSEs to rationalise manpower and bring their establishment cost to sustainable level. The Government may also explore the possibility of merging select SPSEs into one or two entities with clearly defined business verticals, in order to streamline operations and achieve economies of scale.*

### 1.1.13 Return on Investment by GoA based on Present Value of Investment

The Rate of Real Return (RoRR) measures profitability and efficiency with which equity and similar capital bearing no interest earning have been employed, after adjusting them for the time value.

<sup>41</sup> Sl. No.1, 3, 9, 12, 13, 14 and 15 of **Table 1.1.17**

<sup>42</sup> Including three SPSEs (Sl. No. 4, 6 and 10 of **Table 1.1.17**) with ‘zero’ turnover.

<sup>43</sup> Sl. No. 1, 5, 6, 7 and 11 of **Table 1.1.17**

To determine RoRR on investment, the investment of GoA in SPSEs in the form of equity, interest-free loans and grants/subsidies provided by GoA for operational and management expenses *less* disinvestments (if any) had been considered and indexed to their Present Value (PV) and summated. The RoRR is then calculated by dividing the 'Profit After Tax' (PAT) by the sum of the PV of the GoA investment.

GoA infused funds in the form of equity and loans (all interest bearing) in 39 SPSEs and revenue grants/subsidies in 41 SPSEs since inception of the SPSEs. During 2023-24, 39 working SPSEs<sup>44</sup> earned an overall profit of ₹ 526.63 crore, comprising profit of ₹ 733.04 crore (23 SPSEs) and loss of ₹ 206.41 crore (16 SPSEs). In addition, eight non-working Companies earned an overall profit of ₹ 7.51 crore (**Appendix 2**). Based on historical value of investment, the return on investment by GoA during 2023-24 was 2.36 *per cent*. On the other hand, when the present value of investment is considered, the RoRR on investment by GoA during 2023-24 worked out to 1.60 *per cent*, as shown in **Appendix 3**. This difference in percentage of return on investment by GoA was on account of adjustments made in investment amount for time value of money.

#### **1.1.14 Performance of SPSEs having no arrear of accounts**

As on 30 September 2024, eight<sup>45</sup> out of 39 working SPSEs had finalised their accounts up to the financial year 2023-24. The financial position and working results of these eight working Companies<sup>46</sup> as per their accounts for the years from 2021-22 to 2023-24 is given in **Table 1.1.18**.

**Table 1.1.18: Performance of working SPSEs having no arrear of Accounts**

(₹ in crore)

Particulars	Year of Accounts		
	2021-22	2022-23	2023-24
Turnover <sup>47</sup>	7,431.42	9,586.50	10,659.79
Profit/(Loss)	674.38	- 741.58	549.85
Paid-up Capital	5,910.10	10,749.84	12,087.66
Capital grant for projects	452.92	658.85	902.27
Long-term loans (GoA)	611.96	108.27	107.77
Long-term loans (GoI/Financial Institutions)	1,767.88	1,654.65	1,900.27
Interest expenses	76.15	79.36	67.63
Accumulated Loss	1,236.60	2,116.64	1,657.37
Free Reserves and Surplus	163.40	271.11	317.50
GSDP	4,10,723.56	4,78,779.19	5,70,242.61
<b>Percentage of Turnover to GSDP</b>	<b>1.81</b>	<b>2.00</b>	<b>1.87</b>

<sup>44</sup> Loss incurred (₹15,000) by Assam Inland Waterways Company Limited as per its latest finalised account (2022-23) was insignificant and did not feature in **Appendix 2** due to rounding off of figures.

<sup>45</sup> Sl. No. A1, A2, A3, B22, B23, B25, B35 and B36 of **Appendix 2**.

<sup>46</sup> Assam Power Generation Corporation Limited, Assam Electricity Grid Corporation Limited, Assam Power Distribution Company Limited, Assam Petro-Chemicals Limited, Assam Hydro-Carbon and Energy Company Limited, North East Gas Distribution Company Limited, Purba Bharati Gas Private Limited and Assam Government IITG Healthcare Foundation.

<sup>47</sup> 'Turnover' represents SPSEs' income from their core activities and excludes 'other income'.

Analysis of the financial data from **Table 1.1.18** revealed the following:

#### **1.1.14.1 Growth in the contribution of SPSE-turnover to GSDP**

The aggregate turnover of eight working Companies had shown a gradual increase of ₹ 3,228.37 crore from ₹ 7,431.42 crore (2021-22) to ₹ 10,659.79 crore (2023-24). The major contributors to turnover during 2023-24 were three power sector Companies viz., Assam Power Distribution Company Limited (APDCL) (₹ 9,267.01 crore), Assam Power Generation Corporation Limited (APGCL) (₹ 675.57 crore) and Assam Electricity Grid Corporation Limited (AEGCL) (₹ 621.54 crore). The increase in working Companies-turnover during 2023-24 as compared to 2021-22 was 43.44 *per cent*, which was higher than the growth rate of the GSDP of 38.84 *per cent* during the corresponding period, leading to increase in the overall contribution of working Companies' turnover to GSDP from 1.81 *per cent* (2021-22) to 1.87 *per cent* (2023-24).

#### **1.1.14.2 Operational results**

The eight working Companies earned an aggregate profit of ₹ 549.85 crore during 2023-24 as against aggregate profit of ₹ 674.38 crore earned during 2021-22. The decrease in profit of working Companies was mainly due to adverse turnaround of Assam Petro-Chemicals Limited (APL) from a profit of ₹ 22.68 crore (2021-22) to loss of ₹ 78.64 crore (2023-24) and also reduction in profit of APGCL from ₹ 207.84 crore (2021-22) to ₹ 58.55 crore (2023-24). Further, the overall increase in free reserves and surplus of seven SPSEs from ₹ 163.40 crore (2021-22) to ₹ 317.50 crore (2023-24) was mainly attributable to continuous profits earned by two SPSES (APGCL and Assam Hydro-Carbon and Energy Company Limited) during 2021-2024.

#### **1.1.14.3 Capital Grants for power projects**

During 2023-24, all the three power sector Companies (APGCL, AEGCL and APDCL) having no arrear of accounts received total capital grants of ₹ 902.27 crore from GoA for creation of power sector projects.

#### **1.1.14.4 Long-term borrowings**

As on 31 March 2024, five<sup>48</sup> out of the above eight working Companies which had finalised their accounts up to 2023-24, had outstanding long-term loans of ₹ 2,008.04 crore, comprising loans availed from GoA (₹ 107.77 crore) and Banks/Financial Institutions (₹ 1,900.27 crore). During 2021-22 to 2023-24, GoA further extended loans aggregating to ₹ 91 crore to APGCL, while two other working Companies (Assam Petro-Chemicals Limited and Purba Bharati Gas Private Limited) borrowed fresh loans (₹ 402.90 crore) from other Financial Institutions for financing various project works.

<sup>48</sup> Assam Power Generation Corporation Limited (₹ 352.67 crore), Assam Electricity Grid Corporation Limited (₹ 6.21 crore), Assam Power Distribution Company Limited (₹ 344.44 crore), Assam Petro-Chemicals Limited (₹ 1,149.71 crore) and Purba Bharati Gas Private Limited (₹ 155.01 crore).

## **Section 2: Oversight Role of CAG**

### **1.2.1 Audit of State Public Sector Enterprises**

The Comptroller and Auditor General of India (CAG) appoints the statutory auditors of a ‘Government Company’ and ‘Government Controlled Other Company’ under Section 139(5) and (7) of the Companies Act, 2013. CAG has a right to conduct supplementary audit and supplement or comment upon the Report of the statutory auditors. In addition, statutes governing some Statutory Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

### **1.2.2 Appointment of statutory auditors of SPSEs by CAG**

Section 139(5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. The statutory auditors of 44 SPSEs<sup>49</sup> out of total 47 SPSEs in Assam are appointed by the CAG.

### **1.2.3 Submission of accounts by SPSEs**

According to Section 394 of Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation, laid before both the Houses of Parliament together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. In case of State-owned Government Companies, the State Government shall cause a copy of the Annual Report together with a copy of Audit Report and comments made thereon by CAG to be laid before both the Houses of State Legislature. Similar provisions exist in the respective Acts regulating the Statutory Corporations.

Section 96 of Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. The Act also stipulates that not more than 15 months shall elapse between the date of one AGM and the next. Further, Section 129 of Companies Act, 2013 stipulates that audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129(7) of Companies Act, 2013 also provides for levy of penalty, like fine and imprisonment of persons including Directors of the Company responsible for non-compliance with provisions of Section 129 of Companies Act, 2013. Despite the above stipulations, annual accounts of various SPSEs were pending finalisation as on 30 September 2024, as discussed in succeeding paragraphs.

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<sup>49</sup> Excluding Assam State Transport Corporation, where CAG is the sole auditor and two other Corporations, namely, Assam Financial Corporation (auditors are appointed by the Corporation out of the panel of auditors provided by Reserve Bank of India) and Assam State Warehousing Corporation (auditors are appointed by the State Government on the advice of CAG).



### 1.2.4 Timeliness in preparation of accounts by SPSEs

As on 31 March 2024, there were 47 SPSEs<sup>50</sup> under the audit jurisdiction of Accountant General (Audit), Assam. These SPSEs include 44<sup>51</sup> Government Companies and 3 Statutory Corporations. Details of submission of accounts by SPSEs and age-wise analysis of arrears of the accounts of these SPSEs as on 30 September 2024 are given in **Table 1.2.1** and **1.2.2**.

**Table 1.2.1: Details of submission of accounts by SPSEs**

Particulars	No. of SPSEs
Total number of SPSEs under the purview of CAG's audit	47
Number of SPSEs which submitted their accounts for CAG's audit during October 2023 to September 2024	29
Number of SPSEs who submitted the current year's accounts (2023-24)	08 <sup>52</sup>
Number of SPSEs who submitted their accounts but having arrears	21

**Table 1.2.2: Age-wise analysis of arrears of accounts of SPSEs**

Nature of SPSEs		Accounts in Arrears	No. of SPSEs
Break-up of accounts in arrears	<b>Working SPSEs</b>	<b>162</b>	<b>31</b>
	Companies	156	28
	Statutory Corporations	06	03
	<b>Non-working SPSEs</b>	<b>83</b>	<b>08</b>
	All Companies	83	08
	<b>Total</b>	<b>245</b>	<b>39</b>
Age-wise Analysis of the arrears (No. of accounts)	<b>No arrears</b>	<b>Nil</b>	<b>08</b>
	Working	Nil	08
	Non-working	-	-
	<b>One year (2022-23)</b>	<b>10</b>	<b>10</b>
	Working Companies	06	06
	Statutory Corporations	02	02
	Non-working Companies	02	02
	<b>Two to five years (2017-18 and 2021-22)</b>	<b>48</b>	<b>15</b>
	Working Companies	44	14
	Statutory Corporations	04	01
	Non-working Companies	-	-
	<b>More than five years</b>	<b>187</b>	<b>14</b>
	Working Companies	106	08
	Non-working Companies	81	06

*Source: Compiled based on accounts of SPSEs received during October 2023 to September 2024*

As can be seen from **Table 1.2.2**, 39 SPSEs (31 working and 8 non-working) had 245 accounts pending finalisation as on 30 September 2024. Further, 14 SPSEs (8 working Companies and 6 non-working Companies) had 187 accounts pending

<sup>50</sup> Excluding three non-working SPSEs, whose whereabouts were not traceable and two new working SPSEs, one of which (Assam Urban Infrastructure Development and Finance Corporation Limited) has not submitted its first accounts (2023-24) in proper format and the other (Guwahati Smart City Limited) had disputed CAG's mandate to audit its Accounts, which was under examination/persuasion.

<sup>51</sup> Including subsidiaries of Government Companies (Sl. No. B26, B27, B34, B36, D6 and D8 **Appendix 2**) and two Government controlled other Companies (Sl. No. B23 and B35 **Appendix 2**).

<sup>52</sup> SPSEs at Sl. No. A1, A2, A3, B22, B23, B25, B35 and B36 (all working SPSEs) of **Appendix 2**.

finalisation for more than five years as on 30 September 2024. The highest number of accounts pending finalisation amongst working and non-working Companies pertained to Assam Minorities Development and Finance Corporation Limited (26 accounts) and Assam Powerloom Development Corporation Limited (30 accounts) respectively.

Delay in finalisation of accounts entails the risk of fraud/misappropriation and leakage of public money apart from violation of provisions of the relevant statutes. Further, in absence of up-to-date accounts of SPSEs, the actual status regarding utilisation and current worth of the public money invested in these SPSEs could not be ascertained and reported to the Legislature and other stakeholders including the State Government.

The Administrative Departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of SPSEs under their control are finalised and adopted by SPSEs within the stipulated period. In view of huge arrears in finalisation of accounts by SPSEs, the Accountant General (Audit), Assam had taken up (December 2023 and March 2024) the matter with GoA/SPSEs concerned for liquidating the arrears of accounts. GoA and the SPSEs concerned, however, have not been able to address the issue in a time-bound manner.

### **1.2.5 Investment made by GoA in SPSEs having arrear in Accounts**

Persistent delay in finalisation of accounts is fraught with risk of fraud and leakage of public money apart from violation of provisions of Companies Act, 2013. GoA invested ₹ 485.57 crore<sup>53</sup> in 18 SPSEs during the years for which their accounts were in arrears, as detailed in **Appendix 4**. The details of six major recipients (SPSEs) of GoA funding aggregating to ₹ 425.93 crore (87.72 per cent) during the period for which their accounts were in arrears are depicted in **Table 1.2.3**.

**Table 1.2.3: Major recipients (SPSEs) of GoA funding having accounts in arrears**  
(₹ in crore)

Sl. No.	Name of SPSEs	Accounts finalised up to	Accounts in arrears	Investment by GoA during the period of arrears		
				Equity	Loans	Grants
1	Assam Tea Corporation Limited	2015-16	8	-	19.94	45.00
2	Assam Plains Tribes Development Corporation Limited	2021-22	2	-	-	37.12
3	Assam Food and Civil Supplies Corporation Limited	2020-21	3	-	-	35.00
4	Assam State Development Corporation for Scheduled Castes Limited	2020-21	3	-	-	14.95
5	Assam Tourism Development Corporation Limited	2020-21	3	-	-	172.74
6	Assam State Transport Corporation	2022-23	1	-	-	101.18
<b>Total</b>				<b>-</b>	<b>19.94</b>	<b>405.99</b>

*Source: Information furnished by SPSEs*

<sup>53</sup> Equity: ₹ 3.50 crore (2 SPSEs), loans: ₹ 36.31 crore (7 SPSEs) and grants: ₹ 445.76 crore (13 SPSEs)



As can be seen from **Table 1.2.3**, Assam Tea Corporation Limited having arrear of eight accounts received budgetary support of ₹ 64.94 crore by way of loans (₹ 19.94 crore) and grants (₹ 45 crore). As discussed under **paragraph 1.1.12.1 supra**, GoA provided this budgetary support to the Company to meet its staff salary-related expenses, which was a burden on the State budget. In absence of up-to-date accounts and their subsequent audit, it could not be verified if the investments made and the expenditure incurred there against have been properly accounted for.

*GoA may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of SPSEs. Where there is lack of staff expertise, GoA may consider outsourcing the work relating to preparation of accounts and take punitive action against the Management of the SPSEs responsible for pendency of accounts. Until the accounts are made as current as possible, GoA may consider not providing further financial assistance to such SPSEs.*

### **1.2.6 Audit of accounts and supplementary audit**

#### ***Financial reporting framework***

Companies are required to prepare financial statements in the format laid down in Schedule III to Companies Act, 2013 and in adherence to mandatory Accounting Standards prescribed by Central Government, in consultation with National Advisory Committee on Accounting Standards. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with CAG and any other specific provision relating to accounts in the Act governing such corporations.

### **1.2.7 Audit of accounts of Government Companies by Statutory Auditors**

The statutory auditors appointed by CAG under Section 139 of Companies Act, 2013, conducted audit of accounts of Government Companies and submitted their report thereon in accordance with Section 143 of Companies Act, 2013.

CAG plays an oversight role by monitoring the performance of statutory auditors in audit of public sector enterprises, with the overall objective that the statutory auditors discharged the functions assigned to them properly and effectively.

CAG discharged this function by exercising the power:

- a. to issue directions to statutory auditors under Section 143(5) of Companies Act, 2013; and
- b. to supplement or comment upon statutory auditor's report under Section 143(6) of Companies Act, 2013.

### 1.2.8 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with financial reporting framework prescribed under Companies Act, 2013 or other applicable Act rests with the Management of the SPSE concerned.

The statutory auditors appointed by CAG under Section 139 of Companies Act, 2013 were responsible for expressing an opinion on these financial statements under Section 143 of Companies Act, 2013, based on independent audit in accordance with Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by CAG. The statutory auditors were required to submit their Audit Report to CAG under Section 143 of Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of statutory auditors were reviewed by CAG by carrying out supplementary audit. Based on such review, significant audit observations, if any, were reported under Section 143(6) of Companies Act, 2013, to be placed before the Annual General Meeting of the SPSE concerned.

### 1.2.9 Result of CAG's oversight role

During October 2023 to September 2024, 29 SPSEs forwarded 72 audited accounts to the Accountant General (Audit), Assam for review/supplementary audit. Of these, 67 accounts (8 accounts for the year 2023-24 and 59 accounts for previous years) of 27 SPSEs were selected for supplementary audit. For the remaining five accounts (two accounts for the year 2018-19, one account for the year 2020-21 and two accounts for the year 2022-23) of four SPSEs<sup>54</sup>, non-review certificates (NRCs) were issued. In addition to the above, one Consolidated Financial Statements (CFS) forwarded by Assam Mineral Development Corporation Limited were also selected for supplementary audit.

**Table 1.2.4** depicts a few significant comments issued on the financial statements of the SPSEs.

**Table 1.2.4: Comments on Profitability**

Sl. No.	Name of SPSEs	Comment
1	Assam Power Distribution Company Limited (FY 2023-24)	The Assam Electricity Regulatory Commission (AERC) after carrying out (June 2024) truing up of tariff for the year 2022-23 approved a Revenue Gap (₹ 1,507.68 crore) to be realised by the Company during the financial year 2024-25 by way of tariff component. As the AERC had issued (27 June 2024) the above truing up order before approval (31 July 2024) of

<sup>54</sup> Assam Livestock and Poultry Corporation Limited forwarded three accounts (2018-19, 2019-20 and 2020-21) for which supplementary audit was conducted for 2019-20 and NRC was issued for the year 2018-19 and 2020-21. Similarly, Assam State Development Corporation for Scheduled Castes Limited forwarded three accounts (2018-19, 2019-20 and 2020-21) for which supplementary audit was conducted for 2019-20 and 2020-21 and NRC was issued for the year 2018-19. Further, NRC was issued for one accounts each of Assam State Development Corporation for Other Backward Classes Limited (2022-23) and Assam Medical Services Corporation Limited (2022-23).

Sl. No.	Name of SPSEs	Comment
		Company's current year financial statements (2023-24), the Revenue Gap approved for the year 2022-23 should have been recognised in the accounts (2023-24) as required under para 8 of IND AS 10 ( <i>Events after the reporting period</i> ), which was not done. Non-recognition of the approved Revenue Gap in the Accounts has resulted in understatement of 'Income-Revenue from Operations' by ₹ 1,507.68 crore with corresponding understatement of 'Profit for the year' and 'Trade Receivable' to the same extent.
2	Assam State Transport Corporation (FY 2022-23)	'Non-Operating Revenue' head included Interest income of ₹ 6.14 crore received during 2022-23 on Fixed Deposits (₹ 4.56 crore) and Savings Bank Deposit Account (₹ 1.58 crore) against the funds (₹ 225 crore) deposited out of the Guwahati Smart City Limited Fund (GSCL Fund) received for procuring 200 Electric Buses under the Smart City Project. As the interest earned belongs to the deposits made out of the Smart City Project Fund, same should have been credited to GSCL Fund Account instead of treating the same as Corporation's own income. This has resulted in overstatement of 'Non-Operating Revenue' and understatement of 'Loss for the year' by ₹ 6.14 crore with corresponding understatement of 'GSCL Fund Account' to the same extent.

Table 1.2.5: Comments on Financial Position

Sl. No.	Name of SPSEs	Comment
1	Assam Power Distribution Company Limited (FY 2023-24)	The Company incurred ₹ 35 crore toward procurement of Tangible Assets (₹ 4.46 crore) and Intangible assets (₹ 30.54 crore) for SAP-Enterprise Resource Planning System (ERP System) and booked the entire expenditure (₹ 35 crore) under 'Capital Works in Progress'. Though the project (ERP system) was completed and declared 'Go-live' on 13 February 2024, the Company had not transferred the capital cost of above assets under 'Property Plant and Equipment' (₹ 4.46 crore) and 'Intangible Assets' (₹ 30.54 crore) and as such, no amortisation/depreciation was charged on the value of said assets added during the year. This resulted in overstatement of 'Capital Works in Progress' by ₹ 35 crore with corresponding understatement of 'Property Plant and Equipment (Net Block)' and 'Intangible Assets (Net Block)' by ₹ 4.37 crore and ₹ 30.15 crore respectively. Further, due to non-provisioning towards depreciation on PPE (₹ 0.09 crore) and amortization of Intangible Assets (₹ 0.39 crore), 'Profit for the year' was also overstated by ₹ 0.48 crore.
2	Assam Power Distribution Company Limited (FY 2023-24)	The Company received ₹ 77.96 crore as Government of India Grants under Revamp Distribution System Scheme <i>for replacement of old meters with smart meters</i> and booked the entire amount as 'Income' in Profit and Loss Account. Against the above Grants, the Company utilised ₹ 40.04 crore towards the intended purpose ( <i>replacement of old meters with smart meters</i> ) and booked the same under 'Capital Works in Progress'. As the Grants were received for specific purpose ( <i>replacement of meters</i> ), the same should have been booked under 'Current Liabilities' and adjusted against the expenditure incurred there against instead of accounting the Grants as 'Income' and expenditure as 'Capital Works in Progress'. This has resulted in overstatement of 'Profit for the year' by ₹ 77.96 crore with corresponding overstatement of Capital Works in

Sl. No.	Name of SPSEs	Comment
		Progress by ₹ 40.04 crore and understatement of Current Liabilities by ₹ 37.92 crore respectively.
3	Assam Power Generation Corporation Limited (FY 2023-24)	The 'Cash and Cash Equivalent' head included ₹ 29.02 crore, being the fixed deposit with maturity period of more than 12 months which should have been depicted separately as per the requirements of the Companies Act, 2013 (refer para 6 (Q)(v) of 'General Instructions for preparation of Balance Sheet' under Part I-Balance Sheet of Schedule III to the Companies Act, 2013).
4	Assam Petro-Chemicals Limited (FY 2023-24)	Para 19(a) of Ind AS 16 - 'Property, Plant and Equipment (PPE)' provides that cost of opening/inaugurating a new facility are not costs of an item of PPE. Contrary to this, the Company recognised ₹ 2.33 crore being the cost associated with virtual inauguration (₹ 2.03 crore) and flagging off expenses (₹ 0.30 crore) of its 500 Tonne per day (TPD) Methanol plant as "Capital Works in Progress". As the expenditure does not form part of PPE, the same should have been charged to the 'Statement of Profit and Loss' instead of capitalizing the same. This has resulted in overstatement of 'Capital Work in Progress' by ₹ 2.33 crore and understatement of the 'Loss for the year' by the same amount.
5	Assam Hydrocarbon and Energy Company Limited (FY 2023-24)	The Company, entered into Joint Operating Agreement with Oil India Limited (OIL) and Numaligarh Refinery Limited (NRL), and acquired (November 2021) 10 per cent (₹ 16.60 crore) participating interest in AA-ONHP-2017/20 Block for conducting petroleum exploration operation in Joint Venture mode. The above amount (₹ 16.60 crore) represents the share of the Company in the cost incurred by OIL in development of exploratory wells on behalf of the Consortium. As Members of Consortium have joint ownership on the assets of oil exploration block, the Company should have capitalised the above cost as 'Capital Work in Progress'. Incorrect classification of the above capital cost has resulted in overstatement of the 'Current assets - Short term loans and advances' and understatement of 'Capital Works in Progress' by ₹ 16.60 crore each.
6	Assam State Transport Corporation (FY 2022-23)	The Corporation constructed Multi-Level Car Parking (MLCPR) at Guwahati out of MLCPR Fund and charged depreciation aggregating ₹ 1.38 crore on the said asset (MLC Parking) during 2019-20 to 2021-22 to 'revenue' in the 'Profit and Loss Account' instead of recouping the same from the MLCPR Fund. Further, while rectifying the error during the current year (2022-23), the Corporation erroneously credited the MLCPR Fund and debited the 'prior period adjustment account' by ₹ 1.38 crore instead of passing an opposite entry. Incorrect accounting of depreciation and passing of wrong rectification entry has resulted in overstatement of 'MLCPR Fund' and 'Loss for the year' by ₹ 2.76 crore each (₹ 1.38 crore x 2 times).

### 1.2.10 Management Letters

One of the objectives of financial audit is to establish communication between the auditor and those charged with the responsibility of governance of the corporate entity on audit matters arising from the audit of the financial statements.

The material observations on the financial statements of Government Companies were reported in the form of ‘comments on accounts’ by the CAG under Section 143(6) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process were also communicated to the Management separately through ‘Management Letter’ for taking corrective action. These deficiencies generally related to:

- a. application and interpretation of accounting policies and practices;
- b. adjustments arising out of audit observations that could have a significant effect on the financial statements; and
- c. inadequate or non-disclosure of certain information on which Management of the company concerned provided assurances that corrective action would be taken in the subsequent year.

As per latest finalised accounts as on 30 September of respective years, ‘Management Letters’ were issued to eight Government Companies as shown in **Table 1.2.6**.

**Table 1.2.6: List of SPSEs where Management Letters were issued**

Sl. No.	Name of SPSEs	Year of Accounts
1	Amtron Informatics (India) Limited	2019-20
2	Assam Trade Promotion Organisation	2022-23
3	Assam State Textiles Corporation Limited	2022-23
4	Assam Power Distribution Company Limited	2022-23
5	Assam Government Construction Company Limited	2022-23
6	Assam Power Generation Corporation Limited	2023-24
7	Assam Petro-Chemicals Limited	2023-24
8	Purba Bharati Gas Private Limited	2023-24

## Section 3: Corporate Governance

### 1.3.1 Introduction

The Companies Act, 2013 was notified on 29 August 2013 replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs also notified Companies Rules, 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of Board and its powers and Accounts. The Companies Act, 2013 together with Companies Rules provide a robust framework for Corporate Governance. The requirement *inter alia* provides for:

- matter regarding composition of the Board of Directors (BoD), qualification, remuneration, retirements of directors, frequencies of meetings of BoD, *etc.*
- constitution of various committees like, Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, *etc.* in the case of the Listed Companies as well as Companies meeting specified financial criteria.
- appointment of special categories of directors *viz.*, independent directors, nominee director, *etc.*

### 1.3.2 Guidelines on Corporate Governance

In addition to provisions contained in Companies Act, 2013, the Security and Exchange Board of India (SEBI) notified<sup>55</sup> (2 September 2015) the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. These Regulations are applicable to the Listed Companies. At present, no Company in Assam has been listed on the stock exchanges and hence, the provisions of the Regulation and Listed Agreements are not applicable for the purpose of this Report.

Public Enterprises Department, Government of Assam issued (September 2011) 'Code of Conduct' for Directors and Senior Management of the SPSEs followed by Guidelines on Corporate Governance in 2012-13. Both these guidelines were issued while the erstwhile Companies Act, 1956 was in force. After enactment of the Companies Act 2013, the Code and the Guidelines were not modified.

### 1.3.3 Exemption allowed to Government Companies

GoI under Section 462 of Companies Act, 2013 may in public interest, either exempt or modify certain provisions of the Act in respect of specified class or classes of Companies. GoI issued (5 June 2015) notification regarding exemption, modification and adoption of various provisions of the Companies Act in respect of Government Companies. The notification, among others, covered provisions relating to appointment, retirement, remuneration of directors, committees of directors, related

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<sup>55</sup> SEBI LODR Regulation was amended/modified from time to time (22 December 2015, 25 May 2016, 8 July 2016, 4 January 2017, 15 February 2017).



party transactions *etc.* These exemptions, modifications and adoptions were considered while assessing status of Corporate Governance in SPSEs.

### 1.3.4 Coverage of SPSEs for Corporate Governance

While assessing the status of compliance to the principle of Corporate Governance, the SPSEs established under an Act other than the Companies Act<sup>56</sup> have been excluded from the review. Further, non-working Companies which operate only with skeleton management structure have also been excluded from audit scrutiny as they were not expected to comply with these provisions. Further, certain provisions of Corporate Governance related rules, guidelines, *etc.* were limited to Companies fulfilling the prescribed financial criteria. As information/documents on Corporate Governance related compliance by Companies were not in public domain, the required information was called from all the 36 working Government Companies in Assam to assess the status of compliance to the principle of Corporate Governance by these Companies. Out of 36 working Companies in the State, the required information was furnished by 32 working Companies<sup>57</sup>. Thus, this section basically covered these 32 working Companies to assess the status of their compliance to the general provisions of Corporate Governance.

### 1.3.5 Summarised provisions on Corporate Governance

**Table 1.3.1** depicts the summarised position of important provisions on Corporate Governance related issues as applicable to Government Companies.

**Table 1.3.1: Provisions of Corporate Governance**

Sl. No.	Particulars	Components
1	Structural requirement	<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Audit Committee</li> <li>• Corporate Social Responsibility Committee (CSR Committee)</li> <li>• Nomination and Remuneration Committee</li> <li>• Shareholders Relationship Committee</li> <li>• Independent Directors</li> <li>• Women Directors</li> </ul>
2	Functional requirement	<ul style="list-style-type: none"> <li>• Attendance</li> <li>• Frequency of meetings</li> <li>• Code of conduct, training of Directors</li> </ul>
3	Factors limiting application of Corporate Governance	<ul style="list-style-type: none"> <li>• All the 36 Government Companies are unlisted Companies.</li> <li>• Smaller size Companies.</li> <li>• 8 Government Companies are non-working.</li> <li>• Exemption allowed to Government Companies.</li> </ul>

<sup>56</sup> Erstwhile Companies Act, 1956 and Companies Act, 2013

<sup>57</sup> Four working Companies (Assam Minorities Development and Finance Corporation Limited, Assam Government Marketing Corporation Limited, Assam Inland Waterways Company Limited, and Assam Government IITG Healthcare Foundation) did not furnish the required information.

### 1.3.6 Board of Directors

#### 1.3.6.1 Formation and Role of Board of Directors

Section 149 of Companies Act, 2013 (Act) provides that every company shall have Board of Directors and prescribes the minimum and maximum number of directors. Further, as per Section 179, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do.

Out of 36 working Companies, all 32 Companies which furnished the required information, had complied with the provision relating to the minimum and maximum number of directors.

#### 1.3.6.2 Meeting of the Board of Directors

As per Section 173(1) of Companies Act, 2013, a company was required to hold a minimum number of four meetings of its Board every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. In case of a company registered under Section 8<sup>58</sup> of the Companies Act, 2013 (Section 8 Company), gap of six calendar months is allowed between two meetings of the Board<sup>59</sup>.

The status of compliance to above provisions of the Act by 32 working Companies was examined covering the period of five years from 2019-20 to 2023-24. The analysis revealed that out of 32 working Companies, 9 Companies<sup>60</sup> were able to hold the minimum required Board meetings (total: four) each year during 2019-20 to 2023-24. Further, one Section 8 Company<sup>61</sup> was able to hold the minimum required Board meetings (total: two) each year during 2019-20 to 2023-24. Of the remaining 22 Companies, 4 Companies<sup>62</sup> held the prescribed number of meetings in four years, 10 Companies<sup>63</sup> held the prescribed number of meetings in one to three years, and 8 working Companies<sup>64</sup> did not hold the prescribed number of meetings in any of the five years. **Table 1.3.2** depicts the summarised position outlining the status of the Board meetings.

**Table 1.3.2: Position of Board meeting by working Companies**

Sl. No.	Name of Companies	Number of Board meetings held					No. of years complied
		2019-20	2020-21	2021-22	2022-23	2023-24	
1	Assam Power Generation Corporation Ltd.	8	4	5	10	7	5
2	Assam Electricity Grid Corporation Ltd.	6	4	4	8	6	5

<sup>58</sup> A company registered as a Non-Profit Organization (NPO) with the objectives of promoting commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment or any such other object and intends to apply its profits (if any) or other income in promoting its objectives.

<sup>59</sup> As per Gazette (extraordinary) No. 375 issued by Government of India on 5 June 2015.

<sup>60</sup> Sl. No. 1, 2, 3, 20, 23, 25, 26, 30 and 32 (only applicable year) of **Table 1.3.2**.

<sup>61</sup> Sl. No. 19 of **Table 1.3.2**.

<sup>62</sup> Sl. No. 14, 16, 17 and 27 of **Table 1.3.2**.

<sup>63</sup> Sl. No. 5, 6, 7, 10, 11, 18, 22, 28, 29 and 31 of **Table 1.3.2**.

<sup>64</sup> Sl. No. 4, 8, 9, 12, 13, 15, 21 and 24 of **Table 1.3.2**.



Sl. No.	Name of Companies	Number of Board meetings held					No. of years complied
		2019-20	2020-21	2021-22	2022-23	2023-24	
3	Assam Power Distribution Company Ltd.	7	4	8	10	7	5
4	Assam Seeds Corporation Ltd.	1	1	3	3	2	-
5	Assam Fisheries Development Corporation Ltd.	2	2	3	4	3	1
6	Assam Livestock and Poultry Corporation Ltd.	5	2	1	1	2	1
7	Assam Tea Corporation Ltd.	4	2	4	2	2	2
8	Assam Plantation Crop Development Corporation Ltd.	3	1	0	2	1	-
9	Assam Plains Tribes Development Corporation Ltd.	3	2	2	2	2	-
10	Assam State Development Corporation for Other Backward Classes Ltd.	1	2	2	4	2	1
11	Assam State Development Corporation for Scheduled Castes Ltd.	1	4	2	1	2	1
12	Assam State Film (Finance and Development) Corporation Ltd.	3	2	2	2	3	-
13	Assam Hills Small Industries Development Corporation Ltd.	3	1	1	2	2	-
14	Assam Industrial Development Corporation Ltd.	4	3	6	4	5	4
15	Assam Small Industries Development Corporation Ltd.	3	2	2	2	3	-
16	Assam Electronics Development Corporation Ltd.	4	6	4	6	3	4
17	Assam Mineral Development Corporation Ltd.	6	6	4	3	4	4
18	Assam Police Housing Corporation Ltd.	4	2	3	4	2	2
19	Assam Trade Promotion Organisation	3	2	3	3	2	5
20	Assam Petro-Chemicals Ltd.	6	5	9	8	4	5
21	Ashok Paper Mill (Assam) Ltd.	1	2	1	2	1	-
22	Assam Hydro-Carbon and Energy Company Ltd.	4	3	4	3	5	3
23	Amtron Informatics (India) Ltd.	6	4	4	4	4	5
24	Assam State Textbook Production and Publication Corporation Ltd.	1	1	1	1	1	-
25	Assam Gas Company Ltd.	10	6	7	8	8	5
26	DNP Ltd.	6	7	8	10	7	5
27	Purba Bharati Gas Private Ltd.	2	7	6	6	8	4
28	Assam State Fertilizers and Chemical Ltd.	4	3	4	-	-	2
29	Assam Tourism Development Corporation Ltd.	1	2	1	4	2	1
30	Assam Food and Civil Supplies Corporation Ltd.	4	4	9	4	5	5
31	Assam Medical Services Corporation Ltd.	Not applicable			4	3	1
32	North East Gas Distribution Company Ltd.	Not applicable			7		1

Source: Information furnished by the Companies

During 2019-20 to 2023-24, five SPSEs<sup>65</sup> held 120 meetings within the prescribed gap of 120 days. Further, as against permissible time gap of 120 days between two Board meetings, 26 Companies<sup>66</sup> held as many as 92 meetings, with intervening period ranging from 121 to 1,349 days. Further, the remaining one Company<sup>67</sup>, being a Section 8 Company, held three Board meetings during 2019-20 to 2023-24 with time-gap ranging from 198 to 320 days against the permissible gap of six months. **Table 1.3.3** depicts the summarised position of the Companies, which organised their Board meetings beyond the permissible intervening periods during 2019-20 to 2023-24.

**Table 1.3.3: Summarised range of gap between two Board meetings which are beyond 120 days**

Sl. No.	Name of Companies	No. of meetings	Gap between two meetings (days)
1	Amtron Informatics (India) Ltd.	1	141
2	Ashok Paper Mill (Assam) Ltd.	6	140 to 433
3	Assam Electricity Grid Corporation Ltd.	2	156 to 163
4	Assam Electronics Development Corporation Ltd.	2	141 to 177
5	Assam Fisheries Development Corporation Ltd.	4	172 to 371
6	Assam Food and Civil Supplies Corporation Ltd.	4	124 to 143
7	Assam Mineral Development Corporation Ltd.	4	<b>121</b> to 159
8	Assam Hills Small Industries Development Corporation Ltd.	6	157 to 388
9	Assam Hydro-Carbon and Energy Company Ltd.	3	133 to 166
10	Assam Industrial Development Corporation Ltd.	1	165 to 165
11	Assam Livestock and Poultry Corporation Ltd.	3	154 to 530
12	Assam Petro-Chemicals Ltd.	1	145
13	Assam Plains Tribes Development Corporation Ltd.	5	129 to 350
14	Assam Plantation Crop Development Corporation Ltd.	4	145 to 467
15	Assam Police Housing Corporation Ltd.	3	152 to 224
16	Assam Power Distribution Company Ltd.	1	151 to 151
17	Assam Power Generation Corporation Ltd.	1	173 to 173
18	Assam Seeds Corporation Ltd.	4	154 to 365
19	Assam Small Industries Development Corporation Ltd.	5	127 to 229
20	Assam State Development Corporation for Other Backward Classes Ltd.	7	145 to 617
21	Assam State Development Corporation for Scheduled Castes Ltd.	4	246 to <b>1349</b>
22	Assam State Fertilizers and Chemicals Ltd.	2	178 to 178
23	Assam State Film (Finance and Development) Corporation Ltd.	7	124 to 281
24	Assam State Textbook Production and Publication Corporation Ltd.	4	281 to 605
25	Assam Tea Corporation Ltd.	3	129 to 187
26	Assam Tourism Development Corporation Ltd.	5	122 to 499
<b>Total</b>		<b>92</b>	

*Source: Information furnished by the Companies*

<sup>65</sup> Sl. No. 25, 26, 27, 31 and 32 of **Table 1.3.2**

<sup>66</sup> Sl. No. 1 to 26 of **Table 1.3.3**

<sup>67</sup> Sl. No. 19 of **Table 1.3.2**

### 1.3.6.3 Role of Independent Directors

As per Section 149(6) of the Act, an Independent Director is a Director other than a Managing Director or a Whole Time Director or a Nominee Director, who in the opinion of the Board, is a person of integrity and possess relevant expertise and experience. The Independent Directors help in bringing an independent judgment to bear on the Board's deliberations especially on the issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

### 1.3.6.4 Number of Independent Directors

As per Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, public Companies having (i) paid up share capital of ₹ 10 crore or more OR (ii) turnover of ₹ 100 crore or more OR (iii) aggregate outstanding loans, debentures and deposits, exceeding ₹ 50 crore, shall have at least two directors as Independent Directors.

Based on financial criteria mentioned above, seven working Companies<sup>68</sup> out of 36 working Companies were required to have independent directors on their Board. Two out of these seven Companies did not have any Independent Director on their Board and one company had one Independent Director against the requirement of two Independent Directors as per details given in *Table 1.3.4*.

**Table 1.3.4: Position of Independent Director**

Sl. No.	Name of Companies	Strength of the Board	Number of Independent Directors	
			Required	Actual
1	Assam Hydro-Carbon and Energy Company Ltd.	7	2	Nil
2	Assam Tea Corporation Ltd.	10	2	Nil
3	Assam Food and Civil Supplies Corporation Ltd.	8	2	1

*Source: Information furnished by the Companies*

### 1.3.6.5 Separate meetings of Independent Directors

As per the Code for Independent Directors prescribed under Schedule IV of Companies Act, 2013, the Independent Directors of a company were required to hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management.

*Table 1.3.5* depicts the summarised position of the separate meetings of Independent Directors during 2023-24.

**Table 1.3.5: Position of compliance to code of conduct of Independent Directors**

Sl. No.	Name of Companies	Independent Directors	
		Number	Separate meetings
1	Assam Electricity Grid Corporation Ltd.	3	One separate meeting held
2	Assam Power Distribution Company Ltd.	3	One separate meeting held

<sup>68</sup> Assam Power Generation Corporation Limited, Assam Electricity Grid Corporation Limited, Assam Power Distribution Company Limited, Assam Tea Corporation Limited, Assam Food and Civil Supplies Corporation Limited, Assam Petro-Chemicals Limited and Assam Hydro-Carbon and Energy Company Limited.

Sl. No.	Name of Companies	Independent Directors	
		Number	Separate meetings
3	Assam Petro-Chemicals Ltd.	2	One separate meeting held
4	Assam Power Generation Corporation Ltd.	3	One separate meeting held

Source: Information furnished by the Companies

As can be seen from **Table 1.3.5**, four Companies<sup>69</sup> where Independent Directors were appointed as per requirement of the Act (**paragraph 1.3.6.4 supra**), the minimum required one separate meeting of Independent Directors was organized by all these four Companies during 2023-24. Further, in the case of fifth company (Assam Food and Civil Supplies Corporation Limited), which had only one Independent Director on its Board as of 31 March 2024, holding of separate meeting of Independent Directors was not feasible.

### 1.3.6.6 Appointment of Woman Director

As per Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, every listed public Company as well as other public companies, having (i) paid-up share capital of ₹ 100 crore or more; OR (ii) turnover of ₹ 300 crore or more shall appoint at least one woman director on its Board.

Based on the criteria mentioned above, five Companies<sup>70</sup> out of 36 working Companies were required to have women directors on their Board. Four out of these five Companies (other than Assam Power Distribution Company Limited), however, complied with the above requirement. In addition, however, other seven Companies<sup>71</sup> voluntarily appointed women directors on their Board although these Companies were not legally required to do so. This indicated compliance with the statutory provisions and the spirit of gender sensitisation in these Companies.

## 1.3.7 Committees of BoD

### 1.3.7.1 Audit Committee

As per Rule 6 of Companies (Meeting of Board and its Power) Amendment Rules, 2018, every listed public Company as well as other public companies, having (i) paid up share capital of ₹ 10 crore or more OR (ii) turnover of ₹ 100 crore or more OR (iii) aggregate outstanding loans or borrowings, debentures and deposits, exceeding ₹ 50 crore or more as per last audited financial statements were required to constitute an Audit Committee. Further, as per Section 177 of Companies Act, 2013, the Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.

<sup>69</sup> Excluding Assam Food and Civil Supplies Corporation Limited, where only one ID was appointed.

<sup>70</sup> Assam Power Generation Corporation Limited, Assam Electricity Grid Corporation Limited, Assam Power Distribution Company Limited, Assam Petro-Chemicals Limited and DNP Limited.

<sup>71</sup> Assam State Development Corporation for Other Backward Classes Limited, Assam Industrial Development Corporation Limited, Assam Gas Company Limited, Assam Plantation Crop Development Corporation Limited, Assam Mineral Development Corporation Limited, Assam State Textbook Production and Publication Corporation Limited and Assam Tea Corporation Limited.

Based on the criteria mentioned, out of seven Companies which were required to constitute an Audit Committee, five Companies formed Audit Committees during the year 2023-24 as shown in **Table 1.3.6**.

**Table 1.3.6: Status of formation of Audit Committee during 2023-24**

Sl. No.	Name of Companies	Number of members of Audit Committee (AC)	No. of Independent Directors in AC	
			Required	Actual
1	Assam Power Distribution Company Ltd.	3	2	3
2	Assam Electricity Grid Corporation Ltd.	4	3	3
3	Assam Power Generation Corporation Ltd.	3	2	3
4	Assam Petro-Chemicals Ltd.	3	2	2
5	Assam Hydro-Carbon and Energy Company Ltd.	Not Formed	-	-
6	Assam Tea Corporation Ltd.	Not Formed	-	-
7	Assam Food and Civil Supplies Corporation Ltd.	3	2	1

*Source: Information furnished by the Companies*

As can be seen from **Table 1.3.6**, all three power sector Companies<sup>72</sup> complied with provisions relating to formation and composition of Independent Directors in the Audit Committee. Further, three private limited Companies/Joint Ventures<sup>73</sup> which were under no legal obligation to constitute Audit Committee also formed Audit Committees during 2023-24, indicating a commitment to good Corporate Governance on their part.

### 1.3.7.2 Nomination and Remuneration Committee

As per Rule 6 of Companies (Meeting of Board and its Power) Amendment Rules, 2018, every listed public Company as well as other public companies, having (i) paid up share capital of ₹ 10 crore or more OR (ii) turnover of ₹ 100 crore or more OR (iii) aggregate outstanding loans or borrowings, debentures and deposits, exceeding ₹ 50 crore or more as per last audited financial statements were required to constitute Nomination and Remuneration Committee. Further, as per Section 178(1) of Companies Act, 2013, the Nomination and Remuneration Committee was to consist of three or more non-executive directors out of which not less than one-half shall be Independent Directors (IDs).

Out of seven Companies covered under the above criteria, three Companies did not constitute the Nomination and Remuneration Committee during 2023-24, as shown in **Table 1.3.7**.

<sup>72</sup> Assam Power Distribution Company Limited, Assam Electricity Grid Corporation Limited, Assam Power Generation Corporation Limited.

<sup>73</sup> Assam Gas Company Limited (Private Limited Company), Assam Industrial Development Corporation Limited (Private Limited Company) and DNP Limited (Private Limited/Joint Venture Company).

**Table 1.3.7: Position of constitution of Nomination and Remuneration Committee**

Sl. No.	Name of Companies	Criteria applied	No. of members	No. of ID
1	Assam Power Distribution Company Limited	Loan, Share capital, Turnover	3	3
2	Assam Electricity Grid Corporation Limited	Share capital, Turnover	3	3
3	Assam Power Generation Corporation Limited	Loan, Share capital, Turnover	4	3
4	Assam Hydro-Carbon and Energy Company Limited	Share capital	Not formed	-
5	Assam Petro-Chemicals Limited	Loan, Share capital	3	2
6	Assam Tea Corporation Limited	Loan, Share capital	Not formed	-
7	Assam Food and Civil Supplies Corporation Limited	Share capital	Not formed	-

*Source: Information furnished by the Companies*

Further, two Companies viz. Assam Gas Company Limited and DNP Limited, although not required to constitute the above committee, had voluntarily formed the Committee comprising two and three members respectively.

### **1.3.7.3 Stakeholders Relationship Committee**

As per Section 178(5) of the Act, the Board of a company which consists of more than 1,000 shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a Chairperson who shall be a non-executive Director and such other members as may be decided by the Board.

Based on the criteria mentioned, none of the Companies was required to constitute the Stakeholders Relationship Committee. One company (Assam Petro-Chemicals Limited) although not covered under the above provisions voluntarily constituted Stakeholders Relationship Committee to look after grievances of its 282 shareholders.

## **1.3.8 Other statutory requirements**

### **1.3.8.1 Annual Return**

As per Section 92 of the Act, every company shall prepare an Annual Return in the prescribed form containing particulars as they stood at the close of the financial year, containing various information on the prescribed matters in the Act. An extract of the Annual Return in such form as may be prescribed shall form part of the Board's Report. A copy of Annual Return is required to be filed with the Registrar of Companies (RoC) within 60 days from the date on which the Annual General Meeting (AGM) was held or where no AGM was held in any year, within 60 days from the date on which the AGM meeting should have been held, together with the statement specifying the reasons for not holding the AGM, with such fees or additional fees as may be prescribed.



As per information furnished by 26<sup>74</sup> out of 32 working Companies covered under the review, nine Companies<sup>75</sup> filed Annual Return for the year 2023-24. Fourteen companies had a delay of one to two years in filing their Annual Returns, while three companies had delays ranging from five to 20 years as detailed in **Table 1.3.8**.

**Table 1.3.8: Position of pendency in filing of Annual return by working Companies**

Sl. No.	Name of Companies	Annual Returns	
		Filed up to	Pendency (years)
1	Assam Seeds Corporation Ltd.	2022-23	1
2	Assam Livestock and Poultry Corporation Ltd.	2016-17	7
3	Assam Tea Corporation Ltd.	2017-18	5
4	Assam Plains Tribes Development Corporation Ltd.	2021-22	2
5	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	1
6	Assam Industrial Development Corporation Ltd.	2022-23	1
7	Assam Small Industries Development Corporation Ltd.	2022-23	1
8	Assam Mineral Development Corporation Ltd.	2022-23	1
9	Assam Police Housing Corporation Ltd.	2022-23	1
10	Assam Trade Promotion Organisation	2021-22	2
11	Assam Hydro-Carbon and Energy Company Ltd.	2022-23	1
12	Assam State Textbook Production and Publication Corporation Ltd.	2003-04	20
13	Assam Gas Company Ltd.	2022-23	1
14	DNP Ltd.	2022-23	1
15	Assam Medical Services Corporation Ltd.	2022-23	1
16	Assam Tourism Development Corporation Ltd.	2022-23	1
17	Assam Food and Civil Supplies Corporation Ltd.	2022-23	1

*Source: Information furnished by SPSEs*

Further, 20 Companies filed their Annual Returns belatedly on 87 occasions with a delay ranging from 1 to 1,532 days<sup>76</sup> than the prescribed timeline (60 days from the date of AGM) as detailed in **Table 1.3.9**.

**Table 1.3.9: Range of delays in filing of Annual return by Companies**

Sl. No.	Name of Companies	Latest return	No. of returns filed belatedly	Range of delay (in days)
1	Amtron Informatics (India) Ltd.	2023-24	4	119 to 254
2	Ashok Paper Mill (Assam) Ltd.	2023-24	5	25 to 761
3	Assam Electricity Grid Corporation Ltd.	2023-24	6	26 to 881

<sup>74</sup> Six SPSEs (1. Assam Fisheries Development Corporation Limited, 2. Assam Plantation Crops Development Corporation Limited, 3. Assam State Development Corporation for Scheduled Castes Limited, 4. Assam Hills Small Industries Development Corporation Limited, 5. Assam Electronics Development Corporation Limited and 6. Assam State Fertilizers and Chemicals Limited) did not provide the information on the actual date of filing of Annual Return.

<sup>75</sup> 1. Assam Petro-Chemicals Limited, 2. Purba Bharati Gas Private Limited, 3. Ashok Paper Mill (Assam) Limited, 4. Assam Power Generation Corporation Limited, 5. Assam Power Distribution Company Limited, 6. Amtron Informatics (India) Limited, 7. Assam State Film (Finance and Development) Corporation Limited and 8. North East Gas Distribution Company Limited and 9. Assam Electricity Grid Corporation Limited.

<sup>76</sup> The highest delay (1,532 days) pertained to Assam Small Industries Development Corporation Limited, which filed the annual return (2015-16) on 9 February 2021 against due date of 30 November 2016.

Sl. No.	Name of Companies	Latest return	No. of returns filed belatedly	Range of delay (in days)
4	Assam Gas Company Ltd.	2022-23	1	27
5	Assam Hydro-Carbon and Energy Company Ltd.	2022-23	6	28 to 144
6	Assam Livestock and Poultry Corporation Ltd.	2016-17	1	1,384
7	Assam Mineral Development Corporation Ltd.	2022-23	5	18 to 204
8	Assam Plains Tribes Development Corporation Ltd.	2021-22	6	144 to 1,298
9	Assam Police Housing Corporation Ltd.	2022-23	6	16 to 1,127
10	Assam Power Distribution Company Ltd.	2023-24	6	28 to 154
11	Assam Power Generation Corporation Ltd.	2023-24	6	1 to 368
12	Assam Seeds Corporation Ltd.	2022-23	1	258
13	Assam Small Industries Development Corporation Ltd.	2022-23	6	69 to 1,532
14	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	5	7 to 1,399
15	Assam Tea Corporation Ltd.	2017-18	1	305
16	Assam Trade Promotion Organisation	2021-22	5	75 to 1,177
17	DNP Ltd.	2022-23	2	1 to 20
18	Purba Bharati Gas Private Ltd.	2023-24	2	18 to 54
19	Assam Tourism Development Corporation Ltd.	2022-23	6	118 to 1,477
20	Assam Food and Civil Supplies Corporation Ltd.	2022-23	7	48 to 1,476
<b>Total</b>			<b>87</b>	

Source: Information furnished by the Companies

### 1.3.8.2 Annual General Meeting

As per Section 96 of the Act, every company other than a one person company shall hold its annual general meeting (AGM) each year, within six months<sup>77</sup> from the date of closing of the financial year, The gap between two AGMs should not be more than fifteen months. This means AGM should be conducted by 30 September following the close of the financial year concerned unless an extension is granted by RoC.

As discussed under *paragraph 1.2.4 supra*, 28 out of 36 working Companies had arrears of 156 accounts with pendency ranging from one to 26 years. These Companies held the AGMs but undertook business/agenda items other than adoption of audited annual accounts and thereafter the AGMs were adjourned. Status of holding and conclusion of AGMs as submitted by 29 out of 36 working Companies as on 30 September 2024 is given in *Table 1.3.10*.

**Table 1.3.10: Status of holding and conclusion of AGMs by working Companies**

Sl. No.	Name of Companies	Annual General Meetings	
		held up to	concluded up to
1	Assam Electricity Grid Corporation Ltd.	2022-23	2022-23
2	Assam Gas Company Ltd.	2022-23	2022-23
3	Assam Petro-Chemicals Ltd.	2023-24	2023-24
4	Assam Power Generation Corporation Ltd.	2023-24	2023-24
5	DNP Ltd.	2022-23	2022-23

<sup>77</sup> 9 months in case of 1<sup>st</sup> AGM.



Sl. No.	Name of Companies	Annual General Meetings	
		held up to	concluded up to
6	Purba Bharati Gas Private Ltd.	2023-24	2023-24
7	Assam Hydro-Carbon and Energy Company Ltd.	2022-23	2022-23
8	Assam Livestock and Poultry Corporation Ltd.	2022-23	2017-18
9	Assam Plains Tribes Development Corporation Ltd.	2021-22	2020-21
10	Assam Power Distribution Company Ltd.	2023-24	2023-24
11	Assam Industrial Development Corporation Ltd.	2022-23	2020-21
12	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	2021-22
13	Assam Trade Promotion Organisation	2022-23	2021-22
14	Assam Tourism Development Corporation Ltd.	2020-21	2019-20
15	Assam State Film (Finance and Development) Corporation Ltd.	2022-23	2015-16
16	Ashok Paper Mill (Assam) Ltd.	2023-24	2018-19
17	Assam Mineral Development Corporation Ltd.	2022-23	2020-21
18	Assam Livestock and Poultry Corporation Ltd.	2020-21	2015-16
19	Assam Electronics Development Corporation Ltd.	2021-22	2013-14
20	Assam Police Housing Corporation Ltd.	2022-23	2015-16
21	Assam Seeds Corporation Ltd.	2023-24	2020-21
22	Assam Tea Corporation Ltd.	2023-24	2014-15
23	Assam Hills Small Industries Development Corporation Ltd.	2019-20	2006-07
24	Assam Small Industries Development Corporation Ltd.	2023-24	2014-15
25	Assam Medical Services Corporation Ltd.	2023-24	2022-23
26	Amtron Informatics (India) Ltd.	2023-24	2018-19
27	North East Gas Distribution Company Ltd.	2023-24	2023-24
28	Assam Tourism Development Corporation Ltd.	2019-20	2019-20
29	Assam Food and Civil Supplies Corporation Ltd.	2023-24	2020-21

*Source: Information furnished by the Companies*

As can be seen from **Table 1.3.10**, out of 29 working Companies who had organised AGMs, 12 Companies<sup>78</sup> held AGM up to the financial year 2023-24, 11 Companies<sup>79</sup> organised AGM up to 2022-23, two Companies<sup>80</sup> organised AGM up to 2021-22, two Companies<sup>81</sup> organised AGM up to 2020-21 and the remaining two Companies<sup>82</sup> organised up to 2019-20. As regard the conclusion of AGMs, five working Companies<sup>83</sup> having finalised their accounts for 2023-24 concluded the AGM for the year 2023-24, while remaining 24 Companies concluded the AGMs for years between 2006-07 and 2022-23.

<sup>78</sup> Companies at Sl. No. 3, 4, 6, 10, 16, 21, 22, 24, 25, 26, 27 and 29 of **Table 1.3.10**

<sup>79</sup> Companies at Sl. No. 1, 2, 5, 7, 8, 11, 12, 13, 15, 17 and 20 of **Table 1.3.10**

<sup>80</sup> Companies at Sl. No. 9 and 19 of **Table 1.3.10**

<sup>81</sup> Companies at Sl. No. 14 and 18 of **Table 1.3.10**

<sup>82</sup> Companies at Sl. No. 23 and 28 of **Table 1.3.10**

<sup>83</sup> Companies at Sl. No. 3, 4, 6, 10, and 27 of **Table 1.3.10**

## Section 4: Corporate Social Responsibility

### 1.4.1 Introduction

Section 135 and Schedule VII of Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 mandate and regulate the Corporate Social Responsibility (CSR) activities by Companies. Section 135 of the Act further lays down the qualifying criteria based on net worth, turnover and net profit during any financial year for Companies which were required to undertake CSR activities and *inter alia* specified the broad modalities of selection, implementation and monitoring of CSR activities by Board of Directors of the company concerned. The activities which may be included by Companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act are applicable to all Companies registered under the Act.

### 1.4.2 Coverage

As per Section 135 of the Act, every company having (i) net worth of ₹ 500 crore or more, OR (ii) turnover of ₹ 1,000 crore or more, OR (iii) net profit of ₹ 5 crore or more during any financial year shall constitute CSR Committee of the Board, consisting of three or more directors, out of which at least one director should be an independent director.

As on 31 March 2024, there were 44 Government Companies (36 working and 8 non-working) in the State. As the non-working Companies stopped functioning, 36 working Companies were considered for analysis. As per latest finalised accounts of 36 working Companies, Section 135 was applicable to seven Companies as detailed in *Table 1.4.1*.

**Table 1.4.1: Section 135 of Companies Act, 2013 applicable Companies**

Sl. No.	Name of Companies	Applicable criteria	Financial year when criteria was applicable to the Company
1	Assam Petro-Chemicals Ltd.	Net worth	2019-20 to 2023-24
2	Assam Power Distribution Company Ltd.	Turnover, net profit and net worth	2019-20 to 2023-24
3	Assam Electricity Grid Corporation Ltd.	Net worth and net profit	2019-20 to 2023-24
4	Assam Gas Company Ltd.	Net worth	2018-19 to 2022-23
5	DNP Ltd.	Net profit	2018-19 to 2022-23
6	Assam Mineral Development Corporation Ltd.	Net profit	2017-18 to 2021-22
7	Assam Power Generation Corporation Ltd.	Turnover, net profit and net worth	2019-20 to 2023-24

*Source: As per latest finalised accounts of the Companies*

### 1.4.3 Status of compliance of the provisions of CSR

#### 1.4.3.1 Constitution of CSR Committee

Seven Companies were required to constitute CSR committee as per requirement of the Act, as detailed in *Table 1.4.2*.

**Table 1.4.2: Details of Companies who are required to constitute CSR committee**

Sl. No.	Name of Companies	No. of members of CSR Committee	No. of Independent members	
			Required <sup>84</sup>	Actual
1	Assam Power Distribution Company Ltd.	4	1	3
2	Assam Power Generation Corporation Ltd.	4	1	3
3	Assam Gas Company Ltd.	4	Exempted	1
4	DNP Ltd.	3	Exempted	-
5	Assam Petro-Chemicals Ltd.	4	1	1
6	Assam Mineral Development Corporation Ltd.	3	1	-
7	Assam Electricity Grid Corporation Ltd.	4	1	3

*Source: Information furnished by Companies*

As can be seen from *Table 1.4.2*, all the seven working Companies covered under provisions of Section 135 of the Act, constituted the CSR Committee. Regarding composition of CSR Committee, there was shortfall in appointment of ‘Independent Directors’ in case of one company (Assam Mineral Development Corporation Limited) while two Companies, being Private Limited Companies/Joint Ventures, were exempted from the requirement of appointing minimum number of Independent Directors on CSR Committee.

#### 1.4.3.2 Spending under CSR activities

The CSR committee was required to recommend the amount of expenditure to be incurred on eligible activities. As per section 135(5), a company is required to spend at least two *per cent* of average net profit made during three immediately preceding financial years on CSR activities. Based on the above criteria, four<sup>85</sup> out of seven Companies were required to spend on CSR activities. The detailed status on CSR spending by these Companies as per their latest finalised accounts as on 30 September 2024 is given in *Table 1.4.3*.

<sup>84</sup> Provision of independent directors are not applicable to three Companies at Sl. No. 2, 4 and 5 of *Table 1.4.2* as these are either Private Limited Company or formed as JV Company.

<sup>85</sup> Excluding three Companies (Assam Electricity Grid Corporation Limited and Assam Power Distribution Company Limited and Assam Petro-Chemicals Limited), which suffered average net losses during previous three years.

**Table 1.4.3: Details of CSR spending by Companies**

Sl. No.	Name of SPSEs	Latest applicable year	Avg. net profit for previous 3 years	Applicable amount	Previous shortfall in CSR activities	Previous excess spending adjusted	Approved amount	Amount Spent	Short-fall	Excess expenditure
(₹ in crore)										
1	Assam Gas Company Ltd.	2022-23	75.62	1.51	-	0.47	1.04	1.25	-	0.21
2	DNP Ltd.	2022-23	47.15	0.94	-	0.29	0.65	1.08	-	0.43
3	Assam Mineral Development Corporation Ltd.	2021-22	21.93	0.44	0.78	-	1.22	-	1.22	-
4	Assam Power Generation Corporation Ltd.	2023-24	9.07	0.18	-	-	0.18	0.18	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>3.07</b>	<b>0.78</b>	<b>0.76</b>	<b>3.09</b>	<b>2.60</b>	<b>1.22</b>	<b>0.64</b>

Source: Latest finalised accounts of the SPSEs

As can be seen from **Table 1.4.3**, out of four working Companies which were required to spend on CSR activities, Assam Mineral Development Corporation Limited did not incur any expenditure on CSR, which had resulted in a shortfall of ₹ 1.22 crore in mandatory CSR spending by the Company. Two working companies surpassed their statutory obligations by incurring an additional ₹ 0.64 crore on CSR activities, demonstrating their enhanced commitment to social responsibility.

**CHAPTER-II**  
**PERFORMANCE AUDIT**  
**RELATING TO**  
**STATE PUBLIC SECTOR ENTERPRISES**



## CHAPTER-II

### PERFORMANCE AUDIT RELATING TO STATE PUBLIC SECTOR ENTERPRISES

#### 2.1 Performance Audit on the Working of Assam Seeds Corporation Limited

##### Highlights

There was an overall shortfall 1,223.04 MT (34.02 *per cent*) in achievement of annual targeted production of paddy seeds during 2018-2024 ranging between 6.70 *per cent* (2023-24) and 49.86 *per cent* (2018-19). The production of non-paddy seeds (35.12 MT) during 2018-2024 was negligible as compared to the targeted production of 366.75 MT.

*(Paragraph 2.8.1)*

During 2018-2024, the Department of Agriculture (DoA), Government of Assam (GoA) prepared Seed Rolling Plan (SRP) containing crop wise and variety wise production plan for different seed producing agencies including the Company. Audit observed that the Company did not prepare any perspective or long term plan during 2018-2024 for carrying out its production activities duly linking with the SRP prepared by DoA, GoA. GoA also did not insist the Company for implementation of the SRP.

Further, DoA, GoA had been placing the indents on the Company for supply of seeds for distribution under various schemes on 'annual basis'. Despite Company's request to communicate their seed requirement at least three years in advance, DoA, GoA continued to place indents on 'annual basis'. As a result, the Company had to plan its production targets on annual basis without linking with the SRP, thereby defeating the objectives of GoI's Seeds Policy.

*(Paragraphs 2.8.1.1)*

During 2018-2024, the Company supplied 1.59 lakh MT of seeds to DoA, out of which 437.54 MT (0.28 *per cent*) was supplied from its own production. The Company, however, could not expand its market potential by increasing its own production of seeds as well as production through Registered Growers. Thus, the Company's activity was predominantly dependent upon the procurement of seeds from private seed producing farms/suppliers to meet the demand of GoA.

*(Paragraphs 2.8.1.5)*

Against total cultivable land of 250.50 ha in each year during 2018-2024, the unutilised land for production of seeds ranged between 39 ha (15.57 *per cent*) and 124.50 ha (49.70 *per cent*). The Company's average yield of paddy seeds during 2018-2024 was 2.38 MT *per ha* as against State average yield of 3.49 MT *per ha*.

*(Paragraph 2.8.2.1 and 2.8.2.2)*

**The Company neither had any marketing information of its neighbouring States nor formulated a strategy to discover yearly total requirements of seeds, pricing policies adopted by other suppliers including the qualities and varieties of seeds etc. The Company also did not have any brand name which would create a unique identity of its product to attract the customer.**

*(Paragraph 2.12.1)*

## **2.1 Introduction**

Assam Seeds Corporation Limited (Company) was incorporated (27 January 1967) under the Companies Act, 1956, with 100 *per cent* shareholding of Government of Assam (GoA). The main objective of setting up of the Company was production and procurement of agricultural seeds and marketing of such seed in the State. Against 20,27,500 hectares (ha) of cultivable land available in the State of Assam, the Company had a meagre cultivable area of 250.50 ha (0.012 *per cent*).

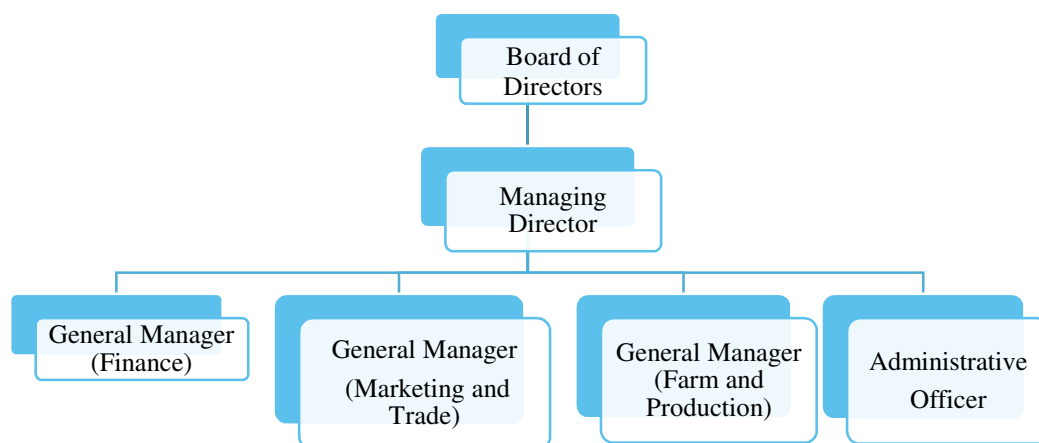
The present activities of the Company were limited to production of seeds in its own farms and procurement of Foundation/Certified Seeds for supply to the Department of Agriculture (DoA), GoA, for implementation of various developmental schemes. During 2018-19 to 2023-24, the Company's own production, however, catered to 0.28 *per cent* of DoA's seed requirement only, while the balance requirement was met from other sources.

The Head Office of the Company was located in Guwahati, which was operating with 29 branches (including nine sub-branches and seven sale points), 12 seed farms and six nurseries, where saplings/seedlings/plants and grafts were grown for sale in the open market.

## **2.2 Organisational Setup**

The Management of the Company was vested with the Board of Directors (BoD), consisting of nine Directors, including the Managing Director (MD). The Company is under the administrative control of the DoA, GoA. The MD, being the executive head, looked after the day-to-day affairs of the Company and was assisted by General Manager (Finance), General Manager (Marketing and Trade), General Manager (Farm and Production) and Administrative Officer. The MD and all the three General Managers were engaged in the Company as an additional charge, apart from the post they held in DoA. As on 31 March 2024, the Company had 87 employees against sanctioned strength of 325 employees. The organisational structure of the Company is depicted in *Chart 2.1*.



**Chart 2.1: Organisation chart of the Company**

## 2.3 Audit Objectives

The Performance Audit was conducted to assess whether:

- the production activities were carried out by efficiently utilizing the production capacities of the Company for producing quality seeds as per demand;
- the procurement process of seeds was transparent and competitive, following due financial rules;
- the infrastructure facilities for storage, processing and handling of seeds were utilised by the Company in an efficient manner; and
- an effective mechanism for marketing of seeds existed in the Company.

## 2.4 Audit Criteria

The audit criteria for the Performance Audit were derived from the following sources:

- Memorandum of Association/Articles of Association of the Company, Guidelines and instructions issued by GoA;
- Minutes of meetings of BoD and its committees;
- National Seed Policy 2002, Assam Public Procurement Act, 2017, Assam Public Procurement Rules, 2020;
- Annual Budget/Target of production of the Company; and
- Production norms of Government of India (GoI)/Company.

## 2.5 Scope and Methodology of Audit

The Performance Audit (PA) covered the activities of the Company with regard to production, procurement and sale of seeds, plants and grafts for the period from 2018-19 to 2023-24<sup>86</sup>. The present PA involved examination of records maintained at Head Office. Further, 10 out of 29 branches, 5 out of 12 seed farms<sup>87</sup> and all the 6 nurseries were selected for detailed examination based on statistical sampling. Audit also

<sup>86</sup> Audit covered the period from 2018-19 to 2023-24, except the cases where the Management could not furnish the figures/records pertaining to 2023-24.

<sup>87</sup> In September 2022, DoA, handed over 48 farms to the Company for seed production. However, taking up of cultivation in these farms were in initial stages as of March 2024. Hence, Audit covered production and other details of 12 farms, which were in operation during 2018-2024.

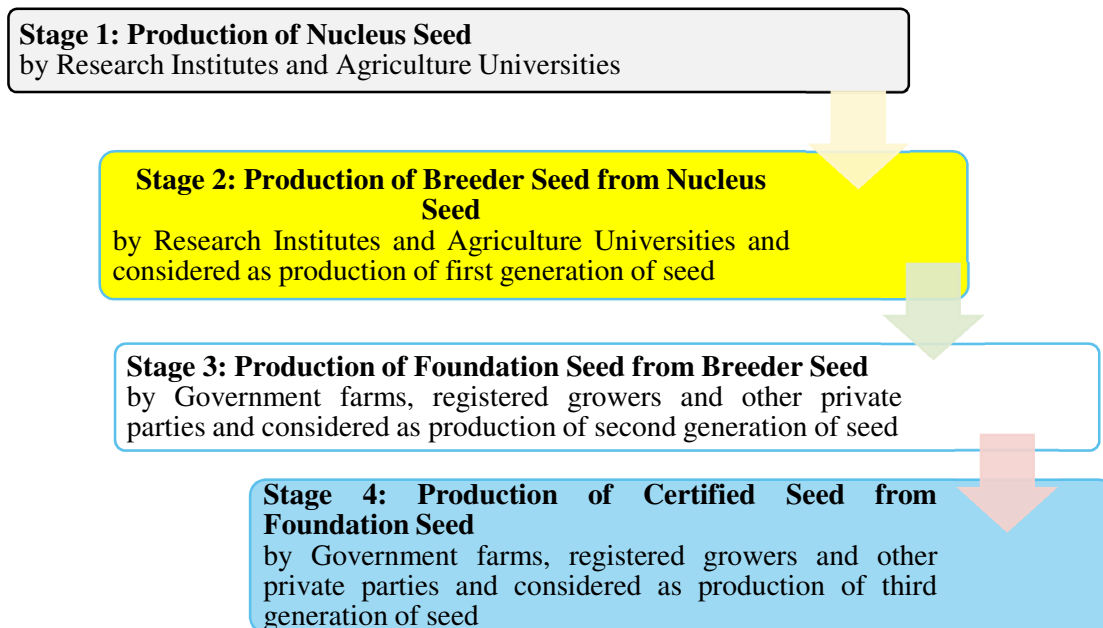
conducted beneficiary survey of 'Seed Village Scheme' in 8 branches<sup>88</sup> out of 10 selected branches using questionnaire to assess the achievement of scheme objectives.

The methodology adopted for attaining the audit objective consisted of explaining the audit objectives to the top management of DoA, GoA/Company in the Entry Conference (12 June 2023), analysis of data/records with reference to audit criteria, examination of annual reports, internal budget, *etc.* of the Company as well as agenda/minutes of the meetings of BoD, interaction with Company officials, raising audit queries, issuing draft audit reports to GoA/Company for comments. The draft report was also discussed with the DoA, GoA/Company in the Exit conference held on 11 November 2024. The replies received from DoA, GoA/Company as well as the comments offered by DoA, GoA/Company during the Exit conference had been considered in the PA report.

## 2.6 Seed Production Process

Seed is the basic and primary input for agricultural production. There are four main classes of seed, *i.e.*, Nucleus Seed, Breeder Seed, Foundation Seed and Certified Seed. The process of seed production from Nucleus seed to Certified seed is shown in *Chart 2.2*.

**Chart 2.2: Stages of seeds production**



<sup>88</sup> For beneficiary survey of 'Seed Village Scheme', 10 branches were selected on sampling basis covering 25 beneficiaries in each branch. However, two (*viz.*, Silchar and Hailakandi), out of selected 10 branches did not implement the scheme. Hence beneficiary survey was conducted in eight branches covering 250 beneficiaries.

## 2.7 Financial position and working results

The key indicators of financial position and working results of the Company (*Appendix 5*) for the period from 2018-2024 are given below:

- The Net Worth of the Company during 2018-19 to 2021-22 was negative in the range between (-) ₹ 8.82 crore (2018-19) and (-) ₹ 12.80 crore (2021-22). Due to improvement in operational activities of the Company after 2021-22, the Reserve and Surplus significantly improved from (-) ₹ 14.26 crore (2021-22) to (-) ₹ 0.79 crore (2022-23) and turned positive to ₹ 8.29 crore (2023-24), with corresponding improvement in Company's net worth from (-) ₹ 12.80 crore (2021-22) to ₹ 9.75 crore (2023-24). This turnaround in Company's financial position was mainly attributable to increase in Company's turnover against supply of seeds to DoA from ₹ 67.24 crore (2021-22) to ₹ 472.36 crore (2022-23) and ₹ 318.56 crore (2023-24).
- The increase in Company's turnover against supply of seeds to DoA after 2021-22 was mainly on account of significantly higher quantity of seeds indented by DoA during 2022-23 (46,485.23 MT) and 2023-24 (32,516.49 MT), compared to 2021-22 (11,272.91 MT). This had correspondingly increased the turnover of the Company from ₹ 70.36 crore (2021-22) to ₹ 473.35 crore (2022-23) and ₹ 319.20 crore (2023-24).
- As a result of significant increase in Company's turnover after 2021-22, the Company, which was a loss-making entity till 2021-22, registered profit of ₹ 14.03 crore (2022-23) and ₹ 9.09 crore (2023-24) after 2021-22.

## Audit Findings

The core objectives of the Company as set out in its Memorandum of Association were to carry on production, processing, drying, storing, distribution and transportation of agricultural seeds in the State of Assam and to carry on business as seed merchants, to buy, sell, grow, prepare for market, import, export and deal in seeds of all kinds.

The Company has been functioning since 1967 and even after more than five decades of operation, the sustainability of the Company depends solely on the margin received from executing the orders of DoA, GoA for supply of seeds. The deficiencies in the achievement of core objectives are discussed in the subsequent paragraphs.

## 2.8 Production of seeds

Government of India declares availability of Breeder seeds for each State annually on its portal. The GoA in turn allocates the quantity of Breeder seeds to the Company to be procured from Research Institutes and Agricultural Universities for carrying out its production activities. Thereafter, the Company procures the allocated quantity of Breeder seeds from Research Institutes and Agricultural Universities for production of Foundation seed (paddy and non-paddy) in Company's 12 seed farms. The Foundation seeds are thereafter utilised for

production of Certified seeds. The deficiencies observed with regard to production of seeds are discussed in the subsequent paragraphs.

## 2.8.1 Shortfall in achievement of targeted production

The Company prepared annual budget, which included cropping programmes for each seed farm containing crop-wise and variety-wise targeted area of cultivation and the targeted quantity of seed to be produced by the farms. The targeted quantity of seed to be produced was derived by multiplying the targeted area of cultivation with the crop-wise standard norms of production.

Paddy crop requires a large amount of water and hence *Kharif* season (June-July) is best suitable for sowing of paddy seeds. On the other hand, non-paddy crops (such as mustard, maize, jute, pulses *etc.*), involved comparatively less water requirement and therefore, *Rabi* season (October-December) is suitable for sowing of non-paddy seeds.

During 2018-2024, the Company had aggregate production of 2,407.08 MT of seeds, which included 2,371.96 MT (98.54 *per cent*) of paddy seeds and 35.12 MT (1.46 *per cent*) of non-paddy seeds (such as mustard, maize, jute, pulses, *etc.*). The year-wise targeted production of seeds *vis-à-vis* the actual production achieved thereagainst during the period of six years (2018-2024) is given in **Table 2.1**.

**Table 2.1: Production of Seeds against Target<sup>89</sup>**

(Figures in MT)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
<b>Paddy Seeds</b>							
Target	712.50	715.50	670.50	594.00	400.00	502.50	3,595.00
Actual	357.26	432.44	492.59	379.66	241.17	468.84	2,371.96
<b>Shortfall (in per cent)</b>	<b>355.24 (49.86)</b>	<b>283.06 (39.56)</b>	<b>177.91 (26.53)</b>	<b>214.34 (36.08)</b>	<b>158.83 (39.71)</b>	<b>33.66 (6.70)</b>	<b>1,223.04 (34.02)</b>
Company's average yield <i>per hectare</i> <sup>90</sup>	2.21	2.28	2.40	1.99	2.54	2.84	2.38
State's average yield <i>per hectare</i>	3.68	3.38	3.44	2.90	4.06	NA	3.49
<b>Non-paddy Seeds<sup>#</sup></b>							
Target	57.00	57.00	9.00	60.00	159.00	24.75	366.75
Actual	Nil*	1.90	1.00	Nil*	12.10	20.12	35.12
<b>Shortfall (in per cent)</b>	<b>57.00 (100)</b>	<b>55.10 (96.67)</b>	<b>8.00 (88.89)</b>	<b>60.00 (100)</b>	<b>146.90 (92.39)</b>	<b>4.63 (18.71)</b>	<b>331.63 (90.42)</b>

Source: Annual Budget of the Company

\* Due to crop failure, there was no production.

<sup>#</sup>As the production of non-paddy seeds was insignificant, the yield was not compared with standard.

<sup>89</sup> Out of 12 seed farms, there was no target nor any production in four seed farms *viz.*, Tintingia (2019-20, 2022-23 and 2023-24), Fallangani (2022-23 and 2023-24), Moran (2023-24) and Monierkhal (2023-24) during 2018-2024.

<sup>90</sup> Worked out based on the land area harvested by the Company during 2018-19 (162 ha), 2019-20 (190 ha), 2020-21 (205.50 ha), 2021-22 (190.70 ha), 2022-23 (95 ha) and 2023-24 (165.50 ha).

As can be seen from **Table 2.1**:

- There was an overall shortfall of 1,223.04 MT (34.02 *per cent*) in actual production of paddy seeds during 2018-2024. Out of eight seeds farms which undertook production of paddy seeds during 2023-24, two farms (Dhekiajuli and Senchowa) could achieve the targeted production, while one farm (Darigaji Seed farm) exceeded its targeted production (171 MT) by 10.92 MT. The remaining five seed farms could not achieve the targeted production and their shortfall ranged between 1.70 MT and 20.43 MT.
- The six years' average yield of paddy for the Company was 2.38 MT *per ha* against the State average yield of 3.49 MT *per ha*. This average yield achieved by the Company (2.38 MT *per ha*) was even below the national standard yield of 2.50 MT *per ha*. Further, out of 12 individual seed farms of the Company, the paddy seeds yield in eight seed farms during 2018-2024 ranged between 0.63 MT *per ha* (Tingtingia seed farm) and 2.18 MT *per ha* (Golakganj seed farm), which was even below the Company's overall average yield of 2.38 MT *per ha*. The reasons for low yield across seed farms of the Company have been discussed in **paragraph 2.8.2.2**.
- The production of non-paddy seeds (35.12 MT) was negligible as compared to targeted production (366.75 MT) during 2018-2024. Audit observed that two (Dalgaon and Darigaji) out of 12 seeds farms had partial irrigation facilities, but no drainage facility. Remaining 10 farms did not have irrigation and drainage facilities and hence, cultivation of seed during *Rabi* season was not feasible in these farms. Despite this, the Company did not take any effort to create necessary infrastructure to address the issue of irrigation and drainage facilities under these farms.
- Audit further observed that due to non-availability of proper irrigation facilities in most farms, the sowing of non-paddy seeds in *Rabi* season (October-December) during 2018-2024 was restricted to two seed farms, *viz.* Dalgaon (2018-2024) and Darigaji (2022-23), which had partial irrigation facility. The Company, although had undertaken cultivation of non-paddy seeds in another seed farm (Golakganj) during 2022-23, there was no production due to crop failure, in absence of proper irrigation facilities.
- Audit also noticed that while fixing production targets for non-paddy seed, the Company did not consider the absence of adequate irrigation facility in its farms and the actual production achieved during previous years. As a result, the Company fixed unrealistic production targets during four out of six years (except 2020-21 and 2023-24), leading to significant shortfall in actual production, which was indicative of deficient planning on part of the Company.

Thus, absence of proper irrigation and drainage systems across most seed farms was a major operational constraint. Dependence on monsoon made farms highly vulnerable to crop failure, while lack of drainage facilities led to waterlogging in fields during heavy rains, which damaged crops and further reduced the yield.

Audit further observed that the Company could not achieve the production targets of paddy and non-paddy seeds during any of the six years covered under audit although, the shortfall in production showed a declining trend during 2019-24 from 49.86 *per cent* to 6.70 *per cent* (paddy) and 100 *per cent* to 18.71 *per cent* (non-paddy). Due to persistent shortfall in production of seeds during last six years (2018-24), the Company could not provide quality seeds to farmers of the State at a cheaper price making farmers dependent on private traders for their seed requirement.

The Company in its reply (October 2024), which was endorsed (November 2024) by Government, stated that shortfall in achievement of production target was attributable to lack of technical manpower and basic farm infrastructure/machinery support like irrigation and drainage facilities, farm fencing, *etc.* It was further stated that to address the above issues, the Company engaged a technical person under a World Bank Project during 2024-25. Besides, it had taken initiative to achieve the production target in line with State requirement and taken steps for development of required infrastructure facilities.

The reply is not acceptable in view of the fact that the Company had no system in place for periodical review of its performance and analyse the reasons for shortfall in production for taking timely corrective action.

#### ***Reason analysis for shortfall in production***

The reasons for shortfall in achievement of production targets as analysed in Audit are discussed in the subsequent paragraphs.

##### ***2.8.1.1 Absence of long-term planning for production***

The National Seeds Policy, 2002, required each State to prepare a Perspective Plan for seed production and distribution over a rolling period of five to six years. GoI also directed (January 2012) each State to prepare a crop wise Seed Rolling Plan (SRP). *Preparation of SRP is basically an exercise under which the States assess the seed requirement for different crops and their varieties suitable for Kharif and Rabi seasons<sup>91</sup> three years in advance so as to achieve production targets as per prescribed seed rate, area under cropping and seed replacement rate<sup>92</sup>.*

During 2018-2024, the DoA, GoA prepared SRP containing crop wise and variety wise production plan for different seed producing agencies including the Company and uploaded the same on the portal of Ministry of Agriculture and Farmers Welfare, GoI. Audit observed that the Company did not prepare any perspective or long term plan during 2018-2024 for carrying out its production activities duly linking with the SRP prepared by DoA. GoA also did not insist the Company for implementation of the SRP, thereby defeating the purpose of preparing the SRP.

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<sup>91</sup> *Rabi* crops are grown in the winter (October-December) while *Kharif* crops are grown in the monsoon season (June-July).

<sup>92</sup> Seed Replacement Rate (SRR) is the percentage of area sown out of total area of crop planted in the season by using certified/quality seeds other than the farm saved seed.



Audit further observed that DoA had been placing indents on the Company for supply of seeds for distribution under various schemes on 'annual basis'. The Company had requested DoA for placement of indent for at least three years in advance so that it could conveniently plan and execute the supply orders of DoA under various State sponsored schemes. The DoA, did not respond to the Company's requests and continued to place indents on 'annual basis'. As a result, the Company had to plan its production targets on annual basis without linking with the SRP, thereby defeating the objectives of GoI's Seeds Policy. As such, the Government was unable to monitor the performance of the Company, which was supposed to align with the seed production of the State with the needs of farmers.

Besides, due to non-receipt of indent in advance, instances of shortfall in supply of seeds to DoA were noticed. On review of 743 indents received from DoA during 2018-2024, it was noticed that there was shortfall in supply of seeds aggregating 2,168.73 MT (value: ₹ 16.86 crore) in 67 indents. Consequently, the Company had to forego margin money of four *per cent* (₹ 0.68 crore) of the value of short supply.

The Company in its reply (October 2024), which was endorsed (November 2024) by Government, stated that it had prepared the SRP for the State in consultation with DoA which would enable to link the production activity of the Company with the requirement of the State in coming years. Further, it had planned a four years' robust seed production plan in line with the State's SRP for increasing the Seed Replacement Rate of the State. Regarding the shortfall in supply of seeds, it was stated that the Company has introduced a digital business solution (software) to streamline, track and avoid delays in seed supply chain.

The reply is not acceptable due to the fact that lack of effective persuasion with GoA for advance placement of indents coupled with lack of Company's initiative for production of seeds in line with the SRP of GoA had adversely affected availability of quality seeds as per farmers' demand during the period covered under audit.

### 2.8.1.2 Under-production of seeds against norms

#### (i) Paddy seeds

The Company produced 1,490.59 MT of Foundation seeds and 881.37 MT of Certified Seeds during 2018-2024 by using 30.09 MT<sup>93</sup> of Breeder seeds and 13.96 MT of Foundation seeds respectively. However, as per the *seed multiplication norm*<sup>94</sup> of paddy, 44.05 MT seeds (30.09 MT of Breeder *plus* 13.96 MT of Foundation seeds) had the potential of producing 3,524 MT<sup>95</sup> of seeds (2,407.20 MT of Foundation seed *plus* 1,116.80 MT of Certified seeds). The Company, however, could produce

<sup>93</sup> 32.81 MT (Breeder seeds utilisation for production of Foundation seeds) - 2.72 MT (crop failure) = 30.09 MT.

<sup>94</sup> Source: "seednet.gov.in" (a portal of Ministry of Agriculture and Farmers Welfare, GoI).

<sup>95</sup> Foundation seed: 2,407.20 MT (Breeder: 30.09 MT x 80) + Certified seed: 1,116.80 MT (Foundation: 13.96 MT x 80).

2,371.96 MT (1490.59 MT *plus* 881.37 MT) of seeds with a shortfall of 1,152.04 MT (32.69 *per cent*) seeds worth ₹ 4.97 crore<sup>96</sup> during 2018-2024.

**(ii) Non-paddy seeds**

In case of non-paddy, the Company during the corresponding period (2018-2024) produced 21.08 MT of Foundation seeds and 14.04 MT of Certified seeds using 0.86 MT<sup>97</sup> Breeder seeds and 0.38 MT Foundation seeds respectively. However, as per seed multiplication norm of non-paddy, 1.24 MT seeds (0.86 MT Breeder seeds *plus* 0.38 MT Foundation seeds) had the potential of producing 49.60 MT<sup>98</sup> of seeds (34.40 MT of Foundation seed *plus* 15.20 MT of Certified seeds). The Company, however, could produce 35.12 MT (21.08 MT *plus* 14.04 MT) of non-paddy seeds with a shortfall of 14.48 MT (29.19 *per cent*) worth ₹ 0.17 crore<sup>99</sup> during 2018-2024.

Thus, there was a production shortfall of 1,166.52 MT (1,152.04 MT *plus* 14.48 MT) of seeds during 2018-2024, adversely affecting the availability of quality seeds to farmers of the State at reasonable price. As such, the Company under-performed its role of making the State self-sufficient in seed production. Reasons for shortfall in production as observed by Audit were as follows:

- absence of proper irrigation and drainage facilities due to which most of the seed farms were ‘rain fed’ as discussed under *paragraph 2.11.3*.
- uncontrolled cattle grazing in the harvested areas in absence of proper ‘boundary wall’ as discussed under *paragraph 2.11.1*.
- absence of a proper ‘soil testing mechanism’ before cultivation of seeds leading to ineffective nutrients management of crops.
- absence of a scientific pest control mechanism leading to damage to crops due to uncontrolled pests and diseases.
- damages to crops due to natural calamities like, floods and drought.

Audit observed that all the reasons listed above (except the last one) contributing towards production shortfall were controllable on Company’s part by taking timely action, like creation of irrigation and drainage facilities, construction of boundary wall, development of scientific management of pest control, soil testing, *etc.* The Company, however, did not take steps to mitigate the above deficiencies during 2018-2024. Further, the Company did not have any system in place for periodic review of the performance of seed farms or analyse the reasons for low productivity, which was indicative of absence of effective monitoring mechanism in the Company.

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<sup>96</sup> 1,152.04 MT x ₹ 43,183.30 (least of average procurement price of paddy seeds approved by Departmental Bid Committee during 2018-19 to 2023-24) = ₹ 4.97 crore.

<sup>97</sup> 3.82 MT (Breeder seeds utilisation for production of Foundation seeds) - 2.96 MT (crop failure) = 0.86 MT.

<sup>98</sup> 1.24 MT x 40 (taking the least multiplication norms of non-paddy seeds) = 49.60 MT.

<sup>99</sup> 14.48 MT x ₹ 1,19,500 (least of average procurement price of non-paddy seeds approved by Departmental Bid Committee formed under DoA, during 2018-19 to 2023-24) = ₹ 0.17 crore.



### 2.8.1.3 Non-utilisation of Breeder seeds for production

During 2018-2024, 7.07 MT of Breeder seeds (paddy: 4.56 MT and non-paddy: 2.51 MT) remained unutilized and had become unsuitable for use as seeds. Non-utilisation of above mentioned quantity of seeds within their validity period was mainly attributable to the following:

- The Company had cultivable area of 250.50 ha land every year during 2018-2024, against which the unutilized land area ranged between 39 ha (2018-19) and 124.50 ha (2022-23), as discussed in **paragraph 2.8.2.1**. Despite having capacity to fully utilise Breeder seeds (paddy) allotted by GoI to produce Foundation seeds, the Company could not take up production program in all the cultivable areas due to constraints like shortage of technical manpower, inadequate basic farm infrastructure (like irrigation and drainage facilities, farm fencing, *etc.*) and mechanical support.
- The cultivation of Breeder seeds (non-paddy) is suitable in Rabi (winter) season during which rainwater is sparse. Hence, it was essential that the Company should have proper irrigation and drainage facilities for cultivation of seeds. Out of 12 seed farms of the Company, two farms (Dalgaon and Darigaji) had partial irrigation facilities. During 2018-2024, the cultivation of Breeder seeds (non-paddy) however, was restricted to one farm (Dalgaon), in absence of the required facilities. Resultantly, 2.51 MT Breeder seeds (non-paddy) remained unutilised during 2018-2024.

As a result of non-utilisation of 7.07 MT Breeder seeds for multiplication to Foundation seeds, the Company lost the opportunity to produce 465.20 MT<sup>100</sup> Foundation seeds worth ₹ 2.78 crore<sup>101</sup> during 2018-2024. Besides, the farmers of the State were deprived of having quality Foundation seeds for further multiplication to Certified seeds and had to depend on private suppliers for their seed requirement.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, accepted that there were issues of water stagnation, minimal soil moisture and lack of technical manpower. As a result, production was not taken in all the cultivable land of the farms.

The reply is not acceptable considering the lack of efforts on the part of the Company for effective utilisation of its resources.

### 2.8.1.4 Failure of crops

Audit observed that against 36.63 MT<sup>102</sup> Breeder seeds used for production of Foundation seeds during 2018-2024, there were crop failure of 5.68 MT (paddy:

<sup>100</sup> 4.56 MT x 80 = 364.80 MT (as per seeds multiplication norm of paddy seeds) + 2.51 MT x 40 = 100.40 MT (as per seeds multiplication norm of non-paddy seeds) = 465.20 MT

<sup>101</sup> 364.80 MT x ₹ 43,183.30 (least of average procurement price of paddy seeds during 2018-19 to 2023-24) = ₹ 1.58 crore + ₹ 1.20 crore for 100.40 MT x ₹ 1,19,500 (least of average procurement price of non-paddy seeds during 2018-19 to 2023-24)

<sup>102</sup> Paddy seeds: 32.81 MT + non-paddy seeds: 3.82 MT.

2.72 MT and non-paddy: 2.96 MT). The failure of Breeder seeds (paddy) was noticed in Dalgaon (1.80 MT), Darigaji (0.40 MT) and Tingtingia (0.52 MT) seed farms. On analysis of the reasons for crop failure, Audit noticed the following:

- In **Dalgaon Seed Farm**, 1.80 MT of crop failed included 1 MT of Breeder seeds, which could not be transplanted (2018-19) due to delay in providing required funds by the Company's Head Office to the farm. Further, remaining 0.80 MT of Breeder seeds failed as it was sowed (July) and transplanted in the month of August instead of June (sowing) and July (transplantation) respectively due to delayed procurement (2021-22) of Breeder seeds, resulting in crop failure.
- In **Darigaji Seed Farm**, standing crops of 0.40 MT covering 16 ha of cultivated land were damaged (2018-19) by wild elephants in absence of proper farm fencing for protection from animals.
- In **Tingtingia Seed Farm**, 0.52 MT of standing crops failed (2019-20) due to flood.

As regards Breeder seeds (non-paddy), there was crop failure of 2.96 MT<sup>103</sup> of non-paddy seeds sown during 2018-2024. Audit noticed that more than 80 *per cent* (2.38 MT) of non-paddy seeds (Black gram seeds) suitable for sowing in Rabi season (October-December), was sown during Kharif season (June-July), which led to complete crop failure.

As a result of crop failure mentioned above, the Company incurred wasteful expenditure of ₹ 0.23 crore (cost of Breeder seeds: ₹ 0.08 crore and cost of cultivation: ₹ 0.15 crore) during 2018-2024.

The Company in its reply (October 2024), which was endorsed (November 2024) by Government, stated that inadequate infrastructure and insufficient manpower had caused low production in some seed farms.

The reply is not acceptable as the Company neither ensured availability of funds for timely transplantation of seeds nor adhered to the crop calendar to avoid failure of the crops.

#### ***2.8.1.5 Absence of agreement with Registered Growers for production of seeds***

As per Seed Procurement Policy approved (September 1999) by GoA, the Company shall make effort for production of seeds in the State through its seed farms or by encouraging Registered Growers<sup>104</sup> (RGs) to undertake large scale production of seeds by entering into agreements for buying back of seeds produced by these RGs.

During 2018-2024, the Company supplied 1.59 lakh MT of seeds to DoA, out of which 437.54 MT (0.28 *per cent*) was supplied from its own production

<sup>103</sup> Black gram: 2.38 MT; Green gram: 0.10 MT; Lentil: 0.25 MT; Mustard: 0.15 MT and Toria: 0.08 MT.

<sup>104</sup> For sale of certified seeds in open market, Farmers need to be registered with Assam Seed Organic and Certification Agency (ASOCA) through the GoI's SATHI Portal (Seed Authentication, Traceability and Holistic Inventory), who are known as Registered Growers.

(2,407.08 MT) and the balance was supplied to DoA through outside procurement. The Company, however, could not expand its market potential by increasing its own production of seeds as well as production through RGs. Thus, it is evident that the Company's activity was predominantly dependent upon procurement of seeds from private seed producing farms/suppliers to meet the demand of GoA.

Audit observed that as on 31 March 2024, there were 1,810 RGs with cultivable land of 8,255.03 ha and production potential of 24,765.09 MT<sup>105</sup> paddy seeds per year within Assam. The Company, however, did not explore the possibility of tie-up agreement for supply of Foundation seeds to RGs and buyback of certified seeds produced by RGs, as was done by other Public Sector Enterprises<sup>106</sup> (PSEs) engaged in similar seed production activities. Further, it was also seen that for supply of seeds to DoA, the Company procured 35,312.60 MT<sup>107</sup> paddy seeds during 2018-2024 from private dealers, who were having tie-up agreement with seed producers/seed growing firms (including RGs). Thus, instead of engaging itself in procurement of seeds directly from RGs, the Company procured seeds produced by RGs through private dealers and thereby the scope for enhancing Company's revenue potential was foregone.

- ❖ **Telangana State Seeds Development Corporation Limited** organised production programme through 15,000 skilled progressive seed growers including 2,700 shareholders.
- ❖ The number of shares held by growers in **Odisha State Seeds Corporation Limited** was 9,421 as on 31 March 2021.
- ❖ **National Seeds Corporation Limited** has about 11,603 registered seed growers all over the country who are undertaking the seed production programmes in different agro-climatic conditions.

*Source: Official website of the respective corporation.*

Further, proper arrangements for such agreements would have helped the Company to decentralise seed production and create a more reliable and diversified supply chain. This would have encouraged local farmers to participate in the seed industry towards rural development and reducing dependence on private suppliers. In absence of any such agreement with RGs, the private suppliers had the opportunity to prioritise their own profit margins, leading to higher procurement cost to GoA. Further, dependence on external suppliers could have adverse impact on seed quality, crop productivity and farmer satisfaction.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that due to lack of adequate capital to bear such huge buyback expenses, the Company was facing difficulty for having advance agreement of buyback with Registered Growers. The Company also stated that GoA had provided

<sup>105</sup> 8,255.03 ha x 3 MT per ha as per Standard Production norms = 24,765.09 MT

<sup>106</sup> Telangana State Seeds Development Corporation Limited, National Seeds Corporation Limited.

<sup>107</sup> 35,750.14 MT (paddy seeds used for distribution under GoA schemes) - 437.54 MT (supplied to GoA from own production) = 35,312.60 MT

budgetary allocation of ₹ 3.90 crore<sup>108</sup> for buyback of certified seed from growers/farmers, which would be used as revolving/corpus fund for the purpose.

The reply is not acceptable as the Company could not avail the benefit of revolving fund under the Seed Bank Scheme of GoI as discussed under **paragraph 2.11.6**. Further, the Company did not place proposal to GoA for providing fund for buy-back arrangement with the RGs which resulted in losing the opportunity to provide quality seeds at cheaper rates to the farmers.

## **2.8.2 Operational performance of seed farms**

The Company had 12 seed farms with land area of 382 ha during 2018-2024, out of which 131.50 ha of land was occupied by farms' buildings, roads, ponds *etc.* and the remaining 250.50 ha of land was available for cultivation. During 2018-2024, there was an overall loss of ₹ 0.43 crore in 12 seed farms. This included an aggregate profit of ₹ 1.02 crore relating to three seed farms and aggregate loss of ₹ 1.45 crore incurred by nine seed farms<sup>109</sup> during the above period (**Appendix 6**).

Audit observed that there was absence of long-term plan for improving the performance of under-performing seeds farms. Further, there was no effective monitoring mechanism for reviewing performance of the seed farms for taking timely remedial measures. The reasons for dismal performance of the seed farms are discussed in the succeeding paragraphs:

### **2.8.2.1 Land utilisation**

The year-wise details of cultivated land for production of paddy seeds<sup>110</sup> in Kharif season<sup>111</sup> against the cultivable land available (250.50 ha) during 2018-2024 are given in the **Table 2.2**.

**Table 2.2: Details of utilisation of farms' land during 2018-2024**

Year	Cultivated area (in Ha)	Harvested area (in Ha)	Harvested area to cultivated area (in per cent)	Unutilised area (in Ha)	Unutilised area (in per cent)
(i)	(ii)	(iii)	(iv) = {(iii) / (ii) x 100}	(v) = 250.50 Ha - (ii)	(vi) = {(v) ÷ 250.50} x 100
2018-19	211.50	162.00	76.60	39.00	15.57
2019-20	207.00	190.00	91.79	43.50	17.37
2020-21	207.50	205.50	99.04	43.00	17.17
2021-22	190.70	190.70	100.00	59.80	23.87
2022-23	126.00	95.00	75.40	124.50	49.70
2023-24	165.50	165.50	100.00	85.00	33.93

*Source: As per information furnished by Company*

<sup>108</sup> Budgetary allocation: ₹ 0.90 crore (2023-24) and ₹ 3 crore (2024-25).

<sup>109</sup> Cherelipathar (₹ 11.16 lakh), Dimoru (₹ 29.44 lakh), Fallangani (₹ 11.44 lakh), Golakganj (₹ 24.70 lakh), Monierkhal (₹ 2.76 lakh), Moran (₹ 26.26 lakh), Rohdoi (₹ 2.31 lakh), Senchowa (₹ 1.62 lakh) and Tingtingia (₹ 35.57 lakh).

<sup>110</sup> Average Farmland targeted annually for production of non-paddy seeds in Rabi season during 2018-2024 was 32.50 ha. Hence, analysis has been restricted to production of paddy seeds (Kharif season).

<sup>111</sup> Cultivation of paddy seeds is suitable only in Khariff Season (June-July) and hence there was no cultivation of paddy during Rabi season (October-December).

As can be seen from **Table 2.2**, as against cultivable land of 250.50 ha available during all the six years under reference (2018-2024), the Company cultivated the land in the range of 126 ha (2022-23) and 211.50 ha (2018-19) leading to idling of available cultivable land ranging between 124.50 ha (2022-23) and 39 ha (2018-19). It can be noticed that the cultivated land was lowest in six years at 126 ha (50.29 per cent) during 2022-23 mainly due to restricting the production plan of seeds to eight seed farms out of 12 seed farms available with the Company. The main reason for underutilization of land were:

(i) **Encroachment of land:** Audit observed that around 5.74 per cent (14.38 ha) of cultivable land (250.50 ha) was occupied by local villagers (5.38 ha in three<sup>112</sup> farms) and Indian Technical Institute and others (9 ha in Golakganj seed farm). The Company, however, did not take any step to vacate the occupied land for carrying out production activities.

(ii) **Under-utilisation of cultivable land:** During 2018-2024, two seed farms (Dalgaon and Darigaji) had 57.73 per cent (144.62<sup>113</sup> ha after netting off occupied land) of cultivable land (250.50 ha) held by 12 seed farms of the Company. Audit observed that significant portion of cultivable land available with these two major seed farms ranging between 33.22 ha (2020-21) and 61.62 ha (2022-23) remained underutilised during 2018-2024. The underutilisation of the cultivable land under these two seed farms was mainly attributable to non-availability of proper irrigation and drainage facilities as discussed below:

**Farm Lease out model by Odisha State Seeds Corporation Limited (OSSCL):** OSSCL has leased out their five seed farms to third party by a contract who have taken seed production activity in these farms. They give 25 per cent of the seeds produced (on minimum productivity fixed during the Tender) and 75 per cent to be sold only to OSSCL at grower procurement price. OSSCL work out seed production plan with the firm on years-to-years basis in advance.

*Source: OSSCL official website.*

- **Dalgaon seed farm:** The seed farm had proper irrigation facility in 28 Ha of cultivable land out of 90 ha (including occupied land of 2.78 ha) of land available with the farm. Further, there was no 'drainage system' in the cultivable land of the farm for distribution of water and removal of excess water from the field. Absence of these essential facilities largely caused underutilisation of cultivable land in the seed farm.
- **Darigaji seed farm:** The seed farm did not have adequate irrigation facilities and had three Shallow Tube Wells (STWs) against requirement of six STWs. There was also no drainage system for distribution of water and also removal of excess water from the field.

<sup>112</sup> Dalgaon (2.78 ha), Darigaji (0.60 ha) and Fallangoni (2 ha) seed farms.

<sup>113</sup> Dalgaon: 87.22 ha + Darigaji: 57.40 ha

Audit observed that due to underutilisation of 259.02 ha<sup>114</sup> of cultivable land in the above two seed farms, the Company had to forgo its potential to produce 777.06 MT<sup>115</sup> of seeds during 2018-2024.

The Company in its reply (October 2024), which was endorsed (November 2024) by Government, stated that inadequate irrigation facilities and non-suitable land type prevent utilization of its farmland in an even manner. However, the Company had planned for production of seed considering the farm's topography, land suitability and available resources.

The reply is not acceptable as despite its persistent dismal performance in utilisation of cultivable land, the Company did not take any effective steps to overcome the constraints faced to ensure optimum utilisation of cultivable land.

#### **2.8.2.2 Seed farms with low yield**

Higher crop yield and quality of crops depend largely on efficient supply of nutrients and other factors such as availability of a proper irrigation system, topography/ location of the area (*e.g.* flood or drought prone), suitability of timing for sowing of seeds, *etc.* The Company's average yield of paddy seeds during 2018-2024 was 2.38 MT per ha as against the State average yield of 3.49 MT per ha. During 2018-2024, the yield per ha of 12 individual seed farms of the Company ranged between 0.30 MT (Tingtingia seed farm in 2018-19) and 3.44 MT (Dhekiajuli seed farm in 2019-20). Further, the individual average yield of paddy of eight<sup>116</sup> out of twelve seed farms of the Company was below the average yield of the Company (2.38 MT per ha) during 2018-2024 as discussed under **paragraph 2.8.1** *supra*. The broad reasons for low yield of the above seed farms were:

- There was no provision for irrigation facilities in the above mentioned eight farms and all of these farms were purely 'rain fed'.
- There were no proper arrangements in these farms against pest infestation. Further, in absence of a protection boundary wall/farm fencing, seven<sup>117</sup> out of eight farms had been facing problems of uncontrolled cattle grazing in the harvested area.
- The cultivable land of one seed farm (Dimoru) was under 'rain shadow area'<sup>118</sup> having low water holding capacity of soil, making it unsuitable for cultivation.

Further, it was also observed that:

- Despite knowing the challenges like low-water retention, pest issues, lack of irrigation *etc.*, the Company continued production in these low-yield farms without introducing effective remedial measures (such as creation of irrigation

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<sup>114</sup> Aggregate of year-wise unutilised land (during 2018-2024) of two farms (279.30 ha) after netting off the encroached land (20.28 ha)

<sup>115</sup> 259.02 ha x 3 MT (as per standard production norms) = 777.06 MT.

<sup>116</sup> Dimoru, Fallangani, Monierkhal, Moran, Cherelipathar, Golakganj, Senchowar and Tingtingia seed farms.

<sup>117</sup> Except one seed farm *i.e.* Dimoru seed farm, which had the boundary wall protection.

<sup>118</sup> An area on the slope shielded by hills where rainfall is less.



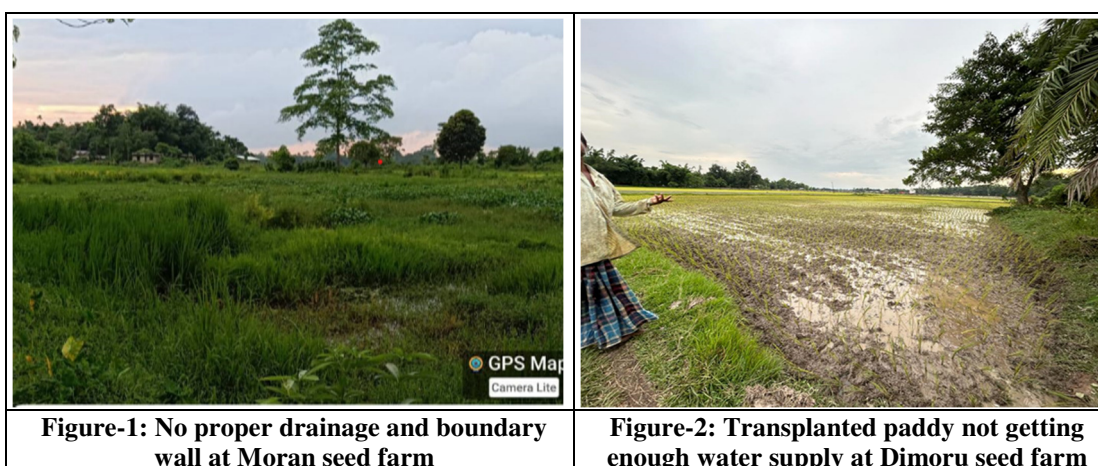
infrastructure, proper drainage system and other farm equipment) to overcome these issues.

- Though it was desirable to conduct ‘soil testing’ to ascertain the status of various nutrients, soil fertility level, pH<sup>119</sup> and other physical properties of soil for maximum production, the Company did not conduct any soil testing during the previous six years covered under audit (2018-2024).

Thus, due to inability of the Company in taking timely remedial action to address the issues highlighted, eight farms remained ‘low-yield farms’ and incurred operational losses aggregating to ₹ 1.43 crore<sup>120</sup> during 2018-2024 (**Appendix 6**). Further, the investment made by the Company in these farms in the form of time, labour, and money also remained unfruitful due to unsuitability of these farms for high yield production.

Photographs of the two of these seed farms having inadequate infrastructural facilities are depicted in **Picture 2.1**.

**Picture: 2.1**



**Figure-1: No proper drainage and boundary wall at Moran seed farm**

**Figure-2: Transplanted paddy not getting enough water supply at Dimoru seed farm**

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that it has now taken steps for selection of crop specific site through the technical manpower to address the issue of low yield. It was further stated that initiatives had been taken by strengthening basic infrastructure facilities like construction of godowns, installation of seed processing plants, creation of adequate irrigation facilities with installation of 30 new STWs in nine farms.

Audit appreciates the effort of the Company to strengthen its infrastructure facilities. However, considering the fact that the issue of low yield was persisting during the period of past six years covered under audit (2018-24), the Company should have taken the necessary corrective steps at an early stage instead of refunding the amount

<sup>119</sup> Soil pH (Potential of Hydrogen) is a measure of the acidity or basicity (alkalinity) of a soil. Soil pH is a key characteristic that can be used to make informative analysis both qualitative and quantitatively regarding soil characteristics.

<sup>120</sup> Dimoru (₹ 0.29 crore), Fallangani (₹ 0.11 crore), Moran (₹ 0.26 crore), Cherelipathar (₹ 0.11 crore), Golakganj (₹ 0.25 crore), Senchowra (₹ 0.02 crore), Monierkhal (₹ 0.03 crore) and Tingtingia (₹ 0.36 crore) seed farms (**Appendix 6**).

received under GoI scheme for creation of additional infrastructure, as discussed in *paragraph 2.11.7*.

## **2.9 Operational performance of nurseries**

As on 31 March 2024, the Company had six nurseries, with actual land available for production of plants and grafts measuring 5.03 ha (excluding 13 ha<sup>121</sup> of cultivable land not in Company's possession). Audit observed that out of six nurseries, two nurseries (Khanapara and Ulubari) having available land of 0.43 ha were in operation and the activities in remaining four nurseries (total area: 17.60 ha) remained unviable for operations due to manpower shortage and hence these four nurseries had been abandoned (April 2021). As mentioned above, out of 17.60 ha, 13 ha<sup>122</sup> was not in physical possession of the Company. The remaining land measuring 4.60 ha under the said four nurseries though available for production, was not utilised by the Company.

Audit analysed the operational performance of the nurseries during the period of last six years (2018-2024) and following observations are made:

- During 2018-2024, one nursery (Ulubari) was able to earn a continuous profit aggregating to ₹ 0.52 crore due to consistent sales performance (₹ 0.49 crore to ₹ 0.63 crore) achieved during each year. On the contrary, the aggregate turnover achieved by remaining five nurseries during the corresponding period was ₹ 0.49 crore against expenditure of ₹ 1.35 crore incurred towards materials, wages and maintenance expenditure, leading to overall operational loss of ₹ 0.86 crore during 2018-2024 (*Appendix 7*).
- GoA released (2014-15) ₹ 0.50 crore for infrastructure development under two nurseries<sup>123</sup>. The Company could, however, utilize ₹ 0.16 crore towards construction of boundary wall (₹ 0.05 crore), green-house (₹ 0.05 crore), overhead tank with drip irrigation (₹ 0.04 crore) and vermicomposting unit (₹ 0.02 crore) during 2017-18 and 2018-19. The balance unutilised amount (₹ 0.34 crore) remained parked in bank account since 2014-15, defeating the objective of GoA funding (July 2024).
- GoA again released (August 2018) ₹ 0.58 crore under Rashtriya Krishi Vikas Yojana (RKVY), 2015-16, for infrastructure development under three nurseries<sup>124</sup> and two seed farms. The Company, however, spent ₹ 0.27 crore (nurseries: ₹ 0.10 crore and seed farms: ₹ 0.17 crore) during 2018-19 to 2020-21 and the balance amount (₹ 0.31 crore) remained unutilised and parked in bank account since August 2018 till date (July 2024).

<sup>121</sup> Bamunigaon Big Nursery (12 ha) and Demow Nursery (1 ha)

<sup>122</sup> 13 ha of land was occupied by Directorate of Horticulture and Food Processing, GoA (10 ha), locals for playground (2 ha) and Assam State Transport Corporation (1 ha).

<sup>123</sup> Demow and Ketekibari

<sup>124</sup> Khanapara, Bamunigaon and Ghungoor Nursery.



As can be seen from the above, the Company could not utilise GoA funding provided to make the nurseries operational, thereby, defeating the purpose of the funding schemes of GoA.

Audit further observed that despite spending a significant amount aggregating ₹ 0.22 crore<sup>125</sup> on infrastructure development (facilities, equipment and land preparation), the Company abandoned (2020-21) operational activities in four out of five nurseries, thereby, proving the said investment to be wasteful. Further, the abandonment of the four nurseries had also reduced the Company's overall capacity to supply high quality seedlings and adversely affected production of plant and grafts in the State.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that production in all the six nurseries was commercially not feasible and land type was not suitable for nursery production. It was further stated that one nursery had already been developed, while two other nurseries were in the process of development under Horticulture Mission for North East and Himalayan States (HMNEH) scheme. The remaining three nurseries located at remote areas were proposed for setting up of Mother Block<sup>126</sup> production units for plants and grafts. Further, the Company made plan for utilization of all funds received for development of nurseries.

The reply may be viewed in light of the fact that the Company did not take action for timely utilisation of Government fund to reap the benefits and improvement of performance of nurseries.

## 2.10 Procurement process

With a view to streamline the procurement procedure, the DoA, GoA, constituted from time to time a Departmental Bid Committee (DBC) to oversee and supervise the entire procedure involving tendering, bid evaluation and finalization of rates for items to be procured by different directorates during the calendar year.

As per the prevalent practice, the Company on behalf of the DBC invited bids in e-tendering system from the eligible bidders under two bids system (technical and financial bids). The Evaluation Committee (EC) formed by the Company in consultation with DoA, evaluated both, technical and financial bids. Based on the evaluation by EC, the DBC fixed the procurement price of seeds based on the lowest quoted rate of the relevant tender year. Thereafter, DoA placed indents on the Company for supply of seeds at the approved price after adding a fixed margin<sup>127</sup> (agency charges of the Company) as decided by DoA. Observation made in this regard is given in the following paragraph.

<sup>125</sup> ₹ 0.16 crore + ₹ 0.10 crore *minus* ₹ 0.04 crore (Expenditure relating to one operational nursery, viz. Khanapara Nursery).

<sup>126</sup> Mother Blocks are established to grow the mother plants for the purpose of taking cuttings or offsets in order to grow more quantity of the same plant.

<sup>127</sup> 4 per cent on procurement prices of all seed varieties as approved by DBC during 2018-2024.

### 2.10.1 Non-finalisation of yearly procurement rates

Regular tendering allows the Company to identify new suppliers who may offer better services at more competitive pricing without which the Company could not take advantage of any possible price reductions at better terms from suppliers. The details of finalisation of tenders during 2018-2024 are given in **Table 2.3**.

**Table 2.3: Details of tendering for Kharif and Rabi crops**

Applicable year (Extended year)	Date of publishing NIT	Date of finalisation of technical bid	Date of finalisation of financial bid
2017-18 (2018-19)	20-09-2017	01-11-2017	04-11-2017
2019-20	06-02-2019	02-05-2019	29-05-2019
2020-21 (2021-22)	14-10-2020	25-01-2021	25-01-2021
2022-23 (2023-24)	08-07-2022	30-09-2022	10-10-2022

*Source: Information furnished by the Company.*

Audit observed that GoA, while issuing order related to constitution of DBC, directed that the procurement rates finalised should have a validity of one year from the date of publication. Thus, the Company was required to fix procurement rates on yearly basis. However, as can be seen from **Table 2.3**, during 2018-2024, the Company did not float yearly tender for procurement during the years 2018-19, 2021-22 and 2023-24. As a result, the Company had to extend the validity of the rates finalised during the previous year for the purpose of procurement during these years.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that though the GoA, directed that the procurement rates finalised should have a validity of one year, the tender rates got extended to help the vendors to make production plan, ensuring timely supply of required quantities of seeds without being worried of the market price. The Company further stated that GoI also suggested to fix procurement rates for three years.

The reply is not acceptable as extension of rates finalised for a particular year to subsequent years was in violation of the directive of GoA and GoI's suggestion to fix the procurement rates for three years was issued in March 2024 and hence, the same was not applicable to the Company during the period covered under audit.

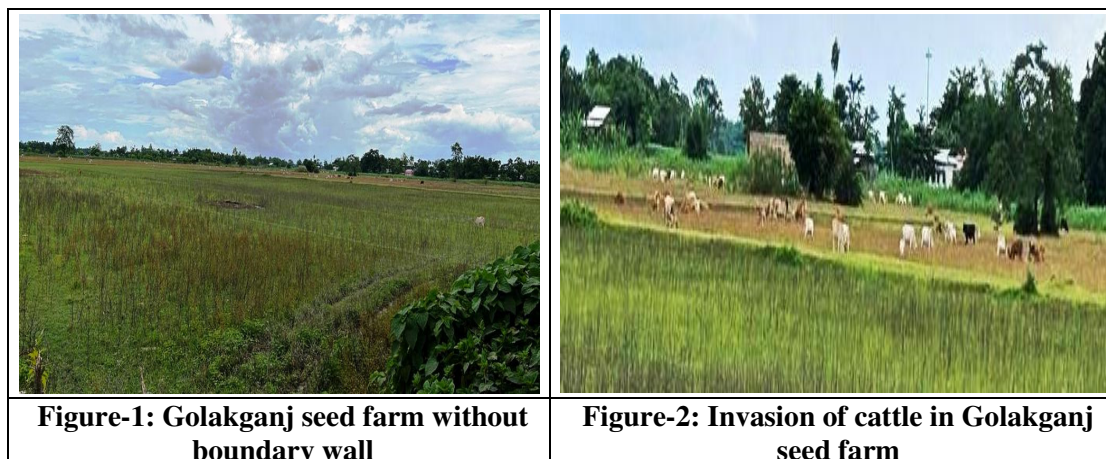
## 2.11 Infrastructure for production and distribution of seeds

For effective operation of a seed farm, it should have proper facilities like farm fencing, adequate farm implements/equipment, *etc.* Besides, the seed farms should also have proper irrigation and drainage systems for balanced distribution of water in the fields. Similarly, other infrastructure like seed processing plant, storage godowns, *etc.*, are required at different stages of cultivation and processing. Audit observed the following deficiencies in the infrastructure facilities:

### 2.11.1 Absence of boundary wall/farm fencing

In nine<sup>128</sup> out of 12 individual seeds farms of the Company, there were no boundary walls, which led to unauthorised trespassing and grazing of cattle inside the cultivated area at every stage from sowing to harvesting. The Company also did not explore the possibility of introducing biological fencing<sup>129</sup> in these seed farms. **Picture 2.2** depicts photographs showing seed farm at Golakganj without boundary walls and invasion of cattle.

**Picture 2.2**



The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that it had initiated the process for submission of a project to GoA for construction of concrete boundary wall as well as bio-fencing to combat the issue of cattle menace and ensure protection of its farmland. As subsequently confirmed by the Company, the said proposal was submitted to the Government in December 2024.

The Audit appreciates that the Company submitted the proposal for construction of boundary wall after being pointed out by Audit.

### 2.11.2 Procurement of power tillers

A power tiller is a versatile piece of machinery used primarily for soil preparation apart from carrying out other important activities like weed control, seedbed preparation, fertilizer mixing, puddling, ploughing and harrowing, transportation, *etc.* As of April 2018, the Company did not have any power tiller or tractor for modern and scientific cultivation. The cultivation was carried out manually or by hiring tractors.

The Company procured (June 2018) 18 power tillers at ₹ 0.35 crore (including cost of six trailers) for the purpose of cultivation. The Company deployed 17 power tillers<sup>130</sup> in 12 seed farms and one power tiller in one nursery (Ghungoor). However, it was

<sup>128</sup> Excluding Dimaru, Dhekiajuli and Fallangani seed farms.

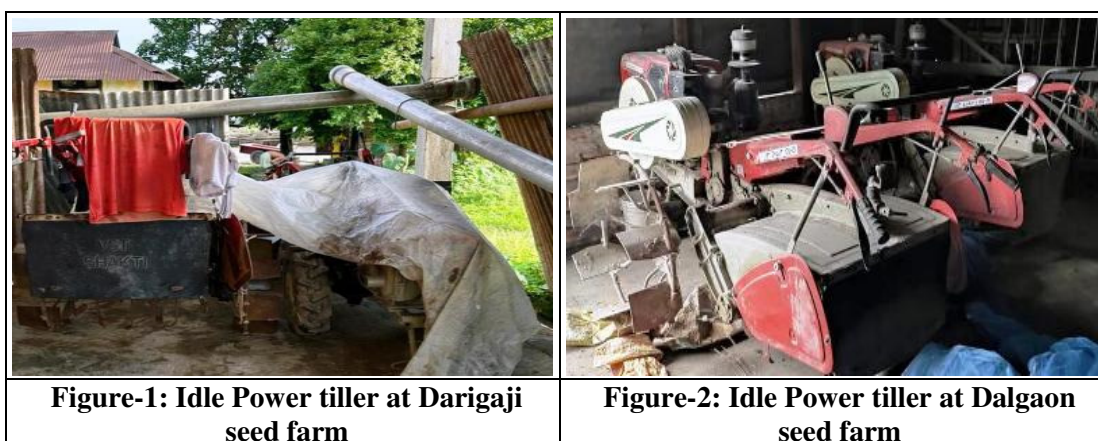
<sup>129</sup> An economical and sustainable practice of planting trees or shrubs along the boundaries of farms/ fields.

<sup>130</sup> Dalgaon: three, Dimoru, Darigaji and Golakganj two each, remaining eight seed farms one each.

seen that power tillers procured were labour intensive and time consuming for ploughing a large area of land. During physical verification (7 August 2023 to 2 September 2023) of five seed farms, Audit found that all the 10 power tillers<sup>131</sup> deployed in these farms were kept idle as these were uneconomical for utilisation. Further, one power tiller deployed in one nursery was also lying idle during 2018-2024 as the nursery was non-functional.

Records further revealed that despite incurring ₹ 0.35 crore on procurement of equipment/machinery for cultivation, the Company had hired tractors for preparation of seed beds, puddling, ploughing, *etc.* at a cost of ₹ 0.95 crore during 2018-2024. Thus, procurement of power tillers without assessing the feasibility of utilisation in its seed farms, resulted in unfruitful expenditure of ₹ 0.35 crore. Photographs of power tillers lying idle is depicted under **Picture 2.3**.

**Picture 2.3**



The Company in its reply (October 2024), which was endorsed (November 2024) by Government, stated that power tillers were basically used for land preparation in smaller area and for tillage operation of larger area, tractors were more effective. As such, the Company planned to distribute the power tillers to the small and marginal farmers of the State with low land holding and who were devoid of any farm machinery and implements for tillage operation of their field.

The reply that the Company planned to distribute the power tillers to the small and marginal farmers with low land holding substantiates the Audit's observation that the procurement was undertaken without evaluating the suitability or usability of the equipment for the Company's own seed farms and nurseries.

### **2.11.3 Inadequate irrigation facility**

Irrigation plays a significant role in increasing potential yield from the agricultural land. The main sources of irrigation included rainwater, canal, well, bore well and pond. Therefore, keeping in view the geographical location of farms, appropriate irrigation facilities should be made available for achieving the expected yield in farmland.

<sup>131</sup> Darigaji: 02, Dalgaon: 03, Golakganj: 02, Dimoru: 02 and Dhekiajuli: 01.



Audit observed that two<sup>132</sup> out of 12 seed farms had 13 Shallow Tube Wells (STWs) for its cultivable land of 148 ha and the remaining 10 seed farms with 102.5 ha of cultivable land had to depend on monsoon rain for irrigation and cultivation. Further, none of the 12 seed farms had any drainage system for distribution as well as removal of excess water in the cultivated land.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that strengthening of irrigation system had been taken up for improving yield potential and a total number of 30 STWs were being installed in nine seed farms under RKVY Scheme and from Company's own financial resources. The Company was also considering submission of proposals to GoA and also to Ministry of Development of North Eastern Region (DONER) for enhancing irrigation facilities of farms.

Audit appreciates the effort of the Company to strengthen its irrigation system. However, considering the fact that there was consistent shortfall in achievement of production targets for past several years due to inadequate irrigation facilities, Company should have taken the timely and advance corrective action to avoid the production loss due to inadequate irrigation and drainage facilities.

#### **2.11.4 Seed Processing Plant**

Harvested seed needs to be properly processed before storage and sale to ensure the necessary physical purity. Seed processing after harvesting is a vital part of the entire exercise involved to make the high-quality seed available for distribution. Seed processing comprised all the operations like drying, cleaning, separating or upgrading, weighting, packaging, *etc.* In response to an audit query on the efficiency of mechanical processing, the Company informed (October 2024) that the processing of seed in mechanical mode through seed processing plant was three times efficient and faster than the processing in the manual mode.

As on 31 March 2024, out of 12 seed farms, Darigaji seed farm had a seed processing plant installed during 1997, with a capacity of 400 kg per hour. The plant, which was more than 27 years old, was repaired during 2017-18. Post repairs, the output of the plant, however, reduced to less than 30 kg per hour (7.50 *per cent*) as against the in-built per hour capacity of 400 kg, making the processing plant to be unviable for operation. Due to non-availability of seed processing plant in farms, seed had to be processed manually, which was labour intensive and time consuming.

Further, it was also seen that the Company received (November 2017) ₹ 1.97 crore from GoI for installation of six processing plants. The Company, however, had to refund the money to GoI due to delay in execution process, as discussed in *paragraph 2.11.7*.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that it had empanelled two Private Seed Processing Service

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<sup>132</sup> Dalgaon (90 ha) and Darigazi (58 ha)

Providers for mechanical processing of its produced seeds and had also initiated the process of setting up of one full line Seed Processing Plant and two Mobile Grader type seed processing units at its three different seed farms under the RKVY scheme.

The reply is not acceptable due to the fact that seed processing being one of the key activities for producing quality seeds was neglected by the Company throughout the period of audit. Further, the inability of the Company to utilise GoI funding received during 2017-18 for establishment of processing plant (refer **paragraph 2.11.7 infra**) negates its reply.

#### **2.11.5 Seed Storage Godown**

The National Seed Policy 2002 promotes for scientific storage of seed through use of scientific storage structures and techniques. Some of the important characteristics of a scientific godown include provisions for: (i) free circulation of air, adequate sunlight and elevated storage in nature; (ii) installation of the Ventilators at the bottom for free air circulation and avoid reaching the ground moisture to the floor; (iii) making necessary arrangements (such as installation of ‘wire mesh’, *etc.*) to make the godown completely ‘rat proof’.

As on 31 March 2024, the Company had 24 godowns with a storage capacity of 8,400 MT. However, during joint inspection<sup>133</sup> of seven<sup>134</sup> godowns having a capacity of 2,800 MT (33.33 *per cent*), audit observed the following:

- None of the seven godowns inspected had scientific storage facilities available, such as, proper ventilation, adequate wooden ballets for stacking seed bags *etc.* for controlling temperature of the godowns and preventing seeds from moisture.
- There was no provision of ‘wire mesh’ in any of the seven godowns. As a result, the godowns were infested with insects, rodents, *etc.*
- One godown (*Darigaji*) out of the seven godowns, having a storage capacity of 300 MT was found in damp condition due to damaged roofs. The seed bags were covered with cloths and rainwater was visible on the floor. Photographs of dilapidated condition of godowns are depicted in **Picture 2.4**.

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<sup>133</sup> The joint inspection was conducted (7 August to 2 September 2023) by Audit along with the representatives of the Company (Assistant Accounts Officer (Audit) and Branch-In-charge) and the State Government (District Agriculture Officer concerned).

<sup>134</sup> Morigaon Branch, Hojai Branch, Abhayapuri Branch, Mangaldoi Branch, Darigaji seed farm, Dalgaon seed farm and Golakganj seed farm.

Picture 2.4



As per General Seed Certification Standards of GoI, a seed lot shall not have visible evidence of damage by insects for both Foundation and Certified seed, in excess of 0.50 *per cent* of the seed lot. Contrary to these Standards, 1.88 *per cent* (22.47 MT) of seed stock (1,193.59 MT) stored in Company's 24 godowns was damaged during 2018-2024 due to poor storage conditions, as illustrated. Further, the Company did not have any system in place for compiling the data on spoilage of stock in all its godowns for analysis and taking appropriate remedial action.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that godowns were constructed long back and lacked scientific requirement. It was further added that the construction of 15 new godowns with a capacity of 9,500 MT under GoI/GoA sponsored schemes had already been taken up (July 2022/June 2024) and the Company had further planned to renovate all the old godowns to ensure proper storage facility while one godown (Darigaji) had already been renovated.

The reply is not acceptable due to the fact the Company had to refund the money received from GoI for construction of godowns due to its inability to timely utilise the GoI fund, as discussed under *paragraph 2.11.7*.

#### 2.11.6 Provision of Seed Bank

A Seed Bank provides facility for scientific storage of seeds so as to maintain genetically pure variety of seeds stored for utilisation/re-sowing in future in the event of natural calamities and unforeseen conditions (*i.e.* drought, cyclone and flood, *etc.*). The Company, however, did not maintain any Seed Bank on its own. In absence of any such facility of its own, the Company had to depend on private growers to meet the physical targets for storage of seeds allotted by GoI under National Seed Reserve (NSR), which is one of the components of GoI's scheme '*Sub-Mission on Seeds and*

*Planting Materials*<sup>135</sup>. The NSR *inter-alia* has the provisions for (i) financing the procurement cost of seeds to be stored through Revolving Fund (one-time), (ii) Financial assistance for infrastructural development, (iii) Reimbursement of the cost of maintenance of the seed stock, and (iv) Assistance for purchase of machinery, plant, *etc.*

As per scheme guidelines, the scheme shall be implemented by the National Seeds Corporation, State Farms Corporation of India and State Seeds Corporations. The Company being the State-owned Seed Corporation in Assam, implemented the scheme during 2018-2024. The Company had received allotment of physical targets from GoI year after year. Audit however, observed that the Company could not avail the benefits fully, provided under the scheme as detailed below.

- The Company was allotted 22,460 MT of seeds by GoI for storage under NSR during 2018-2024. It was seen that due to insufficient storage facilities and limited varieties of seeds from own production, the Company could maintain 950 MT of seeds (during 2018-2024) from its own production. For maintaining the balance quantity of seed stock (21,510 MT), the Company had to depend on private seed dealers/growers for procurement and storage of seeds during 2018-2024. The Company, however, did not avail any benefit of the Revolving Fund provided by GoI for procurement and storage of seeds required under the scheme for no reasons on record.
- The Company did not create any additional storage capacity for seed storage under the Scheme. As such, the financial assistance provided for the purpose could not be availed. The Company also could not procure any machinery/equipment, plant, *etc.* under the Scheme to avail the financial benefit provided for the purpose.

Thus, from the above it could be concluded that despite having the scope of enhancing its seeds handling capacity by creation of required infrastructure and storage capacity, the Company did not avail the opportunity under the GoI Scheme.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that it would make plans to avail maximum benefits under the NSR Scheme.

The reply is not acceptable considering the fact that despite experiencing shortage of fund and also having inadequate storage facilities, the Company was not proactive and there was lack of initiative to reap the benefits of the scheme fund.

#### ***2.11.7 Utilisation of infrastructure development fund***

GoI sanctioned (2017-18) ₹ 491.60 lakh for establishment of seven godowns (140 square meter each with total capacity of 1,400 MT) of 200 MT capacity at ₹ 9.80 lakh

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<sup>135</sup> A Government of India Scheme for welfare of the farmers aiming to enhance production and productivity in the country through production and supply of quality seeds to farmers.



each and six seed processing plants having annual capacity of 1,000 MT each at ₹ 70.50 lakh each. GoI released (November 2017) ₹ 265.25 lakh<sup>136</sup> as first instalment.

Audit observed that though the Company received the fund in November 2017, it invited (December 2018) tender after a lapse of 11 months and issued (February to December 2019) five separate work orders for five godowns (117 square meter each), after further lapse of 2 to 13 months from the date of inviting (December 2018) tender at a contract value of ₹ 23 lakh each with scheduled completion period of 90 days (May 2019 to March 2020) for each godown. The construction of five godowns were completed (June 2020 to February 2021) with a delay ranging between 214 and 449 days. Due to the time overrun in completion of construction work, the construction cost of five godowns increased to ₹ 104.85 lakh against sanctioned amount of ₹ 49 lakh. The Company could not utilise the balance amount of ₹ 160.40 lakh (*viz.* ₹ 265.25 lakh *minus* ₹ 104.85 lakh) due to non-availability of land.

Since the five godowns constructed by the Company covered lesser area (117 square meter each) than sanctioned (140 square meter each), GoI finally approved the construction cost of these godowns at ₹ 40.95 lakh against expenditure of ₹ 104.85 lakh actually incurred by the Company. Accordingly, the Company had to refund (November 2022) the balance amount of ₹ 224.30 lakh to GoI as per GoI's instructions (July 2022).

Thus, due to construction of godowns covering lesser area (117 square meter each) than sanctioned (140 square meter each), coupled with delay in utilisation of GoI funding and inability of the Company to utilise GoI funding for balance works (two godowns and six seed processing plants), it had to refund ₹ 224.30 lakh to GoI. This indicated lack of Company's initiative to improve the existing infrastructure for augmentation of seed production and storage facilities.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that lack of technical manpower was the main issue for the delay in implementation of the scheme. To address the above issue GoA had attached technical persons of other departments with the Company.

The reply is not acceptable in view of the fact that the Company had already constructed five godowns with available manpower. Further, the Company could have explored the option to avail services of external consultants to utilise Government funding available for improvement of its much-needed infrastructure facilities.

## 2.12 Absence of effective marketing mechanism for seeds

A successful marketing strategy in the Seed Sector depends on understanding the current as well as long term demand of seeds and location of strong customer base. Besides, building strong collaboration with partners operating in agribusiness also helps providing logistic services and quality seeds to farmers at affordable price.

<sup>136</sup> ₹ 68.60 lakh for seven godowns (₹ 9.80 lakh for each godown) and balance ₹ 196.65 lakh for six processing plants.

Some of the deficiencies noticed with regard to the marketing operations of the Company have been discussed in the succeeding paragraphs.

### **2.12.1 Insufficient market information**

The Company had no system for collection and analysis of vital market information relating to the seed sector like, data on demand and supply of seeds in the State, availability of seed stock, prices in local markets, *etc.* to help developing a productive marketing strategy. As a result, the Company had no database of the yearly requirement of seeds for the State. Further, National Seeds Corporation Limited, a Central PSE, had been supplying seeds to the neighbouring North-

**National Seeds Corporation Limited** organizes Marketing campaign such as jeep campaign, demonstration of new products, field days, farmers/dealers' meetings, Krishi Mela and exhibitions were being organized from time to time. Farmer Producer Organisations (FPOs) are also being engaged as dealers to increase the Sale.

eastern States and would be impacting the operations of the Company in Assam. However, the Company neither had any marketing information of its neighbouring States nor formulated a strategy to discover yearly requirements of seeds, pricing policies adopted by other suppliers including the qualities and varieties of seeds *etc.* The Company also did not have any brand name which would create a unique identity of its product to attract the potential customer.

Audit observed that the Board of Directors (BoD) of the Company directed (November 2018) entrustment of responsibility for liaising and expanding Company's supply market among North-eastern states to three officials of the Company. However, even after a lapse of more than six years of the BoD's directions, no official was entrusted with the responsibility of expanding its market share (June 2024).

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that it had formulated a robust long-term seed production plan in line with the State's seed requirement and had also implemented a streamlined seed distribution channel which included its retail marketing initiative as well as Government seed supply system. Further, it had developed its own brand "*Axom Beej*" for better marketing. The Company further stated that the district wise private seed dealers and distributors had also been engaged for assessing the market price as well as district wise seed demand. It was also mentioned that plans were being formulated to expand its supply market among the NE States.

The Audit appreciates the efforts made by the Company to formulate seed production plan in line with the State's seed requirement and also to streamline the marketing initiatives after being pointed out by Audit.

### 2.12.2 Issuance of Principal certificates without ensuring lifting of seeds of the Company

‘Principal Certificate’ (PC) holder in seeds business serves as a bridge between the seed producers and consumers, ensuring the availability, quality and accessibility of seeds produced by the seed producers. During 2018-2024, the Company issued PCs to Individuals, Farmers, Farmer Producer Companies (FPCs), Seed Companies and Firms who were willing to trade with the produce of the Company and intended to apply for seed license for trading of seeds on the basis of PCs issued by the Company. During last six years (2018-2024), the Company issued 121 PCs with a validity of three years from the date of issue and charged ₹ 10,000 from each applicant as an application fee.

In this connection, following observations are made:

- As per the standard application format, the applicant was required to mention the estimated annual sales which the applicant would be able to achieve from Company’s products. The Company, however, did not enforce the PC holders for mandatory compliance of this undertaking given by them in the application form. As a result, none of the PC holders had lifted any seeds produced by the Company during 2018-2024 despite mentioning the estimated annual sale of Company’s products at the time of applying for the PC. Thus, issuance of PCs without enforcing the enabling condition for actual/committed drawal of seeds, led to Company’s marketing initiative ineffective.
- GoA issued Seed Licenses to those firms/individuals only who had submitted PC obtained from a Seed Producing Agency. For obtaining dealership license from any seed company within Assam, it was mandatory for the applicant to produce Seed License issued by GoA. As mentioned above, the Company, being a Seed Producing Agency issued 121 PCs to applicants during 2018-2024. The applicants, however, instead of lifting the seed produced from the Company as per declaration made in their application, became seed dealers of other Seed Producing Agencies by obtaining Seed License from DoA, GoA. Audit observed that as there was no mandatory provision of lifting of seeds by the PC holders, the Company could not scale up its marketing operations through this arrangement and the benefits of issuing PC was passed on to other Seed Producing Agencies.

The Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that it had reassessed the matter and chalked out modalities for registering its PC holders. As per the new plan/strategy, the PC holders had to enter into an agreement with the Company and also confirm lifting of allotted quantity of seed of the Company, multiplication of the Company’s seeds in grower’s field, creation of market linkage for sale of seeds produced by the seed growers and work for promotion of the Company’s seeds among farmers and in the retail market.

The Audit appreciates the formulation of the new policy, requiring the PC holders to enter into an agreement with the Company and confirm lifting of allotted quantity of seed of the Company.

## **2.13 Implementation of Seed Village Scheme**

To upgrade the quality of farmer-saved seed, Government of India (GoI) provided financial assistance for distribution of Foundation/Certified seeds at 50 *per cent* below cost under Seed Village Scheme (Scheme). The eligible beneficiaries as per the Scheme criteria were selected by District Agriculture Officer/Sub-District Agriculture Officer. The seeds under the Scheme were distributed to the selected beneficiaries in presence of the officials of both, the Company and the Department. Deficiencies noticed in implementation of the Scheme are discussed in the succeeding paragraphs.

### **2.13.1 Non-receipt of State Share**

As per Scheme guidelines, GoI was to contribute 90 *per cent* of the total cost of the Scheme while balance 10 *per cent* was to be borne by the State Government. During 2018-19 to 2020-21<sup>137</sup>, GoI released ₹ 45.42 crore (90 *per cent* share) for implementation of the scheme. Accordingly, the Company incurred ₹ 49.60 crore on distribution of 14,598.67 MT<sup>138</sup> of seeds (value: ₹ 44.28 crore) and training of beneficiaries (₹ 5.32 crore). After incurring the expenditure, the Company claimed ₹ 5.05 crore<sup>139</sup> (18 August 2020, 15 December 2020, 7 July 2023) from GoA being 10 *per cent* State's Share towards Scheme implementation cost. GoA, however, was yet to release its share to the Company (July 2024).

During exit conference (November 2024), the Department/Company accepted the audit observations and stated that it would take up the issue with the Directorate of Agriculture, GoA and would see that the Company would be benefited from implementation of the scheme.

Audit observed that due to non-receipt of state share, the scheme was discontinued in Assam by GoI. Further, no response of GoA had been received by the Company to its request so far.

### **2.13.2 Beneficiary survey outcomes**

Audit conducted beneficiary survey in eight out of ten sampled branches located in eight different districts of Assam. The survey was conducted during August to September 2023 covering 250 beneficiaries of the Scheme implemented during 2020-21. The details of the response of beneficiaries on the questionnaires provided with regard to the benefits of Schemes relating to quantity and quality of seeds supplied, adequacy of training provided and distribution of storage bins are given in **Appendix 8**.

<sup>137</sup> The responsibility of implementation of the Scheme was transferred to DoA after 2020-21.

<sup>138</sup> This comprised the Seed procured from Company's Farms (464.83 MT) and Registered Growers (14,133.84 MT)

<sup>139</sup> (GoI share: ₹ 45.42 crore) ÷ 90 x 10

The outcome of the beneficiary survey has been discussed in the following paragraphs:

#### ***2.13.2.1 Quantity and quality of seeds distributed***

In response to a question relating to the adequacy of the seed supplied under the scheme, 214 out of 250 beneficiaries (85.60 *per cent*) surveyed replied that the seed provided was not as per their requirement. Further, regarding the quality of the seed supplied under the scheme, more than 97 *per cent* of the beneficiaries surveyed (244 out of 250 beneficiaries) had given positive response stating that the seed supplied was of the specified quality.

#### ***2.13.2.2 Storage of seeds***

As per the Scheme guidelines, the implementing agency was to ensure that beneficiaries had sufficient storage capacity for storing seeds. The guidelines further stipulated that the Scheme beneficiaries should also be kept informed about the availability of the subsidy under the Scheme for procurement of storage bins.

The results of the beneficiary survey revealed that 126 (50.40 *per cent*) out of 250 beneficiaries surveyed did not have proper storage facility. Regarding awareness of the subsidy available for procurement of storage bins under the Scheme, more than 65 *per cent* (164 beneficiaries) of the beneficiaries surveyed (250 beneficiaries) had responded positively stating that they were well aware of the Scheme provisions on availability of subsidy for procurement of storage bins. However, 24 *per cent* (60 beneficiaries) of the beneficiaries did not respond on the issue.

#### ***2.13.2.3 Adequacy of training provided***

As per the Scheme guidelines, the implementing agency was to ensure that beneficiaries were imparted training of minimum three days at three stages, viz. sowing, flowering and harvesting activities.

Out of the 250 beneficiaries surveyed, 166 (66.40 *per cent*) beneficiaries stated that the training was imparted for full three days as per the scheme. While 41 beneficiaries (16.40 *per cent*) reported receiving only one day of training, the remaining 43 (17.20 *per cent*) beneficiaries indicated that no training was provided.

#### ***2.13.2.4 Suggestions by beneficiaries***

On enquiry for suggestion, if any, for improvement of the scheme, 213 beneficiaries (85.20 *per cent*) out of 250 beneficiaries had given their suggestions. The important suggestions included:

- **Timely distribution of seeds:** Around 69 *per cent* of the beneficiaries surveyed (172 out of 250 beneficiaries) stated that seeds under the scheme should be distributed on time for better preparation of seed beds.

- **Buy back of seeds:** Further, around 7 *per cent* of the beneficiaries surveyed (18 out of 250 beneficiaries) had suggested that buying back of seeds produced from the seeds received under the Scheme may be arranged for upliftment of farmers' community.

In view of the above, the Company may ensure that the required quantity of quality seeds is distributed to beneficiaries and all benefits envisaged under the scheme (*viz.*, storage subsidy, beneficiary training, *etc.*), are extended to maximum number of beneficiaries. Further, the Company may consider making arrangement for buyback of seeds produced by beneficiaries.

While accepting the observation of audit, the Company in its reply (October 2024), which was endorsed (November 2024) by the Government, stated that the branch in-charges of the respective districts would ensure that all the selected beneficiaries were made aware of the scheme benefits that could be availed. Further, the seed produced by the beneficiaries are being proposed either to be sold in the retail market or to be supplied under Government schemes by the Company.

## **Conclusion**

During 2018-2024, there was an overall shortfall of 34.02 *per cent* (1,223.04 MT) and 90.42 *per cent* (331.63 MT) in achievement of annual production targets of paddy and non-paddy seeds respectively. The year-wise shortfall ranged between 6.70 and 49.86 *per cent* (paddy seeds) and 18.71 and 100 *per cent* (non-paddy) during 2018-2024.

During 2018-2024, the Department of Agriculture (DoA), Government of Assam (GoA) prepared Seed Rolling Plan (SRP) containing crop wise and variety wise production plan for different seed producing agencies including the Company. Audit observed that the Company did not prepare any perspective or long-term plan during 2018-2024 for carrying out its production activities duly linking with the SRP prepared by DoA, GoA. GoA also did not insist the Company for implementation of the SRP.

Further, DoA, had been placing the indents on the Company for supply of seeds for distribution under various schemes on 'annual basis'. Despite Company's request to communicate their seed requirement at least three years in advance, DoA, continued to place indents on 'annual basis'. As a result, the Company had to plan its production targets on annual basis without linking with the SRP, thereby defeating the objectives of GoI's Seeds Policy.

The production of seed during 2018-2024, was lower than the seed multiplication norm resulting in shortfall of 1,166.52 MT (Paddy: 1,152.04 MT; Non-paddy: 14.48 MT) in production of seed. Besides, the Company also could not utilise 7.07 MT of Breeder seeds despite availability of cultivable land due to constraints like shortage of technical manpower, inadequate basic farm infrastructure (like irrigation and drainage facilities, farm fencing, *etc.*) and mechanical support.



During 2018-2024, the Company supplied 1.59 lakh MT seeds to DoA, out of which 0.28 *per cent* (437.54 MT) was supplied from its own production (2,407.08 MT) and the balance supplied through outside procurement. As such, the Company was predominantly dependent upon private seed producers/suppliers to meet the demand of GoA. The Company also did not expand its market potential by increasing its own production of seeds as well as through production of Registered Growers by entering into agreements for buyback of seeds produced by them.

Against cultivable land of 250.50 ha available during all the six years (2018-2024), the land ranging between 39 ha (15.57 *per cent*) and 124.50 ha (49.70 *per cent*) remained unutilised due to reasons like, unauthorised encroachment of land, non-availability of proper irrigation and drainage facilities, *etc.* Resultantly, the Company's average yield of paddy seeds during 2018-2024 was 2.38 MT *per* ha as against the State average yield of 3.49 MT *per* ha.

The Company had no system for collection and analysis of vital market information relating to the seed sector like, data on demand and supply of seeds in the State, availability of seed stock, prices in local markets, *etc.* Further, the Company neither had any marketing information of its neighbouring States nor formulated a strategy to discover yearly requirements of seeds, pricing policies adopted by other suppliers including the qualities and varieties of seeds *etc.*

The Company did not maintain any Seed Bank for scientific storage of genetically pure variety of seeds for utilisation in future in the event of natural calamities. In absence of any such facility, the Company had to depend on private growers to meet physical targets for storage of seeds allotted by GoI under National Seed Reserve. The Company also could not avail the benefits of GoI Scheme relating to one-time Revolving fund to meet the procurement cost of seeds to be stored, financial assistance for infrastructural development, purchase of plant and machinery *etc.*

## Recommendations

*The Company may:*

- *ensure tentative seed requirement of the State at least three years in advance and draw up a production and procurement plan, in line with the Seed Rolling Plan prepared by the State Government;*
- *create and maintain proper infrastructure facilities (irrigation and drainage, godowns for seed storage, seed processing plants, fencing of farms, etc.) essential to fully utilise the cultivable land and maximise the production of the seed farms;*
- *increase production of seed by entering into agreement with the registered growers for seed multiplication and buying back their produce for supply to DoA and other prospective buyers;*
- *make all efforts to avail the full benefits of all the schemes of GoI/GoA for creation/modernisation of infrastructure;*

- *strengthen the marketing activities by creating a dealer network to supply quality seeds at reasonable price so as to become self-reliant and reduce dependency on GoA for company's economic viability.*



**CHAPTER-III**  
**COMPLIANCE AUDIT PARAGRAPHS**  
**RELATING TO**  
**STATE PUBLIC SECTOR ENTERPRISES**



## CHAPTER - III

### COMPLIANCE AUDIT PARAGRAPHS RELATING TO STATE PUBLIC SECTOR ENTERPRISES

Important audit findings emerging from test check during the audit of the SPSEs are included in this chapter.

#### **Assam Power Distribution Company Limited**

##### **3.1 Loss of revenue due to irregular modification of tariff**

*The Company had to forgo revenue of ₹ 5.82 crore owing to irregular decision of the Chief General Manager (Commercial) to change tariff without complying to AERC Regulations.*

In exercise of the powers conferred under the Electricity Act, 2003, Assam Electricity Regulatory Commission (AERC) determines the tariff for retail sale of electricity by a distribution licensee.

As per provisions of AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations, 2015:

- Based on application by a licensee, AERC shall issue a tariff order with modifications/conditions as specified in that order and shall be in force from the date specified in the said tariff order. AERC can also reject the application, if such application is not in accordance with the provisions of the Act. (*Clause 20.1 and 20.2*)
- AERC, may, after satisfying itself for reasons to be recorded in writing, allow for the revision of tariff (*Clause 23.2*)

Further, as per yearly tariff order notified by AERC from time to time, a consumer under HT-II Industries category<sup>140</sup> may opt for either Time of Day (ToD)<sup>141</sup> tariff or non-ToD tariff, depending on requirement, after prior intimation to the Company.

Audit observed that contrary to above regulations, the Chief General Manager (Commercial) of Assam Power Distribution Company Limited (Company) modified the tariff order without approval of AERC and issued (November 2017) an order that

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<sup>140</sup> High-Tension-II: This tariff is applicable for supply of power at a single point for industrial purposes having licence from designated authority of appropriate government and not covered under any other category, for Contract Demand/Connected Load above 150 KVA.

<sup>141</sup> ToD tariff comprises separate rates for Normal hours (06 AM to 05 PM), Peak hours (05 PM to 10 PM) and Night hours (10 PM to 06 AM).

all the consumers drawing power from ‘open access sources’<sup>142</sup> were allowed to draw power in ToD tariff only and non-ToD tariff would not be applicable to them.

During audit of Industrial Revenue Collection Area-I, Guwahati (a billing unit of the Company), it was observed that M/s Purbanchal Cement Limited<sup>143</sup> (Consumer) was drawing power through ‘open access source’ and was billed under non-ToD tariff till October 2017. The Company, however, due to its unilateral decision to change tariff for the consumers drawing power from ‘open access sources’, started (November 2017) billing the Consumer under ToD tariff. It was further seen that the Consumer also objected (November 2017) to the change in tariff option as there was no regulation to support the action of the Company. The Company, however, rejected (November 2017) the plea citing that those consumers drawing power through ‘open access source’ could not be allowed non-ToD tariff as they draw power in an intermittent manner. No approval of AERC was, however, obtained by the Company to support/justify its decision to bill the consumers drawing power through ‘open access sources’ under ToD tariff instead of non-ToD tariff.

Audit analysed the billing data of the Consumer for the period from November 2017 to March 2024 as detailed in **Table 3.1**.

**Table 3.1: Details of revenue loss**

(₹ in crore)

Period	Revenue collected as per ToD Tariff (A)	Revenue could have been collected as per applicable non-ToD Tariff (B)	Differential Amount (B-A)
November 2017 to March 2018	2.27	2.35	0.08
April 2018 to March 2019	10.15	11.01	0.86
April 2019 to March 2020	7.25	8.44	1.19
April 2020 to March 2021	4.75	5.88	1.13
April 2021 to March 2022	6.05	7.37	1.32
April 2022 to March 2023	15.81	16.54	0.73
April 2023 to March 2024	16.69	17.20	0.51
<b>Total</b>	<b>62.97</b>	<b>68.79</b>	<b>5.82</b>

As can be seen from **Table 3.1**, the Company incurred loss of revenue ranging between ₹ 0.08 crore and ₹ 1.32 crore in all the years, with an overall loss of ₹ 5.82 crore during November 2017 to March 2024 on account of energy charges and fixed charges, which were higher in respect of non-ToD tariff than ToD. Further, the above loss (₹ 5.82 crore) has been worked out based on the analysis of monthly data of 77 months during the above period (November 2017 to March 2024), of which, the

<sup>142</sup> ‘Open Access’ means the provision for use of transmission system and/or distribution system or associated facilities by the Open Access Customers. Open Access Consumer means a consumer who is eligible to receive supply of electricity from a person other than the distribution licensee of his area of supply.

<sup>143</sup> The consumer (consumer no: 006000001232) was billed as per Option-2 (non-ToD) of tariff since April 2009 and was also drawing power from ‘open access sources’ since September 2016.

Company would have earned more revenue in 75 months, if the existing non-ToD tariff applicable as per the AERC regulation was adopted.

Had the Company analysed the billing data of the open access consumers periodically after adopting ToD *vis-à-vis* non-ToD tariff, it would have helped the Company in identifying the revenue loss.

Thus, it could be concluded from the above that:

1. The Company unilaterally modified the tariff structure for consumers drawing power from open access sources without obtaining the necessary approval from the Assam Electricity Regulatory Commission (AERC). This action was a direct violation of AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations, 2015, which mandated that any changes to the tariff structure must be approved by AERC.
2. The decision by the Chief General Manager (Commercial) to restrict consumers drawing power from open access sources to Time of Day (ToD) tariff, while disallowing non-ToD tariff, was not supported by any regulation or approval from AERC.
3. The unilateral decision to enforce ToD tariff on the Consumer (M/s Purbanchal Cement Limited) led to a significant revenue loss for the Company. The estimated revenue loss amounted to ₹ 5.82 crore over the period from November 2017 to March 2024.

The Company in its reply, which was also endorsed by the Government, stated (September 2024) that it had mandated ToD tariff for open access consumers to control the usage pattern of electricity by these consumers and also that ToD tariff had been made effective under Electricity (Rights of Consumers) Amendment Rules, 2023 (Central Rules).

The reply is not acceptable as the Rules cited itself mention that the ToD tariff shall be specified by AERC. Further, the AERC issued (August 2024) a draft of the Assam Electricity Regulatory Commission (Demand Response) Regulations, 2024 (State Rules) corresponding to the Central Rule quoted by the Company, which was yet to be notified and implemented in the State. As such, the matter relating to ToD tariff was vested with AERC and the Company should have approached AERC for any change in tariff orders. As such, the decision of the Company taken during November 2017 without approval of AERC was not in line with extant regulations in place, which led to significant revenue loss.

**Recommendation:** *The Company may adhere to AERC regulations and ensure that periodical analysis of the billing data is carried out before taking any decision for changes in the tariff.*

### 3.2 Loss due to unjustified delay in load enhancement

***Injudicious decisions of the Company in dealing with the enhancement of contract demand of a Consumer led to revenue loss in the form of fixed charges amounting to ₹ 0.97 crore.***

As per Electricity Supply Code Regulations, 2017 (Regulations) notified (November 2017) by Assam Electricity Regulatory Commission (AERC):

- Any application for enhancement of contract demand shall not be accepted if a consumer has any arrears payable to the licensee. However, the application shall be accepted if the payment of arrear due from the consumer has been stayed by a Court of law, or any other competent authority. (Clause 5.8.9c)
- The licensee shall issue a 30 days' notice to the consumer for submitting an application for the enhancement of contract demand/connected load, if it is detected that in case of High-Tension connections, the maximum demand recorded is in excess of Contract Demand in a month. (Clause 5.9)

Audit observed that:

- A power supply agreement was signed (April 2013) between Assam Power Distribution Company Limited (Company) and Varun Beverages International Limited (Consumer). As against a sanctioned load of 4,117.64 KVA<sup>144</sup>, the Company released a load of 2,352.94 KVA<sup>145</sup>, which was enhanced to 2,474.12 KVA w.e.f. 1 July 2017.
- An inspection team of the Company inspected (August 2018) the premises of the Consumer and found connected load of 4,970.32 KVA, as against an enhanced (July 2017) released load of 2,474.12 KVA. Based on the inspection report, the Area Manager, Industrial Revenue Collection Area-II, Guwahati (AM, IRCA-II), the billing unit of the Company informed (August 2018 and September 2018) the Consumer to pay an assessment bill of ₹ 1.50 crore for unauthorised use of electricity.
- On the basis of a petition filed (November 2018) by the Consumer before Gauhati High Court (Court) challenging the assessment bill, the Court directed (November 2018) the Consumer to prefer an appeal before the Appellate Authority (AA).
- Based on appeal (November 2018) by the Consumer, the AA directed (February 2020) withdrawal of assessment bill of ₹ 1.50 crore and to serve revised

<sup>144</sup> In all the appropriate places KW has been converted to KVA with factor of 0.85 to maintain consistency.

<sup>145</sup> The load was increased to 2,474.12 KVA w.e.f. 01 July 2017 based on excess load detected by the Company.

assessment bill based on excess load of 2,140 KVA, instead of excess connected load of 2,496.20 KVA detected during inspection (August 2018).

- The AM, IRCA-II, accordingly, revised (January 2021) the assessment bill to ₹ 0.46 crore<sup>146</sup>. The Consumer again approached (March 2021) the Court challenging the order of the AA and the revised assessment bill. Based on the direction (March 2021) by the Court, the Consumer paid (March 2021) ₹ 0.20 crore out of ₹ 0.46 crore.
- As the maximum demand of the Consumer was found to be 2,481 KVA during the month of July 2021, the AM, IRCA-II issued (August 2021) a notice to the Consumer to increase the contract demand. The Consumer, accordingly, requested (September 2021) the Sub Divisional Officer, Azara Sub-division (SDO) to enhance the contract demand from existing 2,474.12 KVA (effective from July 2017) to 3,764.71 KVA against the originally sanctioned load of 4,117.64 KVA, due to increase in production capacity. The request of the consumer was however, rejected (September 2021) by the SDO citing pending assessment bill payment.
- The Consumer escalated (September 2021) the matter to the Chief General Manager (Commercial) of the Company against the above decision of SDO highlighting the fact that it had done partial payment on the basis of Court direction and as such the remaining payment was stayed until further order. Subsequently, the Court directed (October 2021) the Company not to take any coercive action against the Consumer, with a final stricture to furnish a reply within two weeks against the petition<sup>147</sup>.
- The CGM (Commercial) rejected (December 2021) the plea of the Consumer and directed payment of pending assessment bill of ₹ 0.26 crore for enhancement of contract demand.
- The Consumer again requested (June 2022) for enhancement of contract demand from existing 2,474.12 KVA to 4,941.17 KVA, citing increase in production capacity. This was again rejected (August 2022) by the CGM (Commercial) on the same ground mentioned above.
- Based on the intimation (August 2022) of outstanding dues of ₹ 0.35 crore<sup>148</sup> by AM, IRCA-II, the Consumer paid (September 2022) the above amount under *protest*.

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<sup>146</sup> After adjusting ₹ 0.37 crore (being 25 per cent of original assessment bill of ₹ 1.50 crore) paid by the Consumer in November 2018.

<sup>147</sup> The reply was pending owing to repeated deferments sought by the counsel of the Company, with the last hearing being held on 8 May 2024.

<sup>148</sup> This included surcharge of ₹ 0.08 crore imposed by the Company for delay in payment.



- The Company, however, increased (February 2023) the contracted demand from existing 2,474.12 KVA (effective from July 2017) to 3,415.29 KVA and again in June 2023 to 4,941.17 KVA. The reason for release of load in a staggered manner was not found on record.

The above actions of the Company were not in order for the following reasons.

- A. The rejection of the applications (September 2021 and December 2021) of the Consumer to increase the contract demand to 3,764.71 KVA lacked justification as a load of 4,117.64 KVA was already sanctioned against the Consumer in April 2013 itself and the fact that the Company had lost fixed charges to the extent of ₹ 0.97 crore during October 2021 to June 2023. The rejection of the application in all the three instances<sup>149</sup> was also non-compliance of *clause 5.8.9(c)* of AERC Regulations in view of the fact that the payment of arrear due from the Consumer was stayed by the Court in March 2021.
- B. The release of load in a staggered manner during April 2013 and February 2023 was without any valid reason and had also contributed to loss of revenue in the form of fixed charges.
- C. There were instances of maximum demand of 4,970.32 KVA (August 2018), 2,481 KVA (July 2021) and 2,716 KVA (February 2023), which exceeded the allowed limit (2,474.12 KVA). As such the Company should have taken prompt steps to regularise the load based on clause 5.9 of AERC Regulations, considering also the fact that the Consumer was not a defaulter in payment of monthly energy dues and also requested the Company to enhance the contract demand from time to time.

Thus, injudicious decisions of the Company in dealing with enhancement of contract demand of the Consumer led to revenue loss in the form of fixed charges amounting to ₹ 0.97 crore during October 2021 to June 2023 as detailed in **Appendix 9**.

The Company in its reply, which was also endorsed by the Government, stated (September 2024) that:

- If the Consumer's request were to be processed with enhancement of load inspite of its pending arrear, without renovating the existing infrastructure, it would have collapsed the entire power network and the Consumer on the other hand would not have been able to draw reliable power, which was one of the sole reasons for disallowance of full load since inception. After sanctioning entire load sought by the Consumer and execution of agreement, payment of load security *etc.* the load (4,941.17 KVA) was finally released with strengthening of existing power network, although the construction of the dedicated feeder was pending.

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<sup>149</sup> September 2021, December 2021 and August 2022

- There was no stay granted and the Company did not allow the enhancement of load as it would weaken the case of the Company before the Court.
- The Company had recovered a revenue in the form of overdrawal penalty.

The reply is not acceptable as:

- Against the sanctioned load of 4,117.64 KVA, a load of 2,352.94 KVA was released through 33 KV Sarusajai-Mirza feeder temporarily from 220 KV Sarusajai Grid Substation (GSS) till commissioning of 132 KV Azara GSS. Though the 132 KV Azara GSS was commissioned in March 2020, the Company continued to supply power as per originally released contract demand (2,352.94 KVA) from 220 KV Sarusajai GSS till the first enhancement of load based on Consumer's request in February 2023. Further, the reasons stated by the Company while rejecting the load extension application of the Consumer was non-payment of outstanding assessment amount only and the justification regarding infrastructure appeared to be an afterthought.
- Stay order is an injunctive order to maintain *status quo* of a dispute until further orders. As the Court decreed partial payment of ₹ 0.20 crore and also ordered to not take any coercive action on the Consumer, the Company should not have insisted on balance payment or could have approached the Court for any doubt in this matter. On the contrary, it was seen that the case hearing was delayed owing to repeated deferments sought by the Counsel of the Company. Considering the loss of revenue amounting to ₹ 0.97 crore as against a receivable of ₹ 0.26 crore, the Company should have filed a plea immediately before the Court in this regard.
- Overdrawal penalty amount of ₹ 1.80 lakh recovered by the Company during the month of February 2023 was already considered by Audit while computing the revenue loss.

**Recommendation:** *The Company may investigate the matter and fix responsibility on officials accountable for the loss of revenue.*

### 3.3 Short realisation of revenue

***The Company short realised ₹ 0.41 crore from a consumer towards fixed charges due to negligence on part of Company's billing unit in updating the revised contract demand of the consumer in the billing system.***

Contract Demand is the amount of electricity agreed upon between the customer and the licensee and as stipulated in the signed contract. The Fixed Charge component collected from a consumer in the monthly energy bill is computed on the basis of the agreed Contract Demand, multiplied with the applicable tariff, as fixed from time to time.

Assam Power Distribution Company Limited (Company) executed agreements with consumers for fixation of Contract Demand as per their requirement and

communicated the same to its Billing unit for raising monthly energy bill on the consumer accordingly.

Assam Electricity Regulatory Commission (AERC) notified (November 2017) the AERC (Electricity Supply Code) Regulations, 2017 (Regulations), which stipulated that:

- (i) Contract Demand, in the case of a High Tension<sup>150</sup> and Extra High Tension<sup>151</sup> consumer, shall be as per the agreement entered into between the consumer and the licensee and having regard to the requirement of the consumer's installation and will be independent of connected load. (Clause 2.2.3)
- (ii) Billing demand shall be 100 *per cent* of Contract Demand or Recorded Demand whichever is higher. (Clause 6.3.4)

Audit observed that the Company signed (February 2013) a power supply agreement with M/s Cement Manufacturing Company Limited<sup>152</sup> (Consumer) for supply of electricity at Contract Demand of 11,347 KVA under HT-II industry category. Thereafter, the Company signed (January 2017) a revised power supply agreement with the Consumer as the Contract Demand was reduced to 8,500 KVA. This was communicated (January 2017) to Area Manager, Industrial Revenue Collection Area-I (IRCA-I), the billing unit, for necessary action. IRCA-I accordingly revised the contract demand in its billing software and realised fixed charges on the basis of Contracted Demand of 8,500 KVA from the consumer.

Thereafter, on request of the Consumer, the Company again entered (August 2019) into an agreement for enhancement of Contract Demand to 9,100 KVA and forwarded (August 2019) the Contract Demand agreement papers to IRCA-I for taking necessary action for billing accordingly. Audit however, noticed that after receipt of instruction from the Company for enhancement of Contract Demand of the Consumer, though IRCA-I recorded the same in their register, it did not take further action to update the Contract Demand in its billing software. IRCA-I continued to realise fixed charges from the Consumer on the basis of old Contract Demand (8,500 KVA) instead of the enhanced Contract Demand (9,100 KVA) till December 2022 for reasons not on record.

Based on fixed charge applicable<sup>153</sup> against the Consumer during September 2019 to December 2022, the Company should have realised ₹ 0.41 crore<sup>154</sup> against the additional 600 KVA (9,100 KVA–8,500 KVA) load applicable to the Consumer. The Company however, started realizing fixed charges on the enhanced Contract Demand

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<sup>150</sup> High Tension (HT) consumer means a consumer who is supplied electricity at a voltage between 650 volts and 33,000 volts.

<sup>151</sup> Extra High Tension (EHT) consumer means a consumer who is supplied electricity at a voltage exceeding 33,000 volts.

<sup>152</sup> Consumer Account No.: 67000000361 was renamed later to M/s Star Cement Limited.

<sup>153</sup> ₹ 200 per KVA (September 2019 to March 2020), ₹ 220 per KVA (April 2020 to March 2022), ₹ 270 per KVA (April 2022 to December 2022).

<sup>154</sup> Excluding overdrawal penalty (₹ 0.10 crore) already realised from the Consumer.

of 9,600 KVA from January 2023 as per revised agreement entered with the Consumer in December 2022. In absence of necessary monitoring mechanism on the part of the Company and IRCA-I, the short levy of fixed charges from the Consumer remained unnoticed.

Thus, the Company suffered a loss of revenue of ₹ 0.41 crore due to negligence on the part of the Company's billing unit in updating the revised contract demand of the consumer in its billing system.

The Company, in reply, as endorsed by the Government, stated (July 2024) that it had served a bill of ₹ 0.41 crore and was taking action for preventing such loss by receiving all Contract Demand agreements in a separate register from consumers and handing over documents to the concerned officer with a signature and at the end of the month a scrutiny of the same would be done on whether the Contract Demand was implemented in the bill. The reply was, however, silent on the action, if any, taken against the officials responsible for short realisation of the fixed charges from the consumer.

**Recommendation:** Government/Company may investigate the matter and fix responsibility on those accountable for non-realisation of fixed charges from the Consumer based on actual Contract Demand.

## Assam State Transport Corporation

### 3.4 Avoidable expenditure

*The Corporation engaged a Consultant for implementation of a State sponsored Scheme without having administrative and budgetary approval, which led to avoidable committed expenditure of ₹ 1.67 crore.*

To encourage female education in the State, Government of Assam (GoA) announced (May 2019) the 'Gyan Deepika' scheme, for distribution of e-bikes to meritorious girl students, on the basis of results of Higher Secondary Examination, 2019. For this purpose, GoA entrusted (May 2019) the responsibility of implementation of the Scheme to Assam State Transport Corporation (Corporation).

In this regard, clause 8(a) of Assam Public Procurement Act, 2017 mandated that "every procuring entity shall initiate the procurement process only after technical, administrative and budgetary approvals are accorded and after obtaining approval of the authority which has the necessary financial powers to initiate such value and category of procurement as per rules and guidelines made under this Act". Clause 8(b) further stated that "however, procuring entity to save time, may initiate advance actions of procurement in anticipation of administrative and budgetary approvals, under certain circumstances and following procedures prescribed with the approval of an authority designated in this regard in the rules made under this Act, provided that the procurement process shall stop short of any financial or contractual commitment,

even in such cases unless administrative and budgetary approvals have been obtained”.

Audit examined the actions taken by the Corporation towards implementation of the Scheme and observed the following:

- In the review meeting held (12 June 2019) in the office of the State Chief Secretary, the Transport Department (Department)/Corporation was instructed to prepare a Cabinet Memorandum for implementation of e-bikes scheme for girl students. The Corporation submitted the same to the Department on 21 June 2019.
- The Department sought (July 2019 and October 2019) further clarifications from the Corporation to specify the model of e-bikes and also include provision of Annual Maintenance Contract and instructed it to modify the Cabinet Memorandum accordingly. The Corporation furnished (July 2019 and October 2019) the clarifications to the Department but did not submit the modified Memorandum till November 2019. No document was available on record to provide latest status in this regard. Further, the reasons for non-submission of modified Memorandum to the Department was also not found on record.
- The Corporation without having approval of the Scheme floated (6 January 2020) a Request for Proposal (RFP) for selection of service provider for procurement and distribution of e-bikes for Scheme implementation. The Corporation also floated (8 January 2020) another RFP for appointment of ‘Project Implementation cum Monitoring Consultant’ for Scheme implementation.
- Based on the evaluation of bids received, the Corporation issued (1 February 2020) a Letter of Award (LoA) to M/s KPMG<sup>155</sup> (Consultant) for a tenure of three months (extendable to another three months) without fixation of any rate.
- Meanwhile, a committee constituted by the Corporation, carried out (12 February 2020) the financial evaluation of the rates quoted by four technically qualified bidders of e-bike manufacturers against the RFP (6 January 2020) and the price quoted by M/s Okinawa Autotech Private Limited, being L1, was accepted. The Corporation, however, took no further action for issue of LoA/work order to the successful bidder.
- Pending receipt of administrative and budgetary approval, the Corporation and the Consultant entered into an agreement (20 February 2020) on the payment terms of man-month rate of National Informatics Centre Services Inc. towards the

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<sup>155</sup> An empanelled consultant of National Informatics Centre Services Inc.

resource person to be employed by the Consultant for the job. The agreement, *inter alia*, provided the delivery timelines of the activities to be carried out by the Consultant *viz.*, preparation of RFP, bid process management for selection of vendor for procurement of e-bikes, contract negotiation and signing, issue of LoA/Work Order, program monitoring of distribution of e-bikes for service delivery.

- The contract with the Consultant was extended by the Corporation twice, *i.e.*, in April 2020 for six months and again in October 2020 for another six months (*i.e.*, up to April 2021). This was done without seeking approval of the Department on the Scheme.
- Finally, the Department informed (20 June 2020) the Corporation that the demand of funds for providing e-bikes was not considered by Finance Department during the financial year 2019-20. Based on this, the Corporation informed (15 February 2021) the Consultant about closure of service *w.e.f.* 26 February 2021. The Corporation also informed (10 March 2021) the successful bidder about closure of procurement process due to non-receipt of fund.
- The Consultant billed an amount of ₹ 1.67 crore to the Corporation against “monthly fee-PMC Gyan Deepika”, out of which ₹ 0.60 crore was paid to the Consultant till July 2024, without record of any work done by the Consultant.

From the above, Audit construed that:

- The Department did not accord approval for execution of contract agreement with the Consultant. The Corporation also violated the mandated provisions of Assam Public Procurement Act, 2017, by entering into an agreement with the Consultant with contractual and financial commitments, without obtaining administrative and budgetary approval of the Department for the Scheme.
- In absence of approval of the Scheme, there was no work for the Consultant for execution of the Scheme. Even the preparation of RFP, bid process management for selection of vendor for procurement of e-vehicle *etc.* were already carried out by the Corporation itself.
- The Corporation, after completion of the original term of three months of the contract, extended (April 2020) the contract by another six months *i.e.*, up to October 2020 although there was no indication from the Department with regard to approval of the Scheme.

- Further, the Corporation, despite being aware of the fact in June 2020 that the demand of funds for providing e-bikes had not been considered by Finance Department during the financial year 2019-20, once again extended (October 2020) the contract by another six months *i.e.*, up to April 2021. The extension was given mentioning implementation of the Gyan Deepika Scheme and assisting the Corporation in other matters like implementation of ERP, auctioning of vehicles and other operational matters.

Considering non-receipt of approval and funds for the Scheme from GoA, the Corporation had ample scope for advance closure of Consultant's services and minimize the payment of consultancy fees. The Corporation, however, could not take timely action in this regard. Thus, the Corporation engaged Consultant for implementation of a State sponsored Scheme without having administrative and budgetary approval, which led to avoidable committed expenditure of ₹ 1.67 crore.

The Corporation in its reply (August 2024), which was also endorsed by the Government, stated that it would adhere to the audit recommendation in future.

The reply was, however, silent on any steps taken to prevent such type of irregularities in future or any action being taken on the officials responsible for the avoidable expenditure.

***Recommendation:*** *The Corporation may ensure to enter into agreement involving financial or contractual commitments only after receipt of administrative and budgetary approvals from the Government. It may also ensure that payments are made, only after such approval have been received, and based on actual work done as per the agreed terms and conditions.*



## Assam Industrial Development Corporation Limited

### 3.5 Non-realisation of processing fee

*Due to the Company's inaction in collecting the processing fee for issuing Eligibility Certificates, as mandated by the Industrial and Investment Policy of Assam, 2014, it could not earn revenue of ₹ 1.23 crore.*

To boost the Gross State Domestic Product by promoting various economic activities within the State, Government of Assam (GoA) introduced the Industrial and Investment Policy of Assam, 2014 (IIPA, 2014) in February 2014. The IIPA, 2014 *inter alia* stated that:

- All eligible new as well as existing industrial units in the State, which carried out substantial expansion/modernization/diversification would be eligible for the incentives from the date of commencement of commercial production for the period applicable for each incentive (Clause 4.1).
- Eligibility Certificates (EC) were to be issued to medium and large industrial units by Assam Industrial Development Corporation Limited (Company) after ensuring that all the criteria for eligibility as specified in the IIPA, 2014 were fulfilled to the full satisfaction of the competent authority [Clause 4.5(1)].
- The Company was to realize processing fee from the applicants for issuing EC as per rate fixed by GoA from time to time (Clause 10.4).

In this regard, Audit observed that:

1. The Company submitted (July 2014) a proposal before the Board of Directors (BoD) to charge processing fee for evaluation of EC application at the rate of 0.10 *per cent* of cost of plant and machinery, subject to maximum of ₹ 2 lakh *per* industrial unit. The BoD approved (July 2014) the aforesaid proposal and directed the Company to take approval of GoA for the same.
2. The Company, accordingly, requested (September 2014) the Industries and Commerce Department, GoA to allow it to realise processing fee as per the rate recommended by its BoD. The approval for realising the processing fee was however, remained pending before GoA. The Company also did not pursue or follow up the issue with GoA for obtaining necessary approval for realising the processing fee.
3. After a lapse of more than two years from approval of BoD, the Company decided (November 2016) to realise processing fee from industrial units at the rate approved by BoD, with the condition that if GoA fixed a rate other than its

approved rate, the Company would either claim or refund the differential amount of processing fee to the industrial units concerned.

4. Although the Company issued 111 ECs during November 2016 to August 2023, it did not realise any processing fee from the industrial units. Considering the rate and methodology adopted by the Company for realising processing fee, it should have realised ₹ 1.23 crore as processing fee from the industrial units on issuance of ECs till August 2023.
5. Although the Company instructed industrial units to deposit the processing fee, which was to be determined by the GoA in due course, it made no further efforts to secure GoA's approval after November 2016. As a result, the Company missed the opportunity to collect the fees as outlined in the IIPA, 2014.
6. Given that the Company had accumulated losses of ₹ 82.12 crore, as reported in its latest finalised annual accounts for the year 2021-22, it should have made every effort to increase its revenue.

Thus, due to the Company's inaction in collecting processing fee for issuing ECs as mandated under the IIPA, 2014, it missed an opportunity to earn an additional revenue amounting to ₹ 1.23 crore as detailed in **Appendix 10**.

The Company in its reply stated (October 2024) that a communication was made to Industries and Commerce Department, GoA, in September 2014, seeking approval of the quantum of fees as per the rate recommended by BoD of the Company. The decision of the Government is, however, awaited. As such, it was decided by the Competent Authority of the Company, before starting issuance of the first EC in 2016, they may issue EC with a condition that processing fees shall be realized from the units if and when a concrete decision was obtained from GoA in this regard.

The reply is not acceptable, as the Company had approved (November 2016) realisation of processing fee from industrial units at the rate approved by BoD, with the condition that if GoA fixed a rate other than its approved rate, the Company would either claim or refund the processing fee to the industrial units concerned. Audit found no record to show that any other decision was taken to keep the approval of November 2016 in abeyance. Further, the Company took no further effort to secure GoA's approval after November 2016.

**Recommendation:** *GoA may ensure implementation of its approved policy, which mandates the Company for collection of processing fees from the applicants against issuance of ECs so as to protect Company's financial interest.*

The matter was reported (June 2024) to the Government; their replies have not been received (January 2025).

**Guwahati**

**The: 17 July 2025**

**(KUMAR ABHAY)**

**Accountant General (Audit), Assam**

**Countersigned**

**New Delhi**

**The: 25 July 2025**

**(K. SANJAY MURTHY)**

**Comptroller and Auditor General of India**



# APPENDICES



## Appendix 1

**Statement showing position of total investment (equity and long-term loans) in SPSEs as on 31 March 2024**

*(Reference: Paragraph 1.1.5 and 1.1.6)*

*(Figures in Columns 5(a) to 6(d) and 7 are ₹ in crore)*

Sl. No.	Name of SPSE	Name of Department	Month and year of incorporation	Equity <sup>156</sup> at close of the year 2023-24				Long term loans outstanding at close of the year 2023-24				Total investment (equity and loans) as on 31 March 2024	Manpower
				GoA	GoI	Others	Total	GoA	GoI	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
<b>A. Power sector SPSEs</b>													
1	Assam Power Generation Corporation Ltd.	Power	23-10-2003	2,848.07	0.00	0.00	2,848.07	19.98	0.00	332.69	352.67	3,200.74	962
2	Assam Electricity Grid Corporation Ltd.	Power	23-10-2003	2,857.37	0.00	0.00	2,857.37	6.21	0.00	0.00	6.21	2,863.58	1,707
3	Assam Power Distribution Company Ltd.	Power	23-10-2003	5,480.99	0.00	0.00	5,480.99	7.28	0.00	337.16	344.44	5,825.43	17,157
<b>Total (A)</b>				<b>11,186.43</b>	<b>0.0</b>	<b>0.0</b>	<b>11,186.43</b>	<b>33.47</b>	<b>0.0</b>	<b>669.85</b>	<b>703.32</b>	<b>11,889.75</b>	<b>19,826</b>
<b>B. Non-Power sector SPSEs (Working)</b>													
<b>AGRICULTURE and ALLIED</b>													
4	Assam Seeds Corporation Ltd.	Agriculture	27-01-1967	1.46	0.00	0.00	3.89	3.89	0.00	0.00	3.89	5.35	87
5	Assam Fisheries Development Corporation Ltd.	Fisheries	01-03-1977	0.49	0.00	0.00	0.49	0.00	0.00	0.00	0.00	0.49	22
6	Assam Livestock and Poultry Corporation Ltd.	Animal Husbandry	02-06-1984	0.07	2.12	0.00	2.19	0.00	0.00	0.00	0.00	2.19	24
7	Assam Tea Corporation Ltd.	Industries and Commerce	02-04-1972	1,209.76	0.00	0.00	1,209.76	0.00	0.00	0.00	0.00	1,209.76	7,561

<sup>156</sup> Equity includes share application money - Assam Electricity Grid Corporation Limited: ₹ 18.07 crore, Assam Minorities Development and Finance Corporation Limited: ₹ 2.40 crore and Assam State Textiles Corporation Limited: ₹ 0.32 crore.



**Audit Report on SPSEs for the year ended 31 March 2024**

Sl. No.	Name of SPSE	Name of Department	Month and year of incorporation	Equity <sup>156</sup> at close of the year 2023-24				Long term loans outstanding at close of the year 2023-24				Total investment (equity and loans) as on 31 March 2024	Manpower
				GoA	GoI	Others	Total	GoA	GoI	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
8	Assam Plantation Crop Development Corporation Ltd.	Soil Conservation	11-01-1974	5.00	0.00	0.00	5.00	8.99	0.00	0.00	8.99	13.99	15
9	Assam Food and Civil Supplies Corporation Ltd.	Food, Civil Supplies and Consumer Affairs	23-09-2014	12.19	0.00	0.00	12.19	0.00	0.00	0.00	0.00	12.19	342
<b>Sector wise Total</b>				<b>1,228.97</b>	<b>2.12</b>	<b>0.00</b>	<b>1,231.09</b>	<b>12.88</b>	<b>0.00</b>	<b>0.00</b>	<b>12.88</b>	<b>1,243.97</b>	<b>8,051</b>
<b>FINANCE</b>													
10	Assam Plains Tribes Development Corporation Ltd.	Welfare of Plains Tribes and Backward Classes	29-03-1975	2.64	0.75	0.00	3.39	0.00	0.00	14.61	14.61	18.00	100
11	Assam State Development Corporation for Other Backward Classes Ltd.	Welfare of Plains Tribes and Backward Classes	08-06-1975	3.40	0.00	0.00	3.40	0.00	0.00	0.00	0.00	3.40	32
12	Assam Minorities Development and Finance Corporation Ltd.	Welfare of Minorities	27-02-1997	2.41	0.00	0.00	2.41	0.00	0.00	8.37	8.37	10.78	-
13	Assam State Development Corporation for Scheduled Castes Ltd.	Welfare of Plains Tribes and Backward Classes	18-01-1975	5.59	4.51	0.00	10.10	0.00	0.00	0.00	0.00	10.10	49
14	Assam State Film (Finance and Development) Corporation Ltd.	Cultural Affairs	09-04-1974	0.10	0.00	0.00	0.10	0.04	0.00	0.00	0.04	0.14	13
<b>Sector wise Total</b>				<b>14.14</b>	<b>5.26</b>	<b>0.00</b>	<b>19.40</b>	<b>0.04</b>	<b>0.00</b>	<b>22.98</b>	<b>23.02</b>	<b>42.42</b>	<b>194</b>

Sl. No.	Name of SPSE	Name of Department	Month and year of incorporation	Equity <sup>156</sup> at close of the year 2023-24				Long term loans outstanding at close of the year 2023-24				Total investment (equity and loans) as on 31 March 2024	Manpower
				GoA	GoI	Others	Total	GoA	GoI	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
<b>INFRASTRUCTURE</b>													
15	Assam Hills Small Industries Development Corporation Ltd.	Hills Areas	30-03-1964	2.00	0.00	0.00	2.00	43.19	0.00	0.00	43.19	45.19	75
16	Assam Industrial Development Corporation Ltd.	Industries and Commerce	21-04-1965	1,002.88	0.00	0.00	1,002.88	0.00	0.00	0.00	0.00	1,002.88	75
17	Assam Small Industries Development Corporation Ltd.	Industries and Commerce	27-03-1962	6.67 <sup>157</sup>	0.00	0.00	6.67	4.54	0.00	0.00	4.54	11.21	71
18	Assam Electronics Development Corporation Ltd.	Information Technology	04-04-1984	9.46	0.00	0.00	9.46	0.55	0.00	0.00	0.55	10.01	213
19	Assam Mineral Development Corporation Ltd.	Mines and Mineral	19-05-1983	4.89	0.00	0.00	4.89	0.00	0.00	0.00	0.00	4.89	66
20	Assam Police Housing Corporation Ltd.	Home	11-05-1980	0.04	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.04	79
21	Assam Trade Promotion Organisation	Industries and Commerce	17-02-2010	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	10.00	3
22	Assam Government IITG Healthcare Foundation	Medical Education and Research	30-09-2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sector wise Total</b>				<b>1,035.94</b>	<b>0.00</b>	<b>0.00</b>	<b>1,035.94</b>	<b>48.28</b>	<b>0.00</b>	<b>0.00</b>	<b>48.28</b>	<b>1,084.22</b>	<b>582</b>

<sup>157</sup> Excluding the amount aggregating ₹ 9.86 crore (Loan: ₹ 2.93 crore, Grant: ₹ 2.17 crore and interest: ₹ 4.76 crore) converted into Equity during 2023-24 but pending allotment of shares due to insufficient Authorised Share Capital.

*Audit Report on SPSEs for the year ended 31 March 2024*

Sl. No.	Name of SPSE	Name of Department	Month and year of incorporation	Equity <sup>156</sup> at close of the year 2023-24				Long term loans outstanding at close of the year 2023-24				Total investment (equity and loans) as on 31 March 2024	Manpower
				GoA	GoI	Others	Total	GoA	GoI	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
<b>MANUFACTURING</b>													
23	Assam Petro-Chemicals Ltd.	Industries and Commerce	22-04-1971	232.25	0.00	389.14	621.39	0.00	0.00	1,149.71	1,149.71	1,771.10	381
24	Ashok Paper Mill (Assam) Ltd.	Industries and Commerce	06-07-1991	0.01	0.00	0.00	0.01	2.04	0.00	0.00	2.04	2.05	7
25	Assam Hydro-Carbon and Energy Company Ltd.	Industries and Commerce	02-05-2006	61.00	0.00	0.00	61.00	0.00	0.00	0.00	0.00	61.00	9
26	Amtron Informatics (India) Ltd.	Information Technology	27-03-2002	0.00	0.00	0.01	0.01	0.00	0.00	1.24	1.24	1.25	0
27	Assam State Fertilizers and Chemicals Ltd.	Industries and Commerce	30-03-1988	0.00	0.00	4.93	4.93	10.76	0.00	0.00	10.76	15.69	18
<b>Sector wise Total</b>				<b>293.26</b>	<b>0.00</b>	<b>394.08</b>	<b>687.34</b>	<b>12.80</b>	<b>0.00</b>	<b>1,150.95</b>	<b>1,163.75</b>	<b>1,851.09</b>	<b>415</b>
<b>SERVICES</b>													
28	Assam Tourism Development Corporation Ltd.	Tourism	06-06-1988	0.39	0.00	0.00	0.39	0.00	0.00	0.00	0.00	0.39	180
29	Assam Medical Services Corporation Limited	Health	22-06-2016	8.54	0.00	0.00	8.54	0.00	0.00	0.00	0.00	8.54	43
30	Assam Inland Waterways Corporation Limited	Inland Water Transport	14-07-2022	0.15	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0.15	0
<b>Sector wise Total</b>				<b>9.08</b>	<b>0.00</b>	<b>0.00</b>	<b>9.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9.08</b>	<b>223</b>

Sl. No.	Name of SPSE	Name of Department	Month and year of incorporation	Equity <sup>156</sup> at close of the year 2023-24				Long term loans outstanding at close of the year 2023-24				Total investment (equity and loans) as on 31 March 2024	Manpower
				GoA	GoI	Others	Total	GoA	GoI	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
<b>MISCELLANEOUS</b>													
31	Assam Government Marketing Corporation Ltd.	Handloom Textile and Sericulture	16-12-1959	2.16	1.34	0.00	3.50	0.00	0.00	0.00	0.00	3.50	33
32	Assam State Textbook Production and Publication Corporation Ltd.	Education	03-03-1972	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00	54
33	Assam Gas Company Ltd.	Industries and Commerce	31-03-1962	16.91	0.00	0.00	16.91	0.00	0.00	84.55	84.55	101.46	349
34	DNP Ltd.	Industries and Commerce	15-06-2007	0.00	0.00	167.25	167.25	0.00	0.00	58.66	58.66	225.91	164
35	Purba Bharati Gas Private Ltd.	Industries and Commerce	19-11-2019	0.00	0.00	136.91	136.91	0.00	0.00	155.01	155.01	291.92	39
36	North East Gas Distribution Company Limited	Industries and Commerce	21-07-2023	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00	19
<b>Sector wise Total</b>				<b>20.07</b>	<b>1.34</b>	<b>404.16</b>	<b>425.57</b>	<b>0.00</b>	<b>0.00</b>	<b>298.22</b>	<b>298.22</b>	<b>723.79</b>	<b>658</b>
<b>Total (B)</b>				<b>2,601.46</b>	<b>8.72</b>	<b>798.24</b>	<b>3,408.42</b>	<b>74.00</b>	<b>0.00</b>	<b>1,472.15</b>	<b>1,546.15</b>	<b>4,954.57</b>	<b>10,026</b>
<b>Total (A+B)</b>				<b>13,787.89</b>	<b>8.72</b>	<b>798.24</b>	<b>14,594.85</b>	<b>107.47</b>	<b>0.00</b>	<b>2,142.00</b>	<b>2,249.47</b>	<b>16,844.32</b>	<b>29,852</b>
<b>C. Statutory Corporations</b>													
<b>FINANCE</b>													
1	Assam Financial Corporation	Finance	04-01-1954	91.77	0.00	5.55	97.32	2.00	0.00	0.00	2.00	99.32	55
<b>Sector wise Total</b>				<b>91.77</b>	<b>0.00</b>	<b>5.55</b>	<b>97.32</b>	<b>2.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>99.32</b>	<b>55</b>

*Audit Report on SPSEs for the year ended 31 March 2024*

Sl. No.	Name of SPSE	Name of Department	Month and year of incorporation	Equity <sup>156</sup> at close of the year 2023-24				Long term loans outstanding at close of the year 2023-24				Total investment (equity and loans) as on 31 March 2024	Manpower
				GoA	GoI	Others	Total	GoA	GoI	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
<b>SERVICE</b>													
2	Assam State Transport Corporation	Transport	03-01-1970	157.47	10.26	0.00	167.73	0.00	0.00	0.00	0.00	167.73	1,842
3	Assam State Warehousing Corporation	Co-operation	08-01-1958	8.00	5.47	0.00	13.47	4.25	0.00	0.00	4.25	17.72	255
Sector wise Total				165.47	15.73	0.00	181.20	4.25	0.00	0.00	4.25	185.45	2,097
Total (C)				257.24	15.73	5.55	278.52	6.25	0.00	0.00	6.25	284.77	2,152
Grand Total (A + B + C)				14,045.13	24.45	803.79	14,873.37	113.72	0.00	2,142.00	2,255.72	17,129.09	32,004
<b>D. Non-working Companies</b>													
<b>AGRICULTURE and ALLIED</b>													
1	Assam Agro-Industries Development Corporation Ltd.	Agriculture	27-01-1975	2.20	0.00	0.00	2.20	6.76	0.00	0.50	7.26	9.46	2
2	Assam State Minor Irrigation Development Corporation Ltd.	Irrigation	15-10-1980	17.35	0.00	0.00	17.35	0.00	0.00	0.00	0.00	17.35	-
Sector wise Total				19.55	0.00	0.00	19.55	6.76	0.00	0.50	7.26	26.81	2
<b>INFRASTRUCTURE</b>													
3	Assam Powerloom Development Corporation Ltd.	Industries and Commerce	03-05-1990	3.54	0.00	1.00	4.54	0.00	0.00	0.08	0.08	4.62	-
4	Assam Government Construction Corporation Ltd.	PWD (R&B)	24-03-1964	2.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	2.00	6
Sector wise Total				5.54	0.00	1.00	6.54	0.00	0.00	0.08	0.08	6.62	6

Sl. No.	Name of SPSE	Name of Department	Month and year of incorporation	Equity <sup>156</sup> at close of the year 2023-24				Long term loans outstanding at close of the year 2023-24				Total investment (equity and loans) as on 31 March 2024	Manpower
				GoA	GoI	Others	Total	GoA	GoI	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
<b>MANUFACTURING</b>													
5	Assam State Textiles Corporation Ltd.	Industries and Commerce	26-02-1980	15.76	0.00	0.00	15.76	6.38	0.00	0.00	6.38	22.14	7
6	Pragjyotish Fertilizers and Chemicals Ltd.	Industries and Commerce	27-02-2004	0.00	0.00	2.33	2.33	0.00	0.00	0.00	0.00	2.33	1
7	Assam Spun Silk Mills Ltd.	Industries and Commerce	31-03-1960	1.70	0.00	0.00	1.70	3.79	0.00	0.20	3.79	5.49	-
8	Cachar Sugar Mills Ltd.	Industries and Commerce	30-03-1972	0.00	0.00	3.38	3.38	0.00	0.00	0.70	0.70	4.08	-
Sector wise Total				17.46	0.00	5.71	23.17	10.17	0.00	0.70	10.87	34.04	8
Total (D)				42.55	0.00	6.71	49.26	16.93	0.00	1.28	18.21	67.47	16
Grand Total (A+B+C+D)				14,087.68	24.45	810.50	14,922.63	130.65	0.00	2,143.28	2,273.93	17,196.56	32,020

## Appendix 2

### Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest financial statements/accounts as on 30 September 2024

(Reference: Paragraph 1.1.9.1, 1.1.11.2 and 1.1.13)

(Figures in columns 5 to 13 are ₹ in crore)

Sl. No.	Name of SPSE	Period of Accounts	Year in which finalised	Net profit/loss before interest and Tax	Net Profit (+) /Loss (-)	Turnover	Paid Up Capital	Accumulated Loss (-)	Free Reserve and Surplus <sup>158</sup>	Long term loan outstanding <sup>159</sup>	Net worth <sup>160</sup>	Capital employed <sup>161</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>A. Power sector SPSEs</b>												
1	Assam Power Generation Corporation Ltd.	2023-24	2024-25	111.74	58.55	675.57	2,848.07	0.00	244.20	352.67	3,092.27	3,444.94
2	Assam Electricity Grid Corporation Ltd.	2023-24	2024-25	194.95	194.49	621.54	2,839.30	-158.44	0.00	6.21	2,680.86	2,687.07
3	Assam Power Distribution Company Ltd.	2023-24	2024-25	512.01	384.44	9,267.01	5,480.99	-1,330.79	18.54	344.44	4,168.74	4,513.18
<b>Total A (Sector wise)</b>				<b>818.70</b>	<b>637.48</b>	<b>10,564.12</b>	<b>11,168.36</b>	<b>-1,489.23</b>	<b>262.74</b>	<b>703.32</b>	<b>9,941.87</b>	<b>10,645.19</b>
<b>B. Non-Power sector SPSEs (Working)</b>												
<b>AGRICULTURE and ALLIED</b>												
4	Assam Seeds Corporation Ltd.	2020-21	2024-25	0.02	0.02	138.26	1.46	-12.22	0.00	7.19	-10.76	-3.57
5	Assam Fisheries Development Corporation Ltd.	2020-21	2022-23	-3.91	-3.91	9.98	0.49	0.00	25.63	0.00	26.12	26.12
6	Assam Livestock and Poultry Corporation Ltd.	2020-21	2024-25	-0.43	-0.43	0.49	2.19	-1.51	0.00	0.00	0.68	0.68
7	Assam Tea Corporation Ltd.	2015-16	2024-25	-16.59	-19.74	43.95	29.54	-303.77	0.00	156.78	-274.23	-117.45
8	Assam Plantation Crop Development Corporation Ltd. <sup>162</sup>	2013-14	2016-17	-0.16	-0.16	1.99	5.00	-13.71	0.00	9.69	-8.71	0.98
9	Assam Food and Civil Supplies Corporation Limited	2020-21	2023-24	6.41	4.63	72.60	12.19	0.00	3.91	0.00	16.10	16.10
<b>Sector wise Total</b>				<b>-14.66</b>	<b>-19.59</b>	<b>267.27</b>	<b>50.87</b>	<b>-331.21</b>	<b>29.54</b>	<b>173.66</b>	<b>-250.80</b>	<b>-77.14</b>



Sl. No.	Name of SPSE	Period of Accounts	Year in which finalised	Net profit/loss before interest and Tax	Net Profit (+) /Loss (-)	Turnover	Paid Up Capital	Accumulated Loss (-)	Free Reserve and Surplus <sup>158</sup>	Long term loan outstanding <sup>159</sup>	Net worth <sup>160</sup>	Capital employed <sup>161</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>FINANCE</b>												
10	Assam Plains Tribes Development Corporation Ltd.	2021-22	2023-24	2.46	1.88	0.00	2.95	-42.36	2.35	14.61	-37.06	-22.45
11	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	2024-25	1.09	1.09	0.12	3.40	-17.11	0.00	0.00	-13.71	-13.71
12	Assam Minorities Development and Finance Corporation Ltd.	1997-98	2016-17	0.01	0.01	0.00	0.01	0.00	0.01	0.00	0.02	0.02
13	Assam State Development Corporation for Scheduled Castes Ltd.	2020-21	2023-24	1.03	1.03	0.00	10.10	-33.33	0.00	0.49	-23.23	-22.74
14	Assam State Film (Finance and Development) Corporation Ltd.	2019-20	2023-24	-0.71	-0.72	0.05	0.10	-1.90	0.00	0.22	-1.80	-1.58
<b>Sector wise Total</b>				<b>3.88</b>	<b>3.29</b>	<b>0.17</b>	<b>16.56</b>	<b>-94.70</b>	<b>2.36</b>	<b>15.32</b>	<b>-75.78</b>	<b>-60.46</b>
<b>INFRASTRUCTURE</b>												
15	Assam Hills Small Industries Development Corporation Ltd.	2008-09	2024-25	-0.09	-0.09	0.01	2.00	-12.57	0.00	14.32	-10.57	3.75
16	Assam Industrial Development Corporation Ltd.	2021-22	2023-24	5.93	3.82	10.09	139.21	-82.12	0.00	86.35	57.09	143.44
17	Assam Small Industries Development Corporation Ltd.	2014-15	2017-18	-3.11	-3.11	44.86	6.67	-17.63	0.00	5.19	-10.96	-5.77
18	Assam Electronics Development Corporation Ltd.	2017-18	2022-23	2.35	2.05	0.40	9.46	0.00	13.64	0.00	23.10	23.10
19	Assam Mineral Development Corporation Ltd.	2021-22	2024-25	20.09	14.10	31.71	4.89	0.00	114.32	0.00	119.21	119.21

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Sl. No.	Name of SPSE	Period of Accounts	Year in which finalised	Net profit/loss before interest and Tax	Net Profit (+) /Loss (-)	Turnover	Paid Up Capital	Accumulated Loss (-)	Free Reserve and Surplus <sup>158</sup>	Long term loan outstanding <sup>159</sup>	Net worth <sup>160</sup>	Capital employed <sup>161</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13
20	Assam Police Housing Corporation Ltd.	2021-22	2023-24	-0.10	-0.10	9.24	0.04	-6.92	0.00	0.00	-6.88	-6.88
21	Assam Trade Promotion Organisation	2022-23	2023-24	2.74	1.82	3.19	10.00	0.00	8.89	0.00	18.89	18.89
22	Assam Government IITG Healthcare Foundation	2023-24	2024-25	0.01	0.01	0.00	0.00	-0.02	0.00	0.00	-0.02	-0.02
<b>Sector wise Total</b>				<b>27.82</b>	<b>18.50</b>	<b>99.50</b>	<b>172.27</b>	<b>-119.26</b>	<b>136.85</b>	<b>105.86</b>	<b>189.86</b>	<b>295.72</b>
<b>MANUFACTURING</b>												
23	Assam Petro-Chemicals Ltd.	2023-24	2024-25	-78.97	-78.64	87.81	621.39	-153.60	33.09	1,149.71	500.88	1,650.59
24	Ashok Paper Mill (Assam) Ltd.	2018-19	2020-21	0.66	0.39	0.00	0.01	-99.43	0.00	1.72	-99.42	-97.70
25	Assam Hydro-Carbon and Energy Company Ltd.	2023-24	2024-25	3.31	2.36	0.00	61.00	0.00	21.35	0.00	82.35	82.35
26	Amtron Informatics (India) Ltd.	2019-20	2023-24	-0.09	-0.09	0.00	0.01	-4.55	0.00	0.00	-4.54	-4.54
27	Assam State Fertilizers and Chemicals Ltd.	2011-12	2021-22	-0.19	-0.20	1.98	4.93	-7.28	0.00	9.32	-2.35	6.97
<b>Sector wise Total</b>				<b>-75.28</b>	<b>-76.18</b>	<b>89.79</b>	<b>687.34</b>	<b>-264.86</b>	<b>54.44</b>	<b>1,160.75</b>	<b>476.92</b>	<b>1,637.67</b>
<b>SERVICES</b>												
28	Assam Tourism Development Corporation Ltd.	2020-21	2022-23	1.49	0.92	3.60	0.39	0.00	21.40	0.00	21.79	21.79
29	Assam Medical Services Corporation Ltd.	2022-23	2024-25	-1.88	-1.96	0.00	8.54	-2.37	0.00	0.00	6.17	6.17
30	Assam Inland Waterways Company Ltd.	2022-23	2023-24	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.15	0.15
<b>Sector wise Total</b>				<b>-0.39</b>	<b>-1.04</b>	<b>3.60</b>	<b>9.08</b>	<b>-2.37</b>	<b>21.40</b>	<b>0.00</b>	<b>28.11</b>	<b>28.11</b>

Sl. No.	Name of SPSE	Period of Accounts	Year in which finalised	Net profit/loss before interest and Tax	Net Profit (+) /Loss (-)	Turnover	Paid Up Capital	Accumulated Loss (-)	Free Reserve and Surplus <sup>158</sup>	Long term loan outstanding <sup>159</sup>	Net worth <sup>160</sup>	Capital employed <sup>161</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>MISCELLANEOUS</b>												
31	Assam Government Marketing Corporation Ltd.	2018-19	2022-23	0.26	0.22	20.40	4.36	-17.50	0.00	1.88	-13.14	-11.26
32	Assam State Textbook Production and Publication Corporation Ltd.	2014-15	2024-25	8.83	8.83	103.80	10.00	0.00	52.35	0.00	62.35	62.35
33	Assam Gas Company Ltd.	2022-23	2023-24	8.06	2.75	655.66	16.91	0.00	911.92	41.27	928.83	970.10
34	DNP Ltd.	2022-23	2023-24	53.46	49.21	92.32	167.25	0.00	194.39	25.00	361.64	386.64
35	Purba Bharati Gas Private Ltd.	2023-24	2024-25	-11.21	-11.68	7.86	136.91	-14.52	0.00	155.01	122.39	277.40
36	North East Gas Distribution Company Ltd.	2023-24	2024-25	-0.21	0.32	0.00	100.00	0.00	0.32	0.00	100.32	100.32
<b>Sector wise Total</b>				<b>59.19</b>	<b>49.65</b>	<b>880.04</b>	<b>435.43</b>	<b>-32.02</b>	<b>1158.98</b>	<b>223.16</b>	<b>1,562.39</b>	<b>1,785.55</b>
<b>Total (B)</b>				<b>0.56</b>	<b>-25.37</b>	<b>1,340.37</b>	<b>1,371.55</b>	<b>-844.42</b>	<b>1,403.57</b>	<b>1,678.75</b>	<b>1,930.70</b>	<b>3,609.45</b>
<b>Total (A+B)</b>				<b>819.26</b>	<b>612.11</b>	<b>11,904.49</b>	<b>12,539.91</b>	<b>-2,333.65</b>	<b>1,666.31</b>	<b>2,382.07</b>	<b>11,872.57</b>	<b>14,254.64</b>
<b>C. Statutory Corporations</b>												
<b>FINANCE</b>												
1	Assam Financial Corporation	2022-23	2023-24	0.49	-2.21	7.35	32.40	-32.68	0.00	29.74	-0.28	29.46
<b>Sector wise Total</b>				<b>0.49</b>	<b>-2.21</b>	<b>7.35</b>	<b>32.40</b>	<b>-32.68</b>	<b>0.00</b>	<b>29.74</b>	<b>-0.28</b>	<b>29.46</b>
<b>SERVICES</b>												
2	Assam State Transport Corporation	2022-23	2023-24	-82.79	-83.37	104.16	167.73	-1772.22	0.00	8.23	-1604.49	-1,596.26
3	Assam State Warehousing Corporation	2019-20	2022-23	0.70	0.10	14.60	13.47	-10.39	0.00	4.25	3.08	7.33
<b>Sector wise Total</b>				<b>-82.09</b>	<b>-83.27</b>	<b>118.76</b>	<b>181.20</b>	<b>-1782.61</b>	<b>0.00</b>	<b>12.48</b>	<b>-1601.41</b>	<b>-1,588.93</b>
<b>Total (C)</b>				<b>-81.60</b>	<b>-85.48</b>	<b>126.11</b>	<b>213.60</b>	<b>-1815.29</b>	<b>0.00</b>	<b>42.22</b>	<b>-1601.69</b>	<b>-1,559.47</b>
<b>Grand Total (A + B + C)</b>				<b>737.66</b>	<b>526.63</b>	<b>12,030.60</b>	<b>12,753.51</b>	<b>-4,148.94</b>	<b>1,666.31</b>	<b>2,424.29</b>	<b>10,270.88</b>	<b>12,695.17</b>

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Sl. No.	Name of SPSE	Period of Accounts	Year in which finalised	Net profit/loss before interest and Tax	Net Profit (+) /Loss (-)	Turnover	Paid Up Capital	Accumulated Loss (-)	Free Reserve and Surplus <sup>158</sup>	Long term loan outstanding <sup>159</sup>	Net worth <sup>160</sup>	Capital employed <sup>161</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>D. Non-working Companies</b>												
1	Assam Agro-Industries Development Corporation Ltd.	2009-10	2017-18	-0.07	-0.45	0.00	2.20	-22.56	0.00	7.26	-20.36	-13.10
2	Assam State Minor Irrigation Development Corporation Ltd.	2011-12	2013-14	-0.02	-0.02	0.00	17.35	-63.76	0.00	45.65	-46.41	-0.76
3	Assam Powerloom Development Corporation Ltd.	1993-94	2001-02	0.00	0.00	0.00	1.47	0.00	0.00	0.00	1.47	1.47
4	Assam Government Construction Corporation Ltd.	2022-23	2023-24	0.00	0.00	0.00	2.00	-10.70	0.00	0.00	-8.70	-8.70
5	Assam State Textiles Corporation Ltd.	2022-23	2023-24	3.36	3.36	0.00	15.44	-33.65	0.00	6.38	-18.21	-11.83
6	Pragjyotish Fertilizers and Chemicals Ltd.	2015-16	2021-22	0.00	0.00	0.00	2.33	0.00	0.00	0.35	2.33	2.68
7	Assam Spun Silk Mills Ltd.	2013-14	2015-16	5.16	4.63	0.00	1.70	-23.65	0.00	3.99	-21.95	-17.96
8	Cachar Sugar Mills Ltd.	2016-17	2022-23	-0.01	-0.01	0.00	3.38	-7.32	0.00	0.70	-3.94	-3.24
<b>Total (D)</b>				<b>8.42</b>	<b>7.51</b>	<b>0.00</b>	<b>45.87</b>	<b>-161.64</b>	<b>0.00</b>	<b>64.33</b>	<b>-115.77</b>	<b>-51.44</b>
<b>Grand Total (A+B+C+D)</b>				<b>746.08</b>	<b>534.14</b>	<b>12,030.60</b>	<b>12,799.38</b>	<b>-4,310.58</b>	<b>1,666.31</b>	<b>2,488.62</b>	<b>10,155.11</b>	<b>12,643.73</b>

<sup>158</sup> Free Reserve and Surplus does include accumulated profit at the end of the respective year.

<sup>159</sup> Long term loan outstanding also includes 'Current portion of Long Term Debts'.

<sup>160</sup> Net worth means Paid up Capital (Equity) *plus* Free Reserves and Surplus *minus* Accumulated losses *minus* Deferred Revenue Expenditure.

<sup>161</sup> Capital Employed represents Shareholders' Fund (Net worth) plus Long Term Borrowings.

<sup>162</sup> Assam Plantation Crop Development Corporation Limited availed the Government of India scheme to prepare backward accounts of latest two years (2012-13 and 2013-14) and remaining accounts within next 5 years. Thereafter, the Company finalised only two years' accounts (2012-13 and 2013-14) while the accounts for 21 years {2001-02 to 2011-12 (11 Accounts) and 2014-15 to 2023-24 (10 Accounts)} were still pending finalisation.

**Appendix 3**  
**Statement showing Rate of Real Return on Government Investment**  
*(Reference: Paragraph 1.1.13)*

(₹ in crore)

Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/ subsidies given by the State government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/pr ofit after tax (PAT) for the year
A	B	C	D	E	F	G	H	I	J	$K = I \times (1+J/100)$	$L = I \times J/100$	M
1998-99	0.00	379.46	-	-	0.62	-	380.08	380.08	9.08	414.59	34.51	-35.02
1999-2000	414.59	2.11	-	-	0.73	-	2.84	417.43	14.91	479.67	62.24	-27.82
2000-01	479.67	2.87	-	-	0.01	-	2.88	482.55	11.72	539.11	56.55	-36.41
2001-02	539.11	10.82	-	-	0.36	-	11.18	550.29	12.47	618.91	68.62	-24.36
2002-03	618.91	0.54	-	-	0.48	-	1.02	619.93	9.82	680.80	60.88	-31.82
2003-04	680.80	0.42	-	--	13.26	--	13.68	694.48	9.97	763.72	69.24	-17.17
2004-05	763.72	0.35	-	-	15.13	-	15.48	779.20	8.47	845.20	66.00	0.13
2005-06	845.20	718.96	-	-	9.30	-	728.26	1,573.46	8.18	1,702.17	128.71	-10.47
2006-07	1,702.17	0.52	-	-	24.46	-	24.98	1,727.15	7.66	1,859.45	132.30	-10.28
2007-08	1,859.45	22.06	-	--	16.08	-	38.14	1,897.59	7.14	2,033.08	135.49	-113.27
2008-09	2,033.08	5.71	-	-	13.75	-	19.46	2,052.54	6.76	2,191.29	138.75	-154.55
2009-10	2,191.29	6.04	-	-	32.12	-	38.16	2,229.45	6.83	2,381.72	152.27	-79.01
2010-11	2,381.72	89.01	-	--	288.11	-	377.12	2,758.84	6.58	2,940.37	181.53	12.32
2011-12	2,940.37	52.88	-	-	194.41	-	247.29	3,187.66	6.78	3,403.79	216.12	-588.15
2012-13	3,403.79	0.20	-	-	194.95	-	195.15	3,598.94	6.57	3,835.39	236.45	-470.25
2013-14	3,835.39	1.46	-	-	210.52	-	211.98	4,047.37	6.53	4,311.66	264.29	-266.21
2014-15	4,311.66	0.00	-	-	340.60	-	340.60	4,652.26	6.40	4,950.00	297.74	-700.64
2015-16	4,950.00	0.00	-	-	377.56	-	377.56	5,327.56	6.47	5,672.26	344.69	-662.05
2016-17	5,672.26	0.00	-	-	443.11	-	443.11	6,115.37	7.14	6,552.00	436.64	-280.30
2017-18	6,552.00	111.20	-	-	1,027.25	-	1,138.45	7,690.45	6.87	8,218.79	528.33	369.11
2018-19	8,218.79	72.44	-	-	971.93	-	1,044.37	9,263.16	7.07	9,918.06	654.91	169.09

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Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/ subsidies given by the State government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/pr ofit after tax (PAT) for the year
A	B	C	D	E	F	G	H	I	J	$K = I \times (1+J/100)$	$L = I \times J/100$	M
2019-20	9,918.06	303.13	-	-	830.42	-	1,133.55	11,051.61	6.74	11,796.49	744.88	-127.36
2020-21	11,796.49	0.00	-	-	1,115.75	-	1,115.75	12,912.24	6.51	13,752.83	840.59	86.47
2021-22	13,752.83	6,303.08	-	-	1,056.80	-	7,359.88	21,112.73	6.46	22,476.61	1,363.88	167.94
2022-23	22,476.61	2,657.25	-	-	814.85	-	3,472.10	25,948.71	6.16	27,547.15	1,598.44	398.00
<b>2023-24</b>	27,547.15	3,347.57 <sup>163</sup>	-	-	557.26	-	3,904.83	31,451.98	6.03	<b>33,348.53</b>	1,896.55	534.14
<b>TOTAL</b>		<b>14,088.08</b>			<b>8,549.82</b>		<b>22,637.90</b>					

Year	Total earnings/ loss in 2023-24	Investment by the State Government as per total of the column H above	Return on State Government investment on the basis of historical value	Present value of State Government investment at the end of 2023-24	Real return on State Government investment considering the present value of investments
	A	B	C	D	E
2023-24	534.14	22,637.90	2.36	33,348.53	1.60

<sup>163</sup> Conversion of loans (₹ 962.92 crore), grants (₹ 1,980.40 crore) and interest (₹ 405.41 crore): ₹ 3,348.73 crore + ₹ 0.59 crore (inclusion of the earlier year investment during the current year) - ₹ 1.75 crore (investment in struck off companies).

## Appendix 4

Statement showing the investment made by State Government in SPSEs whose accounts are in arrears as on 30 September 2024  
(Reference: Paragraph 1.2.5)

(Figures in columns 4 and 6 to 8 are ₹ in crore)

Sl. No.	Name of SPSE	Year up to which accounts finalised	Paid up capital	Periods of accounts pending finalisation	Investment made by State Governments during the years for which the accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
<b>A</b>	<b>Working SPSEs (other than Power sector)</b>						
1	Assam Livestock and Poultry Corporation Limited	2020-21	2.19	3	0.00	0.00	11.08
2	Assam Tea Corporation Limited	2015-16	29.54	8	0.00	19.94	45.00
3	Assam Plantation Crop Development Corporation Limited	2013-14	5.00	21	0.00	7.65	2.99
4	Assam Plains Tribes Development Corporation Limited	2021-22	2.95	2	0.00	0.00	37.12
5	Assam Food and Civil Supplies Corporation Limited	2020-21	12.19	3	0.00	0.00	35.00
6	Assam State Development Corporation for Other Backward Classes Limited	2022-23	3.40	1	0.00	0.00	2.52
7	Assam Minorities Development and Finance Corporation Limited	1997-98	0.01	26	2.40	0.00	0.00
8	Assam State Development Corporation for Scheduled Castes Limited	2020-21	10.10	3	0.00	0.00	14.95
9	Assam State Film (Finance and Development) Corporation Limited	2019-20	0.10	4	0.00	0.04	8.30
10	Assam Hills Small Industries Development Corporation Limited	2008-09	2.00	15	0.00	1.62	0.00
11	Assam Small Industries Development Corporation Limited	2014-15	6.67	9	0.00	4.54	5.03
12	Ashok Paper Mill (Assam) Limited	2018-19	0.01	5	0.00	0.52	0.00
13	Assam Trade Promotion Organisation	2022-23	10.00	1	0.00	0.00	2.70
14	Assam Tourism Development Corporation Limited	2020-21	0.39	3	0.00	0.00	172.74
<b>Total (A)</b>			<b>84.55</b>		<b>2.40</b>	<b>34.31</b>	<b>337.43</b>
<b>B</b>	<b>Statutory Corporations</b>						
1	Assam State Transport Corporation	2022-23	167.73	1	0.00	0.00	101.18
2	Assam Financial Corporation	2022-23	32.40	1	0.00	2.00	0.00
<b>Total (B)</b>			<b>167.73</b>		<b>0.00</b>	<b>2.00</b>	<b>101.18</b>
<b>Total (A + B)</b>			<b>252.28</b>		<b>2.40</b>	<b>36.31</b>	<b>438.61</b>
<b>C</b>	<b>Non-Power sector SPSEs (Non-working)</b>						
1	Assam Agro-Industries Development Corporation Limited	2009-10	2.20	14	1.10	0.00	0.00
2	Assam State Minor Irrigation Development Corporation Limited	2011-12	17.35	12	0.00	0.00	7.15
<b>Total (C)</b>			<b>19.55</b>		<b>1.10</b>	<b>0.00</b>	<b>7.15</b>
<b>Total (A + B+C)</b>			<b>271.83</b>		<b>3.50</b>	<b>36.31</b>	<b>445.76</b>



## Appendix 5

### Financial position/Working results of Assam Seeds Corporation Limited (Reference: Paragraph 2.7)

#### A. Financial position

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	(₹ in crore)					
<b>A. Liabilities</b>						
Paid up Capital	1.46	1.46	1.46	1.46	1.46	1.46
Reserve and Surplus	(-)10.28	(-) 12.17	(-) 12.22	(-) 14.26	(-) 0.79	8.29
Borrowing from State Government	7.19	7.19	7.19	7.19	7.19	7.19
Other Long -Term Liabilities	34.56	38.06	43.11	29.07	41.21	40.76
Trade Dues and Other Current Liabilities	124.83	142.19	120.19	105.44	159.50	150.29
<b>Total (A)</b>	<b>157.76</b>	<b>176.73</b>	<b>159.73</b>	<b>128.90</b>	<b>208.57</b>	<b>207.99</b>
<b>B. Assets</b>						
Net Fixed Assets	3.18	3.21	3.87	3.83	4.61	4.70
Investments (Fixed Deposits)	13.50	5.00	5.00	5.00	12.74	80.34
Current Assets, Loans and Advances	141.08	168.52	150.86	120.07	191.22	122.95
<b>Total (B)</b>	<b>157.76</b>	<b>176.73</b>	<b>159.73</b>	<b>128.90</b>	<b>208.57</b>	<b>207.99</b>
<b>Net Worth<sup>164</sup></b>	<b>(-) 8.82</b>	<b>(-) 10.71</b>	<b>(-) 10.76</b>	<b>(-) 12.80</b>	<b>0.67</b>	<b>9.75</b>
<b>Capital Employed<sup>165</sup></b>	<b>(-) 1.63</b>	<b>(-) 3.52</b>	<b>(-) 3.57</b>	<b>(-) 5.61</b>	<b>7.86</b>	<b>16.94</b>

#### B. Working results

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>A. Total Revenue</b>						
Turnover from supply of seeds to DoA, GoA	83.14	204.46	137.41	67.24	472.36	318.56
Turnover from sale of own production	0.83	1.27	0.85	3.12	0.99	0.64
<b>Total Turnover</b>	<b>83.97</b>	<b>205.73</b>	<b>138.26</b>	<b>70.36</b>	<b>473.35</b>	<b>319.20</b>
Other income <sup>166</sup>	13.84	16.72	10.13	14.89	5.40	4.11
<b>Total Income</b>	<b>97.81</b>	<b>222.45</b>	<b>148.39</b>	<b>85.25</b>	<b>478.75</b>	<b>323.31</b>
<b>B. Total Expenses</b>						
Direct Expenses	88.74	214.27	137.98	77.15	454.73	305.90
Administrative Expenses	0.80	1.45	1.10	3.16 <sup>167</sup>	0.73	0.76
Manpower Expenses	8.49	8.62	9.29	6.97 <sup>168</sup>	9.26	7.56
<b>Total expenses</b>	<b>98.03</b>	<b>224.34</b>	<b>148.37</b>	<b>87.28</b>	<b>464.72</b>	<b>314.22</b>
<b>Net Profit (loss)</b>	<b>(-) 0.22</b>	<b>(-) 1.89</b>	<b>0.02</b>	<b>(-) 2.03</b>	<b>14.03</b>	<b>9.09</b>

<sup>164</sup> Net-worth represents paid up capital *plus* Reserve and Surplus.

<sup>165</sup> Capital Employed = Paid-up capital *plus* Reserve and Surplus *plus* borrowings.

<sup>166</sup> Other income indicates income from interest on deposits in banks and other miscellaneous receipts.

<sup>167</sup> Administrative expenses increased to ₹ 3.17 crore in 2021-22, which included payment of income tax and penalty amounting to ₹ 2.45 crore.

<sup>168</sup> Due to superannuation of 21 employees, there was reduction in manpower expenses during 2021-22. Further, in 2022-23, employees' expenses had substantially increased due to hike in pay and allowances on account of pay revision as per 7<sup>th</sup> Pay Commission of Assam.

**Appendix 6**  
**Details of seed farm-wise performance during the period from 2018-24**  
*(Reference: Paragraph 2.8.2)*

(₹ in lakh)

Sl. No.	Name of Seed Farm	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	Cherelipathar	Income	8.64	10.30	8.72	4.23	2.63	10.26	44.78
		Expenditure	11.57	9.97	10.55	10.51	6.04	7.30	55.94
		<b>Profit /Loss (-)</b>	<b>(-)2.93</b>	<b>0.33</b>	<b>(-)1.83</b>	<b>(-)6.28</b>	<b>(-)3.41</b>	<b>2.96</b>	<b>(-)11.16</b>
2	Dalgaon	Income	42.45	52.21	47.97	37.88	64.61	75.98	321.10
		Expenditure	32.76	48.37	50.52	51.58	47.19	53.22	283.64
		<b>Profit /Loss (-)</b>	<b>9.69</b>	<b>3.84</b>	<b>(-)2.55</b>	<b>(-)13.70</b>	<b>17.42</b>	<b>22.76</b>	<b>37.46</b>
3	Darigaji	Income	34.20	51.80	68.66	56.85	37.06	71.82	320.39
		Expenditure	32.91	47.18	42.78	50.49	32.94	52.02	258.32
		<b>Profit /Loss (-)</b>	<b>1.29</b>	<b>4.62</b>	<b>25.88</b>	<b>6.36</b>	<b>4.12</b>	<b>19.80</b>	<b>62.07</b>
4	Dhekiajuli	Income	19.83	24.08	20.78	20.78	9.05	19.95	114.47
		Expenditure	17.24	20.76	16.92	19.23	23.46	13.86	111.47
		<b>Profit /Loss (-)</b>	<b>2.59</b>	<b>3.32</b>	<b>3.86</b>	<b>1.55</b>	<b>(-)14.41</b>	<b>6.09</b>	<b>3.00</b>
5	Dimoru	Income	9.04	8.71	8.05	3.15	0.00	10.64	39.59
		Expenditure	11.02	12.54	15.85	15.42	2.56	11.64	69.03
		<b>Profit /Loss (-)</b>	<b>(-)1.98</b>	<b>(-)3.83</b>	<b>(-)7.80</b>	<b>(-)12.27</b>	<b>(-)2.56</b>	<b>(-)1.00</b>	<b>(-)29.44</b>
6	Fallangani	Income	0.86	3.41	4.06	1.43	-	-	9.76
		Expenditure	3.98	3.85	5.68	5.68	-	2.01	21.20
		<b>Profit /Loss (-)</b>	<b>(-)3.12</b>	<b>(-)0.44</b>	<b>(-)1.62</b>	<b>(-)4.25</b>	<b>-</b>	<b>(-)2.01</b>	<b>(-)11.44</b>
7	Golakgunj	Income	7.31	11.29	20.95	11.05	10.73	14.44	75.77
		Expenditure	18.28	14.72	17.58	15.75	12.05	22.09	100.47
		<b>Profit /Loss (-)</b>	<b>(-)10.97</b>	<b>(-)3.43</b>	<b>3.37</b>	<b>(-)4.70</b>	<b>(-)1.32</b>	<b>(-)7.65</b>	<b>(-)24.70</b>
8	Monierkhal	Income	2.16	3.88	4.71	0.67	7.00	-	18.42
		Expenditure	6.10	3.20	4.93	3.72	2.02	1.21	21.18
		<b>Profit /Loss (-)</b>	<b>(-)3.94</b>	<b>0.68</b>	<b>(-)0.22</b>	<b>(-)3.05</b>	<b>4.98</b>	<b>(-)1.21</b>	<b>(-)2.76</b>
9	Moran	Income	5.04	2.00	2.42	1.93	2.63	-	14.02
		Expenditure	16.49	14.45	4.63	2.60	0.42	1.69	40.28
		<b>Profit /Loss (-)</b>	<b>(-)11.45</b>	<b>(-)12.45</b>	<b>(-)2.21</b>	<b>(-)0.67</b>	<b>2.21</b>	<b>(-)1.69</b>	<b>(-)26.26</b>
10	Rohdoi	Income	8.87	10.80	9.66	6.27	8.75	9.50	53.85
		Expenditure	9.16	10.59	7.07	7.07	8.62	13.65	56.16
		<b>Profit /Loss (-)</b>	<b>(-)0.29</b>	<b>0.21</b>	<b>2.59</b>	<b>(-)0.80</b>	<b>0.13</b>	<b>(-)4.15</b>	<b>(-)2.31</b>
11	Senchowa	Income	1.95	1.48	2.44	2.13	2.19	3.04	13.23
		Expenditure	3.62	2.60	2.60	2.60	0.95	2.48	14.85
		<b>Profit /Loss (-)</b>	<b>(-)1.67</b>	<b>(-)1.12</b>	<b>(-)0.16</b>	<b>(-)0.47</b>	<b>1.24</b>	<b>0.56</b>	<b>(-)1.62</b>
12	Tingtingia	Income	0.86	-	3.41	0.45	-	-	4.72
		Expenditure	7.64	7.76	7.42	8.36	1.21	7.90	40.29
		<b>Profit /Loss (-)</b>	<b>(-)6.78</b>	<b>(-)7.76</b>	<b>(-)4.01</b>	<b>(-)7.91</b>	<b>(-)1.21</b>	<b>(-)7.90</b>	<b>(-)35.57</b>

**Appendix 7**  
**Details of income and expenditure of nurseries during 2018-24**  
*(Reference: Paragraph 2.9)*

(₹ in lakh)

Sl. No.	Name of Nurseries	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	Bamunigaon Big Nursery	Income	1.80	0.23	3.20	-	-	-	5.23
		Expenditure	4.28	4.28	3.51	2.23	7.24	2.42	23.96
		Profit/Loss (-)	-2.48	-4.05	-0.31	-2.23	-7.24	-2.42	-18.73
2	Demow Nursery	Income	1.28	0.98	1.40	-	-	-	3.66
		Expenditure	1.62	1.54	1.77	1.21	1.21	1.21	8.56
		Profit/Loss (-)	-0.34	-0.56	-0.37	-1.21	-1.21	-1.21	-4.90
3	Ketekibari Nursery	Income	0.68	0.42	0.60	-	-	-	1.70
		Expenditure	1.82	1.62	1.45	2.42	2.42	2.42	12.15
		Profit/Loss (-)	-1.14	-1.20	-0.85	-2.42	-2.42	-2.42	-10.45
4	Ghungoor Nursery	Income	0.54	0.32	0.44	-	-	-	1.30
		Expenditure	1.16	1.28	1.38	1.21	-	-	5.03
		Profit/Loss (-)	-0.62	-0.96	-0.94	-1.21	-	-	-3.73
5	Khanapara Nursery	Income	4.23	2.88	6.90	5.84	8.52	8.46	36.83
		Expenditure	4.95	6.34	15.79	12.07	19.27	26.49	84.91
		Profit/Loss (-)	-0.72	-3.46	-8.89	-6.23	-10.75	-18.03	-48.08
6	Ulubari Nursery	Income	48.60	56.45	60.05	57.00	62.70	56.88	341.68
		Expenditure	38.16	45.17	55.60	52.92	51.61	46.55	290.01
		Profit/Loss (-)	10.44	11.28	4.45	4.08	11.09	10.33	51.67

**Appendix 8**  
**Responses of beneficiaries to audit questionnaire**  
*(Reference: Paragraph 2.13.2)*

Audit questions		Response	Number	Percent
A	Quantity and Quality of seeds			
1.	Whether seeds provided were as per your quantity requirement?	Yes	36	14.40
		No	214	85.60
		Total	250	100.00
2.	Whether seeds received were as per the specified quality?	Yes	244	97.60
		No	6	2.40
		Total	250	100.00
B	Storage of seeds			
1.	Do you have sufficient storage capacity for storing the seeds?	Yes	124	49.60
		No	126	50.40
		Total	250	100.00
2.	Whether you were informed about the scheme of subsidy for procurement of storage bins?	Yes	164	65.60
		No	26	10.40
		Not responded	60	24.00
		Total	250	100.00
C	Training			
1.	What was the duration of training?	3 days	166	66.40
		1 day	41	16.40
		Not provided	43	17.20
		Total	250	100.00
D	Suggestion			
1.	Do you have any suggestion related to the scheme?			
a	The scheme should ensure timely distribution of seeds and continue in future also.		172	68.80
b	The scheme should have provision for Buy-back of seeds produced.		18	7.20
c	Good quality seeds may be provided		23	9.20
d	No comments		37	14.80
Total			250	100.00

**Appendix 9**  
**Statement showing loss of fixed charges due to non-enhancement of contract demand of**  
**Varun Beverages**  
*(Reference: Paragraph 3.2)*

Month	Existing contract demand (KW)	Requested contract demand (KW)	Difference (KW)	Difference (KVA)	Rate of fixed charge per KVA (₹)	Total fixed charge (₹)
	A	B	C=B-A	D=C/0.85	E	F=DxE
October 2021	2,103	3,200	1,097	1,291	220	2,83,929
November 2021	2,103	3,200	1,097	1,291	220	2,83,929
December 2021	2,103	3,200	1,097	1,291	220	2,83,929
January 2022	2,103	3,200	1,097	1,291	220	2,83,929
February 2022	2,103	3,200	1,097	1,291	220	2,83,929
March 2022	2,103	3,200	1,097	1,291	220	2,83,929
April 2022	2,103	3,200	1,097	1,291	270	3,48,459
May 2022	2,103	3,200	1,097	1,291	270	3,48,459
June 2022	2,103	3,200	1,097	1,291	270	3,48,459
July 2022	2,103	4,200	2,097	2,467	270	6,66,106
August 2022	2,103	4,200	2,097	2,467	270	6,66,106
September 2022	2,103	4,200	2,097	2,467	270	6,66,106
October 2022	2,103	4,200	2,097	2,467	270	6,66,106
November 2022	2,103	4,200	2,097	2,467	270	6,66,106
December 2022	2,103	4,200	2,097	2,467	270	6,66,106
January 2023	2,103	4,200	2,097	2,467	270	6,66,106
February 2023	2,309*	4,200	1,891	2,225	270	6,00,671
March 2023	2,903	4,200	1,297	1,526	270	4,11,988
April 2023	2,903	4,200	1,297	1,526	280	4,27,247
May 2023	2,903	4,200	1,297	1,526	280	4,27,247
June 2023	2,903	4,200	1,297	1,526	281	4,28,773
<b>Total</b>						<b>97,07,620</b>

\* In this month the actual contract demand exceeded the existing contract demand and as such the Company billed the Consumer on the actual contract demand.

**Appendix 10**  
**Statement showing the processing fee realisable from Industrial Units for grant of**  
**Eligibility Certificate**  
*(Reference: Paragraph 3.5)*

Sl. No.	Date of issuance of EC	Name of Unit	Original/Additional cost of Plant and Machinery (in ₹)	0.10 per cent of Plant and Machinery (in ₹)	Processing Fee (in ₹)
1	09-11-2016	Shyamsree Food Processing (P) Ltd	24,42,05,053	2,44,205	2,00,000
2	11-11-2016	Sagar Steels Processing & Manufacturing Unit	13,74,31,465	1,37,431	1,37,431
3	15-11-2016	Homtek India Snacks Manufacturing Co.	5,14,66,133	51,466	51,466
4	15-11-2016	K.D. Infra	18,48,54,082	1,84,854	1,84,854
5	15-11-2016	Joyshree Cement Industries	10,81,07,101	1,08,107	1,08,107
6	15-11-2016	Pratap Snacks Pvt. Ltd	17,34,88,410	1,73,488	1,73,488
7	15-11-2016	Jumbo Roofings & Tiles	5,24,10,510	52,411	52,411
8	31-10-2017	K. D. Cement	7,47,79,767	74,780	74,780
9	14-11-2017	York Print Pvt. Ltd	10,11,33,362	1,01,133	1,01,133
10	14-11-2017	Jalan Iron & Steel Company	3,89,92,487	38,992	38,992
11	14-11-2017	Natco Pharma Ltd	7,47,45,139	74,745	74,745
12	14-11-2017	Grihashakti Steels Pvt. Ltd	3,59,76,632	35,977	35,977
13	14-11-2017	Avichal Buildcon Private Limited	10,24,52,599	1,02,453	1,02,453
14	14-11-2017	P.D. Pipes	4,87,35,000	48,735	48,735
15	14-11-2017	Keshar Safety Glass	7,82,18,788	78,219	78,219
16	07-03-2018	Sunshine Fiber Industry	4,32,18,894	43,219	43,219
17	03-04-2018	Eris Lifescience Limited	18,94,38,679	1,89,439	1,89,439
18	03-04-2018	Dharampal Satyapal Limited	11,64,54,953	1,16,455	1,16,455
19	01-06-2018	Ashoka Kraft Paper Mills LLP	17,50,06,204	1,75,006	1,75,006
20	01-06-2018	Superlite AAC Blocks Industry	24,77,36,383	2,47,736	2,00,000
21	01-06-2018	TCPL Packaging Limited	31,74,23,726	3,17,424	2,00,000
22	01-06-2018	North East Glass Industries	80,73,628	80,736	80,736
23	28-06-2018	Hindustan Urban Infrastructure Ltd	3,06,26,668	30,627	30,627
24	10-08-2018	Bajrang Ispat Pvt. Ltd	1,56,38,405	15,638	15,638
25	10-08-2018	Creative Propack Ltd	16,68,59,277	1,66,859	1,66,859
26	10-08-2018	Laxmi Narayan Kraft Industries	1,36,08,639	13,609	13,609
27	10-08-2018	Keshri Hi-Tech Packaging	3,85,94,086	38,594	38,594
28	10-08-2018	B.R Metallic (Unit-AAC Block)	16,45,27,877	1,64,528	1,64,528

Sl. No.	Date of issuance of EC	Name of Unit	Original/Additional cost of Plant and Machinery (in ₹)	0.10 per cent of Plant and Machinery (in ₹)	Processing Fee (in ₹)
29	10-08-2018	Barak Ispat Private Limited	5,19,96,399	51,996	51,996
30	10-08-2018	Jumbo Paper Products	7,21,66,759	72,167	72,167
31	10-08-2018	Shiv Polymers Industries	8,78,40,963	87,841	87,841
32	18-09-2018	Eveready Industries India Ltd	47,74,46,996	4,77,447	2,00,000
33	20-09-2018	York Print (P) Ltd (Unit-IV)	25,68,22,606	2,56,823	2,00,000
34	20-09-2018	K.D. Iron & Steel Co.	21,99,77,598	2,19,978	2,00,000
35	20-09-2018	JDB Steel LLP	30,77,72,364	3,07,772	2,00,000
36	20-09-2018	York Print (P) Ltd (Unit-V)	6,61,33,012	66,133	66,133
37	20-09-2018	Manjushree Technopack Limited	15,44,82,876	1,54,483	1,54,483
38	16-02-2019	Britannia Industries Ltd.	59,66,41,682	5,96,642	2,00,000
39	16-02-2019	Purbanchal Timber Industries	8,70,87,579	87,088	87,088
40	16-02-2019	Aman Udyog Pvt. Ltd	4,45,27,014	44,527	44,527
41	16-02-2019	P.D. Plastics	12,47,74,583	1,24,775	1,24,775
42	16-02-2019	Burger Paints India Limited	73,41,48,856	7,34,149	2,00,000
43	16-02-2019	ITC Limited	53,34,51,776	5,33,452	2,00,000
44	16-02-2019	Jyothy Laboratories Ltd (Unit-IV)	7,64,72,251	76,472	76,472
45	16-02-2019	Maa Durga Steel	11,90,83,782	1,19,084	1,19,084
46	16-02-2019	Dhula Rice Mill Pvt. Ltd	10,19,88,245	1,01,988	1,01,988
47	16-02-2019	Magnu Industries (Unit-II)	3,29,38,109	32,938	32,938
48	19-06-2019	Alliance India (Unit-III)	13,18,16,438	1,31,816	1,31,816
49	19-06-2019	Vinayak Cement	4,03,60,239	40,360	40,360
50	19-06-2019	Parksons Packaging Limited	22,89,78,154	2,28,978	2,00,000
51	19-06-2019	Marico Limited	22,17,62,301	2,21,762	2,00,000
52	19-06-2019	Manjushree Innovations Pvt. Ltd	24,24,84,716	2,42,485	2,00,000
53	19-06-2019	North Eastern Steel Pvt. Ltd	4,41,93,145	44,193	44,193
54	20-06-2019	Uma Polymers Ltd	17,15,46,096	1,71,546	1,71,546
55	20-06-2019	Asian Thai Foods India Pvt. Ltd	5,65,79,768	56,580	56,580
56	20-06-2019	Jyothy Laboratories Ltd	5,37,18,161	53,718	53,718
57	20-06-2019	Havells India Limited	5,51,90,151	55,190	55,190
58	20-06-2019	Creative Polypack Ltd	8,70,09,103	87,009	87,009
59	20-06-2019	Assorted Plastics (Unit-III)	3,66,42,281	36,642	36,642
60	20-06-2019	Skipper Limited	12,65,32,158	1,26,532	1,26,532
61	20-06-2019	Hamilton Housewares Pvt. Ltd	7,13,76,393	71,376	71,376

Sl. No.	Date of issuance of EC	Name of Unit	Original/Additional cost of Plant and Machinery (in ₹)	0.10 per cent of Plant and Machinery (in ₹)	Processing Fee (in ₹)
62	20-06-2019	Apex Yarn Limited	3,22,60,466	32,260	32,260
63	09-07-2019	Pure & Cure Healthcare Pvt. Ltd	5,67,64,241	56,764	56,764
64	09-07-2019	Hetero Healthcare Ltd	9,09,39,030	90,939	90,939
65	09-07-2019	Dabur India Limited	57,79,93,241	5,77,993	2,00,000
66	09-07-2019	Cavinkare Pvt. Ltd	16,40,59,873	1,64,060	1,64,060
67	15-10-2019	Pride Coke Pvt. Ltd Unit-II (Rice Mill)	7,77,13,777	77,714	77,714
68	15-10-2019	Jericho Chemicals LLP	38,13,37,541	3,81,338	2,00,000
69	15-10-2019	Plascom Industries LLP	9,75,30,141	97,530	97,530
70	15-10-2019	Dukes Products (india) Ltd	10,41,54,544	1,04,155	1,04,155
71	15-10-2019	Godrej Consumer Products Ltd	8,92,57,049	89,257	89,257
72	15-10-2019	Abdos Lamitubes Pvt. Ltd (Unit-II)	21,48,00,737	2,14,801	2,00,000
73	15-10-2019	Prataap Snacks Limited	16,94,53,597	1,69,454	1,69,454
74	15-10-2019	Alsthom Industris Limited	35,49,36,396	3,54,936	2,00,000
75	15-10-2019	Ajanta Pharma Limited	19,36,74,258	1,93,674	1,93,674
76	15-10-2019	Abdos Lamitubes Pvt. Ltd (Unit-III)	16,58,60,606	1,65,861	1,65,861
77	15-10-2019	Patanjali Ayurved Limited	53,38,28,921	5,33,829	2,00,000
78	15-10-2019	Shree Shyam Steel	6,18,03,893	61,804	61,804
79	15-10-2019	Marico Limited	5,76,24,670	57,625	57,625
80	11-03-2020	National Plasto Moulding	6,56,35,950	65,636	65,636
81	11-03-2020	Eastern Infratech	1,66,07,018	16,607	16,607
82	11-03-2020	Calcom Cement India Ltd (Clinker Unit)	2,97,62,94,974	29,76,295	2,00,000
83	12-03-2020	Premier Cryogenics Limited (Samaguri Unit)	27,66,70,996	2,76,671	2,00,000
84	12-03-2020	Essel Propack Ltd	35,44,55,073	3,54,455	2,00,000
85	12-03-2020	K.C. & Sons	4,12,54,149	41,254	41,254
86	12-03-2020	Eses Biowealth Pvt Ltd	9,46,71,184	94,671	94,671
87	12-03-2020	United Engineers India, Phase-III	11,85,03,548	1,18,504	1,18,504
88	12-03-2020	SMJDB Estate Pvt. Ltd (Hotel Novotel)	13,07,56,233	1,30,756	1,30,756
89	12-03-2020	Progressive Fertichem Pvt. Ltd	4,76,52,789	47,653	47,653
90	12-03-2020	Abdos Polymers Ltd	5,17,30,303	51,730	51,730
91	12-03-2020	D.S. (Assam) Hospitality Limited	31,84,22,987	3,18,423	2,00,000
92	12-03-2020	Pidilite Industries Ltd	5,82,00,990	58,201	58,201
93	12-03-2020	Star Paper & Board Mill	3,10,19,517	31,020	31,020
94	17-03-2020	PDP Steels Ltd	11,12,80,957	1,11,281	1,11,281
95	06-11-2020	Alpet Containers Unit-III	5,36,35,620	53,636	53,636



Sl. No.	Date of issuance of EC	Name of Unit	Original/Additional cost of Plant and Machinery (in ₹)	0.10 per cent of Plant and Machinery (in ₹)	Processing Fee (in ₹)
96	06-11-2020	Barak Valley Cements Ltd	21,88,96,529	2,18,897	2,00,000
97	06-11-2020	Shrinivas (Gujrat) Laboratories Pvt. Ltd	8,56,51,451	85,651	85,651
98	06-11-2020	Vivanta By Taj	43,30,20,106	4,33,020	2,00,000
99	06-11-2020	Huhtamaki PPL. Ltd.	7,06,84,442	70,684	70,684
100	06-11-2020	Shivpriya Industries	5,15,21,774	51,522	51,522
101	28-07-2021	Hindustan Unilever Limited	1,10,13,95,771	11,01,396	2,00,000
102	28-07-2021	Lily Hotel (A unit of Lily Hotels Pvt. Ltd.	3,09,84,726	30,985	30,985
103	28-07-2021	Kiranshree Grand (A unit of Pooja Finne Ltd)	4,48,16,541	44,817	44,817
104	28-07-2021	Tulsi Specially Foods	14,12,07,580	1,41,208	1,41,208
105	28-07-2021	Annapurna Food & Beverages	4,26,82,212	42,682	42,682
106	04-10-2021	Hotel Meghna	2,73,43,024	27,343	27,343
107	04-10-2021	Hotel Gaurang Valley	1,30,24,115	13,024	13,024
108	25-03-2022	Rausheena Udyog Ltd. (Unit-III)	4,20,27,444	42,027	42,027
109	25-03-2022	North East Nutrients Pvt. Ltd	63,76,81,738	6,37,682	2,00,000
110	21-08-2023	Abdos Lamitubes Pvt. Ltd (Unit-II)	7,44,90,762	74,491	74,491
111	21-08-2023	C.G Foods	5,92,94,961	59,295	59,295
<b>Total</b>					<b>1,22,57,730</b>







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