Preface

Government commercial enterprises, the accounts of which are subject to audit by the Comptroller and Auditor General of India (CAG), fall under the following categories:

- Government companies,
- Statutory corporations, and
- Departmentally managed commercial undertakings.

2. This Report deals with the results of audit of Government companies and Statutory corporations including Assam State Electricity Board and has been prepared for submission to the Government of Assam under Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil) - Government of Assam.

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Assam State Transport Corporation and the Assam State Electricity Board, which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of Assam Financial Corporation, he has the right to conduct audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Assam State Warehousing Corporation, he has the right to conduct audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Assam State Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations/commission are forwarded separately to the State Government.

5. The cases mentioned in this Report are those, which came to notice in the course of audit during the year 2010-11 as well as those, which came to notice in earlier years, but were not dealt with in the previous reports. Matters relating to the period subsequent to 2010-11 have also been included, wherever considered necessary.

6. Audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2011, the State of Assam had 40 working PSUs (36 companies and 4 Statutory corporations) and 10 non-working PSUs (all companies), which employed 37,308 employees. The PSUs registered a turnover of ₹ 2,647.54 crore for 2010-11 as per their latest finalised accounts. This turnover was equal to 2.54 *per cent* of State GDP indicating an important role played by State PSUs in the economy. The PSUs earned a profit of ₹ 2.22 crore for 2010-11 and had accumulated losses of ₹ 1,091.09 crore.

Investment in PSUs

As on 31 March 2011, the investment (Capital and long term loans) in 50 PSUs was ₹ 2,939.88 crore. It increased by 8.65 *per cent* from ₹ 2,705.88 crore in 2006-07. Power Sector accounted for 47.93 *per cent* of total investment in 2010-11. The Government contributed ₹ 284.31 crore towards loans and grants/subsidies during 2010-11.

Performance of PSUs

During the year 2010-11, out of 40 working PSUs, twelve PSUs earned profit of ₹ 85.46 crore and 24 PSUs incurred loss of ₹ 80.22 crore. The major contributors to profit were Assam Gas Company Limited (₹ 43.57 crore) and Assam Power Generation Corporation Limited (₹ 24.38 crore). The heavy losses were incurred by Assam Electricity Grid Corporation Limited (₹ 27.09 crore), and Assam State Transport Corporation (₹ 19.37 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the State PSUs' losses of ₹ 1,682.87 crore and infructuous investments of ₹ 25.95 crore were controllable with better management.

Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of account of PSUs needs improvement. Although, 47 accounts finalised during October 2010 to September 2011, received qualified certificates from Statutory Auditors, there were 62 instances of non-compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

40 working PSUs had arrears of 336 accounts as of September 2011. The arrears ranged between 1 year to 24 years. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. As no purpose is served by keeping 10 non-working PSUs in existence, they need to be wound up quickly.

Placement of SARs

There was considerable delay in placement of SARs in legislature. This weakens legislative control over Statutory corporations and dilutes latter's financial accountability. The Government should ensure prompt placement of SARs in the legislature.

(Chapter-I)

2. Performance audit relating to Government company

Performance audit relating to Assam Power Distribution Company Limited was conducted. Executive Summary of Audit findings is given below:

As part of power sector reforms, the erstwhile Assam State Electricity Board was unbundled and consequently, the business of power distribution is carried out by three distribution companies namely, Upper Assam Electricity

Distribution Company Limited (UAEDCL), Lower Assam Electricity Distribution Company Limited (LAEDCL) and Central Assam Electricity Distribution Company Limited (CAEDCL), which were incorporated on 23 October 2003 under the Companies Act, 1956.

Subsequently, the two companies viz., UAEDCL and CAEDCL were merged with LAEDCL with effect from 1 April 2009 and LAEDCL was renamed as Assam Power Distribution Company Limited (APDCL) which was incorporated on 23 October 2009 under the Companies Act, 1956.

As on 31 March 2011, APDCL had distribution network of 1.12 lakh Circuit Kilometers (CKM) of lines, 36,240 sub-stations and 34,664 transformers of various categories catering to 19.13 lakh consumers.

Distribution Network planning

APDCL added 10,596 sub-stations during the period 2006-11. Further, as compared to the growth in connected load from 2,498.80 mega watt (MW) in 2006-07 to 3,294.96 MW in 2010-11, the increase in transformer capacity was from 1,342.26 mega volt ampere (MVA) to 1,901.08 MVA only, which meant that the capacity fell short by 2,217.62 MVA when compared to the connected load as on March 2011.

Wide gap between transformation capacity and connected load led to overloading of distribution system, excess failure of DTRs and higher quantum of energy losses.

Implementation of Central/State sponsored schemes

The percentage of achievement of electrification of un-electrified villages under Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) was 71 *per cent* and connection to BPL households was 57 *per cent* against the target as on 31 March 2011.

The shortfall in achievement of target was due to delay in approval of DPRs, delay in award and execution of works with consequential increase in cost of projects from ₹ 1,304.62 crore to ₹ 1,768.96 crore at award stages which would further go up on completion of all works.

Due to non-completion of various projects in time under Assam Bikash Yojana (ABY), the Company did not avail the intended benefit of ₹ 4.02 crore by way of reduction in technical losses as projected in the DPR. Further, APDCL had also extended undue benefit to the extent of ₹ 2.42 crore to contractors.

Metering

APDCL attained metering of 17.84 lakh against total number of 19.13 lakh consumers as on 31 March 2011 and took 2 days to 1975 days in replacing stop/defective meters as it did not maintain reserve stock of meters in violation of directives of AERC.

Operational efficiency

The AT&C losses of APDCL decreased from 32.89 *per cent* in 2006-07 to 25.44 *per cent* in 2010-11, which was still above the approved norms of AERC (21.60 *per cent*).

Financial position

Accumulated losses of APDCL increased by 620.51 *per cent* from ₹ 142.90 crore in 2006-07 to ₹ 1029.61 crore in 2010-11. The borrowings of APDCL increased by 74.40 *per cent* from ₹ 479.58 crore in 2006-07 to ₹ 836.40 crore in 2010-11.

The realisation per unit increased from ₹ 4.71 to ₹ 5.74 (21.87 *per cent*) during 2006-11, whereas the cost per unit increased from ₹ 5.02 to ₹ 7.00 (39.44 *per cent*) during the corresponding period.

Billing and Revenue collection efficiency

The percentage of energy billed against energy sold increased from 85.24 *per cent* in 2006-07 to 95.02 *per cent* in 2010-11. Despite increase in billing efficiency, APDCL had sustained losses amounting to ₹ 80.63 crore due to non-compliance of various directions of Assam Electricity Regulatory Commission (AERC).

The outstanding dues of APDCL increased by 43.35 *per cent* from ₹ 298.54 crore in 2006-07 to ₹ 427.96 crore in 2010-11, out of which ₹ 80.91 crore (18.91 *per cent*) realizable from permanently disconnected consumers were outstanding as on 31 March 2011.

Financial Management

Due to unnecessary drawal of loan fund and its non-utilisation, APDCL had burdened itself with a total interest liability of ₹ 42 lakh to Government of Assam.

Energy Audit

Direction of AERC to APDCL to analyse consumption pattern of all Government buildings and initiate appropriate steps for reduction of energy consumption or reduction of energy losses was not complied by it.

Further, Energy audit data were not analysed or any corrective action taken by APDCL to minimise the energy losses.

Monitoring by Top Management

The monitoring system is inadequate as APDCL did not devise a proper MIS to monitor the work entrusted to contractors effectively or evaluate power demand and supply position in the State and control theft of energy.

(*Chapter-II*)

3. Transaction audit observations

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

There were two cases of avoidable expenditure/unproductive investment of ₹3.93 crore.

(Paragraphs 3.1 and 3.6)

Non-realisation of ₹3.63 crore in two cases due to non-safeguarding the financial interest of the organisation.

(Paragraphs 3.3 and 3.4)

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

*Despite investing ₹ 3.02 crore by **Assam Livestock and Poultry Corporation Limited** the project remained unproductive besides potential loss of lease rent of ₹0.57 crore.*

(Paragraph 3.1)

*Due to failure to formulate any prescribed procedure/system for leasing land, **Assam Small Industries Development Corporation Limited** suffered loss of revenue of ₹2.10 crore.*

(Paragraph 3.3)

*Failure to take appropriate action by **Assam Small Industries Development Corporation Limited** resulted in non-realisation of ₹1.53 crore against holding of unallotted land.*

(Paragraph 3.4)

Assam State Text Book Production and Publication Corporation Limited *allowed two per cent wastage of paper to the printers for printing against one percent allowable as stipulated in the work orders thereby incurring a loss of ₹1.37 crore.*

(Paragraph 3.5)

Due to designing of projects with outdated soil data and non-compliance with the conventional industry norms of HDD drilling, the ***DNP Limited*** *incurred a wasteful expenditure of ₹0.91 crore.*

(Paragraph 3.6)

CHAPTER-I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people. In Assam, the State PSUs occupy an important place in the state economy. The State PSUs registered a turnover of ₹ 2647.54 crore* for 2010-11 as per their latest finalised accounts as of September 2011. This turnover was equal to 2.54 *per cent* of State Gross Domestic Product (GDP) of ₹ 1, 04,218 crore for 2010-11. Major activities of State PSUs are concentrated in Power and Transport sectors. The State PSUs earned a profit of ₹ 2.22 crore in aggregate for 2010-11 as per their latest finalised accounts. They had employed 37,308♣ employees as of 31 March 2011.

1.2 As on 31 March 2011, there were 50 PSUs as per the details given below. Of these, one Company§ was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUsΨ	Total
Government Companies	36**	10	46
Statutory Corporations	04	-	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 controlled by Government(s) is treated as if it were a Government Company (deemed Government company) as per Section 619-B of the Companies Act.

1.4 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

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* Including turnover of non-working companies refer Annexure-2.

♣ As per the details provided by 46 PSUs. Remaining 4 PSUs did not furnish the details of manpower.

§ Assam Petrochemicals Limited.

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

**A new company i.e. Assam Trade Promotion Organization incorporated (17 February 2010) under section 25 of the Companies Act, 1956 during the year.

per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

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

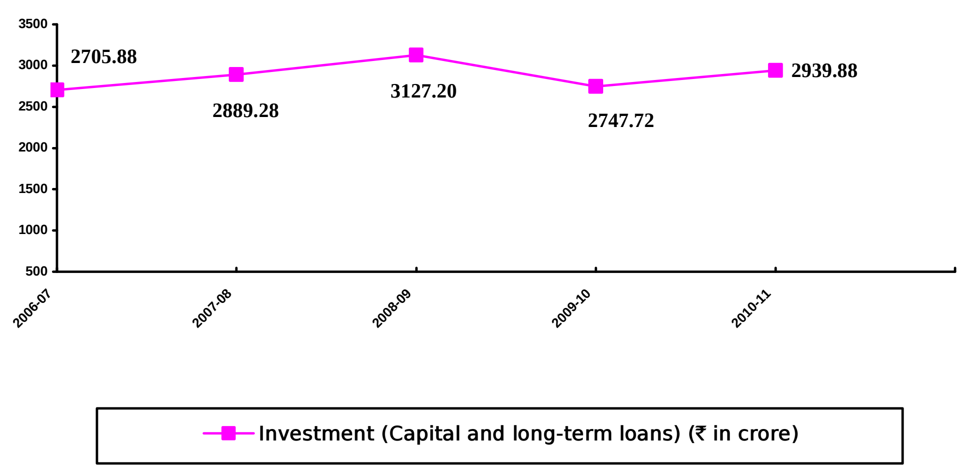
Investment in State PSUs

1.6 As on 31 March 2011, the investment (capital and long-term loans) in 50 PSUs was ₹ 2,939.88 crore as *per* details given below:

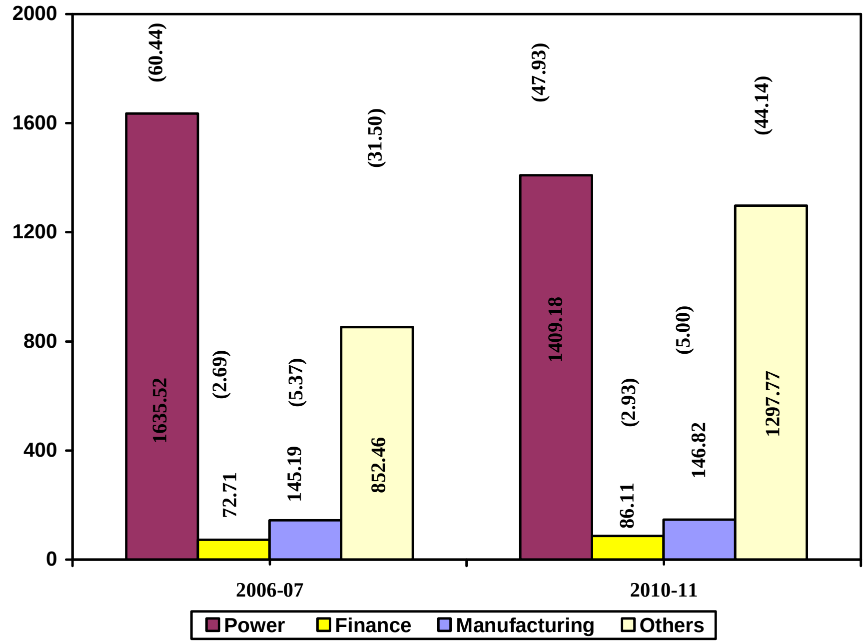
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
	(₹ in crore)						
Working PSUs	1223.68	1170.21	2393.89	473.20	14.00	487.20	2881.09
Non-working PSUs	25.13	33.66	58.79	-	-	-	58.79
Total	**1248.81**	**1203.87**	**2452.68**	**473.20**	**14.00**	**487.20**	**2939.88**

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

1.7 As on 31 March 2011, of the total investment in State PSUs, 98.00 *per cent* was in working PSUs and the remaining 2.00 *per cent* in non-working PSUs. This total investment consisted of 58.57 *per cent* towards capital and 41.43 *per cent* in long-term loans. There was an increase in investment by 8.65 *per cent* during the last five years, *i.e*. from ₹ 2705.88 crore in 2006-07 to ₹ 2,939.88 crore in 2010-11 as shown in the graph below:



1.8 The total investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2011 are indicated below in the bar chart. As compared to the investment in 2006-07, investment in 2010-11 has increased mainly in the finance (₹ 13.40 crore), manufacturing (₹ 1.63 crore) and other sectors (₹ 445.31 crore) whereas investment in power sector has decreased by ₹ 226.34 crore.



(₹ in crore)

(Figures in brackets show the percentage of total investment)

Budgetary outgo, grants/subsidies, guarantees and loans

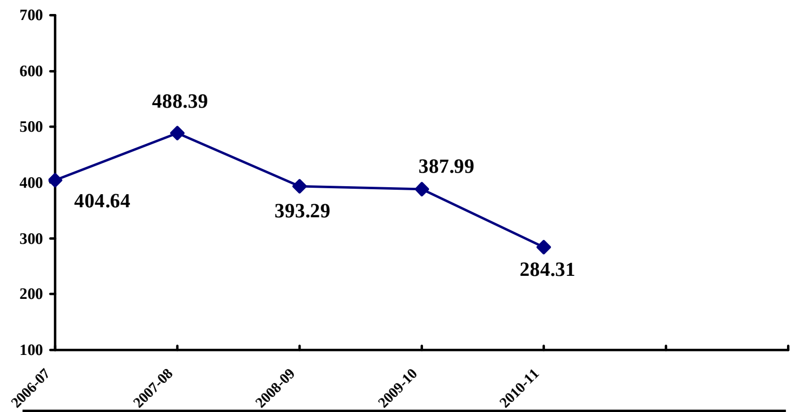
1.9 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantee commitment and loans written off in respect of State PSUs are given in ***Annexure 3***. The summarised details for three years ended 2010-11 are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	3	5.70	-	-	2	39.54
2.	Loans given from budget	8	65.82	8	220.98	6	152.06
3.	Grants/Subsidy received	13	321.77	14	167.01	14	92.71

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
4.	Total Outgo (1+2+3)	20*	393.29	22	387.99	19*	284.31
5.	Loans written off	-	-	6	155.79	-	-
6.	Total Waiver	-	-	6	155.79	-	-
7.	Guarantee Commitment	2	84.84	3	46.93	4	45.53

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



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

The budgetary outgo in the form of equity, loans, grants/subsidies, *etc*. had decreased from ₹ 404.64 crore in 2006-07 to ₹ 284.31 crore in 2010-11.

1.11 The amount of Guarantees outstanding in the year 2006-07 was ₹ 263.74 crore which decreased to ₹ 45.53 crore in the year 2010-11.

Reconciliation with Finance Accounts

1.12 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2011 is stated in the next page:

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

Outstanding in respect of	**Amount as per Finance Accounts**	**Amount as per records of PSUs**	**Difference**
	(₹ in crore)		
Equity	2036.30†	1549.60	486.70
Loans	69.14ψ	683.49	614.35
Guarantees	153.68µ	45.53	108.15

1.13 Audit observed that the differences occurred in respect of all the 50 PSUs and some of the differences were pending reconciliation since 1986-87. In order to reconcile the discrepancy in figures of investment on equity and loans made by State Government in Government Companies/Corporations, letters were written to head of all concerned PSUs from time to time and last was in June 2011. The matter was also taken up with the Principal Secretary, Finance Department as well as Public Enterprises Department of Government of Assam for reconciliation of differences. The Government and the PSUs should take concrete steps to reconcile the difference in a time bound manner.

Performance of PSUs

1.14 The financial results of PSUs, financial position and working results of working statutory corporations are detailed in ***Annexures 2, 5 and 6*** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of turnover of working PSUs and State GDP for the period 2005-06 to 2010-11.

Particulars	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**
	(₹ in crore)					
Turnover∝	1,187.84	1,153.83	2,036.24	2,766.90	3,519.57	2,644.44
State GDP	57,543.00	65,033.00	72,700.00	77,506.00	88,023.00	1,04,218
Percentage of Turnover to State GDP	2.06	1.77	2.80	3.57	4.00	2.54

While the turnover of the State PSUs has decreased in 2010-11 as compared to the years 2008-09 and 2009-10, the State GDP increased from the year 2005-06 onwards. The percentage of turnover to the State GDP has decreased from 4.00 *per cent* in 2009-10 to 2.54 *per cent* in 2010-11.

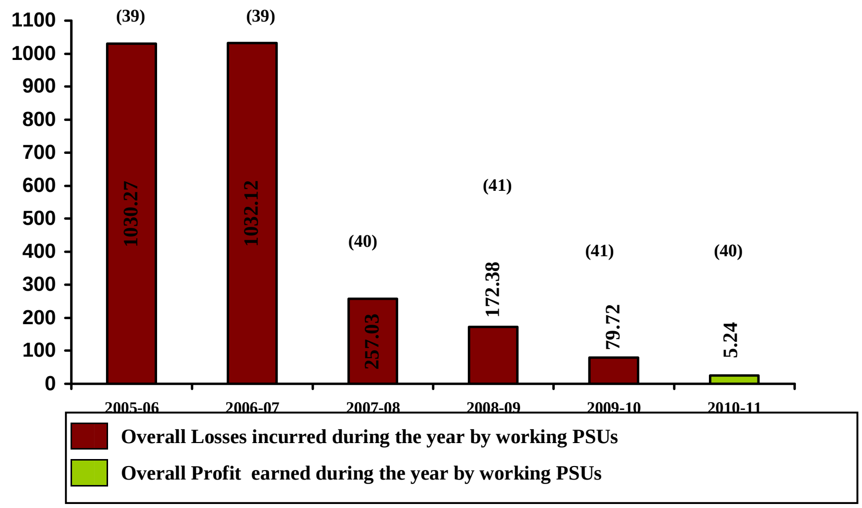
† Amount outstanding against equity was for 28 PSUs.

Ψ In absence of company wise details of loans distributed in finance accounts, figures appeared under the major head "Loans to Public Sector and other Undertakings" has been taken into account.

µ Amount shown against guarantee outstanding was for six PSUs

∝ Turnover as per the latest finalised accounts as of 30 September.

1.15 Profit/Losses earned/incurred by State working PSUs during 2005-06 to 2010-11 are given below in a bar chart.



(₹ in crore)

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

The losses were on decreasing trend since 2006-07 and finally turned into profit in 2010-11. This was mainly because of decrease in overall losses of the power sector from ₹ 1,011.28 crore in 2006-07 to ₹ 11.30 crore in 2010-11. During the year 2010-11, 12 PSUs out of 40 working PSUs, earned profit of ₹ 85.46 crore, 24 PSUs incurred loss of ₹ 80.22 crore, three PSUs[‡] have not started commercial functioning as yet and the first accounts of the new company[*] was not yet finalised. The major contributors to profit as per their latest finalized accounts were Assam Gas Company Limited (₹ 43.57 crore), Assam Power Generation Corporation Limited (₹ 24.38 crore), Assam Industrial Development Corporation Limited (₹ 9.97 crore), Assam Petrochemicals Limited (₹ 2.79 crore) and Assam Financial Corporation (₹ 1.71 crore). Heavy losses were incurred by Assam Electricity Grid Corporation Limited (₹ 27.09 crore), Assam State Transport Corporation (₹ 19.37 crore) and Assam Power Distribution Company Limited (₹ 8.62 crore).

1.16 The losses of PSUs were mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 1,682.87 crore and infructuous investment of ₹ 25.95 crore which were controllable with better management. Year-wise details from Audit Reports are stated below:

Particulars	2008-09	2009-10	2010-11	Total
	(₹ in crore)			
Net loss (-)/Net Profit	(-) 172.38	(-)79.72	5.24	(-)246.86
Controllable losses as per CAG's Audit Report	40.05	976.42	666.40	1,682.87
Infructuous Investment	22.74	-	3.21	25.95

‡ Assam Power loom Development Corporation Limited, Pragjyotish Fertilisers Company Limited and DNP Limited.

* Assam Trade Promotion Organisation.

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

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

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	(₹ in crore)					
Return on Capital Employed (*Per cent*)	(-) 69.53	(-) 64.80	(-) 5.94	(-) 2.11	(+) 2.82	(+) 2.97
Debt	792.54	1421.16	1579.94	1554.31	1433.45	1217.87
Turnover[ϒ]	1187.84	1153.83	2036.24	2766.90	3519.57	2644.44
Debt/ Turnover Ratio	0.67:1	1.23:1	0.78:1	0.56:1	0.41:1	0.46:1
Interest Payments	96.12	101.55	111.48	112.84	201.81	105.13
Accumulated losses (-)	(-) 6465.55	(-) 6485.11	(-) 1122.44	(-) 1102.85	(-)1278.52	(-)1091.09

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

1.19 The return on capital employed as per latest finalised accounts as on 30 September 2011 had shown an improving trend compared to the returns as reflected in the accounts finalised upto 30 September for each of the last five years. The ratio of debt to turnover had come down from 0.67:1 in 2005-06 to 0.46:1 in 2010-11. Accumulated losses had come down from ₹ 6,465.55 crore in 2005-06 to ₹ 1091.09 crore in 2010-11.

1.20 The matter regarding existence of any specific policy of the Government of Assam regarding the payment of minimum dividend by the State PSUs has been taken up with the Secretary of Finance and the Principal Secretary and Commissioner of Public Enterprises Department of the Government of Assam. As per their latest finalised accounts, 12 PSUs earned an aggregate profit of ₹ 85.46 crore and two[*] PSUs declared dividend of ₹ 2.60 crore.

Arrears in finalisation of accounts

Working State Government PSUs

1.21 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of statutory corporations, their accounts are finalised,

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[ϒ] Turnover of working PSUs as per the latest finalised accounts as of 30 September.
[*] Assam Petrochemicals Ltd and Assam Gas Company Ltd.

audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2011.

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Number of Working PSUs	39	40	41	39♥	40♥
2.	Number of accounts finalised during the year	21	35	30	40	50
3.	Number of accounts in arrears	331	336	347	346	336
4.	Average arrears *per* PSU (3 ÷1)	8.49	8.40	8.46	8.92	8.40
5.	Number of Working PSUs with arrears in accounts	39	39	41	38	39
6.	Extent of arrears	1 to 22 years	1 to 23 years	1 to 24 years	1 to 25 years	1 to 24 years

1.22 It could be seen from the above table that average arrears per PSU have marginally decreased from 8.92 in 2009-10 to 8.40 in 2010-11 which was due to increase in finalisation of accounts from 40 in 2009-10 to 50 in 2010-11. The PSUs should ensure that at least one year's account is finalised each year so as to restrict further accumulation of arrears. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and ensure that the accounts are up to date. The reasons for arrears in accounts are absence of qualified professionals in the Accounts Department, lack of effective internal controls, lack of co-ordination amongst various departments in PSUs, delay in preparation/certification of accounts by the Management/Statutory Auditors *etc*.

Non-working State Government PSUs

1.23 In addition to above, there was also arrears in finalisation of accounts by non-working PSUs. Out of 10 non-working PSUs, five PSUs had forwarded their 12 accounts after Audit by Statutory Auditor to Principal Accountant General (PAG) during the year 2010-11. Of these, six accounts of four companies were selected for supplementary audit and Non Review Certificates (NRC) were issued for remaining six accounts. All the non-working PSUs had arrears of accounts ranging from 1 to 28 years.

1.24 The State Government had invested ₹ 639.78 crore (Equity: ₹ 116.66 crore, loans: ₹ 249.61 crore, grants: ₹ 273.51 crore) in 14• PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 4***. In the absence of accounts and their subsequent audit, it can not be ensured

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

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

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

1.25 The administrative departments of the State Government have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit about the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up with the Additional Chief Secretary, Public Enterprises Department, Government of Assam in January 2011. In absence of audited accounts, fair view of the financial and operational performance may not be correctly evaluated for making subsequent investment, allotment of Government works as well as identification of need for revival/support of the PSUs.

1.26 **In view of above state of arrears, it is recommended that:**

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

Winding up of non-working PSUs

1.27 There were 10 non-working PSUs (all companies) as on 31 March 2011. Of these, none of the PSUs have commenced liquidation process. The number of non-working companies remained as 10 at the end of each of the past five years.

The non-working PSUs are required to be closed down, as their existence is not going to serve any purpose or else the State Government should come up with the revival package, so that these Companies could contribute to the State GDP. During 2010-11, four non-working PSUs incurred expenditure of ₹ 3.95 crore towards establishment expenditure. This expenditure was financed by the State Government (₹ 3.95 crore). Information of expenditure in respect of remaining six PSUs was not furnished to Audit.

1.28 During the year 2010-11, none of the companies/corporations were wound up. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may take a decision regarding winding up of the companies and may consider setting up a cell to expedite closing down its non-working companies.

Accounts comments and Internal Audit

1.29 Twenty six working companies forwarded their 52 approved accounts after Audit by Statutory Auditors to Principal Accountant General (PAG) during the period October 2010 to September 2011. Of these, 23 accounts of 21 companies were selected for supplementary audit, Non Review Certificates (NRC) has been issued for 22 accounts and the remaining seven accounts are yet to be finalised. Further, 10 companies did not submit any accounts during the period. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	2	16.01	3	41.30
2.	Increase in profit	-	-	-	-	4	60.75
3.	Decrease in loss	-	-	-	-	10	16.49
4.	Increase in loss	9	63.09	7	31.31	13	11.12
5.	Non-disclosure of material facts	1	2.20	-	-	3	11.20
6.	Errors of classification	5	465.52	10	23.75	7	49.40
	Total	**-**	**530.81**	**-**	**71.07**	**-**	**190.26**

There is an increase in comments on decrease in profit, on increase in profits as well as decrease in loss in monetary terms. However, comments on errors of classification though decreased in number of accounts but increased in monetary terms compared to the year 2009-10.

1.30 During the year, the statutory auditors had given qualified certificates for 47 accounts and issued adverse certificates (which mean that accounts do not reflect a true and fair position) in respect of three accounts and disclaimer (meaning the auditors are unable to form an opinion on accounts) has been given in respect of three accounts. The compliance of Accounting Standards by the companies remained poor as there were 62 instances of non-compliance in 17 accounts during the year.

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

Assam Power Generation Corporation Limited (2009-10)

The other income was understated by ₹ 9.80 crore due to wrong accountal of selling price and written down value of assets of Bongaigaon Thermal Power Station (₹ 7.61 crore) and interest earned on fixed deposit (₹ 2.19 crore). This had resulted in understatement of profit for the year by ₹ 9.80 crore.

Assam Power Generation Corporation Limited (2008-09)

Revenue account was overstated by ₹ 4.19 crore for accounting of non trading income of 'Efficiency Incentive' received from Assam State Electricity Board (ASEB) which had resulted in understatement of other income and overstatement of loss to the same extent.

Assam Electricity Grid Corporation Limited (2009-10)

(i) Reserves and Surplus represent amount receivable from Pension Trust, Government of Assam on account of terminal benefit (GPF portion) of its employees which was paid by the Company. As the liability against these payments were provided by the Board in its Revenue accounts, any reimbursement of the same, should be recognised in the accounts of the Company as income as per AS 12. The Company had instead booked the amount in the Reserve and Surplus without recognising it in the Profit and Loss accounts. This had resulted in overstatement of Reserve and Surplus by ₹ 22.60 crore with corresponding overstatement of cumulative deficit by similar amount including loss for the year by ₹ 4.68 crore.

(ii) Administration and General Expenses was overstated by ₹ 1.13 crore due to writing off of the consultancy charges paid on Assam Power Sector Development Project, which should have been capitalized. This had resulted in overstatement of loss and understatement of work in progress by ₹ 1.13 crore.

(iii) Transmission charge was understated by ₹ 1.40 crore due to short accountal of supplementary bills raised by Power Grid Corporation of India Limited towards wheeling charges, resulting in understatement of loss with corresponding understatement of current liabilities by ₹ 1.40 crore.

Assam Power Distribution Company Limited (formerly known as Lower Assam Electricity Distribution Company Limited) (2008-09)

Reserves and Surplus represent amount receivable from Pension Trust, Government of Assam on account of terminal benefit of its employees which was paid by the Company after unbundling of the ASEB. As the liability against these payments were provided by the ASEB in its Revenue accounts, any reimbursement of the same, should be recognised in the accounts of the Company being successor of the ASEB as income as per AS 12. The Company had instead booked the amount in the Reserve and Surplus without recognising it in the Profit and Loss accounts. This had resulted in overstatement of Reserve and Surplus by ₹ 30.17 crore with corresponding overstatement of cumulative deficit by similar amount including loss for the year by ₹ 5.90 crore.

Assam Gas Company Limited (2009-10)

The Loans and Advances head was overstated by ₹ 2.53 crore due to excess accounting of interest income as the Company had accounted ₹ 4.84 crore as interest income against accrued interest of ₹ 2.31 crore. This had also resulted in overstatement of accumulated profit by ₹ 2.31 crore.

Assam State Weaving and Manufacturing Company Limited (2009-10)

The Current Liabilities and Provision includes an amount of ₹ 4.49 crore that was sanctioned by the Government of Assam to the Company for meeting Voluntary Retirement Scheme liabilities as per Revised Scale of Pay 1998. Although the proposal for the same was submitted in the year 2009, provision for liabilities was not created. This had resulted in understatement of Current Liabilities and Provision with corresponding understatement of accumulated loss by ₹ 4.49 crore.

1.32 Similarly, four working statutory corporations forwarded five accounts to PAG during the year 2010-11. Of these, three accounts of one Statutory corporation pertained to sole audit by CAG was completed during the year. Remaining two accounts were selected for supplementary audit. The audit reports of Statutory Auditors and the sole/supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	1	10.56	-	-
2.	Decrease in loss	-	-	-	-	2	1.61
3.	Increase in loss	1	9.77	3	16.02	2	15.99
4.	Non-disclosure of material facts	-	-	-	-	1	4.08
5.	Errors of classification	-	-	2	33.33	-	-
Total		**-**	**9.77**	**-**	**59.91**	**-**	**21.68**

There had been decrease in the aggregate money value of the comments in 2010-11 as compared to the year 2009-10.

1.33 During the year, three accounts of one corporation for which CAG is the sole auditor and two accounts of two corporations for which the CAG conducts supplementary audit were issued qualified certificates by the statutory auditors.

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

Assam State Transport Corporation (2008-09)

(i) The plan fund as depicted in the balance sheet stood overstated by ₹ 6.21 crore being special central assistance received during 2008-09 and accountal of the same as plan fund instead of as grant. This had also resulted in understatement of grants by ₹ 6.21 crore.

(ii) The Corporation received Additional Central Assistance (ACA) ₹ 7.58 crore for construction of Inter State Bus Terminus (ISBT) at Dibrugarh and

Sivsagar till 31 March 2009 and the total expenditure incurred against the fund was ₹ 2.36 crore. However, the corporation had accounted for the total expenditure amounting to ₹ 2.04 crore wrongly incurred by way of deduction from the ACA fund. The short accountal of expenditure on ISBT was due to inclusion of the same in civil work expenditure. Thus, this had resulted in understatement of ACA fund by ₹ 2.04 crore and Work-in-progress (WIP) ISBT by ₹ 2.36 crore (Dibrugarh: ₹ 1.66 crore, Sivsagar: ₹ 0.70 crore) and overstatement of civil work/WIP Building by ₹ 0.32 crore.

Assam State Transport Corporation (2007-08)

The Profit and Loss Appropriation account included write-off balances of different receivables amounting to ₹ 5.90 crore and payables amounting to ₹ 13.69 crore. Since the above balances had arisen in account not as a result of errors or omission in preparation of financial statement of prior period, the same should have been shown in profit and loss account. Hence, this had resulted in overstatement of prior period adjustment account and understatement of loss for the year by ₹ 7.79 crore each.

Assam State Transport Corporation (2006-07)

The provision made by the Corporation stood understated by ₹ 7.26 crore due to short provision of ₹ 7.26 crore (Contributory Provident Fund: ₹ 7.23 crore and Group Insurance Scheme: ₹ 0.03 crore) as assessed by the Corporation. This had resulted in understatement of loss for the year by the same amount.

Assam Financial Corporation (2009-10)

The Reserve and Surplus included a sum of ₹ 74.26 crore received from Government of Assam as guarantee money for redemption of SLR Bond of which ₹ 69.75 crore was accounted by the Corporation as income as the same was adjusted against accumulated loss as decided in its Annual General Meeting (25 July 2008). Section 43 of the State Financial Corporation Act, 1951, however, does not allow accounting of money received under guarantee as income. Thus, the money received should have been retained as Capital Reserve. The wrong accounting had resulted in understatement of 'Reserve and Surplus' by ₹ 69.75 crore with corresponding understatement of accumulated loss by ₹ 69.75 crore.

1.35 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of 27 companies[µ] for the year 2010-11 are given in the next page:

[µ] Sr. No. A-1,2,3,4,5,11,12,13,15,17,19,20,21,23,25,26,27,28,29,30,32,33,34,36 C-2, 7 and 9 in ***Annexure – 2.***

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure 2
1.	Absence of internal audit system commensurate with the nature and size of business of the company.	25	A-1,2,3,4,11,12,13,15,17,19,20,21,25, 26,27,28,29,30,32,33,34,36 C-2,7,9
2.	Non-maintenance of cost record	2	A-12,26
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations.	21	A-,2,3,4,5,11,12,15,17,19,20,21,23,25, 28,29,30,32, C-2,7,9

Recoveries at the instance of audit

1.36 During the course of propriety audit in 2010-11, recoveries of ₹ 31.93 crore were pointed out to the Management of various PSUs, of which, recoveries of ₹ 0.56 crore were admitted by PSUs. An amount of ₹ 0.15 crore was recovered during the year 2010-11.

Status of placement of Separate Audit Reports

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

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Assam State Transport Corporation	2003-04	2004-05	August 2010	N.A
			2005-06	September 2010	
			2006-07	October 2010	
			2007-08	May 2011	
			2008-09	July 2011	
2.	Assam Financial Corporation	2007-08	2008-09	February 2010	N.A.
			2009-10	November 2010	

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

Disinvestment, Privatisation and Restructuring of PSUs

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

Reforms in Power Sector

1.39 The State has Assam Electricity Regulatory Commission (AERC) formed in August 2001 under Section 17 of Electricity Regulatory Commission Act, 1998 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During the year 2010-11, AERC issued two tariff orders of which one relates to private projects where commercial operation of the project is yet to start.

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

Sl. No.	Milestone	Achievement as at March 2011
1.	Reduction of Transmission and Distribution losses	28.57 *per cent*
2.	100 *per cent* electrification of all villages	New scheme for total electrification under RGGVY has been taken up and the target for 100 *per cent* electrification of all villages is fixed by 2012.
3.	100 *per cent* metering of all Distribution Feeder	Target achieved in 2007-08.
4.	100 *per cent* metering of all consumers	99.10 *per cent* consumers are metered.
5.	Securitisation of outstanding dues of Central Public Sector Undertakings	Done in 2004–05.
6.	Online computerized billing in all major towns	Computerized billing done in all major towns in stand alone system.
7.	To bring down the level of ASEB's receivable to 60 days billing	82 days

CHAPTER-II

2. Performance Audit relating to Government Company

Assam Power Distribution Company Limited

Performance Audit on the working of Assam Power Distribution Company Limited

Executive Summary

As part of power sector reforms, the erstwhile Assam State Electricity Board was unbundled and consequently, the business of power distribution is carried out by three distribution companies namely, Upper Assam Electricity Distribution Company Limited (UAEDCL), Lower Assam Electricity Distribution Company Limited (LAEDCL) and Central Assam Electricity Distribution Company Limited (CAEDCL), which were incorporated on 23 October 2003 under the Companies Act, 1956.

Subsequently, the two companies *viz.*, UAEDCL and CAEDCL were merged with LAEDCL *w.e.f.* 1 April 2009 and LAEDCL was renamed as Assam Power Distribution Company Limited (APDCL) which was incorporated on 23 October 2009 under the Companies Act, 1956.

As on 31 March 2011, APDCL had distribution network of 1.12 lakh Circuit Kilometers (CKM) of lines, 36,240 sub-stations and 34,664 transformers of various categories catering to 19.13 lakh consumers.

Distribution Network planning

APDCL added 10,596 sub-stations during the period 2006-11. Further, as compared to the growth in connected load from 2,498.80 megawatt (MW) in 2006-07 to 3,294.96 MW in 2010-11, the increase in transformer capacity was from 1,342.26 mega volt ampere (MVA) to 1,901.08 MVA only, which meant that the transformer capacity fell short by 2,217.62 MVA when compared to the connected load as on March 2011.

Wide gap between transformation capacity and connected load led to overloading of distribution system, excess failure of DTRs and higher quantum of energy losses.

Implementation of Central/State sponsored schemes

The percentage of achievement of electrification of un-electrified villages under Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) was 71 *per cent* and connection to BPL households was 57 *per cent* against the target as on 31 March 2011.

The shortfall in achievement of target was due to delay in approval of DPRs, delay in award and execution of works with consequential increase in cost of projects from ₹ 1,304.62 crore to ₹ 1,768.96 crore at award stages which would further go up on completion of all works.

Due to non-completion of various projects in time under Assam Bikash Yojana (ABY), APDCL did not avail the intended benefit of ₹ 4.02 crore by way of reduction in technical losses as projected in the DPR. Further, APDCL had also extended undue benefit to the extent of ₹ 2.42 crore to contractors.

Metering

APDCL attained metering of 17.84 lakh against total number of 19.13 lakh un-metered consumers as on 31 March 2011 and it took 2 days to 1975 days in replacing stop/defective meters as it did

not maintain reserve stock of meters in violation of directives of AERC.

Operational efficiency

The AT&C losses of APDCL decreased from 32.89 *per cent* in 2006-07 to 25.44 *per cent* in 2010-11, which was still above the approved norms of AERC (21.60 *per cent*).

Financial position

Accumulated losses of APDCL increased by 620.51 *per cent* from ₹ 142.90 crore in 2006-07 to ₹ 1,029.61 crore in 2010-11. The borrowings of APDCL increased by 74.40 *per cent* from ₹ 479.58 crore in 2006-07 to ₹ 836.40 crore in 2010-11.

The realisation per unit increased from ₹ 4.71 to ₹ 5.74 (21.87 *per cent*) during 2006-11, whereas the cost per unit increased from ₹ 5.02 to ₹ 7.00 (39.44 *per cent*) during the corresponding period.

Billing and Revenue collection efficiency

The percentage of energy billed against energy sold increased from 85.24 *per cent* in 2006-07 to 95.02 *per cent* in 2010-11. Despite increase in billing efficiency, APDCL had sustained losses amounting to ₹ 80.63 crore due to non-compliance of various directions of Assam Electricity Regulatory Commission (AERC).

The outstanding dues of APDCL increased by 43.35 *per cent* from ₹ 298.54 crore in 2006-07 to ₹ 427.96 crore in 2010-11, out of which ₹ 80.91 crore (18.91 *per cent*) realizable from permanently disconnected consumers were outstanding as on 31 March 2011.

Financial Management

Due to unnecessary drawal of loan fund and its non-utilisation, APDCL had burdened itself with a total interest liability of ₹ 42 lakh to Government of Assam.

Energy Audit

Direction of AERC to APDCL to analyse the consumption pattern of all Government building and initiate appropriate steps for reduction of energy consumption or reduction of energy losses was not complied by it.

Further, Energy audit data were not analysed or no corrective action taken by APDCL to minimise the energy losses.

Monitoring by Top Management

The monitoring system is inadequate as APDCL did not devise a proper MIS to monitor the work entrusted to contractors effectively or evaluate power demand and supply position in the State and control theft of energy.

Introduction

2.1 Electricity is an essential requirement for all facets of our life. It has been recognized as a basic human need. It is a critical infrastructure on which the socio-economic development of the country depends. Supply of electricity at reasonable rate to rural India is essential for its overall development. Equally important is availability of reliable and quality power at competitive rates to Indian industry to make it globally competitive and to enable it to exploit the tremendous potential of employment generation. Services sector has made significant contribution to the growth of our economy. Availability of quality supply of electricity is very crucial to sustained growth of this segment.

Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, the Government of India (GOI) has set itself the target of providing access to electricity for all households in next five years. Major responsibility for achieving the key parameters of the above said importance of electricity devolves on the distribution sector. Distribution sector is very near to people. Distribution companies are first point of contact in the electricity sector for millions of consumers. This is the sector which provides electricity to the door step of every house hold. It serves various objectives of electricity sector such as supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates and at the same time protects the consumer interest. Distribution companies need to make a financial turnaround and they should be commercially viable in order to achieve the above objectives.

The performance audit aims to analyse how far the distribution company, APDCL, planned its operations to achieve above objectives, achieve its financial turnaround and the extent of providing solutions to problems encountered during the five year period 2006-07 to 2010-11.

Electricity reforms and electricity scenario in Assam

2.2 As part of power sector reforms, the erstwhile Assam State Electricity Board (ASEB) was unbundled and five companies were formed. Consequently, the business of distribution of power in Assam is carried out by three distribution companies namely, Upper Assam Electricity Distribution Company Limited (UAEDCL), Lower Assam Electricity Distribution Company Limited (LAEDCL) and Central Assam Electricity Distribution Company Limited (CAEDCL), which were incorporated on 23 October 2003 under the Companies Act, 1956 under the administrative control of Power Department, Government of Assam. Subsequently, the two companies *viz.*, UAEDCL and CAEDCL were merged with LAEDCL *w.e.f.*, 1 April 2009 and LAEDCL was renamed as Assam Power Distribution Company Limited (APDCL) which was incorporated on 23 October 2009. However, in this merger, the procedures prescribed under Companies Act, 1956 (Section 391 to 394 A) regarding reconstruction, amalgamation, merger and Section 396 regarding notification to be issued by the Central Government in public interest as well as Electricity Act, 2003 {Section 17(i) (b)} regarding obtaining permission from AERC for merger were not followed, which was pointed out in Para 1.3 of the Report of Comptroller and Auditor General of India (Commercial) 2009-10, Government of Assam. The management of APDCL is vested with a Board of Directors comprising eight directors appointed by the State Government. The day-to-day operations are carried out by the Chairman-cum-Managing Director, who is the Chief Executive of APDCL with the assistance of Chief General Managers, General Managers and Deputy General Managers.

Vital parameters of electricity supply in Assam

2.3 During 2006-07, 2244.33 million units (MUs) of energy was sold by APDCL which increased to 3,535.43 MUs in 2010-11, i.e. an increase of 57.53 *per cent* during 2006-11. As on 31 March 2011, APDCL had distribution network of 1.12 lakh circuit kilometre (CKM), 36,240 sub-stations and 34,664 transformers of various categories. The number of consumers as on 31 March 2011 was 19.13 lakh. The turnover of APDCL was ₹ 1559.68 crore in 2010-11, which was equal to 58.91 *per cent* and 1.50 *per cent* of the turnover of all State PSUs and State Gross Domestic Product respectively. It employed 11,477 employees as on 31 March 2011.

Performance review of electricity sector

2.4 Performance review on 'Implementation of Accelerated Power Development Reform Programme' in erstwhile ASEB was included in the Report of the Comptroller and Auditor General of India (Commercial)-Government of Assam (GOA) for the year ended 31 March 2007. The Report was discussed by the Committee on Public Undertakings (COPU) on 18 December 2009. Recommendations are awaited.

Scope and Methodology of Audit

2.5 The present performance audit conducted during February 2011 to August 2011 covers the performance of the APDCL during the period 2006-07 to 2010-11 and mainly deals with Network Planning and Execution, Implementation of Central Schemes, Operational Efficiency, Billing and Collection Efficiency, Financial Management, Consumer Satisfaction, Energy Conservation and Monitoring. The audit involved scrutiny of records at the Head Office, one Central Stores division, 11 sub-divisions and various information submitted by the sub-divisions {selected based on number of consumers, sub-stations, distribution transformers (DTRs) *etc.*} of APDCL.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with the audited entity personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft report to the Management for comments before finalisation.

Audit Objectives

2.6 The objectives of the performance audit were to assess whether:

- the financial management was sound enough to recover operational cost and to improve the financial health of APDCL by attaining desired efficiency, timely and correctly filing of tariff petition, prompt and correct raising of energy bills and early collection of revenue;

- long-term comprehensive plans were made by APDCL for up-gradation of distribution networks and various schemes were implemented efficiently, effectively and economically to develop and augment the distribution networks systematically for attainment of the prime objective of the National Electricity Policy (NEP), 2005;
- metered supply of power was ensured for all consumers by installation of new meters and timely repairs/replacement of defective meters;
- operating efficiencies in distributing adequate and reliable power to all consumers were achieved by minimising and controlling technical and commercial losses of power;
- a system was in place to assess consumer satisfaction and redressal of grievances;
- loss reduction techniques and energy conservation measures were undertaken in line with the National Electricity Plan; and
- proper monitoring system existed and the same was utilised in review of the workings of APDCL.

Audit Criteria

2.7 The audit criteria adopted for assessing the achievement of the audit objectives were:

- National Electricity Plan, Plans and norms concerning distribution network of distribution companies (DISCOMs) and Planning criteria fixed by the State Electricity Regulatory Commission (SERC);
- Standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- Norms prescribed by various agencies with regard to operational activities;
- Norms of technical and non-technical losses;
- Guidelines/instructions/directions of AERC;
- Terms and conditions contained in the Central/State Scheme Documents; and
- Provisions of Electricity Act, 2003.

Audit Findings

2.8 We explained the audit objectives to APDCL during an 'Entry Conference' held on 16 March 2011. Audit findings were reported to APDCL and the Government of Assam (GOA) on 20 July 2011. APDCL replied to audit findings in August 2011. Audit findings were also discussed in an 'Exit Conference' held on 24 August 2011 in which Principal Secretary, Department of Power, GOA, Chairman-cum-Managing Director and other senior officials of APDCL participated. The GOA did not furnish any separate replies to audit findings. The views expressed by APDCL in the replies and the exit conference have been considered while finalising this report. Audit findings are discussed in subsequent paragraphs.

Distribution Network Planning

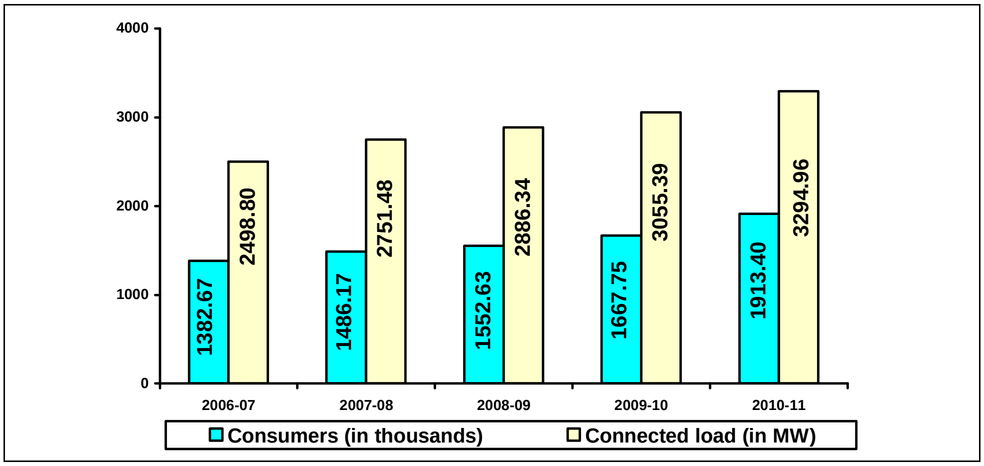
2.9 The NEP was evolved with the following aims and objectives:-

- Access to electricity is to be made available to all households in five years commencing from 2005.
- Supply of reliable and quality power of specified standards in an efficient manner and reasonable rates.

To ensure access by all to electricity, the Power Distribution companies in the State are required to prepare long-term/annual plans for creation of infrastructural facilities for efficient distribution of electricity so as to cover maximum population in the State. Besides, the companies are required to ensure proper upkeep the existing network, ensure additions to distribution network as planned, keeping in view the demand/connected load, anticipated new connections and growth in demand. Considering these parameters, Capital Investment Plans are submitted to the State Government/AERC. The major components of the outlay include normal development and system improvement besides rural electrification and strengthening of IT enabled systems.

2.9.1 The position of consumers and their connected load during the period 2006-11 are given in ***Chart-1***.

Chart-1



APDCL did not prepare any comprehensive long-term plans.

The capacity fell short by 2217.62 MVA to match the connected load by March 2011.

2.9.2 We noticed that APDCL did not prepare any comprehensive long-term plans; rather short-term plans were prepared on the basis of allocation of fund by the Central/State Government under various schemes and projects. APDCL added 10,596 sub-stations (11/0.4 KV: 10,542 and 33/11 KV: 54) during the period 2006-11. Further, as compared to the growth in connected load from 2,498.80 mega watt (MW) in 2006-07 to 3,294.96 MW {equivalent to 4,118.70 mega volt ampere (MVA) at 0.80 Power Factor} in 2010-11 as depicted in Chart 1, the increase in transformer capacity was only 1,342.26 MVA to 1,901.08 MVA and the capacity fell short by 2,217.62 MVA to match the connected load as in March 2011. Thus, the increase in distribution capacity did not match with the pace of growth in consumer demand and was not adequate to meet the projected load demand as per Electric Power Survey Committee in its 17th report. There was wide gap in the transformation capacity compared to connected load, it is clear that the actual addition of sub-stations was inadequate. This gap in transformation capacity led to overloading of the system and consequential rotational cuts, adverse voltage regulation and higher quantum of energy losses.

In reply, APDCL stated that though the transformation capacity was lower than the connected load, the peak demand was only 1,294 MVA, hence, there was no deficiency in transformation capacity. Further, it stated that in order to meet the growth of future demand, addition in transformation capacity would be required. The fact remains that APDCL is yet to achieve the ideal ratio of 1:1 of transformation capacity for a hassle-free operation of its transformation system.

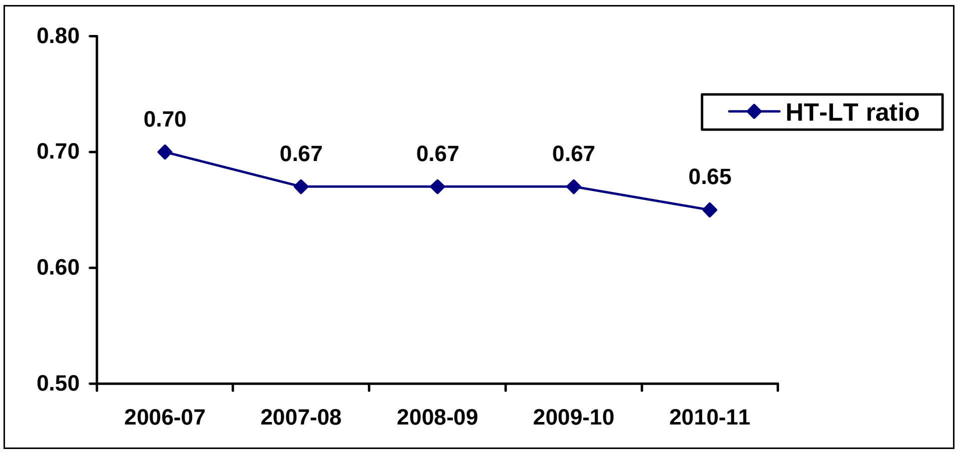
Some observations indicating weakness in planning are discussed below:

2.9.3 High voltage distribution system helps in ensuring effective reduction of technical losses, prevention of theft, improved voltage profile and better consumer service. GOI had also stressed (February 2001) on the need to adopt such a system of distribution through replacement of existing LT lines with HT lines and reduce distribution losses.

Implementation of LT less system

2.9.3.1 The HT-LT ratio over the period 2006-11 is depicted in the ***Chart-2.***

Chart-2



The ratio of HT to LT ranged between 0.65:1 and 0.70:1 during 2006-11.

The ratio of HT to LT thus ranged between 0.65:1 and 0.70:1 during 2006-11. APDCL failed to reduce the same as the HT-LT ratio remained at the same load indicating inadequacy of initiatives taken for reduction of energy loss.

APDCL in its reply stated that it has taken various steps under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Restructured Accelerated Power Development Reforms Programme (R-APDRP) scheme to improve the HT-LT ratio. Progress of the schemes were, however, tardy, as could be seen from ***paragraphs 2.10 and 2.11***.

IMPLEMENTATION OF CENTRAL/STATE SPONSORED SCHEMES

Rural Electrification

2.10 The NEP, *inter alia*, states that the key objective of development of the power sector is to supply electricity to all areas including rural areas for achieving which, the GOI and the State Governments would jointly endeavour. Accordingly, the RGGVY was launched in April 2005, which aimed at providing access to electricity to all households in five years for which the GOI provides 90 *per cent* capital subsidy.

Besides, the GOI notified the Rural Electrification Policy (REP) in August 2006 which *inter-alia* aims at providing access to electricity for all households by 2009 and minimum lifeline consumption of one unit *per* household *per* day as a merit good by 2012. The other schemes viz., Accelerated Electrification of one lakh villages and one crore household and Minimum Needs Programme were merged with RGGVY. The features of the erstwhile 'Kutir Jyoti Programme' were also suitably integrated into this scheme.

2.10.1 As on 31 March 2006, out of 26,312 villages in the State (as *per* 2001 Census), 18,567 villages were electrified (70.56 *per cent*). The year-wise target vis-à-vis achievement of electrification under RGGVY during 2006-11 is shown in ***Table-1***.

Table-1

Year	Electrified villages in the beginning of the year	Target for electrification during the year			Electrified during the year			Electrified villages in the end of the year	Percentage of achievement against target during the year		
		UEV*	EV∝	BPL	UEV	EV	BPL		UEV	EV	BPL
2006-07	18,567	-	-	-	-	-	-	18,567	-	-	-
2007-08	18,567	64	91	-	64	91	-	18,631	100	100	-
2008-09	18,631	891	1,568	1,08,660	492	522	13,389	19,123	55	33	12
2009-10	19,358	2,057	3,566	3,21,918	1,204	1,875	1,51,223	20,327	59	53	47
2010-11	21,579	3,805	4,303	3,48,609	3,078	4,236	2,75,808	23,405	81	98	79
Total		**6,817**	**9,528**	**7,79,187**	**4,838**	**6,724**	**4,40,420**		**71**	**71**	**57**

As against the target of electrification of 16,345 villages and providing 7,79,187 connections to below poverty line (BPL) households, APDCL achieved electrification of 11,562 villages (71 *per cent*) and providing electricity connections to 4,40,420 BPL households (57 *per cent*) respectively.

Some reasons for shortfall in achievement of targets as observed in audit are summarised in the following paragraphs:

Delay in approval of scheme and Detailed Project Reports (DPRs)

2.10.2 As per provisions of the scheme, execution of project shall be completed within an implementation period of 2 years and for effective implementation, a tripartite agreement shall have to be concluded amongst Rural Electrification Corporation Limited (REC), State Government (GOA) and the State Power Utility, stipulating the terms and conditions for flow of funds and other modalities. Accordingly, APDCL signed a tripartite agreement with GOA and REC in July 2005 and forwarded 17 DPRs† during October

* Un-electrified village. ∝ Intensification of already electrified villages.
† Jorhat, Nalbari, Morigaon, Barpeta, Golaghat, Darrang, Bongaigaon, Dhubri, Nagaon, Tinsukia, Goalpara, Dhemaji, NC Hills, Karbi Anglong, Kamrup,Lakhimpur and Kokrajhar.

2005 to December 2006 for approval and sanction by REC at an estimated cost of ₹1,304.62 crore involving electrification of 12,53,353 rural households (including 7,79,187 BPL households) in 16,345 villages. REC accorded approval to 2 DPRs* only by May 2006 and informed (April 2007) that implementation of scheme in other districts be kept on hold, as directed by Ministry of Power, Government of India.

Implementation of the scheme was kept on hold in 15 districts due to time taken by REC in field verification and time lost in furnishing clarifications by APDCL on the DPRs.

The DPRs of the other 15 districts for electrification of 11,59,529 rural households (including 7,03,734 BPL households) in 14,586 villages (6,144 un-electrified villages and 8,442 electrified villages) at an estimated cost of ₹1,211.65 crore were approved (March 2008 and November 2009) by REC after APDCL complied with the remarks/observations of REC on those DPRs. Thus, approval of all DPRs was received nearly three years from the month of sending the last DPR in December 2006. Approval of DPR was delayed as implementation of the scheme was kept on hold in 15 districts due to time taken by REC in field verification and time lost in furnishing clarifications by APDCL on the DPRs.

Delay in award of works

2.10.3 The implementation of the scheme was divided into 96 packages covering all 17 districts. Separate tenders for each package were invited (April 2006 to July 2009) and work orders were issued (February 2007 and November 2009). Records revealed that time taken in award of works ranged between 4 and 30 months from the date of floating notice inviting tender mainly on account of delay in processing and finalisation of tenders, negotiation with the bidders, obtaining fresh sanction of REC in those cases where L-1 bid was more than 110 *per cent* of sanctioned cost.

Delay in execution of works

Physical progress of works ranged between 4.87 and 98.76 *per cent* for un-electrified villages and nil to 91.83 *per cent* for BPL households as on March 2011.

2.10.4 Out of 96 packages, only 25 packages were completed till March 2011 and as regards non-completion of 71 packages♣ of 14 districts, it was noticed that though scheduled dates of completion of the works as per award letters were over between April 2009 and September 2010, physical progress of works ranged between 4.87 and 98.76 *per cent* for un-electrified villages and nil to 91.83 *per cent* for BPL households as on March 2011 in addition to time overrun of 24 to 92 weeks from the stipulated date of completion.

Further, as on 31 August 2011, the physical progress of works in 14 uncompleted districts ranged between 42.50 and 99.20 *per cent* for un-electrified villages and 25.10 to 99.40 *per cent* for BPL households as in August 2011. It was also observed that in 5 packages†, out of 2,039 villages, survey of 136 villages could not be completed. Again, out of targeted

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* Tinsukia and Goalpara.

♣ Excluding 2 packages in Kokrajhar district scheduled to be completed in May 2011.

† Bongaigaon PKG 1, Dhubri PKG-1, Nagaon PKG-3, Dhemaji PKG-1 and Kokrajhar PKG-1.

electrification of 13,024 rural villages under 61 packages, the contractor did not commence work in 1,130 villages till August 2011. Further, as envisaged in the DPRs, APDCL did not provide any service connection to rural households except BPL households.

The reasons for failure in timely execution of works were, preparation of faulty DPRs resulting in inclusion of new villages and substituting already approved villages due to non-detection of the same at implementation stages, change in specification and increase in volume of works, delay in handing over of sites to the contractor, litigation cases, delay in submission of Guaranteed Technical Particulars (GTP) and drawings and subsequent approval thereon and delay on part of the contractors in commencement of work as well as slow progress of work.

Increase in sanctioned cost of the scheme

2.10.5 The reasons for delays as discussed in ***paragraphs 2.10.2 to 2.10.4*** had not only defeated the main objectives of the scheme but also resulted in increase in sanctioned cost of the project from ₹ 1,304.62 crore to ₹ 1,768.96 crore at award stages which would further go up on completion of all the works. DPR estimates considered base rate (SOR rate) of 2005-06 whereas works were awarded on SOR rate of 2008-09, as well as preparation of estimates without considering tax element and contractor's margin contributed to increase in project cost.

2.10.6 The position of funds received under RGGVY for rural electrification vis-à-vis their utilisation during the five years ending 31 March 2011 is depicted in ***Table-2***.

Table-2

(₹ in crore)

Year	Opening Balance	Funds received during the year	Total funds available	Funds Utilised	Unspent funds at the end of the year
2007-08	-	135.10	135.10	72.51	62.59
2008-09	62.59	335.95	398.54	109.20	289.34
2009-10	289.34	384.47	673.81	353.24	320.57
2010-11	320.57	579.75	900.32	448.59	451.73
Total	**-**	**1435.27**	**-**	**983.54**	**-**

Out of total funds of ₹ 1435.27 crore received, APDCL could utilise only ₹ 983.54 crore.

Out of total funds of ₹ 1435.27 crore received, APDCL could utilise only ₹ 983.54 crore (68.53 *per cent*). Funds remained unspent due to slow progress of work by contractors, inadequate monitoring by management and release of fund by the REC at the fag end of the year.

The following points were further observed in the course of audit:

Loss due to excess payment to the contractor

Due to inherent deficiency in the agreement, APDCL had to pay avoidable amount of ₹1.41 crore to the contractors.

2.10.7 Test check of records revealed that while awarding contracts for five* packages, the supply prices were considered inclusive of excise duty (14 *per cent* to 16 *per cent*). Subsequently, the rate of excise duty came down to 14 *per cent*, 10 *per cent and* 8 *per cent* in a phased manner. In the absence of any clause in the agreement to pay excise duty at actuals, APDCL paid excise duty on supply of materials at the fixed rates agreed upon. Thus, due to inherent deficiency in the agreement, APDCL had to pay an otherwise avoidable amount of ₹1.41 crore to the contractors.

In reply, APDCL stated that the format of price bid as prescribed by REC did not have any provision for inclusion of taxes and duties separately. The reply is not acceptable as clause 4.2 of the Special Conditions of Contract (Volume-IA) prescribed by REC clearly states that taxes and duties shall not be included in the quoted price but shall be indicated separately, wherever applicable.

Irregular enhancement of contract price

No investigation was made to identify the schemes under which the villages were stated to be electrified earlier.

2.10.8 The works under Tinsukia district (Package II) for providing service connections to BPL households were awarded (February 2007) to ECI Engineering and Construction Company Limited at a cost of ₹ 64.66 crore with the scheduled date of completion by February 2009. The contractor informed (October 2009) that 73 villages which were earlier declared in the DPR as already electrified had no infrastructure at all. The concerned Electrical Circle was directed (October 2009) to furnish a field report after survey and also to obtain a certificate from the concerned Deputy Commissioner (DC) in this regard. However, the field unit neither obtained any certificate from the DC nor furnished field report but informed (October 2009) APDCL that the villages had no infrastructure to provide electricity connection based on contractor's report. The contractor estimated (December 2009) an additional amount of ₹ 12.46 crore for re-electrification of these villages. The estimate of the contractor was approved by APDCL without preparing its own estimate based on field survey and obtaining certificate from DC. Further, no investigation was made to identify the schemes under which the villages were earlier electrified. Reasons for and extent to which the earlier infrastructure was missing also remained unexplained.

In reply, APDCL stated that it did not carry out any separate survey as the concerned villages were declared by Governor as de-electrified. The reply is not acceptable as the Governor's report indicated 99 villages as de-electrified in Tinsukia district as on 31 March 2007 which was considered by APDCL in preparation of DPR. The additional 73 villages which were subsequently

* Tinsukia (Package-1), Jorhat {Package 1 & 2A(ii)} and Golaghat (Package 2A & 2B)

considered de-electrified by APDCL were over and above the existing 99 de-electrified villages and no separate report on this was issued by the Governor.

Delay in handing over of completed villages to sub-divisions

2.10.9 Scrutiny of records revealed that all villages where electrification works were completed were not handed over to the respective sub-divisions. ***Table-3*** describes position of electrification and handing over of villages in respect of five districts as on 31 March 2011.

Table-3

Sl. No.	Districts	Date of Work order	Villages where electrification is completed	Villages handed over	Percentage of village handed over
1	Kokrajhar	November 2009	25	3	12
2	Karbi Anglong	January 2009	1414	748	53
3	Darrang	September 2008	981	533	54
4	Kamrup	January 2009	610	385	63
5	NC Hills	January 2009	140	89	64

Villages where electrification was completed were not handed over to the respective sub-divisions, mainly because of lack of proper co-ordination between the contractors and the sub-divisions and non-submission of records by contractors in five cases etc. Delay in handing over has a negative impact on revenue collection and occurrence of theft of electricity also could not be ruled out. Accepting the facts, APDCL stated that there was delay in handing over of completed villages due to operational constraints like overloading of transformers, non-charging of 33/11 KV sub-station *etc*.

Non levy of liquidated damages

2.10.10 The clause in the agreement to levy liquidated damages (LD) on the contractor for delay on their part is a tool available to APDCL for exerting pressure on the contractor to enable him to adhere to completion schedule without justifiable reasons and finally impose the same in cases of unreasonable and avoidable delay. All agreements entered with the contractors, included a clause (No.11) providing for levy of LD at the rate of 0.50 *per cent* per week up to a maximum of 5 *per cent* of the total value of contract for non-completion of work due to contractor's fault within the stipulated dates. It was, however, observed that in 14 districts involving 61 packages, work was not completed within the scheduled time. Position of delay in completion of works in respect of 14 districts is given in ***Annexure-7.***

APDCL did not levy LD, as it and its field units did not maintain any hindrance registers.

Proper records are required to be maintained by APDCL and its field units/ divisions to invoke clause 11 of the agreements in support of delays attributable to contractors. Though substantial portion of the delays were attributable to slow progress of works by contractors, APDCL did not levy

LD, as its field units did not maintain any hindrance registers containing an analysis of the factors for delay and make the contractors accountable. A sample case is described below, as an illustration.

Work of supply and erection of materials under NCH-I package was awarded (January 2009) at ₹ 79.13 crore to Diamond Power Infrastructure Limited and the work was scheduled to be completed by July 2010. However, even after time-overrun of eight months therefrom (31 March 2011), the contractor completed 25.00 *per cent* electrification of un-electrified villages and provided service connection to 47.42 *per cent* BPL households. The reasons cited by the contractor, for slow progress *viz*., unapproachable road condition, hilly terrain and law and order problem were not accepted by APDCL on any occasion. Despite unsatisfactory performance of the contractor, LD amounting to ₹ 3.96 crore was not levied on the contractor.

In reply, APDCL stated that as REC has extended the completion schedule upto March 2012, LD shall be levied only after that period. The reply is not acceptable as the extension given by REC had nothing to do with delay by contractor and the extension letter clearly stated that the other terms and conditions of the contract shall remain unchanged. Extension of the benefit of rescheduling of work by delaying levy of LD on contractor was not justified.

Non billing of BPL consumers

Only 23.79 *per cent* BPL households were billed by the four sub-divisions.

2.10.11 BPL households were to be provided free service connection under this Scheme and were to be billed for energy consumption on monthly basis from the date of providing such connections. Scrutiny of records at four electrical sub-divisions revealed that out of 5,200 BPL households which were provided service connection up to 31 March 2011, only 2,849 BPL households were handed over to the sub-divisions of which, only 1,237 BPL households (23.79 *per cent*) were billed by the sub-divisions.

We observed that the main reasons of non-billing on remaining 1,612 BPL households were:

- The contractor failed to submit the DTR wise list of the BPL consumers to the sub-division. The list of BPL consumers was classified on the basis of Gaon Panchayats which was not compatible with software in use in the sub-divisions.

- Lack of proper monitoring and co-ordination among the contractor, RE monitoring officer and sub-division created further confusion for which all BPL households were not identified even on actual inspection in the field.

- Names and locations of various DTRs could not be verified due to inconsistency in DTRs submitted by the contractor from time to time. The lists of DTRs and BPL consumers were being submitted by the contractor to the sub-divisions directly without being channelised through the RE monitoring officer of respective package.

Restructured Accelerated Power Development Reforms Programme

2.11 The GOI approved the Accelerated Power Development Reforms Programme (APDRP) to leverage reforms in power sector through State Governments. This scheme was implemented by the power sector companies through the State Government with the objectives of up-gradation of sub-transmission and distribution system including energy accounting and metering under financial support provided by GOI.

In order to carry on the reforms further, GOI launched the R-APDRP in July 2008 as a Central Sector Scheme for XI Plan. In the State of Assam, the R-APDRP scheme was sanctioned (September 2008) by the GOI. The scheme comprised two parts: Part A with the objective of establishment of IT enabled system for achieving reliable and verifiable baseline data system in all towns besides installation of SCADA[*]/Distribution Management System for which, 100 *per cent* loan was provided which was likely to be converted into grant on completion and verification of same by third party independent evaluating agencies and Part B that dealt with strengthening of existing sub-transmission and distribution system and up-gradation of projects. Our scrutiny of records revealed the following:

Establishment of IT enabled system

2.11.1 The Power Finance Corporation (PFC) appointed APDCL the nodal agency for establishment of IT enabled in December 2009 at a cost of ₹ 173.18 crore for 66 towns and ₹ 0.60 crore for another town in August 2010. APDCL signed a memorandum of agreement with PFC on 15 March 2010. The standard scheduled completion period of the Part-A is 24 months from the date of sanction i.e., December 2011. PFC released the first instalment of ₹ 51.54 crore to APDCL on 17 March 2010, which, however, did not make any progress in implementation except appointment of IT implementing agency (Tata Consultancy Services Limited, Mumbai) at a cost of ₹ 215.32 crore in July 2011. The delay in appointment in IT implementing agency was due to filing (January 2011) of Court case by one dissatisfied bidder and its subsequent award (June 2011) by the Court in favour of APDCL and delayed decision (February 2010) of GOI to set up a common Data Centre and Data Recovery centre for all North-Eastern States.

[*] **Supervisory Control And Data Acquisition –** It generally refers to industrial control systems: computer systems that monitor and control industrial infrastructure or facility-based processes.

SCADA project

APDCL appointed (24 December 2010) Tata Consulting Engineers Limited (TCEL) at a contract price of ₹ 29.56 lakh for implementation of SCADA system in Guwahati city. As per LOA, DPR was to be submitted within 75 days (*i.e*. by 9 March 2011), whereas the consultant submitted the final DPR in July 2011. The delay in submission of DPR was due to delay in signing of contract by TCEL and incorporation of several modifications to rectify the discrepancies in the DPR noted by APDCL.

Strengthening of sub-transmission and distribution system under Part B of the project

2.11.2 APDCL appointed (June 2010) National Power Training Institute (NPTI) for preparation of DPR for 66 towns and consultancy services at a negotiated rate of ₹ 1.40 crore without inviting tender for Part-B of the scheme. NPTI was required to submit the DPR by October 2010 but submitted the same only in May 2011. The reason for delay in submission of DPR was mainly non-submission of details of ring fencing by APDCL, *i.e*., mapping of the 11KV feeders with both rural and urban loads in a particular town/city under the project implementation area which was a pre-requisite for implementation of Part-B of the project. APDCL stated that all DPRs have since been prepared and submitted to PFC for scrutiny and approval (September 2011).

Assam Bikash Yojana

2.12 GOA launched a scheme 'Assam Bikash Yojana' (ABY) in 2007-08. It sanctioned and released an amount of ₹ 165.31 crore during 2007-10 in favour of APDCL for carrying out works relating to construction of distribution lines, sub-stations, installation of transformers and energy meters etc. The year-wise break-up of funds received and actual financial progress made there against were as given in ***Table-4.***

Table-4

(₹ in crore)

Year	Amount sanctioned and released by the GOA	Amount of works awarded by APDCL	Actual financial progress as on March 2011	Percentage progress w.r.t. works awarded
2007-08	52.72	62.09	43.96	70.80
2008-09	67.11	36.36	21.49	59.10
2009-10	45.48	34.81	13.32	38.26
Total	**165.31**	**133.26**	**78.77**	**59.11**

As against the total fund of ₹ 165.31 crore received from GOA, APDCL awarded works valuing ₹ 133.26 crore only, as on 31 March 2010. This was because the tendered cost was much lower than the estimated/approved cost. Financial progress ranged between 38.26 *per cent* and 70.80 *per cent.* Reasons for slow progress were delay in award of work and delay on the part of the contractor in completion of the work.

Our examination of the implementation of the scheme revealed the following:

APDCL failed to achieve the intended benefit of ₹ 4.02 crore.

APDCL invited (January 2008) a limited-tender and awarded (July 2008) works valuing ₹ 7.36 crore under three packages to the lowest bidder Shri Gopikrishna Infrastructure Private Limited, Hyderabad (SGIPL), which was to complete and commission all works within January 2009. It was, however, noticed that SGIPL completed erection of 1784 out of 2656 PSC poles (Under 3 Packages) till April 2011 and since then, the works were held up due to 'right of way' (ROW) problem. As the project was not completed as per scheduled date (January 2009), APDCL failed to achieve the intended benefit of ₹ 4.02 crore by way of reduction in technical losses as projected in the DPR. Further, there was delay of four months by the contractor in submission of GTP of material and drawings which was in turn, due to delay in completion of survey. The contractor also started (March 2009) procurement of material only after scheduled completion date *i.e.*, January 2009. Although LD was recoverable at the rate of one *per cent per* week of the contract price or part thereof for delay by contractor subject to maximum of 10 *per cent*, APDCL did not invoke the aforesaid clause.

In reply, APDCL stated that it had not yet sorted out the problem of ROW and as a result, imposing LD was not considered and that there is scope for deduction of LD from retention money and erection payment if the delay was due to contractor's fault. The fact remains that no LD was imposed to the extent of delay that had already occurred due to the fault of the contractor.

Undue benefit to the contractor

2.12.1 As per work order, the contractor was to supply 277 km of AAAC Wolf Conductors at quoted rate of ₹ 1.29 lakh *per* km. Scrutiny of records revealed that the contractor supplied (March 2009) 211 km of conductors which were below the standard specification mentioned in bid documents. APDCL had, without verification of corresponding rate of conductors actually supplied, released payment at approved rates. This resulted in extension of undue financial benefit to the tune of ₹ 1.60 crore to the contractor.

In reply, APDCL stated that these being turnkey contracts, evaluation with reference to market rates was not made; it had inspected and tested the material at manufacturer's workshop and approved the specification.

Reply was silent on the fact that the rates were not negotiated with the supplier for ensuring that supply of materials was not below the specification mentioned in the bid document.

2.12.2 A provision of ₹ two crore under ABY was made in the DPR for 2008-09 towards procurement of 148 DTRs of 100 KVA capacity for up-gradation and augmentation of the Distribution Network System under 4 electrical circles. The cost estimate for one 11/0.4 KV, 100 KVA DTR was ₹ 2.39 lakh. As per the technical parameters specified in the bid document, the 'Full Load Loss and No Load Loss' of the transformers should be 1240 Watts and 180 Watts respectively. On the basis of lowest quoted rates, APDCL placed (March 2009) purchase orders on 4 different contractors for the above 4 circles at unit prices ranging from ₹ 1.19 lakh to ₹ 1.55 lakh.

Our examination of records revealed that the contractor supplied DTRs from approved local manufacturers with lower specifications (Full Load Loss-1760 Watts and No Load Loss-260 Watts), than the standard specification mentioned in the bid documents ostensibly on account of non-availability of DTR of specified rating. We noticed that APDCL had purchased DTRs of similar specification from the approved local manufacturers under the same scheme at ₹ 81,050 *per* DTR. APDCL, however, did not claim the benefit of corresponding price reduction for DTRs that were below the bid specified standards from the contractors. This resulted in extending undue financial benefit to the contractors to the tune of ₹ 81.74 lakh.

APDCL in its reply stated (August 2011) that the tender specification was prepared considering specification of 3 star rated DTRs while the estimate was prepared on the old approved rate of earlier specification. Further, it stated that the specified parameter in the bid was for 63 KVA DTRs which were incorrectly printed as 100 KVA. The reply is not convincing as even the estimated cost of 100 KVA DTRs procured was taken as ₹ 2.39 lakh instead of ₹ 0.81 lakh which was the rate of the 100 KVA DTRs at the relevant time. The fact, therefore, remains that APDCL purchased 100 KVA DTRs of lower specification at a higher rate, which could have been avoided through a corrigendum in the work order and negotiating the price on realisation of the deficiency or incorrectness in estimates.

Consumer metering

2.13 The Electricity Act, 2003 envisages 100 *per cent* consumer metering. AERC introduced (May 2005) the 'Jeevan Dhara' category of consumers in lieu of rural un-metered category and directed APDCL to complete 100 *per cent* metering, within three months i.e., by August 2005.

APDCL took up (May 2006) the work of 100 *per cent* metering under the Assam Power Sector Reforms Programme financed by Asian Development Bank (ADB), which sanctioned (March 2006) an amount of ₹ 89.66 crore. The work order for supply and installation of meters were issued (May 2006) under three packages at a total cost of ₹ 89.66 crore for 3,72,185 meters scheduled to be installed/completed by November 2007. The status of achievement of metering of all consumers (of various categories) in the State is indicated in

APDCL attained metering of only 17.84 lakh consumers (93.22 *per cent*) against total number of 19.13 lakh consumers as on 31 March 2011.

Annexure–8. We noticed that APDCL attained metering of only 17,83,712 consumers (93.22 *per cent*) against total number of 19,13,396 consumers as on 31 March 2011 thus failing to comply with the directions of AERC for 100 *per cent* metering till date (September 2011).

Further examination of records in respect of the above work revealed the following:

Purchase of meters at higher cost

2.13.1 The work orders for supply of meters were issued to three different contractors at different rates for the same capacity of meters as detailed in ***Table-5***.

Table-5

Name of the supplier	Single phase meter		3 Phase (5-20 A) meter		3 phase CT meter	
	Nos	Rate/Unit (₹)	Nos	Rate/Unit (₹)	Nos	Rate/Unit (₹)
Secure Meters (Pkg-I)	145515	1850	7640	4495	800	12031
HPL Socomoc (Pkg-II)	110013	1800	5090	4500	600	10800
L&T (Pkg-III)	96522	1950	5405	4816	600	10266
Total	**352050**		**18135**		**2000**	

The rate paid to the contractors was in the range of ₹ 1,800 to ₹ 1,950 for Single Phase meters, ₹ 4,495 to ₹ 4,816 for 3 Phase meters and ₹ 10,266 to ₹ 12,031 for 3 Phase CT meters. Though the rate quoted by the contractors for meters of similar specification under various packages differed substantially, APDCL did not compare the rates and negotiate with the contractors to bring the rates to the lowest level. This inaction of APDCL led to an avoidable loss of ₹ 2.52 crore against the supplies made by the three suppliers of electricity meters.

APDCL, in reply, stated that the difference in rate was due to supply of other assorted items like MCCB meter seal, switch box, PVC cable, etc. It also stated that meters were not of identical rating for all the three packages and the terrain of the works was also considered while evaluating the price. The reply is not acceptable as the comparison is made on the basis of ex-work price of meter and included all the required assorted items. Meters of even lower weight were procured at higher price. Further, the elements of freight and insurance which were different depending on distance and condition of sites were excluded by us, while comparing the prices of meters.

Observations on installation of meters

2.13.2 Details of physical target and achievement of metering under the project based on the information furnished (2010) by the field units are depicted in ***Table-6.***

Table-6

Purpose of meter installation	Single phase meter		3 Phase (5-20 A) meter		3 phase CT operated meter		Total	
	Target	Achieve ment	Target	Achieve ment	Target	Achieve ment	Target	Achieve ment
Un-metered	42182	10465	1800	157	3	39	**43985**	**10661**
Stop/Defective	284197	290462	10709	12158	594	1262	**295500**	**303882**
New Consumers	25671	18339	5626	1989	1403	217	**32700**	**20545**
Total	**352050**	**319266**	**18135**	**14304**	**2000**	**1518**	**372185**	**335088**

Shortfall in achieving the target was mainly due to delay in submission of drawings, meters not conforming to the specification, public protests etc. The contractors also failed to replace 4,137 (Single phase: 3,417, 3 Phase: 681 and LTCT: 39) meters valuing ₹ 96.12 lakh, which were found defective after installation. It was observed that there was no reconciliation between the number of meter installed as per field units and head office. As per field units meters installed by contractors were 3.11 lakh and as per head office, it was 3.27 lakh meters installed. APDCL failed to reconcile the figure till date (August 2011).

APDCL stated (August 2011) that the vendor installed 3.27 lakh meters and receipt and replacement of defective meters was a continuous process and these were handed over and taken over locally at the circle level at regular intervals. Further, there is no monitoring at circle level and sub-division level for replacement of defective meters by the contractors.

Delay in replacement of stopped/defective meters

Scrutiny of records at electrical sub-divisions, revealed the following position:

2.13.3 As per AERC Regulation, APDCL shall replace stop/defective meters within a maximum period of 30 days from the date on which meter is found/reported defective. Test check of replacement of 595 stop/defective meters in 11 electrical sub-divisions revealed delay ranging from 2 days to 1975 days in replacing the meters.

Further, there were 14,088 stop/defective meters in 11 sub-divisions as on May 2011, which were yet to be replaced. The main reason for non-replacement of meters was shortage of meters, as APDCL failed to comply with the directives of AERC and maintain the reserve stock of meters. The consumers were provisionally billed on average basis.

Operational efficiency

2.14 The operational performance of APDCL can be judged on the basis of availability of adequate power for distribution, adequacy and reliability of distribution network, minimizing line losses, detection of theft of electricity, *etc*. Results of examination in audit of these areas are discussed in the next page:

Transmission & Distribution Losses

2.14.1 The distribution system is an important and essential link between the power generation source and the ultimate consumer of electricity. For efficient functioning of the system, it must be ensured that there are minimum losses in sub-transmission and distributing the power. While energy is carried from the generation source to the consumer, some energy is lost in the network. The losses at 33 KV stage are termed as sub-transmission losses while those at 11 KV and below are termed as distribution losses. These are based on the difference between energy received (paid for) by the Distribution Company and energy billed to consumers. The percentage of losses to available power indicates the effectiveness of distribution system. The losses occur mainly on two counts *i.e.*, technical and commercial. Technical losses occur due to inherent character of equipment used for transmitting and distributing power and resistance in conductors through which energy is carried from one place to another. On the other hand, commercial losses occur due to theft of energy, defective meters and drawal of unmetered supply.

Table-7 indicates the status of energy losses in the State as a whole for last five years upto 2010-11.

Table-7

(In Million Units)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Energy purchased	3344.31	3717.48	3975.06	4391.98	4741.51
2.	Energy sold	2244.33	2496.43	2797.59	3247.32	3535.43
3.	Energy losses (1 – 2)	1099.98	1221.05	1177.47	1144.66	1206.08
4.	Percentage of energy losses (*per cent*) {(3 / 1) x 100}	32.89	32.85	29.62	26.06	25.44
5.	Percentage of losses allowed by AERC (*per cent*)	27.36	25.05	24.24	22.65	21.60
6.	Excess losses (in MUs)	184.98	289.82	213.92	149.88	181.91
7.	Average realisation rate *per* unit (in ₹)	4.55	4.73	4.60	4.33	4.41
8.	Value of excess losses (₹ in crore) (6 x 7)	84.17	137.08	98.40	64.90	80.22

Losses in energy distribution exceeded the norms by 3.41 *per cent to* 7.80 *per cent.*

Losses in energy distribution thus ranged between 25.44 and 32.89 *per cent* during the last five years ending 31 March 2011, it exceeded the norms approved by AERC by 149.88 MU (3.41 *per cent*) to 289.82 MU (7.80 *per cent*) in the review period. We noticed that long length of the feeders, non-installation of capacitor banks, low power factor, un-metered consumers and theft of electricity *etc.* had contributed to energy losses.

APDCL, in reply, stated that it had taken various steps for improvement of sub-transmission and distribution losses *viz.* addition of transformation capacity as per 17th report of Electric Power Survey Committee, installation of meters for un-metered consumers, replacement of stop/defective meters and reduction in theft cases. However, the fact remains that APDCL was yet to achieve AERC norms for energy losses.

Performance of Distribution Transformers

2.14.2 AERC has fixed the norms for failure of DTRs in its tariff orders. The percentage of failure of DTRs ranged between 6.55 *per cent* and 8.43 *per cent*, it was within norms approved by AERC (10 *per cent*) during the period 2006-11. Cause-wise analysis of failure of DTRs revealed that the percentage of failure due to over-loading ranged between 10.99 to 14.63 *per cent* during the period as shown in ***Table-8***.

Table-8

Year	Total Number of DTRs failed during the year*	Number of failures due to over-loading	Percentage of failures due to over-loading
2006-07	1985	276	13.90
2007-08	2276	333	14.63
2008-09	2136	299	14.00
2009-10	2092	230	10.99
2010-11	2921	358	12.26

Analysis of DTR failure reports of four electrical circles revealed that out of 319 failed DTRs, 104 DTRs (i.e., 32.60 *per cent)* had failed on account of lightening which could have been avoided through installation of lightening arrestors which were either not provided or provided with damaged ones.

In reply, APDCL stated that action was being taken to make the protective devices healthy so as to reduce the failure of DTRs and also stated that the feasibility of installation of lightening arrestors shall be determined, in due course.

Capacitor Banks

2.15 Capacitor bank improves power factor by regulating the current flow and voltage regulation. In the event of voltage falling below normal, the situation can be set right by providing sufficient capacity of capacitor banks to the system as it improves the voltage profile and reduces dissipation of energy to a great extent thereby saving loss of energy. APDCL had installed 5,685† capacitor banks of various capacities in 93 electrical sub-divisions out of 154 electrical sub-divisions, with a total installed capacity of 79.122 MVAR (Mega Volt Ampere Reactive Power). Based on the total number of DTRs as

* Excluding failures due to manufacturing defects

† 6 KVAR (2,569), 9 KVAR (1,566), 27 KVAR (1,332), 60 KVAR (199) and 90 KVAR (19).

on March 2011, the actual requirement of capacitor banks to be installed was 341.88 MVAR. Thus, there was significant shortfall of 262.758 MVAR in the capacity of capacitor banks. A test check of 18 electrical sub-divisions, we observed that no capacitor bank was installed in 13 electrical sub-divisions and in the remaining 5 sub-divisions; though these were installed the same were not in working condition.

Commercial losses

2.16 Principal commercial losses related to consumer metering and billing besides pilferage of energy. While various deficiencies relating to billing and metering works have been commented in ***paragraphs* 2.18.6 and 2.13** respectively, the other deficiencies/observations relating to commercial losses are discussed below:

High incidence of 11 KV feeder loss

2.16.1 Gist of the analysis of seven electrical circles as regards 11 KV feeder losses for 2010-11 is given in ***Table-9.***

Table-9

Name of the Circle	No. of Sub-Divisions	Total No. of 11 KV Feeders	T&D Loss above 28.18 *per cent*	Range of loss
Bongaigaon	9	43	38	30-90
Rangia	4	24	23	29-49
Sibsagar	7	25	13	29-48
Jorhat	13	111	99	29-71
Kokrajhar	10	32	27	30-77
GEC-II	7	40	27	29-79
Kanch	8	40	36	29-94
TOTAL	**58**	**315**	**263**	**29-94**

Out of 315 feeders, the losses were above the aggregate loss of 28.18 *per cent* in 263 feeders (83.49 *per cent*) for 2010-11. Further, in 110 feeders, the losses were abnormally high in the range of 50 to 94 *per cent* in five circles (except Rangia and Sibsagar). The reasons for losses were long line length of 11 KV feeders, theft of energy and inadequate preventive maintenance of the lines. APDCL did not analyse the causes of high loss in these individual feeders so that effective steps could be taken to control the losses in a phased manner.

APDCL, in its reply, stated that it had taken steps to analyse the causes of high losses in individual feeders but the actual loss could not be ascertained because of supply of power/energy to BPL consumers and subsequent non-billing of BPL consumers.

High incidence of theft

2.16.2 Substantial commercial losses are caused due to theft of energy through tampering of meters by the consumers and unauthorised tapping/hooking by the unscrupulous persons/organisations. As per Section 135 of Electricity Act, 2003, theft of energy is a punishable offence. The targets for checking, theft cases, assessed amount and amount realised there against are given in ***Annexure–9***.

Our examination revealed that the percentage of checking to total consumers ranged between 0.31 and 0.43 *per cent* which cannot be considered adequate.

Further, against the target of ₹ 6.18 crore for realisation of assessed amount, APDCL realised ₹ 5 crore.

Performance of Raid Teams

2.16.3 In order to minimise the cases of pilferage/loss of energy and to save APDCL from sustaining heavy financial losses on this account, Section 163 of Electricity Act, 2003, provides that the licensee may enter in the premises of a consumer for inspection and testing the apparatus. APDCL has a Vigilance Cell headed by a retired Superintendent of Police and total staff strength of 10 personnel for this purpose but it did not set any target for raids to be conducted by the raid team. The number of raids conducted during the period 2007-11 ranged from 1,690 to 3,247 against a total of 19.13 lakh consumers as on March 2011. The outcome of the raids conducted was also not monitored by the Vigilance Cell.

Financial Position and Working Results

2.17 One of the major aims and objectives of the NEP is ensuring financial turnaround and commercial viability of electricity sector.

2.17.1 The summarized financial position of APDCL for the five years ending 2010-11 are given in ***Table-10***.

Table-10

(₹ *in crore*)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
A. Liabilities				**Provisional**	
Paid up Capital	162.77	162.77	162.77	250.81	250.81
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	599.43	766.86	1421.17	2069.01	2730.48
Borrowings (Loan Funds)					
Secured	16.89	23.91	42.66	54.41	42.58

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
A. Liabilities				**Provisional**	
Unsecured	462.69	724.40	611.97	693.97	793.82
Current Liabilities & Provisions	902.61	1022.53	1400.21	2041.13	2317.87
Total	**2144.39**	**2700.47**	**3638.78**	**5109.33**	**6135.55**
B. Assets					
Gross Block	853.47	984.92	1518.93	1632.07	1780.47
Less: Depreciation	562.20	622.98	676.79	742.75	823.03
Net Fixed Assets	291.27	361.94	842.14	889.32	957.44
Capital works-in-progress	916.60	947.90	597.50	925.94	1161.24
Investments	121.01	87.75	-	-	-
Current Assets, Loans and Advances	672.61	1084.06	1933.68	2712.04	2987.26
Accumulated losses	142.90	218.82	265.46	582.03	1029.61
Total	**2144.39**	**2700.47**	**3638.78**	**5109.33**	**6135.55**
Debt : Equity	2.95:1	4.60:1	4.02:1	2.98:1	3.33:1
Net Worth*	19.87	-56.05	-102.69	-331.22	-778.80

It may be seen from the above that the accumulated losses increased by ₹ 886.71 crore from ₹ 142.90 crore in 2006-07 to ₹ 1,029.61 crore in 2010-11. Further, the debt-equity ratio ranged between 2.95:1 and 4.60:1 during the same period. Increase in debt-equity ratio in 2010-11 as compared to 2006-07 was due to increase in unsecured loans.

Working Results

2.17.2 Details of working results including cost of electricity vis-à-vis revenue realization *per* unit therefrom are indicated in ***Table-11.***

Table-11

(₹ *in crore*)

Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
1.	**Income**					
(i)	Revenue from Sale of Power	1020.82	1181.89	1286.20	1407.99	1559.68
(ii)	Other income including interest	37.22	380.88	403.94	146.05	470.51
	Total Income	**1058.04**	**1562.77**	**1690.14**	**1554.04**	**2030.19**
2.	Distribution (In MUs)					
(i)	Total power purchased	3344.31	3717.48	3975.06	4391.98	4741.51
(ii)	Less: Sub-transmission & distribution losses	1099.98	1221.05	1177.47	1144.66	1206.08
	Net power sold	**2244.33**	**2496.43**	**2797.59**	**3247.32**	**3535.43**
3.	**Expenditure on distribution of electricity**					
(a)	**Fixed cost**					
(i)	Employees cost	229.49	290.94	329.44	357.98	391.28
(ii)	Administrative and General expenses	12.42	12.54	11.90	20.13	16.85

* *Net Worth = Paid-up Capital – Accumulated losses*

Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
(iii)	Depreciation	28.18	41.84	54.57	63.14	78.27
(iv)	Interest and finance charges	42.41	56.37	66.77	68.59	76.73
(v)	Other Expenses	13.15	18.94	4.35	9.99	4.22
	Total fixed cost	**325.65**	**420.63**	**467.03**	**519.83**	**567.35**
(b)	**Variable cost**					
(i)	Purchase of Power	598.44	966.39	939.23	1020.27	1530.26
(ii)	Transmission/Wheeling Charges	181.18	216.15	335.42	301.47	341.21
(ii)	Repairs & Maintenance	21.91	22.96	28.16	31.04	36.92
	Total variable cost	**801.53**	**1205.50**	**1302.81**	**1352.79**	**1908.39**
(C)	**Total cost 3(a) + (b)**	**1127.18**	**1626.13**	**1769.84**	**1872.62**	**2475.73**
4.	Realisation (₹ *per* unit) (including interest)	4.71	6.26	6.04	4.79	5.74
4 (a)	Realisation from sale of energy	4.55	4.73	4.60	4.33	4.41
5.	Fixed cost (₹ *per* unit)	1.45	1.68	1.67	1.60	1.60
6.	Variable cost (₹ *per* unit)	3.57	4.83	4.66	4.17	5.40
7.	Total cost *per* unit (in ₹) (5+6)	5.02	6.51	6.33	5.77	7.00
8.	Contribution (4-6) (₹ *per* unit)	1.14	1.43	1.38	0.62	0.34
9	**Profit (+)/Loss(-) *per* unit (in ₹) (4-7)**	**(-) 0.31**	**(-) 0.25**	**(-) 0.28**	**(-) 0.98**	**(-) 1.26**

There was a revenue gap of ₹ 69.14 crore in 2006-07 which increased to ₹ 445.54 crore in 2010-11. Though the realisation *per* unit increased from ₹ 4.71 to ₹ 5.74 (21.87 *per cent*) during the period covered in this audit, the cost *per* unit increased from ₹ 5.02 to ₹ 7.00 (39.44 *per cent*) during the corresponding period. The fall in realisation *per* unit from ₹ 6.04 (2008-09) to ₹ 5.74 (2010-11) was mainly because of decrease in other income. Further, contribution *per* unit had decreased by 70.18 *per cent* during the period 2006-2011.

2.18 Financial viability was generally influenced by various factors such as:

(a) Timely revision of tariff;

(b) Adequacy of revision of tariff to cover the cost of operation;

(c) Disallowance of expenditure;

(d) Cross subsidization policy of the GOA and its implementation;

(e) Financial Management; and

(f) Revenue billing and collection efficiency.

Each of these factors is discussed in the following paragraphs.

a) Timely revision of tariff

2.18.1 The tariff structure of the power distribution Company(s) is/are subject to revision as approved by the respective SERC after the objections, if any, received against Annual Revenue Requirement (ARR) petition filed by them within the stipulated date are considered by the AERC. APDCL was required to file the ARR for each year 120 days before the commencement of the respective year. AERC accepts the application filed with such modifications/conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders. ***Table-12*** shows the due date of filing ARR, actual date of filing, date of approval of tariff petition and the effective date of the revised tariff.

Table-12

Year	Due date of filing	Actual date of filing	Delay in days	Date of approval	Effective date
2006-07	1 December 2005	11 April 2006 (Revised)	131	28 April 2006	1 August 2006
2007-08	1 December 2006	5 April 2007 (Revised)	94	12 September 2007	20 September 2007
2008-09	1 December 2007	8 April 2008	372	24 July 2009	1 August 2009
2009-10					
2010-11	1 December 2009	15 February 2010	74	16 May 2011	24 May 2011

Delay in filing of tariff petition ranged between 74 days and 372 days.

From the above table, it may be seen that the delay in filing of tariff petition ranged between 74 days and 372 days which consequently delayed the approval of 'Tariff Order' of the respective year by AERC. The delay in filing of ARR was mainly due to non-preparation of annual accounts, delay in approval of earlier year's tariff etc. An amount of ₹ 5.66 crore, ₹ 5.05 crore, ₹ 53.88 crore, ₹ 19.28 crore and ₹ 78.21 crore could not be recovered by APDCL during 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 respectively, due to delay in submission of tariff petition by APDCL and its approval by AERC.

Some of the amounts which could have been recovered through truing-up petition subsequently, inspite of delayed submission of tariff petition to AERC, and their position were as follows:

(i) Against actual increase of ₹ 0.05 to ₹ 0.50 *per* unit under various categories of consumers in tariff order 2006-07, APDCL claimed (December 2008) an average increase of ₹ 0.15 *per* unit in its truing-up petition which was approved by AERC at ₹ 3.74 crore. Thus, due to incorrect lower claim, APDCL lost ₹ 1.92 crore (₹ 5.66- ₹ 3.74).

In reply, the management stated that the claim was made on the basis of average increase (₹ 0.06) *per* unit. The fact remains that APDCL had not considered the actual increase in tariff while claiming the amount receivable due to delay in approval of tariff.

(ii) Though APDCL submitted (February 2010) its truing-up petition to AERC for 2007-08 and 2008-09, it failed to claim recovery of loss amounting to

₹ 58.93 crore due to delayed implementation of tariff. Thus, AERC did not consider this aspect in its truing-up exercise. However, APDCL filed a review petition for recovery of the amount.

(iii) APDCL did not file (September 2011) its truing-up petition for 2009-10 and 2010-11, due to non-finalisation of Annual Accounts.

b) Adequacy of revision of tariff to cover the cost of operation.

2.18.2 Examination in audit revealed that the extent of tariff was lower than breakeven levels (in percentage terms) of revenue from sale of power at the present level of operations and efficiency for the last five years ending 31 March 2011 as shown in ***Table-13.***

Table-13

(**₹ *in crore***)

Year	Sales (excluding subsidy)	Variable costs	Fixed costs	Contribution	Deficit in recovery of fixed costs	Deficit as percentage of sales
(1)	(2)	(3)	(4)	(5) = (2) – (3)	(6) = (4) – (5)	(7)={(6)/(2)} X 100
2006-07	1,020.82	801.53	325.65	219.29	106.36	10.42
2007-08	1,181.89	1,205.50	420.63	-23.61	444.24	37.59
2008-09	1,286.20	1,302.81	467.03	-16.61	483.64	37.60
2009-10	1,407.99	1,352.79	519.83	55.20	464.63	33.00
2010-11	1,559.68	1,908.39	567.35	-348.71	916.06	58.73

Reasons for fall in per unit of revenue from sale of power were failure to attain "sales-mix" and non-achievement of the target sub-transmission and distribution loss as approved by AERC.

APDCL thus could not contribute towards its fixed cost in any of the years and also failed to recover the variable cost in 2007-08, 2008-09 and 2010-11. Though there was an increase of 50 to 70 paisa *per* unit in the tariff, the realisation *per* unit from sale of power decreased from ₹ 4.55 to ₹ 4.41 during the period 2006-11. Reasons for fall in *per* unit of revenue from sale of power were failure of APDCL to attain category-wise 'sales mix' approved by AERC and non-achievement of the target of sub-transmission and distribution loss as approved by AERC, which in turn, were due to non-achievement of targets emphasised in the various schemes as discussed in ***paragraphs 2.10 to 2.12***.

Though it appeared that the tariff was on lower side and may require revision for recovery of costs, it may be mentioned here that the same could be brought down by improving operational efficiency, viz., reduction in/control on AT&C losses, conversion of LT lines to HT lines, metering of unmetered connections/defective meters, improving billing and collection efficiency, etc. which have been discussed separately in the report. Further, reduction of cross subsidisation among various categories of consumers might also help in improving the position as discussed in ***paragraph-2.18.4***.

c) Disallowance of expenditure

2.18.3 The cost parameters are approved by AERC on the basis of the data available at that time. In case the actual cost exceeds the approved cost, there is no mechanism to recover the excess expenditure in that year as the tariff cannot be amended more than once in a year as *per* Section 5.1 of the terms and conditions for determination of Tariff Regulation, 2006 of AERC. The distribution licensee thus submits the 'truing up' petition in the subsequent ARR based on the actuals. AERC analyses the same based on the Annual Audited Financial Statements and allows/disallows the recovery of the actual expenditure through the present tariff, subject to prudent checking. While issuing orders on the APDCL's 'truing up' petition, AERC disallowed the following expenditure:

(i) ₹ 18.89 crore (2006-07), being interest on General Provident Fund (GPF) contribution of employees as APDCL had failed to create separate GPF Fund and ensure investment of the same.

(ii) Power purchase cost of ₹ 89.41 (2006-07: ₹ 59.88 crore, 2007-08: ₹ 21.70 crore and 2008-09: ₹ 7.83 crore) due to failure of APDCL to achieve the 'T&D' loss approved by AERC for the respective years.

(iii) Excess Repairs and Maintenance and Administrative & General expenditure of ₹ 10.60 crore (2007-09) on the ground of that these were controllable items.

(iv) Expenditure of ₹ 40.62 crore (2007-09) as interest on loans from GOA was disallowed by AERC as APDCL failed to submit documentary evidence to establish the fact that the loans were utilised to create assets.

Thus, due to delay in filling of ARR, inefficiency and non-maintenance of proper records, APDCL suffered an irrecoverable loss of ₹ 159.52 crore.

In reply, APDCL stated that against the average increase of ₹ 0.06 *per* unit it considered ₹ 0.15 *per* unit for 2006-07. Further, it stated that 'truing-up' exercise is carried only after annual accounts are prepared. The reply is not convincing as it failed to claim its loss on the basis of actual figures available and even for the period (2006-07 to 2008-09) for which accounts were available, APDCL could not recover the losses due to its inefficiencies.

d) Cross subsidization policy of the Government and its implementation

2.18.4 Section 61 of Electricity Act, 2003 stipulates that the tariff should progressively reflect the average cost of supply (ACoS) of electricity and also reduce cross subsidy in a phased manner as specified by AERC. National Tariff Policy (NTP) envisaged that tariff of all categories of consumers should range within plus or minus 20 *per cent* of the ACoS by 2010- 2011. The position of cross-subsidies provided to various consumers is depicted in ***Annexure-10***.

APDCL failed to comply with the directives of the National Tariff Policy, by adopting a tariff structure through which the burden of revenue realisation from the consumers could be equitably distributed.

It may be seen from the Annexure that consumers under Jeevan-Dhara, Domestic-A, Agricultural, Rural Small Industries and HT Small Industries categories were provided subsidy by APDCL in excess of 20 *per cent* of ACoS during 2009-10. The subsidy provided to these consumers also increased in 2009-10 as compared to 2006-07. Further, APDCL recovered from the consumers under Commercial, Tea, Coffee & Rubber and Oil & Coal categories, in excess of 20 *per cent* of ACoS during 2009-10. The recovery percentage from these consumers also increased in 2009-10 as compared to 2008-09. This clearly indicates APDCL's failure to comply with the directives of the NTP, by adopting a tariff structure through which the burden of revenue realisation from the consumers could be equitably distributed.

e) Financial Management

2.18.5 Efficient fund management serves as a tool for decision making, through optimum utilisation of available resources and timely borrowings at favourable terms. Financial management includes revenue collection, billing, borrowings, grants, transfer of funds, interest recovery/payments, restructuring of loans, security deposits, bank reconciliation and other related transactions.

We observed that the borrowed funds increased from ₹ 479.58 crore in 2006-07 to ₹ 836.40 crore (74.40 *per cent*) in 2010-11. APDCL could not generate any cash and cash equivalent from its operating activities which indicated its over dependence on borrowed funds. Therefore, there is an urgent need to optimize internal resource generation by improving billing and collection efficiency, vigorous persuasion of outstanding government dues, reducing the T&D loss etc. An instance of imprudent financial management is described in ***paragraph 2.18.5.1*.**

2.18.5.1 GOA sanctioned (January 2007) loan of ₹ 1 crore to APDCL for implementation of a scheme 'Individual metering at Tea Garden Labour Quarter'. Under the scheme, 50 gardens with 13,330 labour quarters in 9 districts were proposed for providing hybrid electronic meters with mechanical counter display. APDCL received ₹ 1 crore from GOA in March 2007 for the purpose. APDCL invited a limited tender on 28 August 2007 for procurement of 6,000 single phase hybrid electronic meters with mechanical counter display, but cancelled the tender on 28 December 2007 as Central Electricity Authority stipulated installation of only static meters with LCD display. No progress was made towards procurement of meters and the fund was kept idle in APDCL's current account. Thus, unnecessary drawal of loan fund and its non-utilisation led to APDCL burdening itself with an avoidable interest liability of ₹ 42 lakh to GOA (10.50 *per cent* on ₹ 1 crore for 4 years).

f) Revenue billing efficiency

2.18.6 As per AERC Regulation, APDCL is required to arrange to take the reading of energy consumption of each consumer at the end of the notified billing cycles and issue bills to consumers for consumption of energy. Sale of

energy to metered categories consists of two parts *viz.*, metered and assessed units. The assessed units are those where meter reading is not available due to meter defects, door lock etc. Billing of all the consumers was being done at sub-division level. All consumers were being billed on monthly basis.
The efficiency in billing of energy lay in distribution/sale of maximum energy to consumers. The position of billing and assessed sales is given in ***Table-14***.

Table-14

(Figures in MUs)

Sl.No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Energy available for sale	3344.31	3717.48	3975.06	4391.98	4741.51
2.	Energy sold	2244.33	2496.43	2797.59	3247.32	3535.43
3.	Free supply	Nil	Nil	Nil	Nil	Nil
4.	Energy billed	1912.96	2372.20	2552.19	3020.56	3280.79
5.	Assessed sales	331.37	124.23	245.40	226.76	254.64
6.	Assessed sales as percentage of metered sales	17.32	5.23	9.62	7.51	7.76

It would be seen from the above that energy billed during 2006-11 ranged between 85.24 *per cent* and 95.02 *per cent* of the total energy sold. Further, assessed sales were within the norm of 10 *per cent* allowed by AERC except in 2006-07.

Some instances of undue favour extended to consumers noticed during audit, are described in ***paragraphs 2.18.6.1 to 2.18.6.3***.

Incorrect application of tariff

Violation of the AERC order resulted in non-realisation of revenue of ₹ 4.19 crore.

2.18.6.1 Tariff Order dated 27 May 2005 issued by AERC abolished rural un-metered category of consumers and introduced a new category of consumers titled 'Jeevan Dhara'. The order *ibid*, also stipulated that consumers failing to convert to metered connection within three months from the date of issue of the tariff order are to be charged @ ₹ 250 *per* connection up to ten connected points. We noticed that the number of un-metered consumers ranging between 10,718 and 30,114 during April 2006 to March 2011 were not brought under 'Jeevan-Dhara' category. Instead, they were billed at the rate of ₹ 25 *per* connected point as per old provisions. Violation of the above order of AERC resulted in non-realisation of revenue of ₹ 4.19 crore. APDCL stated that un-metered consumers would be metered in a phased manner and billed as per direction of AERC.

Under assessment of revenue

2.18.6.2 Clause 4.2.2.4 of the Terms and Conditions of the Regulation notified by AERC on 13 June 2007 stipulated that in the event of any meter being found 'prima facie' incorrect (which includes a stopped, slow or fast meter) and where actual errors of reading could not be ascertained, the assessed quantity of energy consumed could be determined by taking the average consumption for the previous three months, preceding the date on which the defect was detected or the next three months after correction, whichever is higher and bills were to be prepared and preferred accordingly.

We observed that in four sub-divisions, meters of 10 consumers became defective from time to time. However, the sub-divisions billed the consumers on the basis of average of previous reading without observing the aforesaid provisions in this regard. This resulted in loss of revenue of ₹ 1.04 crore. APDCL stated that action taken against the consumers and date of recovery of the short billed amount would be intimated in due course. The fact, however, remains that due to short/wrong billing, APDCL could not recover its due amount in time.

Under charge/ non levy of initial/ additional security

2.18.6.3 As per Clause 6.2.1.1 of the Terms and Conditions, Regulations notified by AERC, all existing consumers shall have to deposit load security money equal to two months charges (Energy charges + Fixed/Demand charge) calculated on monthly average consumption of last financial year and at estimated consumption for new consumers. Further, Clause 6.2.1.2.1 *ibid*, states that the load security obtainable from a consumer shall be reviewed every year on the basis of consumption of previous year. Test check of the 11 units revealed that none of them had revised the load security of the consumers after 2004.

Short realisation of ₹ 75.40 crore towards load security.

However, based on total connected load of various categories of consumers as on 31 March 2010, an amount of ₹ 283.75 crore was worked out as the amount recoverable towards load security. APDCL realised an amount of ₹ 208.35 crore only resulting in short realisation of ₹ 75.40 crore. Had APDCL realised the amount, it could have utilised it as working capital thereby saving an interest expenditure of ₹ 3.39 crore.

APDCL accepted the fact and stated that it was not always possible to review such huge volume of consumers as required under the Clause 6.2.1.1 of the Terms and Conditions of Regulation notified by AERC. Further, it also stated that in the case of large consumers, it had conducted load reviews. The fact remains that APDCL had not complied with the orders of AERC and deprived itself of the opportunity of saving an expenditure of ₹ 3.39 crore.

Revenue collection efficiency

2.19 As revenue from sale of energy is the main source of income of APDCL, prompt collection of revenue assumes great significance.

Table-15 indicates the dues outstanding at the beginning of the year, revenue assessed during the year, revenue collected and the balance outstanding at the end of the year during last five years ending 2010-11.

Table-15

(₹ *in crore*)

Sl.No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	Balance outstanding at the beginning of the year	279.68	298.54	305.36	342.42	378.88
2	Revenue assessed/Billed during the year	1046.63	1196.8	1331.01	1463.19	1656.00
3	Total amount due for realisation (1+2)	1326.31	1495.34	1636.37	1805.61	2034.88
4	Amount realised during the year	1020.82	1181.89	1286.2	1407.99	1559.68
5	Amount waived/written off during the year	6.95	8.09	7.75	18.74	47.24
6	Balance outstanding at the end of the year	298.54	305.36	342.42	378.88	427.96
7	Percentage of amount realised to total dues (4/3)	76.97	79.04	78.60	77.98	76.65
8	Arrears in terms of No. of months assessment	3.42	3.06	3.09	3.11	3.10

We observed that:

- The dues outstanding at the end of the year increased from ₹ 298.54 crore in 2006-07 to ₹ 427.96 crore in 2010-11 due to ineffective persuasion to realise the same. The major categories of consumers having huge outstanding dues are Domestic: ₹ 144.09 crore (33.67 *per cent*), Commercial: ₹ 41.80 (9.77 *per cent*) and Government: ₹ 41.47 crore (9.69 *per cent*).

- APDCL did not have any records as regards the age-wise analysis of the arrears.

- The amount of arrears from 53,878 permanently disconnected consumers as on 31 March 2011 was ₹ 80.91 crore which was 18.91 *per cent* of the total arrears. As APDCL did not take adequate action to realise the arrear amount, the chances of recovery are remote and in the absence of age-wise records of defaulting consumers, the possibilities of amounts becoming time-barred cannot be ruled out.

Failure to finalise Permanent Disconnection cases

2.19.1 As per Clause 4.3.3 of the norms notified by AERC, sum due from the consumers shall not be recoverable after a period of two years from the date when it became first due, unless it has been shown continuously as arrear of charges recoverable for electricity supplied. Scrutiny of records at nine electrical sub-divisions revealed that out of 1,48,684 consumers, 3,306 consumers with an arrear of ₹ 3.21 crore were permanently disconnected for non-payment of their dues as on 31 March 2011. Against these, 2,247 consumers with an arrear of ₹ 2.42 crore had not cleared their dues for more than two years. APDCL neither claimed the amount nor lodged any recovery suit during the intervening period. By virtue of the above provision, the claim had become time-barred, and APDCL lost the opportunity to recover the same. Thus, APDCL had to incur a loss of ₹ 2.42 crore. APDCL stated that it had filed a case in Court against four consumers. The scope of recovery is remote, as the existence of defaulting consumers is difficult to establish now.

APDCL stated that in 2004 it had written-off a substantial portion of dues from permanently disconnected consumers after review and such effort shall be taken in future also to wipe out the dues. The fact, however, remained that APDCL had not initiated any steps to recover the amount from the disconnected consumers and was left with the only option of writing-off the dues.

Non-disconnection of supply of consumers with heavy arrears

2.19.2 As per Clause 4.3.1.1 of the norms notified by AERC, on failure of a consumer to pay the electricity dues within the date mentioned in the bill and after 15 days of notice period, his service connection should be disconnected. We observed that in eight sub-divisions out of 1,31,952 consumers, 2,500 consumers having arrears ranging from ₹ 1,041 to ₹ 19,725 did not make payment of electricity dues for five to 128 months but their supply of electricity was not disconnected. Non-disconnection of supply of these defaulting consumers, resulted in accumulation of arrears amounting to ₹ 1.95 crore (March 2011).

APDCL, in reply, stated that due to remoteness of areas, shortage of manpower and insurgency problem, disconnection could not be done. The reply is not convincing as our test check included consumers located in urban areas where such problems were not there and the extent of delay in disconnection extended to several months.

Consumer Satisfaction

2.20 One of the key purposes of the Power Sector Reforms was protection of the interest of the consumers and ensure better quality of service to them. The consumers often face problems relating to supply of power such as non-availability of the distribution system for new connections or extension of connected load, frequent tripping on lines and/or transformers and improper metering and billing.

APDCL was required to introduce consumer friendly steps like computerized billing, online bill payment, establishment of customer care centres etc., to enhance satisfaction of consumers and reduce the scope for grievances among them. The billing issues have already been discussed in ***paragraph-2.18.6***. The position of redressal of grievances is discussed in the next page:

Redressal of Grievances

2.20.1 AERC specified the mode and time frame for redressal of grievances in terms and conditions and regulations issued in pursuance of the Electricity Act, 2003 and issued orders i.e., standards of performance for Company prescribing the time limit for rendering services to consumers and in cases of failure prescribed consequential compensation to be paid for not adhering to the same. The nature of services contained in the standards *inter-alia* include line breakdowns, DTR failures, period of load shedding/ scheduled outages, voltage variations, meter complaints, installation of new meters/ connections or reconnection thereof etc.

The overall position as regards receipt of complaints and their clearance is depicted in ***Table-16.***

Table-16

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Total complaints received	2,13,998	2,66,220	2,79,680	2,81,273	11,70,245
2.	Complaints redressed within time	1,94,744	2,50,057	2,60,100	2,54,202	2,40,783
3.	Complaints redressed beyond time	19,210	16,008	19,652	20,168	18,179
4.	Pending complaints	44	135	156	6,082	1,396
5.	Percentage of complaints redressed beyond time to total complaints	8.98	6.01	7.03	7.17	1.55
6.	Compensation paid, if any, to Consumers (₹ in lakh/ crore)	NIL	NIL	NIL	NIL	NIL

APDCL redressed more than 90 *per cent* of the complaints within time.

Though APDCL redressed more than 90 *per cent* of the complaints within time, there was scope for further improvement as Clause 3.2 of Terms & Conditions of the Regulations of AERC, stipulated that service connection be provided to LT consumers within 30 and 36 days from the date of receipt of application for urban and rural areas respectively. Test check of records of six electrical sub-division revealed that 1,706 applications received for service connections during the month of August 2010 to April 2011 were pending. The sub-divisional authorities stated that delay in providing service connection was due to delay in receipt of energy meters. We observed that APDCL did not maintain any reserve stock of energy meters for providing service connections in time.

Energy Conservation/Audit

2.21 Recognising the fact that efficient use of energy and its conservation is the least-cost option to mitigate the gap between demand and supply, GOI enacted the Energy Conservation Act, 2001. Conservation of energy being a multi-faceted activity, the Act specifies both promotional and regulatory roles on the part of various state utilities. The promotional role includes awareness campaigns, education and training, demonstration projects, R&D and feasibility studies. The regulatory role includes framing rules for mandatory audits for large energy consumers, devising norms of energy consumption for various sectors, implementation of standards and provision of fiscal and financial incentives. A concept of comprehensive energy audit was put in place by APDCL with the objectives of identifying the areas of energy losses and initiating appropriate steps for reduction of rate of energy loss through system improvements besides accurately accounting for the units purchased/sold and loss at each level.

We observed that:

APDCL had made no efforts for conducting energy audit of government buildings.

- APDCL had made no efforts for conducting energy audit of government buildings, though a study conducted by Bureau of Energy Efficiency, GOI, indicated that such energy audit would result in approximately 27 to 46 *per cent* savings in energy.
- The field units submitted the information required for energy audit to the Energy Audit Cell of APDCL. However, those were not analysed and no corrective action was taken to minimise the loss.
- No consumer has availed the benefit of financial incentive scheme introduced by APDCL for use of solar water heaters.
- APDCL had recently introduced Ministry of Non-Renewable Energy (MNRE), GOI, scheme of distribution of CFL bulbs and solar lanterns in the remote villages, the implementation of which is in progress.

Monitoring by top Management

Monitoring by top management was either absent or not effective.

2.22 Monitoring by top management is essential for an organisation involved in distribution of power to succeed in operating economically, efficiently and effectively. We observed that the monitoring by top management was either absent or not effective as it failed to ensure timely finalisation of annual accounts, fix time limits for finalisation of tenders and complete various schemes within target dates through effective and proper monitoring. The management had also not planned in advance to provide metered supply of energy to all consumers by procuring adequate number of energy meters, prevent failure of DTRs from lightening and augment the capacity of the capacitor banks. No target for raid teams was also fixed to prevent theft of energy.

Conclusion

- APDCL did not prepare long-term plans for creation of infrastructure facilities to bridge the wide gap between connected load and transformer capacity.
- Targets of village electrification, establishment of IT-enabled system and improvement in distribution systems were not achieved due to non-implementation of Central and State sponsored schemes in time on account of delay in obtaining approval on DPRs, issue of work orders, slow progress of work and lack of proper monitoring.
- No records were maintained to note the reasons for delay in executing the works which prevented APDCL from taking suitable measures against the contractors as per agreement for the delay on their part.
- APDCL failed to provide metered supply of energy to all its consumers in violation of the Electricity Act, 2003 and directives of AERC.
- Energy losses increased compared to AERC norms as APDCL did not reduce the length of feeders, did not increase the capacity of capacitor bank, did not improve power factor, did not avoid un-metered supply of energy, did not effectively check/control theft of electricity, did not arrest the delay in replacement of DTRs and implement LT-less system.
- The accumulated losses of APDCL increased during the period 2006-11. It could not recover its operational cost in any of the years as it failed to attain category wise sales-mix and restrict sub-transmission and distribution losses within the limits prescribed by AERC.
- Due to delay in preparation of annual accounts, filing of tariff petitions, submission of incorrect and non-submission of claims, APDCL lost the opportunity to recover its revenue in truing-up process. Disallowance of expenditure by AERC in truing-up process, inefficiency in revenue billing as well as in collection of revenue were the other causes of weak financial management that adversely affected the financial health of APDCL.
- Consumer satisfaction level was still lagging behind the AERC norm for want of computerised billing, online-bill payment system and non-establishment of customer care centres *etc*.
- Initiatives for energy conservation were not upto the mark as mandatory directions in energy savings were not issued. Energy audit was inadequate as Energy audit cell of APDCL did not analyse the consumption pattern of all government buildings to take suitable steps for reduction of energy consumption or loss.

Recommendations

- Long term plans for creating adequate infrastructure facilities may be drawn up to set right the deficiencies in the distribution system by reducing the gap between connected load and transformer capacity.
- Proper records for analyzing the causes of delay in execution of projects may be maintained to take suitable action against the contractors for delay on their part and also for taking corrective measures to avoid recurrence of such incidents in future.
- Before releasing payment for supply of materials beyond bid specification, market rates of such materials should be considered to avoid extra payment.
- Adequate number of energy meters should be procured and stocked so that all consumers can be brought under metered supply through installation of meters and replacement of defective meters at the shortest possible time.
- Adequate steps should be taken to restrict energy loss within the norm fixed by AERC by reducing length of feeders, increasing capacity of capacitor banks, improving power factors, delay in replacement of DTRs and avoiding un-metered supply of energy.
- Targets for checks and its implementation to detect cases of theft, malpractice and unauthorized connections should be enhanced so that these are commensurate with the number of consumers.
- Billing efficiency may be increased by raising bills as per approved norms and timely replacement of the defective meters. Intensive drives for timely collection of dues should be put in place and action against defaulting consumers should be taken strictly.
- To ensure that the tariff petitions are filed in time, the process of finalisation of annual accounts should be speeded up by preparing monthly, quarterly and half-yearly accounts in a time bound manner, issuing instruction to all departments to co-ordinate with accounts section in preparation of accounts in time and vigorous persuasion with statutory auditors for completion of audit and submission of report thereon, within a reasonable time.
- Customer satisfaction level can be further improved by providing facilities of computerised billing, on-line bill payment system and customer care centres.
- More emphasis should be given on energy conservation and energy audit to avoid loss of energy and reduce the gap between demand and supply. The 'Good Practices' followed by the Department of Power, Government of National Capital Territory of Delhi on Energy Conservation by issue of mandatory directions to use Solar Water Heating system in commercial and Government Buildings; use of CFL and electronic chokes in Government Buildings, Government aided institutions, Boards and

Corporations and use of ISI marked motor pump sets, power capacitors in agricultural sectors should be introduced with the active participation of the State Government.

- The management is also required to evolve proper MIS covering all important areas to enable the decision makers to take prompt action on policy matters.

CHAPTER-III

3. Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government companies/Statutory corporations are included in this Chapter.

Government companies

Assam Livestock and Poultry Corporation Limited

3.1 Unproductive investment

Absence of agreement with collaborator led to project becoming in-operational making the investment of ₹ 3.02 crore unproductive besides leading to potential loss of lease rent of ₹56.62 lakh.

Mention was made in paragraph 2.A.6.1.1.2 of the Report of the Comptroller and Auditor General of India (Commercial) - Government of Assam for the year ended March 2001 about the incomplete status of Integrated Piggery Development Project at Nazira of the Assam Live Stock and Poultry Corporation Limited. As against the approved cost of ₹ 3.60 crore, the Company spent ₹ 73.50 lakh upto February 1996, while the project was expected to be completed by January 1996. Termination of first contractor due to poor performance, delay in selection of second contractor and non-release of State share of finance were the stated reasons for the project remaining incomplete.

We observed that the construction of the project was restarted in April 1999 and completed in June 2006 at a cost of ₹ 3.02 crore. As the Company was not in a position to operate the plant as it did not have the required working capital, it decided to operate the plant through Public Private Partnership (PPP) mode and accordingly a Memorandum of Understanding (MoU) was entered into with Maestro Enterprise (collaborator) for operating the plant initially for 15 years on payment of lease rent at 5 *per cent* of the value of assets handed over on monthly basis. The plant was commissioned in May 2007 and handed over to the collaborator for trial run and subsequent marketing of its products in accordance with MoU.

However, no agreement stating the right and responsibilities of the both the parties were entered into which could create legal rights and obligations enforceable in a Court of Law. The Company while handing over the plant after commission in May 2007 did not put in place a mechanism to check and monitor the operation of the plant in accordance with the terms and conditions of the contract and safeguard the receipt of lease rent in time.

Since May 2007, the collaborator did not pay lease rent even for a single month upto January 2011 nor could the Company get the collaborator to sign an agreement. The collaborator dodged the Company stating that they could not operate the plant due to power problems, swine-flu in the area etc. Finally, in January 2011, the Company cancelled the MoU and invited expression of interest to operate the plant. However, no party appeared to have turned up to operate the plant thereby making the investment of ₹ 3.02 crore unproductive. The accumulated lease rent of ₹ 56.62[*] lakh also could not be recovered from the collaborator for operation of plant from May 2007 to January 2011.

When this matter was brought to the notice of the Company, it stated (July 2011) that the facts were appraised to the Government for taking a decision on alternative arrangements for running the plant. It also stated that the possession of the plant would unilaterally be taken up before July 2011. Details of action taken in this regard is awaited.

Selection of a project which the Company could not run on its own made the investment of ₹ 3.02 crore infructuous and the Company's lack of initiative to create legal and contractual rights for receipt of lease rent rendered the accumulated lease rent of ₹ 56.62 lakh irrecoverable.

The matter was reported to the Government in July 2011; reply is awaited (November 2011).

3.2 Arrears in finalisation of accounts

Failure of the Company to finalise its accounts in time leaving scope for fraud and leakage of public money.

Section 210 of the Companies Act, 1956, (the Act) read with Sections 166 and 216, casts the duty on the Board of Directors (BoD) of a company to place its accounts along with Auditor's Report (including supplementary comments on the accounts by the Comptroller and Auditor General of India) in the Annual General Meeting (AGM) of the shareholders within six months of the close of its financial year. As per Section 210 (5) of the Act, if any person being a Director of a Company fails to take all reasonable steps to comply with the provisions of Section 210 of the Act, he shall, in respect of each offence, be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to ten thousand rupees or with both. Similar provision exists under Section 210 (6) of the Act in respect of a person who is not a Director but is charged with the duty of ensuring compliance with Section 210, *ibid.*

[*] @ 5% x ₹ 3.02 crore x 45 months = ₹ 56.62 lakh

In spite of the above provisions in the Act, Assam Livestock and Poultry Corporation Limited (the company) has not been finalising its accounts in time. Accounts upto 1990-91 were only finalised as on 31 March 2011 leaving accounts for 19 years in arrears. The reasons given by the Company for delay in finalisation of account were inadequate staff, lack of expertise, managerial deficiency, delay in appointment of internal auditor for finalisation of accounts etc. Audit has been bringing out the status of arrears in finalisation of accounts to the notice of the Chief Secretary to the Government of Assam (GOA) from time to time.

It was also observed that the Government of India (GoI) and GOA made a contribution of ₹ 2.13 crore and ₹ 0.05 crore respectively towards the equity of the Company. GoI and GOA had also provided financial assistance of ₹ 8.47 crore and ₹ 7.72 crore in the form of grants during the period April 1991 to March 2011.

In the absence of accounts and their subsequent audit, it could not be ensured whether investment made and expenditure incurred has been properly accounted for and the purpose for which the amount was invested has been achieved or not. Government's investment in the Company thus remains outside the scrutiny of the State Legislature. Further, the report on working results and state of affairs of the Company, which is required to be presented to the State Legislature under Section 619A(3) of the Act could not be submitted to the State Legislature. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money apart from violation of the provisions of the Act.

In reply, the Company stated (July 2011) that due to lack of quorum in the meetings, accounts could not be adopted and also stated that the accounts shall be submitted to the BoD after its constitution by Government. The Company did not give any reason for lack of quorum in the meeting or for non-adoption of accounts from 1986-87.

It is recommended that the Government and the Company management may:

- Impart necessary training to its employees to gain expertise in finalisation of accounts;
- consider outsourcing the work of preparation of accounts;
- prepare a time-bound programme to clear the arrears;
- ensure that the requirements of the quorum are met in meetings of the BoD and AGM so the important items like consideration, approval and adoption of annual accounts are carried out in time; and
- get BoD reconstituted without delay.

The matter was reported to the Government in July 2011; reply is awaited (November 2011).

Assam Small Industries Development Corporation Limited

3.3 Loss of revenue

The Company suffered loss of revenue of ₹ 2.10 crore due to non-formulation of any prescribed procedure/system for leasing land.

Assam Small Industries Development Corporation Limited (Company) deals in leasing of land and industrial sheds to Small Scale Entrepreneurs on payment of monthly lease rent since November 1980.

It was observed (December 2010) that in the absence of any prescribed system/procedure etc., for allotment of land/shed, an amount of ₹ 2.10 crore remained unrealised as lease rent from 141 units.

Examination in Audit revealed that the dues were not realised by the Company as:-

- No clause/provision was included in the agreement for depositing any security money by the lessee as well as for levy of interest on delayed payment of lease rent to avoid accumulation of dues.
- Of 33 closed units having outstanding balance of ₹ 50.95 lakh, three units were transferred/re-allotted in the name of new entities without realising outstanding dues of ₹ 4.85 lakh from the previous allottees/defaulting parties.
- The Company did not persuade the allottees for payment of dues. As a result, outstanding dues of one allottee *viz.* North Eastern Handloom and Handicrafts Development Corporation Limited (NEHHDC) rose upto ₹ 18.51 lakh.
- There was no monitoring mechanism such as maintenance of relevant registers for recording the cases of allotment/new lease so that the monthly bills could be raised in time, after allotment.
- No fresh measurement was done on re-allotment of land/shed to new allottee.

  Thus, failure on the part of the Company to formulate any prescribed procedure/system to be adopted at the time of agreement/allotment/ transfer/re-allotment etc., led to non-realisation of ₹ 2.10 crore.

In reply, while accepting the facts, the Company stated (August 2011) that:

- The legal aspects for levy of interest on delayed payment of rent on the defaulting parties were being examined.
- There was no specific clause in the lease agreements for payment of security deposit prior to 2006-07.

- Steps have been taken to recover the outstanding dues from the previous allottees through various means *i.e.* issue of legal notice, personal approaches etc., before allotting premises to the new allottees.
- An agreement is under finalisation to settle outstanding dues with NEHHDC Limited and ₹ 0.50 lakh was already recovered.
- Action had already been taken to maintain the records of all cases of allotment in the register properly.
- Re-allotment of land/shed to the new allottee was based on survey through the technical staff of civil engineering background.
- As regards, internal control mechanism, the Management had entrusted responsibilities for each industrial area with an officer to realise the dues from defaulting units.

Due to irregular inspection by the officials of the Company, the owner/proprietor took advantage and left their allotted shed. The Company later on took over their machineries for public auction and the same would be adjusted against the outstanding dues.

The Company should frame definite policies in this regard and incorporate all relevant provisions in the agreement to safeguard its financial interests and vigorous steps should be taken to realise the outstanding dues from the individual units.

Reply from Government is awaited (November 2011).

3.4 Loss of rent on unallotted land

Non-monitoring and absence of supervision resulted in non-realisation of ₹1.53 crore against holding of unallotted land.

The Board of Directors (BoD) of the Company, on the basis of Government Notification, had increased monthly rent of land and sheds allotted to the various Small Scale Industries (SSI) Units from ₹ 0.50 per square feet (sqft) to ₹ 1.21 per sqft from 1 November 2006.

A survey conducted (October 2008) by the Company revealed that 29 SSI units (Land allottees) were occupying additional 67,091 sqft and 16 SSI units (Shed allottees) were respectively occupying 30,130 sqft of unallotted land. The matter was examined by the Company on 26 May 2009 and a decision to constitute a sub-committee for examining the issue and allotment of ownership rights to the units at Industrial area, Bamunimaidan was taken. The sub-committee, so constituted, held discussion (September 2009) with the allottees. The allottees suggested that date of survey (*i.e*. October 2008) should be considered for calculation of rent due against occupation of unallotted land or with retrospective effect for a maximum period of six months. However, the Company decided (November 2009) that all units must pay for occupation of additional/unallotted land at the applicable rates from the respective dates of original allotment of the land/shed. The BoD further directed the Company to issue legal notices and initiate "bakijai proceedings" against the defaulters for recovery of outstanding dues at the current rates of rental. The BoD also agreed for transferring the ownership rights of land/shed of entrepreneurs concerned subject to realisation of their outstanding dues.

Audit scrutiny (December 2010) revealed that neither site map of the industrial area was prepared, nor any valuation of properties was done prior to allotment of land/shed area. The Company also did not frame any land allotment rules and policy for periodical physical verification. In the absence of accurate data about the extent of land area, its fitness for allotment and monitoring of exact area under occupation of allottees where allotment was done, collection of rent was adversely affected. This also gave a chance to the allottees to dispute the Company's decision of collection of rent from the respective date of allotment of land/shed.

No effective steps were taken by the Company till May 2011 and ₹ 1.53 crore (due upto March 2011) remained unrealized. Even the direction of the BoD to issue legal notices had not been complied with.

The matter was reported to the Government/Company in May 2011. In reply, the Company stated (August 2011) that:

- Steps have been taken to prepare the site map of the Industrial Area, Bamunimaidam and already assessed the valuation of its properties in the Industrial area through an agency approved by Government.
- The Industries and Commerce Department under Government of Assam is considering framing/adopting uniform land rules in respect of Public Sector Undertakings under it.
- Matter of recovery of dues is being pursued with utmost importance.

The reply is silent about realisation of outstanding rent from individual entrepreneurs.

The fact, however, remains that the decision of the Company to increase the rental value of the land and the sheds did not result in increased revenue to the Company as it could not recover the outstanding dues of ₹ 1.53 crore from the allottees due to improper maintenance of records relating to area of holding and period of holding by the allottees.

The Company should prepare the requisite rules/regulations etc., prior to allotment of land.

Reply from Government is awaited (November 2011).

Assam State Text Book Production and Publication Corporation Limited

3.5 Allowance of excess wastage of paper

The Company allowed excess wastage of paper to printers resulting in loss of ₹1.37 crore.

Assam State Text Book Production and Publication Corporation Limited was incorporated in March 1972 with the objectives of arranging textbooks, supplementary books and literature on all subjects and in all languages, for student of primary & secondary classes as well as teachers' education in the State of Assam and elsewhere if, prescribed and approved by the competent authorities and/or approved or required by Government of Assam or other educational authorities, institutions and bodies, statutory or otherwise. The Company makes arrangement for printing of books as per manuscripts prepared and handed over by the Board of Secondary Education, Assam (SEBA) and the State Council for Educational Research and Training (SCERT), Assam. Printed books are partially procured by Government for free distribution to students and are partially sold by the Company. Typesetting and composition of books are done by the Company. Printing and binding of text books are outsourced to various printers. The Company supplies paper procured by it of different specifications, to printers. Wastage on papers, given for printing, was allowed at one *per cent* per impression.

Audit scrutiny (September – October 2010) of work orders, records relating to issue of papers and their utilisation by printers revealed that during the period 2005-06 to 2009-10, the Company issued 37,412.32 MT of paper [1] of different specifications and size to various printers. Actual wastage allowed was 733.57 MT (two *per cent*) in place of 366.72 MT (one *per cent*) as mentioned in work orders which resulted in avoidable extra expenditure of ₹ 1.37 crore**.**

The matter was reported to the Government/Company in May 2011. The Company in its reply (July 2011) stated that the wastage of one *per cent* per impression meant one sheet per 100 impressions.

The reply is not mathematically correct as *per cent* of any unit comes in the same unit. Thus, one impression wastage is required to be allowed per hundred impressions. As a single sheet of paper has two sides, allowing one sheet per 100 impressions (*two impressions per 100 impressions*) resulted in excess wastage allowed to printers. The practice followed by Company violated the norms of its own work orders issued for each academic year. This practice had, in turn, led to issue of excess paper for printing of books. The Company had accepted the facts and stated (July 2011) that 0.5 sheet per 100 impressions of paper was allowed as wastage from academic year 2011.

[1] Excluding Cover paper

Government, in reply, stated (August 2011) that the expression of one impression per 100 impressions as used by the Company is a mis-interpretation as the Company has finally calculated wastage in terms of sheets and the expression should be constructed as one sheet per 50 sheets. The reply is not acceptable as in the meeting held on 6 July 2010 with the printers where Government also participated it was decided to reduce the wastage to 0.5 *per cent* of impression.

DNP Limited

3.6 Wasteful expenditure

Wasteful expenditure of ₹ 0.91 crore on project designed using outdated soil data and non-compliant with conventional industry norms.

Based on soil data of 2005 and Horizontal Directional drilling (HDD) profile prepared by the consultant, *i.e*. Tractebel Engineering and Constructor Private Limited, the Company (DNP Limited) awarded in December 2008 a contract for HDD portion only of laying pipeline of HDD portion across the river to Mid East Pipeline Products (MEPP) for carrying natural gas from Duliajan to Numaligarh at a cost of ₹ 7.25 crore.

On acceptance of the contract and examination of the soil condition, MEPP opined (May 2009) that laying down the pipelines with a curvature of 800 D would not serve the purpose of having a useful pipeline as the soil condition demanded a pipeline with a curvature of 1200 D, which was also the accepted industry norm. By the time the condition of curvature of 1200 D pipeline was accepted by the Company, other contractors had laid pipelines upto the entry and exit point of the river. As a result of change in the diameter of the curvature of the pipeline across the river, the already laid pipelines on the ground upto the entry and exit points of the river were required to be uprooted and relayed so as to properly align with the changed diameter of the pipeline under the river. Proper planning based on industry practice of laying down pipeline by HDD method with 1200 D curvature would have ensured avoiding the expenditure of ₹ 0.91 crore (labour cost for laying ₹ 0.60 crore and labour cost of recovery of pipe ₹ 0.31 crore). The Company stated (June 2011) that:

i) The delivery of pipes which were scheduled to be completed by June 2008 was actually completed in August 2009. Delayed delivery of pipes led to mismatch of alignment of HDD portion with the main pipeline on both banks of the rivers.

ii) The site had to be changed due to high sub-soil water level.

iii) HDD being a critical work, the exact line of drilling was unascertainable unless the work was completed.

Reply (June 2011) is not acceptable as mismatch in alignment and changes in soil condition were in no way dependent upon the delayed supply of pipes.

Rather soil changes occurred due to passage of time and as the design was prepared based on soil survey report of 2005, the change was necessitated. This corroborates the statement of consultant that changes in soil condition and heavy flood had necessitated the change in curvature of the pipeline. Further, the Company should have executed the critical HDD works before completion of the main pipeline and avoided any loss that was contingent upon completion of the work.

The Company should have synchronised various phases of work with a time table drawn up before execution of work. Design for works should have been prepared based on current/realistic soil data and in line with industry practices.

Government endorsed the replies of the Company in August 2011 without any comments.

3.7 Avoidable expenditure

The Company incurred an avoidable expenditure of ₹ 19.29 lakh by issuing work order for consultancy to set up a gas pipeline of additional capacity despite knowing that required gas was not available .

Assam Gas Company Limited (Company) signed (June 2005) an agreement with Numaligarh Refineries Limited (NRL) for transportation of natural gas upto 1.20 Million Standard Cubic Meter per Day (MMSCMD) from the off-take point of Oil India Limited (OIL) at Duliajan to NRL's refinery at Numaligarh through the pipeline network to be laid by the Company.

Scrutiny of records of the Company (15 June 2007 to 31 March 2010) during December 2010 revealed that it signed (27 June 2005) a separate Memorandum of Understanding (MoU) with OIL to form a joint venture for transportation, distribution and marketing of an additional quantity of 1.00 MMSCMD of natural gas beyond NRL and upto Guwahati through pipeline network which was to be constructed by the Company. The Company, however, in later part of 2005 came to know of OIL's inability to supply the additional quantity of gas due to low production potential.

Despite knowing in 2005 itself that transportation of natural gas would be limited to the quantity agreed upon with NRL, *i.e.* 1.2 MMSCMD the Company issued work order (March 2006) to Tractebel Engineers and Constructors Private Limited (consultant) for consultancy services for management of NRL project for transportation of 2.4 MMSCMD of natural gas from (Duliajan to Numaligarh) and from (Numaligarh to Guwahati) with a provision of augmentation of transportation capacity to 4 MMSCMD. Non-availability of additional natural gas beyond 1.2 MMSCMD was further confirmed by OIL in a meeting with the Company on 5 April 2006. Even at this stage, the Company neither informed the consultant about the changed scenario nor instructed the latter to prepare designs for supply of only 1.20 MMSCMD of natural gas. Subsequently, in a meeting held in June 2006 amongst the representatives of the Company, NRL, OIL and Government of

Assam (GOA), decision was taken to reconfigure the project to meet the requirement of only NRL, *i.e.* 1.2 MMSCMD of natural gas (Duliajan to Numaligarh).

The Company asked the consultant (June 2006) to re-design pipeline work by reducing the size of pipes from 20″diameter to 16″diameter which was considered to be adequate to transport 1.20 MMSCMD of gas. As the consultant had almost completed detailed engineering packages based on pipeline capacity of 2.4 MMSCMD, it demanded payment for additional man hours on account of structural revision of the project sought subsequently. The Company issued work order for additional 1892 man hours engaged by the consultant due to change in size of pipeline on 22 November 2006 and payment of ₹ 19.29 lakh was made to the consultant in December 2008 for this change.

Thus, injudicious decision of the Company to issue work order to set up a project of higher capacity without considering known inability of OIL to supply additional quantity of natural gas resulted in avoidable expenditure of ₹ 19.29 lakh on additional man hours stated to have been spent by the consultant for re-designing the project.

In reply, the Company stated (July 2011) that they had to wait till June 2006 for the outcome of the meeting with GOA for communicating the final decision to the consultant on downsizing the pipeline. The reply is not tenable as the Company was fully aware as early as the later part of 2005 of OIL's inability to supply additional quantity of gas which was again confirmed by OIL in April 2006. This fact could have been intimated to the consultant much before June 2006 which would have obviated the need for belated re-designing of the project.

The matter was reported to the Government in July 2011; reply is awaited (November 2011).

Assam Government Marketing Corporation Limited

3.8 Extra tax burden

The Company had to bear tax burden of ₹ 4.85 lakh due to delay in filing of return / non- filing of return.

Section 72 of the Income tax Act (the Act) provides that an assessee whose net result of the computation of income has been determined as loss, can carry forward such loss for a period of eight subsequent assessment years (AY) for set off against the profits of the business. Further, Section 80 of the Act provides that notwithstanding anything contained in any other chapter of the Act, no loss which has not been determined in pursuance of return filed in accordance with the provisions of Section 139 (3) of the Act shall be carried forward and set off under Section 72 of the Act. The above provisions require that a return of income needs to be filed within the time limit laid down by Section 139 and the loss be determined for being carried forward. The time limit laid down by the Act for submission of returns by a Company is 31 October of the AY for the period upto AY 2008-09 and thereafter 30 September of the AY.

Audit scrutiny of the assessment records of the Assam Government Marketing Corporation Limited (Company) for the AY 2008-09 revealed that it declared a taxable loss of ₹ 16.17 lakh. The Company was eligible to carry forward the loss for adjustment against profits in subsequent years if it had submitted its return before 31 October 2008. Since, the Company submitted its return of income only on 12 December 2008, the assessing officer disallowed its claim of carry forward of loss of ₹ 16.17 lakh.

The Company submitted its return of income well in time for the AY 2009-10 and AY 2010-11 where it had a loss of ₹ 3.79 lakh and taxable income of ₹ 79.81 lakh respectively. On this income in AY 2010-11, the Company paid the income tax amounting to ₹ 24.66 lakh. Had the return for the AY 2008-09 been submitted by the Company in time and the loss of ₹ 16.17 lakh carried forward in accordance with Sections 72 and 80 of the Act, it would have saved the payment of ₹ 4.85 lakh towards income tax.

When this was brought to the notice of the Management of the Company, it was replied (August 2011) that due to non-receipt of branch accounts, the returns could not be filed in time for AY 2008-09.

The reply is not acceptable as the due date of submission was well known to the Company and it had all information to compile the accounts and submission of returns in time.

All Government companies and corporation should file their returns every year within prescribed dates, by putting in place an effective internal control mechanism.

Reply from Government is awaited (November 2011).

General

3.9 Follow-up action on Audit Reports

3.9.1 Outstanding Explanatory Notes

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained by various Public Sector Undertakings (PSUs). It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance (Audit & Fund) Department, Government of Assam issued (May 1994) instructions to all administrative departments that immediately on receipt of Audit Reports, the concerned departments would prepare an explanatory note on the paragraphs and reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Note' (ATN) to the Assam Legislative Assembly with a copy to the Principal Accountant General/Accountant General within 20 days from the date of receipt of the Reports. Besides this, the department would ensure submission of written Memorandum as called for on the para(s) concerning the department within the time limit prescribed by the Assam Legislative Assembly from time to time.

Though the Audit Reports presented to the Legislature for the period from 2005-06 to 2009-10 contained comments on 78 paragraphs/reviews, explanatory notes on 77 paragraphs/reviews were not received till November 2011 as indicated below:

Year of Audit Report (Commercial)	Date of presentation to the State Legislature	Total paragraphs/ reviews in Audit Report	No. of paragraphs/ reviews for which explanatory notes were not received
2005-2006	March 2007	14	13
2006-2007	March 2008	15	15
2007-2008	March 2009	18	18
2008-2009	March 2010	16	16
2009-2010	February 2011	15	15
	Total	**78**	**77**

Department-wise analysis of paragraphs/reviews for which explanatory notes are awaited is given in ***Annexure* 11.** Departments of Power, Industries & Commerce and Information Technology were largely responsible for non-submission of explanatory notes.

3.9.2 Action Taken Notes on Reports of Committee on Public Undertakings (COPU)

As per Rule 32 (2) of the working of the COPU, Assam Legislative Assembly, the replies to paragraphs and recommendations are required to be furnished within three months from the date of presentation of the Report by the Committee on Public Undertakings (COPU) to the State Legislature. Replies to 128 recommendations pertaining to 17 Reports of the COPU, presented to the State Legislature between August 1997 and November 2011 had not been received as on November 2011 as detailed below:

Year of the COPU Report	Total number of Reports involved	Number of recommendations where ATNs replies not received
1997-98	1	01
2002-03	1	09
2003-04	2	18
2004-05	1	10
2007-08	3	06
2008-09	6	65
2009-10	2	10
2010-11	1	09
Total	**17**	**128**

3.9.3 Response to inspection reports, draft paragraphs and reviews

Audit observations raised during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of four weeks. A review of inspection reports issued up to March 2011 pertaining to 29 PSUs disclosed that 743 paragraphs relating to 162 inspection reports remained outstanding at the end of September 2011; of these, 136 inspection reports containing 646 paragraphs had not been replied to for more than one year. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2011 are given in ***Annexure 12***.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the Administrative Department concerned demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. The review has been discussed (August 2011) in the Exit Conference with the Government/Department. The draft paragraphs were also discussed with the Government/Department in the State Audit Committee meeting held in November 2011. It was, however, observed that the written replies on 6 draft paragraphs and one performance audit forwarded to various departments between May and July 2011 as detailed in ***Annexure 13*** had not been received so far (November 2011). The views of the Government/Department have been taken into consideration while finalising the reviews/paragraphs wherever replies have been received.

It is recommended that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to inspection reports and ATNs on the recommendations of COPU as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment is taken within the prescribed period and (c) the system of responding to audit observations is revamped.

Sd/-

GUWAHATI **(P. SESH KUMAR)**

THE 25 JANUARY 2012 **Principal Accountant General (Audit), Assam**

Countersigned

Sd/-

NEW DELHI **(VINOD RAI)**

THE 30 JANUARY 2012 **Comptroller and Auditor General of India**

Annexure-1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2011 in respect of Government companies and Statutory corporations

(Referred to in paragraph 1.6)

(Figures in column 5(a) to 6 (d) are ₹in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)[*]	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Assam Seeds Corporation Limited	Agriculture	27-01-67	1.46	-	-	1.46	3.89	-	-	3.89	2.66:1 (3.19:1)	250
2	Assam Agro-Industries Development Corporation Limited	Agriculture	27-01-75	1.10	1.10	-	2.20	19.83	-	-	19.83	9.01:1 (8.85:1)	1
3	Assam State Minor Irrigation Development Corporation Limited	Irrigation	15-10-80	17.35	-	-	17.35	-	-	-	-	-	15
4	Assam Fisheries Development Corporation Limited	Fisheries	01-03-77	0.49	-	-	0.49	-	-	-	-	-	95
5	Assam Livestock and Poultry Corporation Limited	Animal Husbandry	02-06-84	0.07	2.13	-	2.20	-	0.10	-	0.10	0.05:1 (0.05:1)	26
6	Assam Tea Corporation Limited	Industries & Commerce	02-04-72	29.54	-	-	29.54	187.95	-	2.47	190.42	6.45:1 (1.04:1)	16464
7	Assam Plantation Crop Development Corporation Limited	Soil Conservation	11-01-74	5.00	-	-	5.00	7.92	-	-	7.92	1.58:1 (1.56:1)	101
	Sector wise total			**55.01**	**3.23**	**-**	**58.24**	**219.59**	**0.10**	**2.47**	**222.16**	**3.80:1 (1.08:1)**	**16952**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)*	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
FINANCE													
8	Assam Plains Tribes Development Corporation Limited	Welfare of Plains Tribes & Backward Classes	29-03-75	2.60	0.75	-	3.35	-	-	22.80	22.80	6.81:1 (6.58:1)	197
9	Assam State Development Corporation for Other Backward Classes Limited	Welfare of Plains Tribes & Backward Classes	08-06-75	2.90	-	-	2.90	-	-	3.60	3.60	1.24:1 (17.30:1)	73
10	Assam State Development Corporation for Scheduled Castes Limited	Welfare of Plains Tribes & Backward Classes	18-01-75	5.34	4.51	-	9.85	-	-	11.07	11.07	1.12:1 (1.17:1)	131
11	Assam State Film (Finance & Development) Corporation Limited	Cultural Affairs	09-04-74	0.10	-	-	0.10	0.04	-	-	0.04	0.40:1 (0.40:1)	13
	Sector wise total			**10.94**	**5.26**	**-**	**16.20**	**0.04**	**-**	**37.47**	**37.51**	**2.32:1 (2.74:1)**	**414**
INFRASTRUCTURE													
12	Assam Hills Small Industries Development Corporation Limited ♣	Hill Areas Development	30-03-64	2.00	-	-	2.00	14.30	-	-	14.30	7.15:1 (7.15:1)	56
13	Assam Industrial Development Corporation Limited	Industries & Commerce	21-04-65	93.09	-	-	93.09	36.92	-	-	36.92	0.40:1 (0.20:1)	146
14	Assam Small Industries Development Corporation Limited	Industries & Commerce	27-03-62	6.51	-	-	6.51	1.04	-	-	1.04	0.16:1 (0.16:1)	144
15	Assam Electronics Development Corporation Limited	Information Technology	04-04-84	9.51	-	-	9.51	0.55	-	1.28	1.83	0.19:1 (0.46:1)	131
16	Assam Powerloom Development Corporation Limited ♣	Industries & Commerce	03-05-90	3.54	-	-	3.54	-	-	-	-	-	11
17	Assam Mineral Development Corporation Limited	Mines and Minerals	19-05-83	4.89	-	-	4.89	-	-	-	-	-	114

♣ Figures taken from previous year due to non furnishing of information

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)*	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
18	Assam Police Housing Corporation Limited	Home	11-05-80	0.04	-	-	0.04	-	-	-	-	-	196
19	Assam Government Construction Corporation Limited	PWD (R&B)	24-03-64	2.00	-	-	2.00	-	-	-	-	-	7
20	Assam Trade Promotion Organisation	Industries & Commerce	17-02-10	10.00	-	-	10.00	-	-	-	-		2
	Sector wise total			**131.58**	**-**	**-**	**131.58**	**52.81**	**-**	**1.28**	**54.09**	**0.41:1 (0.30:1)**	**807**
MANUFACTURING													
21	Assam Petrochemicals Limited (Subsidiary of AIDC)	Industries & Commerce	22-04-71	-	-	9.13	9.13	-	-	-	-	-	384
22	Ashok Paper Mill (Assam) Limited	Industries & Commerce	06-07-91	0.01	-	-	0.01	7.45	-	-	7.45	745.00:1 (600.00:1)	255
23	Assam Hydro-Carbon and Energy Company Limited	Industries & Commerce	02-05-06	21.00	-	-	21.00	-	-	-	-	-	Nil
24	Assam Conductors and Tubes Limited	Industries & Commerce	22-06-64	1.54	-	-	1.54	4.33	-	-	4.33	2.81:1 (2.80:1)	4
25	Amtron Informatics (India) Limited	Information Technology	27-03-02	0.01	-	-	0.01	-	-	1.20	1.20	120:1 (120:1)	28
26	Assam State Textiles Corporation Limited	Industries & Commerce	26-02-80	15.76	-	-	15.76	11.74	-	-	11.74	0.74:1 (0.90:1)	7
27	Assam State Fertilizers and Chemicals Limited	Industries & Commerce	30-03-88	-	-	4.56	4.56	8.97	-	-	8.97	1.97:1 (1.82:1)	49
28	Pragjyotish Fertilizers and Chemicals Limited	Industries & Commerce	27-02-04	-	-	2.33	2.33	-	-	-	-	-	3
	Sector wise total			**38.32**	**-**	**16.02**	**54.34**	**32.49**	**-**	**1.20**	**33.69**	**0.62:1 (1.22:1)**	**730**
POWER													
29	Assam Power Generation Corporation Limited	Power	23-10-03	455.86	-	-	455.86	81.22	-	229.04	310.26	0.68:1 (0.77:1)	1320
30	Assam Electricity Grid Corporation Limited	Power	23-10-03	99.93	-	-	99.93	258.55	-	33.14	291.69	2.92:1 (2.78:1)	2074
31	Assam Power Distribution Company Limited	Power	23-10-03	250.81	-	-	250.81	-	-	-	-	-	11254
	Sector wise total			**806.60**	**-**	**-**	**806.60**	**339.77**	**-**	**262.18**	**601.95**	**0.75:1 (1.22:1)**	**14648**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)[*]	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
SERVICES													
32	Assam Tourism Development Corporation Limited ♣	Tourism	06-06-88	0.39	-	-	0.39	-	-	-	-	-	91
	Sector wise total			**0.39**	**-**	**-**	**0.39**	**-**	**-**	**-**	**-**	**-**	**91**
MISCELLANEOUS													
33	Assam Government Marketing Corporation Limited	Handloom, Textile & Sericulture	16-12-59	2.15	1.34	-	3.49	-	-	-	-	-	78
34	Assam State Text Book Production and Publication Corporation Limited	Education	03-03-72	1.00	-	-	1.00	-	-	-	-	-	113
35	Assam Gas Company Limited	Industries & Commerce	31-03-62	16.91	-	-	16.91	-	-	20.06	20.06	1.19:1 (1.58:1)	361
36	DNP Limited	Industries & Commerce	15-06-07	-	-	134.93	134.93	-	-	200.75	200.75	1.49:1 (1.71:1)	Nil
	Sector wise total			**20.06**	**1.34**	**134.93**	**156.33**	**-**	**-**	**220.81**	**220.81**	**1.41:1**	**552**
Total A (All sector wise working Government companies)				**1062.90**	**9.83**	**150.95**	**1223.68**	**644.70**	**0.10**	**525.41**	**1170.21**	**0.96:1 (1.14:1)**	**34194**
B. Working Statutory corporations													
FINANCE													
1	Assam Financial Corporation	Finance	04-01-54	18.40	-	-	18.40	14.00	-	-	14.00	0.76:1 (0.76:1)	163
	Sector wise total			**18.40**	**-**	**-**	**18.40**	**14.00**	**-**	**-**	**14.00**	**-**	**163**
POWER													
2	Assam State Electricity Board	Power	01-01-75	0.63	-	-	0.63	-	-	-	-	-	Nil
	Sector wise total			**0.63**	**-**	**-**	**0.63**	**-**	**-**	**-**	**-**	**-**	**Nil**

♣ Figures taken from previous year due to non furnishing of information

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)*	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
SERVICES													
3	Assam State Transport Corporation	Transport	03-01-70	440.03	-	-	440.03	-	-	-	-	(1.39:1)	2255
4	Assam State Warehousing Corporation	Co-operation	08-01-58	14.14	-	-	14.14	-	-	-	-	(0.74:1)	472
	Sector wise total			**454.17**	**-**	**-**	**454.17**	**-**	**-**	**-**	**-**	**-**	**2727**
	Total B (All sector wise working Statutory corporations)			**473.20**	**-**	**-**	**473.20**	**14.00**	**-**	**-**	**14.00**	**0.03:1 (0.86:1)**	**2890**
	Grand Total (A + B)			**1536.10**	**9.83**	**150.95**	**1696.88**	**658.70**	**0.10**	**525.41**	**1184.21**	**0.70:1 (1.07:1)**	**37084**
C. Non-working Government Companies													
MANUFACTURE													
1	Assam Tanneries Limited ♣	Industries & Commerce	28-09-61	0.02	-	0.01	0.03	-	-	-	-	-	Not furnished
2	Industrial Papers (Assam) Limited	Industries & Commerce	09-06-74	-	-	0.40	0.40	-	-	-	-	-	3
3	Amtron Sen Electronics Limited ♣	Industries & Commerce	25-10-85	-	-	0.02	0.02	-	-	-	-	-	Not furnished
4	Assam Spun Silk Mills Limited ♣	Industries & Commerce	31-03-60	1.70	-	-	1.70	4.36	-	0.20	4.56	2.68:1 (2.68:1)	212
5	Assam Polytex Limited♣	Industries & Commerce	29-05-82	-	-	5.62	5.62	-	-	6.30	6.30	1.12:1 (1.12:1)	Not furnished
6	Assam Syntex Limited	Industries & Commerce	04-01-85	-	-	5.12	5.12	-	-	-	-	-	2
7	Assam State Weaving and Manufacturing Company Limited	Industries & Commerce	29-11-88	8.20	-	-	8.20	-	-	-	-	(1.36:1)	4
8	Assam and Meghalaya Mineral Development Corporation Limited ♣	Mines & Minerals	08-10-64	0.20	-	0.03	0.23	-	-	-	-	-	Not furnished

♣ Figures taken from previous year due to non furnishing of information

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)[*]	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
9	Cachar Sugar Mills Limited	Industries & Commerce	30-03-72	3.38	-	-	3.38	16.66	-	-	16.66	4.93:1 (4.93:1)	1
10	Fertichem Limited	Industries & Commerce	29-03-74	-	-	0.43	0.43	3.77	-	2.37	6.14	14.28:1 (24.47:1)	2
Sector wise total				**13.50**	**-**	**11.63**	**25.13**	**24.79**	**-**	**8.87**	**33.66**	**1.34:1 (1.37:1)**	**224**
Total C (All sector wise non-working Government companies)				**13.50**	**-**	**11.63**	**25.13**	**24.79**	**-**	**8.87**	**33.66**	**1.34:1 (1.37:1)**	**224**
Grand Total (A + B + C)				**1549.60**	**9.83**	**162.58**	**1722.01**	**683.49**	**0.10**	**534.28**	**1217.87**	**0.71:1 (1.07:1)**	**37308**

All figures are provisional and as given by the companies / corporations.

$ Paid up capital includes share application money.

** Loans outstanding at the close of 2010-11 represent long-term loans only.

Annexure-2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraph 1.14)

(Figures in column 5(a) to 10 are ₹in crore)

Sl.No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss(-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5(a)	5(b)	5 (c)	5 (d)	6	7	8	9	10	11	12
A. Working Government Companies														
AGRICULTURE & ALLIED														
1	Assam Seeds Corporation Limited	2002-03	2010-11	-0.35	-	0.05	-0.40	2.53	2.83	1.46	-13.81	3.74	-0.40	-
2	Assam Agro-Industries Development Corporation Limited	2004-05	2011-12	0.01	0.64	0.07	-0.70	12.60	-	2.20	-28.62	19.00	-0.06	-
3	Assam State Minor Irrigation Development Corporation Limited	1998-99	2011-12	-3.67	-	0.01	-3.68	0.01	-	12.58	-28.79	61.09	-3.68	-
4	Assam Fisheries Development Corporation Limited	2009-10	2011-12	0.78	-	0.14	0.64	3.81	-	0.49	-1.02	9.02	0.64	7.10
5	Assam Livestock and Poultry Corporation Limited	1990-91	2010-11	0.08	-	-	0.08	0.08	-	0.07	-	0.19	0.08	42.11
6	Assam Tea Corporation Limited	1998-99	2010-11	5.39	5.76	1.15	-1.52	48.90	-1.06	27.54	-55.10	37.02	4.24	11.45
7	Assam Plantation Crop Development Corporation Limited	1987-88	1995-96	0.15	0.59	-	-0.44	0.22	-0.08	5.00	-1.80	9.21	0.15	1.63
	Sector wise total			**2.39**	**6.99**	**1.42**	**-6.02**	**68.15**	**1.69**	**49.34**	**-129.14**	**139.27**	**0.97**	**0.70**
FINANCE														
8	Assam Plains Tribes Development Corporation Limited	1987-88	2003-04	-0.18	-	0.16	-0.34	0.01	-	0.94	-2.07	-1.14	-0.34	-
9	Assam State Development Corporation for Other Backward Classes Limited	1990-91	2005-06	-0.09	0.01	0.02	-0.12	-	-	1.23	-0.10	-0.52	-0.11	-
10	Assam State Development Corporation for Scheduled Castes Limited	2003-04	2010-11	-1.60	0.24	0.02	-1.86	0.66	-	9.40	-14.30	23.46	-1.62	-
11	Assam State Film (Finance & Development) Corporation Limited	1997-98	2011-12	0.21	-	0.01	0.20	-	-	0.10	-	0.22	0.20	90.91
	Sector wise total			**-1.66**	**0.25**	**0.21**	**-2.12**	**0.67**	**-**	**11.67**	**-16.47**	**22.02**	**-1.87**	**-**

Sl.No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss(-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5(a)	5(b)	5 (c)	5 (d)	6	7	8	9	10	11	12
INFRASTRUCTURE														
12	Assam Hills Small Industries Development Corporation Limited	1989-90	2011-12	-0.39	-	0.05	-0.44	0.31	-	2.00	-2.61	3.64	-0.44	-
13	Assam Industrial Development Corporation Limited	2009-10	2011-12	10.08	-	0.11	9.97	15.25	10.07	93.10	-128.07	116.99	9.97	8.52
14	Assam Small Industries Development Corporation Limited	1992-93	2005-06	0.16	0.17	0.07	-0.08	10.71	-0.04	5.50	-3.45	3.60	0.09	2.50
15	Assam Electronics Development Corporation Limited	2003-04	2011-12	-1.46	0.39	0.19	-2.04	10.13	-1.36	9.26	-9.57	10.30	-1.65	-
16	Assam Power Loom Development Corporation Limited	1993-94	2001-02	-	-	-	-	-	-	1.47	-	1.28	-	-
17	Assam Mineral Development Corporation Limited	2002-03	2011-12	-0.85	-	0.27	-1.12	2.97	0.97	4.89	-4.87	29.16	-1.12	-
18	Assam Police Housing Corporation Limited	2003-04	2010-11	-1.15	-	0.04	-1.19	3.31	2.22	0.04	-5.68	-5.64	-1.19	-
19	Assam Government Construction Corporation Limited	2004-05	2011-12	-0.94	-	0.02	-0.96	1.54	-	2.00	-10.83	-35.83	-0.96	-
20	Assam Trade Promotion Organisation	First Accounts not yet finalised												
	Sector wise total			**5.45**	**0.56**	**0.75**	**4.14**	**44.22**	**11.86**	**118.26**	**-165.08**	**123.50**	**4.70**	**3.81**
MANUFACTURING														
21	Assam Petrochemicals Limited	2009-10	2010-11	4.19	0.06	1.34	2.79	50.54	-	9.13	1.72	84.13	2.85	3.39
22	Ashok Paper Mill (Assam) Limited	2009-10	2010-11	-0.75	0.76	4.84	-6.35	0.16	-	0.01	-61.45	72.23	-5.59	-
23	Assam Hydro-Carbon and Energy Company Limited	2008-09	2009-10	0.95	-	-	0.95	-	-	21.00	0.96	21.46	0.95	4.43
24	Assam Conductors and Tubes Limited	1993-94	2010-11	-0.29	-	0.01	-0.30	0.03	-	1.54	-3.03	1.47	-0.30	-
25	Amtron Informatics (India) Limited	2003-04	2010-11	-0.07	-	0.06	-0.13	16.22	-0.06	0.01	-0.50	0.82	-0.13	-
26	Assam State Textiles Corporation Limited	2007-08	2011-12	-0.89	0.07	0.51	-1.47	0.01	-	15.76	-41.50	-4.49	-1.40	-
27	Assam State Fertilizers and Chemicals Limited	2004-05	2010-11	0.32	-	0.09	0.23	1.56	0.88	3.76	-9.67	0.03	0.23	766.67
28	Pragjyotish Fertilizers and Chemicals Limited	2007-08	2011-12	-	-	-	-	-	-	2.33	-	1.76	-	-
	Sector wise total			**3.46**	**0.89**	**6.85**	**-4.28**	**68.52**	**0.82**	**53.54**	**-113.47**	**177.41**	**-3.39**	**-**

Sl.No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss(-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5(a)	5(b)	5 (c)	5 (d)	6	7	8	9	10	11	12
POWER														
29	Assam Power Generation Corporation Limited	2009-10	2011-12	102.99	32.37	46.24	24.38	367.27	9.81	455.86	-39.55	1088.51	56.75	5.21
30	Assam Electricity Grid Corporation Limited	2009-10	2010-11	19.41	29.84	16.66	-27.09	348.60	-0.61	99.93	-95.98	692.64	2.75	0.40
31	Assam Power Distribution Company Limited	2008-09	2010-11	26.71	19.56	15.77	-8.62	512.84	-4.69	58.69	-56.86	805.93	10.94	1.36
	Sector wise total			**149.11**	**81.77**	**78.67**	**-11.33**	**1228.71**	**4.51**	**614.48**	**-192.39**	**2587.08**	**70.44**	**2.72**
SERVICES														
32	Assam Tourism Development Corporation Limited	2004-05	2011-12	-0.02	-	0.05	-0.07	1.27	-	0.39	-0.57	38.69	-0.07	-
	Sector wise total			**-0.02**	**-**	**0.05**	**-0.07**	**1.27**	**-**	**0.39**	**-0.57**	**38.69**	**-0.07**	**-**
MISCELLANEOUS														
33	Assam Government Marketing Corporation Limited	1986-87	2011-12	-0.24	-	0.01	-0.25	2.31	0.48	1.46	-0.85	2.84	-0.25	-
34	Assam State Text Book Production and Publication Corporation Limited	1990-91	2005-06	1.31	0.39	0.01	0.91	7.61	-0.01	1.00	2.12	7.64	1.30	17.02
35	Assam Gas Company Limited	2009-10	2010-11	60.39	1.60	15.22	43.57	182.15	0.07	16.91	183.75	178.82	45.17	25.26
36	DNP Limited	2010-11	2011-12	-	-	-	-	-	-	106.00	-	283.58	-	-
	Sector wise total			**61.46**	**1.99**	**15.24**	**44.23**	**192.07**	**0.54**	**125.37**	**185.02**	**472.88**	**46.22**	**9.77**
	Total A (All sector wise)			**220.19**	**92.45**	**103.19**	**24.55**	**1603.61**	**19.42**	**973.05**	**-432.10**	**3560.85**	**117.00**	**3.29**
B. Working Statutory corporations														
FINANCE														
1	Assam Financial Corporation	2009-10	2010-11	1.97	0.15	0.11	1.71	4.33	-	18.40	-1.53	28.23	1.86	6.59
	Sector wise total			**1.97**	**0.15**	**0.11**	**1.71**	**4.33**	**-**	**18.40**	**-1.53**	**28.23**	**1.86**	**6.59**
POWER														
2	Assam State Electricity Board	2008-09	2010-11	0.77	0.71	0.03	0.03	995.15	-4.94	99.84	-	34.83	0.74	2.12
	Sector wise total			**0.77**	**0.71**	**0.03**	**0.03**	**995.15**	**-4.94**	**99.84**	**-**	**34.83**	**0.74**	**2.12**

Sl.No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss(-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	**2**	**3**	**4**	**5(a)**	**5(b)**	**5 (c)**	**5 (d)**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
SERVICES														
3	Assam State Transport Corporation	2008-09	2011-12	-3.23	10.10	6.04	-19.37	35.70	0.60	392.80	-544.46	-74.44	-9.27	-
4	Assam State Warehousing Corporation	2005-06	2009-10	-0.59	0.53	0.56	-1.68	5.65	-	10.54	-8.13	11.97	-1.15	-
	Sector wise total			**-3.82**	**10.63**	**6.60**	**-21.05**	**41.35**	**0.60**	**403.34**	**-552.59**	**-62.47**	**-10.42**	**-**
	Total B (All sector wise working Statutory corporations)			**-1.08**	**11.49**	**6.74**	**-19.31**	**1040.83**	**-4.34**	**521.58**	**-554.12**	**0.59**	**-7.82**	**-**
	Grand Total (A + B)			**219.11**	**103.94**	**109.93**	**5.24**	**2644.44**	**15.08**	**1494.63**	**-986.22**	**3561.44**	**109.18**	**3.07**
C. Non-working Government companies														
MANUFACTURING														
1	Assam Tanneries Limited	1982-83	1983-84	-	-	-	-	-	-	0.02	-	-	-	-
2	Industrial Papers (Assam) Limited	1999-2000	2010-11	-	-	-	-	-	-	0.40	-	-	-	-
3	Amtron Sen Electronics Limited	1991-92	1993-94	-0.01	-	-	-0.01	-	-	0.02	-	0.14	-0.01	-
4	Assam Spun Silk Mills Limited	1991-92	1996-97	-0.08	-	-	-0.08	2.45	-0.04	1.70	-3.54	0.32	-0.08	-
5	Assam Polytex Limited	1987-88	1993-94	-	-	-	-	-	-	5.26	-	-	-	-
6	Assam Syntex Limited	2009-10	2010-11	0.32	0.29	0.08	-0.05	0.53	-	5.12	-46.53	12.05	0.24	1.99
7	Assam State Weaving and Manufacturing Company Limited	2009-10	2010-11	-0.08	-	1.49	-1.57	0.04	-	11.61	-6.71	30.34	-1.57	-
8	Assam and Meghalaya Mineral Development Corporation Limited	1983-84	1984-85	-0.01	-	-	-0.01	-	-	0.23	-0.09	0.05	-0.01	-
9	Cachar Sugar Mills Limited	1992-93	2010-11	-0.53	0.76	0.15	-1.18	0.01	-0.11	3.38	-20.85	1.74	-0.53	-
10	Fertichem Limited	2009-10	2010-11	0.02	0.14	-	-0.12	0.07	-	2.00	-27.15	1.48	0.02	1.35
	Sector wise total			**-0.37**	**1.19**	**1.72**	**-3.02**	**3.10**	**-0.15**	**29.74**	**-104.87**	**46.12**	**-1.94**	**-**
	Total C (All sector wise non-working Government companies)			**-0.37**	**1.19**	**1.72**	**-3.02**	**3.10**	**-0.15**	**29.74**	**-104.87**	**46.12**	**-1.94**	**-**
	Grand Total (A + B + C)			**218.74**	**105.13**	**111.65**	**2.22**	**2647.54**	**14.93**	**1524.37**	**-1091.09**	**3607.56**	**107.24**	**2.97**

[#] Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

[@] Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

[$] Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Annexure-3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2011

(Referred to in paragraph 1.9)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	**2**	**3 (a)**	**3 (b)**	**4 (a)**	**4 (b)**	**4 (c)**	**4 (d)**	**5 (a)**	**5 (b)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Assam Seeds Corporation Limited	-	-	0.20	-	-	0.20	-	-	-	-	-	-
2	Assam Fisheries Development Corporation Limited	-	-	-	0.14	-	0.14	-	-	-	-	-	-
3	Assam Tea Corporation Limited	29.54	11.65	0.18	-	-	0.18	-	-	-	-	-	-
4	Assam Plantation Crop Development Corporation Limited	-	-	-	0.03	-	0.03	-	-	-	-	-	-
	Sector wise total	**29.54**	**11.65**	**0.38**	**0.17**	**-**	**0.55**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCE													
5	Assam Plains Tribes Development Corporation Limited	-	-	-	3.20	-	3.20	-	18.80	-	-	-	-
6	Assam State Development Corporation for Other Backward Classes Limited	-	-	-	1.75	-	1.75	-	-	-	-	-	-
7	Assam State Development Corporation for Scheduled Castes Limited	-	-	-	5.54	-	5.54	-	9.00	-	-	-	-
8	Assam State Film (Finance & Development) Corporation Limited	-	-	-	0.15	-	0.15	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**10.64**	**-**	**10.64**	**-**	**27.80**	**-**	**-**	**-**	**-**
INFRASTRUCTURE													
9	Assam Industrial Development Corporation Limited	-	0.19	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	**2**	**3 (a)**	**3 (b)**	**4 (a)**	**4 (b)**	**4 (c)**	**4 (d)**	**5 (a)**	**5 (b)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**
10	Assam Electronics Development Corporation Limited	-	-	-	-	-	-	-	5.00	-	-	-	-
11	Assam Trade Promotion Organisation	10.00	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**10.00**	**0.19**	**-**	**-**	**-**	**-**	**-**	**5.00**	**-**	**-**	**-**	**-**
MANUFACTURING													
12	Ashok Paper Mill (Assam) Limited	-	1.45	-	-	-	-	-	-	-	-	-	-
13	Assam State Textiles Corporation Limited	-	-	-	0.38	-	0.38	-	-	-	-	-	-
	Sector wise total	**-**	**1.45**	**-**	**0.38**	**-**	**0.38**	**-**	**-**	**-**	**-**	**-**	**-**
POWER													
14	Assam Power Generation Corporation Limited	-	8.57	-	30.00	3.62	33.62	-	12.73	-	-	-	-
15	Assam Electricity Grid Corporation Limited	-	30.20	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**-**	**38.77**	**-**	**30.00**	**3.62**	**33.62**	**-**	**12.73**	**-**	**-**	**-**	**-**
SERVICES													
16	Assam Tourism Development Corporation Limited	-	-	4.48	14.37	-	18.85	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**4.48**	**14.37**	**-**	**18.85**	**-**	**-**	**-**	**-**	**-**	**-**
MISCELLANEOUS													
17	DNP Limited	-	100.00	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**-**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A (All sector wise working Government companies)	**39.54**	**152.06**	**4.86**	**55.56**	**3.62**	**64.04**	**-**	**45.53**	**-**	**-**	**-**	**-**
B. Working Statutory corporations													
SERVICES													
1	Assam State Transport Corporation	-	-	2.91	20.00	-	22.91	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**2.91**	**20.00**	**-**	**22.91**	**-**	**-**	**-**	**-**	**-**	**-**
	Total B (All sector wise working Statutory corporations)	**-**	**-**	**2.91**	**20.00**	**-**	**22.91**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand Total (A + B)	**39.54**	**152.06**	**7.77**	**75.56**	**3.62**	**86.95**	**-**	**45.53**	**-**	**-**	**-**	**-**

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	**2**	**3 (a)**	**3 (b)**	**4 (a)**	**4 (b)**	**4 (c)**	**4 (d)**	**5 (a)**	**5 (b)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**
C. Non-working Government companies													
MANUFACTURING													
1	Industrial Papers (Assam) Limited	-	-	-	1.27	-	1.27	-	-	-	-	-	-
2	Assam State Weaving and Manufacturing Company Limited	-	-	-	4.49	-	4.49	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**5.76**	**-**	**5.76**	**-**	**-**	**-**	**-**	**-**	**-**
	Total C (All sector wise non-working Government companies)	**-**	**-**	**-**	**5.76**	**-**	**5.76**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand Total (A + B + C)	**39.54**	**152.06**	**7.77**	**81.32**	**3.62**	**92.71**	**-**	**45.53**	**-**	**-**	**-**	**-**

@ Figures indicate total guarantees outstanding at the end of the year.

Annexure-4

Statement showing the State Government's investment in PSUs for which accounts are in arrears

(Referred to in paragraph 1.24)

(₹ in crore)

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Governments during the years for which the accounts are in arrears				No. of Accounts in Arrear (As on 30 September 2011)
				Equity	Loans	Grants	Others Loans guaranteed by State Government	
1	2	3	4	5	6	7	8	9
A. Working Government companies								
1	Assam Agro-Industries Development Corporation Limited	2004-05	2.20	-	31.14	-	-	6
2	Assam Livestock and Poultry Corporation Limited	1990-91	0.06	-	-	4.60	-	20
3	Assam Fisheries Development Corporation Limited	2009-10	0.49	-	-	0.11	-	1
4	Assam Plains Tribes Development Corporation Limited	1987-88	0.94	2.42	18.21	83.78	-	23
5	Assam State Development Corporation for Scheduled Castes Limited	2003-04	9.08	0.45	16.20	35.40	2.00	7
6	Assam State Film (Finance & Development) Corporation Limited	1997-98	0.10	-	-	0.45	2.31	13
7	Assam State Textiles Corporation Limited	2007-08	15.76	-	-	0.38	-	3
8	Assam Small Industries Development Corporation Limited	1992-93	5.50	4.51	1.04	-	-	18

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Governments during the years for which the accounts are in arrears				No. of Accounts in Arrear (As on 30 September 2011)
				Equity	Loans	Grants	Others Loans guaranteed by State Government	
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
9	Assam Tea Corporation Limited	1998-99	29.54	-	154.31	-	-	12
10	Assam Electricity Grid Corporation Limited	2009-10	99.93	-	28.71	-	-	1
	Total A (All Working Government companies)		**163.60**	**7.38**	**249.61**	**124.72**	**4.31**	**104**
B. Statutory corporations								
1	Assam State Transport Corporation	2008-09	392.80	75.40	-	90.34	-	2
2	Assam State Warehousing Corporation	2005-06	10.54	33.88	-	3.42	-	5
	Total B (All Statutory corporations)		**403.34**	**109.28**	**-**	**93.76**	**-**	**7**
	Total (A+ B)		**566.94**	**116.66**	**249.61**	**218.48**	**4.31**	**111**
C. Non-working Government companies								
1	Fertichem Limited	2009-10	0.43	-	-	6.53	-	1
2	Assam Syntex Limited	2009-10	5.12	-	-	48.50	-	1
	Total C (All non-working Government companies)		**5.55**	**-**	**-**	**55.03**	**-**	**2**
	Total (A + B + C)		**572.49**	**116.66**	**249.61**	**273.51**	**4.31**	**113**

Annexure-5

Statement showing financial position of Statutory corporations

(Referred to in paragraph 1.14)

Particulars	2007-08	2008-09**	2009-10 (Provisional)
	(₹ in crore)		
Working Statutory corporations			
1. Assam State Electricity Board			
A. Liabilities			
Equity Capital	99.84	99.84	0.63
Loans from Government	12.10	-	-
Other long-term loans (including bonds)	-	-	-
Reserves and surplus	23.33	21.73	-
Current liabilities and provisions	497.17	359.87	0.12
Total-A	**632.44**	**481.44**	**0.75**
B. Assets			
Gross fixed assets	0.25	0.29	-
Less: Depreciation	0.04	0.07	-
Net fixed assets	0.21	0.22	-
Capital work-in-progress (WIP)	-	-	-
Current assets	565.64	481.22	0.75
Investments	-	-	-
Miscellaneous expenditure/Deferred cost	-	-	-
Deficits	66.59	-	-
Total-B	**632.44**	**481.44**	**0.75**
C. Capital employed*	**68.68**	**121.57**	**0.63**

*Capital employed represents net fixed assets (including WIP) plus working capital (excluding subsidy receivable).

** Figures have been re-assessed

2. Assam State Transport Corporation	**2008-09**	**2009-10**	**2010-11**
		(Provisional)	
A. Liabilities			
Capital (including capital loan & equity capital)	392.80	408.62	453.20
Borrowings (Government)	-	-	-
(Others)	71.56	66.33	60.07
Funds**	5.53	4.58	3.27
Trade dues and other current liabilities (including provisions)	184.55	220.32	240.24
Total	**654.44**	**699.85**	**756.78**
B. Assets			
Gross Block	30.39	32.72	70.92
Less: Depreciation	6.03	7.34	10.97
Net fixed assets	24.36	25.38	59.95
Capital work-in-progress (including cost of chassis)	67.17	68.11	51.28
Current assets, loans and advances	16.56	14.78	18.68
Investments	1.75	11.71	11.19
Accumulated losses	544.60	579.87	615.68
Total	**654.44**	**699.85**	**756.78**
C. Capital Employed*	**-76.46**	**-112.05**	**-110.33**

**Excluding depreciation funds but including reserves and surplus.

*Capital employed represents net fixed assets (including WIP) plus working capital (excluding subsidy receivable).

3. Assam Financial Corporation	2008-09	2009-10	2010-11 (Provisional)
A. Liabilities			
Paid-up capital	18.40	18.40	18.40
Share application money	-	-	-
Reserve fund and other reserves and surplus	2.82	2.82	2.82
Borrowings:			
(i) Bonds and debenture	-	-	-
(ii) Fixed Deposits	-	-	-
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	-	-	-
(iv) Reserve Bank of India	-	-	-
(v) Loan towards share capital:	-	-	-
(a) State Government	-	-	-
(b) Industrial Development Bank of India	-	-	-
(vi) Others (including State Government)	-	-	-
Other liabilities and provisions	1.90	16.66	20.82
Total-A	**23.12**	**37.88**	**42.04**
B. Assets			
Cash and Bank balances	6.91	22.26	19.51
Investments	-	-	4.76
Loans and Advances	9.02	10.52	13.41
Net fixed assets	1.14	1.06	1.17
Other assets	2.52	2.52	2.38
Miscellaneous expenditure	3.53	1.52	0.81
Total-B	**23.12**	**37.88**	**42.04**
C. Capital employed**	**24.58**	**30.50**	**39.96**

** Capital employed represents the mean of the aggregate of the opening and closing balances of paid-up capital, reserves (other than those which have been funded specifically and backed by investments), bonds, deposits and borrowings (including refinance).

4. Assam State Warehousing Corporation	2008-09**	2009-10	2010-11
	(Provisional)		
A. Liabilities			
Paid-up capital	12.14	13.14	13.47
Reserves and surplus	1.23	1.24	1.29
Borrowings: (Government)	9.74	10.33	11.60
(Others)	2.45	2.40	2.34
Trade dues and current liabilities (including provision)	7.61	14.28	15.00
Total-A	**33.17**	**41.39**	**43.70**
B. Assets			
Gross Block	20.02	21.63	22.93
Less: Depreciation	10.49	11.10	11.71
Net fixed assets	9.53	10.53	11.22
Capital work-in-progress	1.28	0.93	0.64
Current assets, loans and advances	11.65	17.55	19.42
Profit and Loss account	10.71	12.38	12.42
Total-B	**33.17**	**41.39**	**43.70**
C. Capital employed*	**14.85**	**14.73**	**16.28**

* Capital employed represents the net fixed assets (including capital work-in-progress) plus working capital.
**Figures have been re-assessed

Annexure-6

Statement showing working results of Statutory corporations

(Referred to in paragraph 1.14)

Sl. No.	Particulars	2007-08	2008-09	2009-10
		(₹ in crore)		
Working Statutory corporations				
1	**Assam State Electricity Board**			
1	(a) Revenue receipts	978.48	995.15	-
	(b) Subsidy/subvention from Government	-	-	-
	(c) Other incomes	-	-	-
	Total	**978.48**	**995.15**	**-**
2	Revenue expenditure (net of expenses capitilised) including write off of intangible assets but excluding depreciation and interest	982.64	994.38	-
3	Gross surplus (+)/deficit (-) for the year (1-2)	-4.16	0.77	-
4	Adjustments relating to previous years	-4.78	0.03	-
5	Final gross surplus (+)/deficit (-) for the year (3+4)	-8.94	0.80	-
6	**Appropriations:**			
	(a) Depreciation (less capitalised)	0.02	0.03	-
	(b) Interest on Government loans	-	-	-
	(c) Interest on others, bonds, advance etc. and finance charges	0.60	0.71	-
	(d) Total interest on loans & finance charges (b+c)	0.60	0.71	-
	(e) Less: Interest capitalised	-	-	-
	(f) Net interest charged to revenue (d-e)	0.60	0.71	-
	(g) Total appropriations (a+f)	0.62	0.74	-
7	Surplus (+)/deficit (-) before accounting for subsidy from State Government {5-6(g)-1(b)}	-9.56	0.06	-
8	Net surplus (+)/deficit (-) {5-6(g)}	-9.56	0.06	-
9	Total return on capital employed*	-8.96	0.77	-
10	Percentage of return on capital employed	-	0.63	-

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

2.	Assam State Transport Corporation		2008-09*	2009-10	2010-11
				(Provisional)	
1	Operating:	(a) Revenue	35.69	38.19	42.68
		(b) Expenditure	58.55	65.34	74.19
		(c) Surplus (+)/deficit (-)	-22.86	-27.15	-31.51
2	Non-operating:	(a) Revenue	2.86	1.29	1.14
		(b) Expenditure	10.09	9.41	5.45
		(c) Surplus (+)/deficit (-)	-7.23	-8.12	-4.31
3		**Total:** (a) Revenue	38.55	39.48	43.82
		(b) Expenditure	68.64	74.75	79.64
		(c) Surplus (+)/deficit (-)	-30.09	-35.27	-35.82
4	Interest on capital and loans		23.56	24.51	27.19
5	Total return on capital employed		-6.53	-10.76	-8.63

*Figures have been re-assessed

3	Assam Financial Corporation	2008-09**	2009-10	2010-11 (Provisional)
1	**Income**			
	1. Interest on loans	3.77	4.21	2.53
	2. Other income	3.05	1.65	4.30
	Total-1	**6.82**	**5.86**	**6.83**
2	**Expenses**			
	(a) Interest on loans	-	0.15	0.40
	(b) Provision for NPA	-	-	-
	(c) Other expenses	3.82	3.85	5.23
	Total-2	**3.82**	**4.00**	**5.63**
3	Profit before tax (1-2)	3.00	1.86	1.20
4	Provision for tax	0.06	0.21	-
5	Other appropriations	1.36	0.18	0.50
6	Amount available for dividend	1.58	1.47	0.72
7	Dividend	-	-	-
8	Total return on capital employed*	3.00	1.86	1.22
9	Percentage of return on capital employed	13.13	6.10	3.05

* Provision for NPA has been taken into consideration for calculation of total return on capital employed.

**Figures have been re-assessed

4	**Assam State Warehousing Corporation**	**2008-09**	**2009-10**	**2010-11**
			(Provisional)	
1	**Income**			
	(a) Warehousing charges	6.02	5.93	8.83
	(b) Other income	1.21	1.18	0.87
	Total-1	**7.23**	**7.11**	**9.70**
2	**Expenses**			
	(a) Establishment charges	5.00	5.06	7.49
	(b) Other expenses	3.40	3.41	2.24
	Total-2	**8.40**	**8.47**	**9.73**
3	Profit before tax (1-2)	-1.17	-1.36	-0.03
4	Other appropriations	-	-	-
5	Amount available for dividend	-	-	-
6	Dividend for the year	-	-	-
7	Total return on capital employed	0.20	0.19	-

Annexure-7

Statement of district-wise progress of works as on 31 August 2011

(Referred to in paragraph 2.10.10)

Sl. No.	Name of the District	No of packages	Award value (₹ in crore)	Date of work order	Schedule date of completion	Delay in weeks as on August 2011	Percentage of Electrification of villages	Percentage of release of service connection
1	Barpeta	13	59.89	February 2009	August 2010	52	73.9	54.4
2	Kamrup	7	108.49	January 2009	July 2010	56	82.6	51.5
3	Bongaigaon	3	76.70	January 2009	July 2010	56	94.6	76.7
4	Dhubri	3	94.78	January 2009	July 2010	56	77.6	43.5
5	Nagaon	6	94.76	January 2009	July 2010	56	70.4	56.6
6	N C Hills	1	79.12	January 2009	July 2010	56	37.2	52.6
7	Karbi Anglong	4	385.92	January 2009	July 2010	56	85.9	53
8	Golaghat	2	55.46	September 2008	March 2010	68	99.2	88.4
9	Morigaon	3	22.69	June 2008	December 2009	80	73.9	99.4
10	Nalbari	6	23.16	June 2008	December 2009	80	95.2	91
11	Darrang	3	141.82	September 2008	March 2010	68	98	91.8
12	Lakhimpur	4	71.00	March 2009	September 2010	48	91	77.5
13	Dhemaji	4	73.52	March 2009	September 2010	48	72.4	63.7
14	Kokrajhar	2	38.61	November 2009	May 2011	12	42.5	25.1

Annexure – 8

Statement showing progress of installation of meters

(Referred to in paragraph 2.13)

Year	Meters installed at the opening of the year	Target for metering during the year	Actual meters installed during the year	Meters installed at the close of the year	Percentage of achievement against the target
2006-07	1152714	141230	128501	1281215	90.99
2007-08	1281215	135871	116505	1397720	85.75
2008-09	1397720	162333	140629	1538349	86.63
2009-10	1538349	118522	105790	1644139	89.26
2010-11	1644139	153542	139573	1783712	90.90
	Total	**711498**	**630998**	**-**	**-**

Annexure – 9

Statement showing targets & actual performance of checking, theft cases detected, assessment made and amount realized for the five years ending 31 March 2011

(Referred to in paragraph 2.16.2)

Year	No. of checking		Theft cases		Assessed amount (₹ in lakh)		Amount Realised (₹ in lakh)		Number of consumers at the end of the year	Percentage of actual checking to total consumers
	Targets	Actual	Targets	Actual	Targets	Actual	Targets	Actual		
2006-07	4465	4344	2269	2966	26.72	44.66	44.26	25.50	13,82,666	0.31
2007-08	6163	6432	3838	4263	60.16	75.91	73.75	61.48	14,86,172	0.43
2008-09	5869	5186	3382	3437	70.80	142.71	121.49	98.41	15,52,629	0.33
2009-10	6615	6091	3347	4379	99.57	187.17	170.78	146.38	16,67,748	0.37
2010-11	6874	6499	3842	4238	153.05	229.67	208.15	168.41	19,13,396	0.34

Annexure-10

Statement showing the position of cross subsidization to consumers

(Referred to in paragraph 2.18.4)

Particulars	**2006-07**			**2007-08**			**2008-09**			**2009-10**		
Average cost of supply (ACOS)	**4.42**			**4.42**			**4.57**			**4.57**		
Average Revenue from Category	**Approved Average Realisation**	**Actual Average Realisation per unit**	**Percentage of ACOS**	**Approved Average Realisation**	**Actual Average Realisation per unit**	**Percentage of ACOS**	**Approved Average Realisation**	**Actual Average Realisation per unit**	**Percentage of ACOS**	**Approved Average Realisation**	**Actual Average Realisation per unit**	**Percentage of ACOS**
Jeevan Dhara	2.22	3.13	70.81	2.30	1.45	32.81	2.55	2.52	55.14	2.54	2.74	59.96
Domestic A	3.42	3.44	77.83	3.55	2.95	66.74	3.66	3.47	75.93	3.66	3.47	75.93
Domestic B	4.24	4.61	104.30	4.53	4.28	96.83	4.57	4.64	101.53	4.57	4.77	104.38
Commercial	5.78	5.82	131.67	5.69	5.51	124.66	5.88	5.73	125.38	5.88	6.08	133.04
General	4.83	5.28	119.46	4.62	5.24	118.55	5.18	5.22	114.22	5.19	5.39	117.94
Public Lighting	4.67	5.50	124.43	4.96	11.74	265.61	4.98	6.06	132.60	5.01	5.21	114.00
Agriculture	2.65	3.30	74.66	2.63	3.12	70.59	2.68	2.78	60.83	2.73	2.93	64.11
Small Industries Rural	3.11	3.37	76.24	3.02	3.21	72.62	3.05	2.96	64.77	3.03	3.23	70.68
Small Industries Urban	3.28	3.59	81.22	3.66	3.50	79.19	3.50	3.46	75.71	3.46	3.66	80.09
HT Domestic	3.76	3.44	77.83	4.28	8.05	182.13	4.16	4.18	91.47	4.16	4.36	95.40
HT Commercial	4.47	5.64	127.60	5.15	5.45	123.30	5.18	4.94	108.10	5.18	5.38	117.72
Public Water Works	5.13	5.61	126.92	4.77	10.10	228.51	4.89	4.77	104.38	4.88	5.08	111.16
Bulk Government, education	4.32	5.05	114.25	4.31	5.13	116.06	4.44	4.38	95.84	4.44	4.64	101.53
Bulk Others	4.82	5.20	117.65	4.85	4.81	108.82	4.84	4.76	104.16	4.90	5.10	111.60
HT Small Industries	2.66	4.34	98.19	3.01	4.72	106.79	3.28	3.22	70.46	3.28	3.48	76.15
HT Industries-I	4.17	5.37	121.49	4.48	5.31	120.14	4.58	4.41	96.50	4.56	4.76	104.16
HT Industries-II	4.54	4.74	107.24	4.58	4.18	94.57	4.48	4.30	94.09	4.48	4.68	102.41
Tea, Coffee, Rubber	5.84	6.47	146.38	5.72	5.98	135.29	5.89	5.41	118.38	5.89	6.09	133.26
Oil & Coal	5.97	7.40	167.42	5.27	6.81	154.07	5.61	5.37	117.51	5.62	5.82	127.35
HT Irrigation	5.20	4.80	108.60	3.66	5.42	122.62	4.63	4.19	91.68	3.91	4.11	89.93

Annexure-11

Statement showing paragraphs/reviews for which explanatory notes were not received

(Referred to in paragraph 3.9.1)

Sl. No.	Name of department	2005-2006		2006-2007		2007-2008		2008-09		2009-2010	
		No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received
1.	Power	05	05	05	05	08	08	03	03	11	11
2.	Transport	01	01	01	01	01	01	02	02	01	01
3.	Co-operation	--	--	--	--	01	01	--	--	--	--
4.	Welfare	01	01	01	01	02	02	01	01	--	--
5.	Agriculture	02	02	01	01	--	--	--	--	01	01
6.	Fisheries	01	01	--	--	--	--	--	--	--	--

Sl. No.	Name of department	2005-2006		2006-2007		2007-2008		2008-2009		2009-2010	
		No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received	No. of para in Audit Report	No. of para for which reply of the Government not received
7.	Industries and Commerce	01	01	06	06	02	02	06	06	01	01
8.	Mines & Minerals	01	01	--	--	--	--	02	02	--	--
9.	Public Enterprises	01	01	01	01	--	--	02	02	--	--
10.	Education (Elementary)	01	--	--	--	--	--	--	--	--	--
11.	Information and Technology	--	--	--	--	04	04	--	--	--	--
12.	Finance	--	--	--	--	--	--	--	--	01	01
Total		**14**	**13**	**15**	**15**	**18**	**18**	**16**	**16**	**15**	**15**

Annexure-12

Statement showing the department-wise outstanding Inspection Reports (IRs) as on September 2011

(Referred to in paragraph 3.9.3)

Sl. No.	Departments	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Animal Husbandry	01	01	06	2005-06
2.	Co-operation	01	01	05	2005-06
3.	Cultural Affairs	01	02	04	2006-07
4.	Education (Elementary)	01	02	05	2005-06
5.	Finance	01	01	09	2010-11
6.	Fisheries	01	02	07	2005-06
7.	Handloom, Textile & Sericulture	01	05	35	2006-07
8.	Industries & Commerce	10	13	85	2005-06
9.	Information & Technology	02	02	18	2008-09
10.	Mines & Minerals	01	01	06	2008-09
11.	Tourism	01	02	08	2006-07
12.	Welfare of Plains Tribes & Backward Classes	03	05	20	2005-06
13.	Transport	01	31	78	2005-06
14.	Power	04	94	457	2004-05
	Total	**29**	**162**	**743**	**-**

Annexure-13

Statement showing the department-wise draft paragraphs/reviews replies to which are awaited

(Referred to in paragraph 3.9.3)

Sl. No.	Name of the Departments/Corporation	Number of Draft Paragraphs	Number of reviews	Period/date of issue
1.	Animal Husbandry	2	-	July 2011
2.	Industries and Commerce	3	-	May-July 2011
3.	Handloom, Textile and Sericulture	1	-	July 2011
4.	Power	-	1	July 2011
Total		**6**	**1**	**-**