

Chapter-I

Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (SPSUs) consist of State Government companies and Statutory corporations. The SPSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Assam, the SPSUs occupy an important place in its economy. The working SPSUs registered a turnover of ₹ 3,910.26 crore for 2013-14 as per their latest finalised accounts as on 30 September 2014. This turnover was equal to 2.40 *per cent* of State Gross Domestic Product (GDP) of ₹ 1,62,652.24 crore¹ for 2013-14. Major activities of SPSUs are concentrated in Power sector. The working SPSUs incurred an overall loss of ₹ 269.15 crore in aggregate for 2013-14 as per their latest finalised accounts as on 30 September 2014 and had employed 37,742² employees as on 31 March 2014.

1.2 As on 31 March 2014, there were 50 SPSUs as per the details given in *Table 1.1*. Of these, one Company³ was listed on the stock exchange.

Table 1.1

Type of SPSUs	Working SPSUs	Non-working SPSUs ⁴	Total
Government companies	37	09	46
Statutory corporations	03	01 ⁵	04
Total	40	10	50

Audit Mandate

1.3 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and corporations

¹ Source: Economic Survey, Assam 2013-14

² As per the details provided by 37 SPSUs, remaining 3 SPSUs did not furnish the details and hence the manpower position for the previous year was taken wherever applicable.

³ Assam Petrochemicals Limited

⁴ Non-working SPSUs are those which have ceased to carry on their operations.

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

controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B⁶ of the Companies Act.

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

1.5 The Government of India (Ministry/Department of Corporate Affairs) has notified (September 2013) the Companies Act, 2013. However, the provisions of the new Act shall be applicable on Government companies from the next accounting year 2014-15 (*viz.* from the accounting periods commencing on or after 1 April 2014) and audit of the accounts of Government companies pertaining to the periods prior to 1 April 2014 shall continued to be governed by the Companies Act, 1956.

1.6 Audit of Statutory corporations is governed by their respective legislations. Out of four Statutory corporations in Assam, CAG is the sole auditor for Assam State Electricity Board⁷ and Assam State Transport Corporation. In respect of Assam State Warehousing Corporation and Assam Financial Corporation, CAG conducts the supplementary audit after the statutory audit conducted by Chartered Accountants.

Investment in SPSUs

1.7 As on 31 March 2014, the investment (capital and long-term loans) in 50 SPSUs was ₹ 3,915.33 crore as *per* details given in **Table 1.2**.

Table 1.2

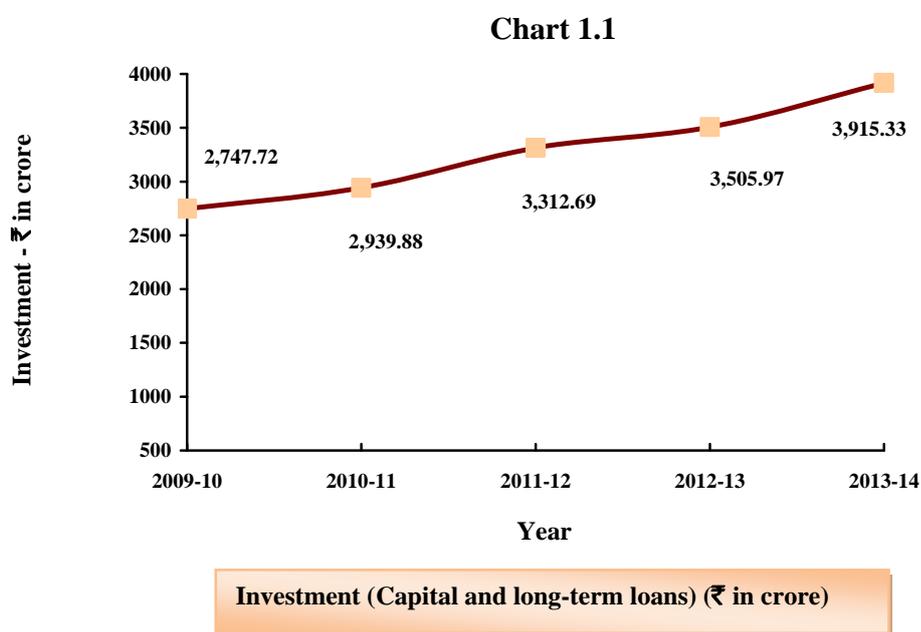
Type of SPSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
	<i>(₹ in crore)</i>						
Working SPSUs	1,293.22	1,855.49	3,148.71	673.29	52.65	725.94	3,874.65
Non-working SPSUs	26.68	13.37	40.05	0.63	-	0.63	40.68
Total	1,319.90	1,868.86	3,188.76	673.92	52.65	726.57	3,915.33

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

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

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

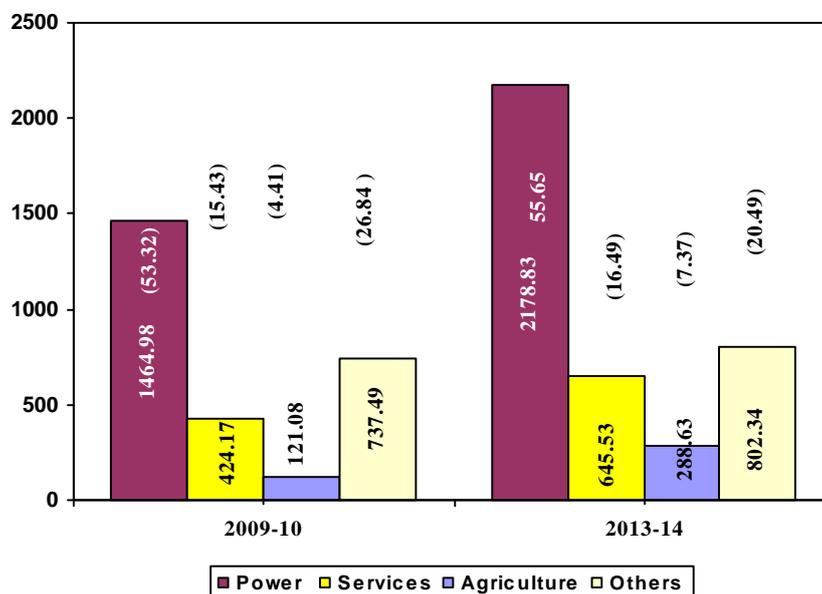
1.8 As on 31 March 2014, of the total investment in SPSUs, 98.96 per cent was in working SPSUs and the remaining 1.04 per cent in non-working SPSUs. This total investment consisted of 50.92 per cent towards capital and 49.08 per cent in long-term loans. There investment had grown up by 42.49 per cent from ₹ 2,747.72 crore in 2009-10 to ₹ 3,915.33 crore in 2013-14 as shown in the **Chart 1.1**.



1.9 The total investment in various important sectors and percentage thereof at the end of 31 March 2010 and 31 March 2014 are indicated below in the **Chart 1.2**. As compared to the investment in 2009-10, investment in 2013-14 has increased significantly in all three major sectors viz. in the Power, Service and Agriculture sectors by 49 per cent (₹ 713.85 crore), 52 per cent (₹ 221.36 crore) and 23 per cent (₹ 167.55 crore) respectively. There has been marginal increase of 9 per cent (₹ 64.85 crore) in the Other Sector during the said period.

Chart 1.2

(₹ in crore)



(Figures in brackets show the percentage of total investment)

Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantee commitment and loans written off in respect of SPSUs are given in *Annexure 3*. The summarised details of the budgetary outgo to SPSUs during three years ended 2013-14 are shown in *Table 1.3*.

Table 1.3

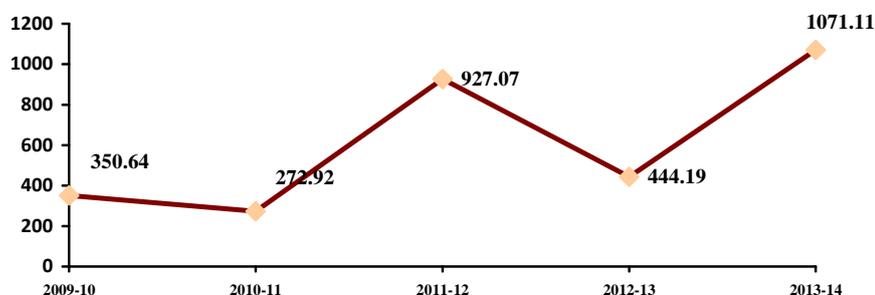
(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	3	86.17	1	0.20	2	55.42
2.	Loans given from budget	2	316.58	4	60.29	6	255.94
3.	Grants/Subsidy	13	524.32	15	383.70	18	759.75
4.	Total Outgo (1+2+3) ⁸	14	927.07	16	444.19	19	1071.11
5.	Loans written off	1	3.77	-	-	-	-
6.	Interest/ Penal Interest written off	1	2.43	-	-	-	-
7.	Total Waiver	1	6.20	-	-	-	-
8.	Guarantee Commitment	3	38.90	01	4.00	-	-

⁸ Actual number of SPSUs, which received equity, loans, grants/subsidies from the State Government

1.11 The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in **Chart 1.3**.

Chart 1.3



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

It may be observed that during the five years from 2009-10 to 2013-14, the year-wise budgetary outgo to the SPSUs in the form of equity, loans, grants/subsidies, etc. had shown a mixed trend. The budgetary outgo to SPSUs had, however, registered an overall increase of more than 200 per cent (₹ 720.47 crore) during five years period from ₹ 350.64 crore (2009-10) to ₹ 1,071.11 crore (2013-14). The steep increase in budgetary outgo during 2011-12 and 2013-14 by 240 per cent and 141 per cent respectively was mainly on account of extension of loan/grants of ₹ 765.44 crore⁹ (2011-12) and ₹ 907.32 crore¹⁰ (2013-14) to three power sector companies.

1.12 The amount of Guarantees outstanding had decreased from ₹ 45.53 crore (2010-11) to ₹ 4.00 crore (2012-13). At the end of the year 2013-14, however, no guarantee/commitments were outstanding against the SPSUs.

Reconciliation with Finance Accounts

1.13 The figures in respect of equity and loans extended by the State Government and remaining outstanding as per the records of SPSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department are required to carry out reconciliation of differences. The position in this regard as at 31 March 2014 is summarised in **Table 1.4**.

⁹ Loans ₹ 315.09 crore and grants ₹ 450.35 crore

¹⁰ Loans ₹ 237.38 crore and grants ₹ 669.94 crore

Table 1.4

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
(₹ in crore)			
Equity	2,141.47	1,776.52	364.95
Loans	3,082.63 ¹¹	1,346.68	1,735.95

1.14 Audit observed that the differences in equity¹² figures existed in respect of 42 SPSUs. It was further observed that during 2012-13, the differences in the figures of Equity and Loans were to the tune of ₹ 460.65 crore and ₹ 1,698.62 crore respectively. It may be noticed that the un-reconciled differences in loan had increased by ₹ 37.33 crore during 2013-14 while there was a reduction of ₹ 95.70 crore in the un-reconciled differences of Equity figures. No significant progress was, however, noticed in this direction. The Accountant General (AG) had also taken up (May 2012 / December 2013) the issue with the Chief Secretary, Principal Secretaries to the Government of Assam (GOA) and the concerned SPSUs for early reconciliation of long pending differences. The Government and the SPSUs should take concrete steps to reconcile the differences in a time bound manner.

Performance of SPSUs

1.15 The financial results of SPSUs, financial position and working results of working Statutory corporations as per their latest finalised accounts as of September 2014 are detailed in *Annexure 2, 5 and 6* respectively. A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. *Table 1.5* provides the details of working SPSU turnover and State GDP for the period 2008-09 to 2013-14.

Table 1.5

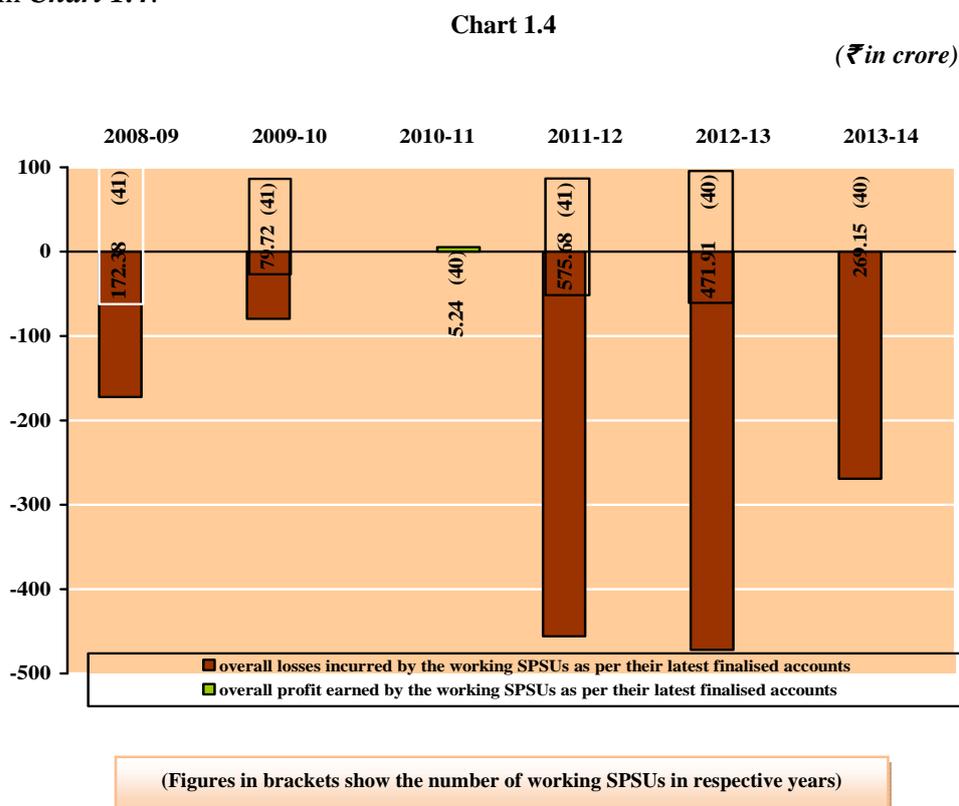
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
(₹ in crore)						
Turnover ¹³	2,766.90	3,519.57	2,644.44	2,879.21	3,509.96	3,910.26
State GDP	77,506	88,023	1,04,218	1,15,408	1,43,567	1,62,652 ¹⁴
Percentage of Turnover to State GDP	3.57	4.00	2.54	2.49	2.44	2.40

¹¹ Including cumulative balances of loans to SPSUs (₹ 76.49crore) and State Electricity Board (₹ 3006.14 crore) as adopted from the major heads 'Loans to Public Sector and other Undertakings' and 'Loans to State Electricity Board' in absence of PSU-wise details in the Finance Accounts, 2013-14 (provisional).

¹² SPSU-wise details of Loans not available in the Finance Accounts of the State.

The State GDP showed continuous growth during the years from 2008-09 to 2013-14. The turnover of working SPSUs also consistently increased during 2008-09 to 2013-14 (excepting 2010-11) from ₹ 2,766.90 crore (2008-09) to ₹ 3,910.26 crore (2013-14). The overall growth in terms of the percentage of turnover to the State GDP, however, showed a decreasing trend after 2009-10, which was indicative of the fact that the turnover of the working SPSUs was not encouraging as compared to year-wise growth in State GDP figures.

1.16 Losses incurred by working SPSUs during 2008-09 to 2013-14 are given in **Chart 1.4**.



The overall losses of the working SPSUs showed a decreasing trend after 2008-09 and there was an overall profit of ₹ 5.24 crore during 2010-11. In the subsequent years, however, working SPSUs incurred losses of ₹ 575.68 crore (2011-12) and ₹ 471.91 crore (2012-13) mainly due to the losses of ₹ 599.19 crore (2011-12) and ₹ 524.85 crore (2012-13) incurred by three power sector companies. During 2013-14 the losses again decreased to ₹ 269.15 crore mainly

¹³ Turnover of working SPSUs as per the latest finalised accounts as on 30 September of respective year.

¹⁴ Source: Economic Survey Assam 2013-14

due to profit of ₹ 119.24 crore earned by one power sector Company (Assam Electricity Grid Corporation Limited) as against the loss of ₹ 67.63 crore incurred during the previous year (2012-13). During the year 2013-14, out of 40 working SPSUs, 16 SPSUs earned an aggregate profit of ₹ 215.72 crore and 21 SPSUs incurred aggregate loss of ₹ 484.87 crore. Out of remaining three working SPSUs, two SPSUs¹⁵ had not started commercial activities while one SPSU¹⁶ had not finalised its first accounts. The major contributors to profits were Assam Electricity Grid Corporation Limited (₹ 119.24 crore), Assam Gas Company Limited (₹ 68.14 crore), Assam Petrochemicals Limited (₹ 9.38 crore) and DNP Limited (₹ 4.42 crore). Heavy losses were incurred by Assam Power Distribution Company Limited (₹ 418.14 crore), Assam State Transport Corporation (₹ 33.43 crore) and Assam Industrial Development Corporation Limited (₹ 7.46 crore).

1.17 A review of latest Audit Reports of CAG shows that the SPSUs incurred losses to the tune of ₹ 258.65 crore and made in-fructuous investment of ₹ 28.79 crore which were controllable with better management. Year-wise details from Audit Reports are stated as shown in **Table 1.6**.

Table 1.6

Particulars	2011-12	2012-13	2013-14	Total
	(₹ in crore)			
Net loss (-) / Net Profit	(-) 575.68	(-) 471.91	(-) 269.15	(-) 1,316.74
Controllable losses as per C&AG's Audit Report	188.19	21.82	48.64	258.65
Infructuous Investment	-	0.37	28.42	28.79

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

1.18 The above losses pointed out by the Audit Reports of CAG are based on test check of records of SPSUs. The actual controllable losses would be much

¹⁵ Assam Power loom Development Corporation Limited and Pragjyotish Fertilizers and Chemicals Limited (Sl. no. A-17 and A-29 of *Annexure 2*)

¹⁶ Assam Minorities Development and Finance Corporation limited (Sl. no. A-10 of *Annexure 2*)

more. With better management, losses can be minimized (or eliminated or the profits can be enhanced substantially). The SPSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for improving professionalism and accountability in the functioning of SPSUs.

1.19 Some other key parameters pertaining to SPSUs are given in **Table 1.7**.

Table 1.7

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	(₹ in crore)					
Return on Capital Employed (Per cent)	*	2.82	2.97	*	*	*
Debt	1,554.31	1,433.45	1,217.87	1,505.09	1,675.47	1,921.51
Turnover ¹⁷	2,766.90	3,519.57	2,644.44	2,879.21	3,509.96	3,910.26
Debt/ Turnover Ratio	0.56:1	0.41:1	0.46:1	0.52:1	0.48:1	0.49:1
Interest Payments	112.84	201.81	105.13	166.49	173.32	231.26
Accumulated losses (-)	(-)1,102.85	(-)1,278.52	(-)1,091.09	(-)2,248.10	(-)2,640.42	(-)2,892.00

* Negative figures

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

1.20 From the above table, it may be noticed that excepting 2009-10 and 2010-11, the percentage of returns on capital employed was negative throughout the period of six years from 2008-09 to 2013-14. This was mainly due to huge losses incurred by the working SPSUs during the said periods. As discussed under **Paragraph 1.16** supra, out of six years analysed by Audit, the working SPSUs showed overall positive working results (₹ 5.24 crore) only during one year (viz. 2010-11) while the overall losses of these SPSUs were at lowest (₹ 79.72 crore) during 2009-10. As a result, the percentage of return on capital employed was positive during these two years. The accumulated losses of the SPSUs had shown an increasing trend during all the years from 2008-09 to 2013-14, excepting one year 2010-11, and has increased by ₹ 1,789.15 crore (162 per cent) from ₹ 1,102.85 crore (2008-09) to ₹ 2,892.00 crore (2013-14).

¹⁷ Turnover of working SPSUs as per the latest finalised accounts as of 30 September of the respective year.

During the six years period from 2008-09 to 2013-14, the debt-turnover ratio had shown a mixed trend. There was, however, an overall improvement in the ratio in six years during 2013-14 from 0.56:1 (2008-09) to 0.49:1 (2013-14).

1.21 There was no information available regarding existence of any specific policy of the GOA on payment of minimum dividend by the SPSUs. As per their latest finalised accounts as on 30 September 2014, 16 SPSUs earned an aggregate profit of ₹ 215.72 crore and only two SPSUs (*viz.* Assam Gas Company Limited and DNP Limited) declared a dividend of ₹ 2.86 crore¹⁸.

Arrears in finalisation of accounts

Working Government SPSUs

1.22 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The **Table 1.8** provides the details of progress made by working SPSUs in finalisation of accounts by September 2014.

Table 1.8

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working SPSUs	39 ¹⁹	40	41	40	40
2.	Number of accounts finalised during the year	51	57	62	46	64
3.	Number of accounts in arrears	345	328	322 ²⁰	316	292
4.	Average arrears per SPSU (3 ÷ 1)	8.85	8.20	7.85	7.90	7.30
5.	Number of Working SPSUs with arrears in accounts	38	39	37	37	34
6.	Extent of arrears	1 to 25 years	1 to 24 years	1 to 25 years	1 to 25 years	1-to 26 years

1.23 It could be seen from the above table that excepting 2012-13, the average arrears per SPSU had shown a decreasing trend mainly due to gradual increase in the number of accounts finalised by the SPSUs each year.

¹⁸ Assam Gas Company Limited : ₹ 1.69 crore and DNP Limited : ₹ 1.17 crore

¹⁹ Three companies have merged into one company in 2009-10 and hence the total number of companies has reduced by two in comparison to the previous year 2008-09.

²⁰ This includes 16 arrear accounts of newly added Company i.e. Assam Minorities Development and Finance Corporation Limited.

Consequently, the overall number of SPSUs accounts in arrears had reduced from 345 accounts (2008-09) to 292 accounts (2013-14), which is a positive indication. It was, however, observed that during the period from October 2013 to September 2014, out of 40 working SPSUs, only 12 SPSUs finalised more than one year accounts while other 12 SPSUs finalised only one year's accounts. Remaining 16²¹ SPSUs, however, did not finalise any of their accounts during the said period. It was further observed that out of 34 working SPSUs having arrears of 292 accounts as of 2013-14, 5 working SPSUs functioning under 5 Departments of the State Government had the arrears of total 116 accounts (40 per cent) for periods ranging between 20 and 26 years as per **Table 1.9**.

Table 1.9

Sl. No.	Name of the SPSU	Administrative Department	Serial no. of Annexure-2	Period of accounts	No. of accounts in arrears
1.	Assam Plantation Crop Development Corporation Limited	Soil Conservation	7	1987-88	26
2	Assam Government Marketing Corporation Limited	Handloom Textile & Sericulture	34	1989-90	24
3	Assam State Text Book Production and Publication Corporation Limited	Education	35	1990-91	23
4	Assam Hills Small Industries Development Corporation Limited	Hill Areas Development	13	1990-91	23
5	Assam Powerloom Development Corporation Limited	Industries & Commerce	17	1993-94	20

Thus, there is a need to evolve an appropriate strategy by the SPSUs and the concerned administrative departments of the State Government for preparation of accounts as per the statutory requirements with special focus on clearance of arrears in time bound manner.

Non-working Government SPSUs

1.24 In addition to above, there were also arrears in finalisation of accounts by non-working SPSUs. As on 30 September 2014, all 10 non-working SPSUs (9 Government companies and 1 Statutory corporation) had arrears in finalisation of accounts ranging from 1 to 31 years²². None of these 10 non-working SPSUs had started the process of liquidation. (September 2014)

1.25 The State Government invested ₹ 1,359.67 crore (Equity: ₹ 60.98 crore, Loans: ₹ 417.89 crore and Grants: ₹ 880.80 crore) in 20 SPSUs (18 working

²¹ Sl no. A-2,3,7, 10, 11,13,17,19,23,25,26,,28,29,33,34,35 of *Annexure 2*

²² Refer *Annexure 2*

SPSUs and 2 non-working SPSUs) during the years for which their accounts were not finalised as detailed in *Annexure 4*. Delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.26 The administrative departments of the State Government have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within the prescribed period. The matter was taken up with the concerned SPSUs, Public Enterprises Department and the respective administrative departments from time to time. The matter was also taken up (December 2011, May 2012, December 2012 and March 2014) with the Chief Secretary, GOA for drawing up clear time frame and other necessary actions for liquidating the backlog in definite time frame. The Accountant General had organised (19 and 20 May 2013) Conference with the Head of Finance/Accounts of the working SPSUs having arrears of accounts along with their statutory auditors. The participants were impressed upon to expedite the process of compilation of accounts and completion of Statutory Audit so as to liquidate the arrears of accounts early. During the last three years, the Public Enterprise Department, GOA had also convened four²³ meetings which were attended by the representatives of the AG, various SPSUs and their statutory auditors.

As an outcome of the above efforts, 20 working SPSUs had reduced their arrears by 1 to 16 accounts during 2010-11 to 2013-14. In case of 9 working SPSUs, however, the arrear position remained unchanged and in remaining 11 SPSUs the arrear position has increased during last three years.

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

Winding up of non-working SPSUs

1.28 There were 10 non-working SPSUs (9 Government companies and 1 Statutory corporation) as on 31 March 2014. The non-working SPSUs are needed to be closed down as their existence is not going to serve any purpose. During 2013-14, two non-working SPSUs²⁴ incurred expenditure of ₹ 0.77 crore towards establishment expenditure. This expenditure was financed by the State

²³ January 2012, April 2012, May 2013 and September 2013.

²⁴ Fertilchem Ltd. (₹ 0.59 crore) and Assam Syntex Ltd. (₹ 0.18 crore)

Government in the form of grants. Information of expenditure in respect of remaining eight SPSUs was, however, not furnished to Audit.

Accounts Comments and Internal Audit

1.29 Twenty one working Government companies forwarded their 60 audited accounts to AG during the period October 2013 to September 2014. Of these, 29 accounts of 15 companies were selected for supplementary audit. As against this, audit of 22 accounts of 10 companies was completed, while audit of remaining 7 accounts of 5 companies²⁵ were in progress (September 2014). The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given in **Table 1.10**.

Table 1.10

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	9	6.01	6	6.47	3 ²⁶	15.51
2.	Increase in loss	15	174.41	7	35.17	2 ²⁷	4.03
3.	Non-disclosure of material facts	-	-	2	176.42	2 ²⁸	132.32
4.	Errors of classification	6	16.76	1	35.35	3 ²⁹	8.00
Total			197.18		253.41		159.86

1.30 During the year, the statutory auditors had given qualified certificates for all the 60 accounts of Government companies finalised during October 2013 to September 2014. The compliance of companies with the Accounting Standards remained poor as there were 35 instances of non-compliance in 21 accounts during the year.

²⁵ The 5 Companies were Assam State Film (Finance) Development Corporation Ltd., Assam Electronics Development Corporation Ltd., Assam Gas Company Ltd., Assam Hydro Carbon Ltd. and Assam Livestock and Poultry Development Corporation Ltd.

²⁶ Accounts (2012-13) of Assam Petrochemicals Ltd. (₹ 6.31 crore), Assam Electricity Grid Corporation Ltd. (₹ 8.90 crore) and DNP Ltd. (₹ 0.30 crore)

²⁷ Accounts (2012-13) of Assam Industrial Development Corporation Ltd. (₹ 2.57 crore) and Accounts (2000-01) of Assam Small Industries Development Corporation Ltd. (₹ 1.46 crore)

²⁸ Accounts (2012-13) of Assam Power Generation Corporation Ltd. (₹ 116.89 crore) and Assam Electricity Grid Corporation Ltd (₹ 15.43 crore)

²⁹ Accounts (2012-13) of Assam Industrial Development Corporation Ltd (₹ 1.72 crore), Assam Petrochemicals Ltd (₹ 0.38 crore) and Assam Electricity Grid Corporation Ltd (₹ 5.90 crore)

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

Assam Electricity Grid Corporation Limited (2012-13)

1. Non-provisioning of the interest liability payable against the State Government Loans resulted in understatement of Current Liabilities and overstatement of 'Profit for the year' by ₹ 0.56 crore each.
2. Over capitalisation of interest on State Government Loans resulted in overstatement of Capital work in Progress by ₹ 6.06 crore with corresponding overstatement of Profit for the year to the same extent.
3. Non accounting of wheeling charges payable for 2012-13 resulted in understatement of Other Expenses and Current Liabilities with corresponding overstatement of Profit for the year by ₹ 12.69 crore each.

Assam Power Distribution Company Limited (2012-13)

1. Non-accounting of the service charges (₹ 112.59 crore) receivable against implementation of 'Rajiv Gandhi Gramin Vidyutikaran Yojna' (RGGVY) Scheme in Assam for the period from 2006-07 to 2012-13 has resulted in overstatement of 'loss for the year' by ₹ 112.59 crore.
2. Non-accounting of dues payable against supplementary power purchase bills for prior periods (2004-05 to 2012-13) resulted in understatement of 'loss for the year' with corresponding understatement of 'Current Liabilities' by ₹ 42.97 crore each.
3. Short provisioning of interest liability on GPF balances has resulted in understatement of 'loss for the year' by ₹ 2.50 crore with corresponding understatement of 'Other Long Term Liabilities' by the same amount.

Assam Industrial Development Corporation Limited (2012-13)

1. Non-accounting of expenses (₹ 0.72 crore) payable against annual renewal contribution towards Group Gratuity Scheme (₹ 0.31 crore) and Group Leave Encashment Scheme (₹ 0.41 crore) for Employees has resulted in understatement of 'loss for the year' by ₹ 0.72 crore with corresponding understatement of 'Other Current Liabilities' to the same extent.
2. Short provisioning against recovery of temporary advances resulted in understatement of 'loss for the year and corresponding overstatement of 'Current Assets – Loans and advances' by ₹ 0.84 crore each.

3. Non provisioning of liability (₹ 0.60 crore) against guarantee issued to SBI on behalf of defaulting loanee resulted in understatement of 'loss for the year' by ₹ 0.60 crore with corresponding understatement of 'Other Current Liabilities' to the same extent.

Assam Power Generation Corporation Limited (2012-13)

1. Non-writing back of the excess provisioning towards interest on Public Bonds even after full redemption of the liability has resulted in overstatement of 'Current Liabilities' and 'loss for the year' by ₹ 18.77 crore each.

2. Non adjustment of liquidated damages recovered from contractors against the cost of related projects/fixed assets resulted in overstatement of Fixed Assets and understatement of 'loss for the year' by ₹ 5.58 crore each.

1.32 Similarly, three³⁰ working Statutory corporations forwarded four accounts to AG during the period from October 2013 to September 2014. Of these, two accounts of one Statutory corporation (Assam State Transport Corporation) pertained to sole audit by CAG, and audit of one out of these two accounts was completed (October 2014). The remaining 2 accounts were selected for supplementary audit. During the year, out of four accounts finalised by three Statutory corporations, three accounts received 'qualified' certificates, while audit of remaining one account was in progress (October 2014). The audit reports of statutory auditors and audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given in **Table 1.11**.

Table 1.11

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in loss	2	16.62	2	0.91	-	-
3.	Non-disclosure of material facts	-	-	1	0.80	-	-
4.	Errors of Classification	-	-	-	-	1	69.75
Total		-	16.62	-	1.71		69.75

³⁰ Two accounts of Statutory corporation at Sl. No. B-2 of *Annexure 2* and one account each of the Statutory corporation at Sl. No. B-1 and 3 of *Annexure 2*

1.33 Some of the important comments in respects of the accounts of Statutory Corporations are stated as follows:

Assam Financial Corporation (2013-14)

The Corporation received a sum of ₹ 69.75 crore received from GOA as guarantee money for redemption of SLR Bond and accounted the same as revenue income in violation of the provisions of SFC Act, 1951. The amount so received by the Corporation should have been prudently accounted as 'Capital Reserve'.

1.34 The statutory auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/internal audit systems in the companies audited in accordance with the directions of the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which need improvement. An illustrative resume of major comments made by the statutory auditors on possible improvement in the internal audit/internal control system in respect of 17 companies³¹ for the year 2013-14 are given in **Table 1.12**.

Table 1.12

Sl. No.	Nature of comments made by statutory auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure 2
1.	Absence of internal Control system commensurate with the nature and size of business of the company	4	A-6,8,31,C-6
2.	Absence of internal audit system commensurate with the nature and size of business of the company	6	A-4,6,16,30,31,32
3.	Non-maintenance of cost record	-	-
4.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	14	A-4,5,6,8,9,15,16,18,20,21,22,27,C-5,6

Recoveries at the instance of audit

1.35 During the course of audit in 2013-14, recoveries of ₹ 28.14 crore were pointed out to the Management of various SPSUs of which recoveries of ₹ 1.87 crore were admitted by SPSUs. An amount of ₹ 0.06 crore was recovered during the year 2013-14.

³¹ Sl. no. A-4,5,6,8,9,15,16,18,20,21,22,27,30,31,32 and C-5,6 of Annexure 2

Disinvestment, Privatisation and Restructuring of SPSUs

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