



COMMITTEE ON PUBLIC UNDERTAKINGS
SIXTY THIRD REPORT

FIFTEENTH ASSEMBLY

REPORT ON THE AUDIT PARAS CONTAINED IN THE AUDIT REPORT
OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (COM)
FOR THE YEAR 2007-2008
RELATING TO
ASSAM ELECTRONICS DEVELOPMENT CORPORATION LIMITED

Presented to the House on 14th March, 2022

ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT

DISPUR :: GUWAHATI-6

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings, Assam Legislative Assembly having been so authorised by the Committee on their behalf present this 63rd report which was approved by the Committee on the paragraphs contained in the Audit Report (Commercial) of the Comptroller and Auditor General of India for the year ended 31 March 2008, Government of Assam relating to Assam Electronics Development Corporation Limited.

(2) The Committee had taken up the work of examining the relevant paragraphs contained in the Audit Report (Commercial) of the Comptroller and Auditor General of India for the year ended 31 March 2008 relating to Assam Electronics Development Corporation Limited under the Information Technology Department, Government of Assam and had a threadbare discussion with the officials of the Department as well as Assam Electronics Development Corporation Limited on 30.06.2021.

(3) The report was considered and adopted by the Committee in its meeting held on 07.03.2022.

(4) The Committee placed on record its thanks to the officers of Assam Electronics Development Corporation Limited for furnishing the records/relevant materials and giving information as well as for extending fullest co-operation to the Committee.

(5) The Committee also extends its high appreciation to the Principal Accountant General (Audit), Assam and the concerned officials for their sincere co-operation extended to the Committee during its examination.

(6) The Committee also placed on record its appreciation to officers and staff of the Committee for their unstinted co-operation extended to the Committee in conducting of examination as also in the compilation in presentation of this Report.

Dispur

The 7th March, 2022

**(Ramendra Narayan Kalita, M.L.A.)
Chairman,
Committee on Public Undertakings**

COMPOSITION OF THE COMMITTEE**CHAIRMAN:** Shri Ramendra Narayan Kalita, MLA

- MEMBERS:**
1. Smti. Suman Haripriya, MLA
 2. Shri Terash Gowala, MLA
 3. Shri Krishnendu Paul, MLA
 4. Shri Ganesh Kumar Limbu, MLA
 5. Shri Suren Phukan, MLA
 6. Shri Prodip Hazarika, MLA
 7. Shri Jitu Goswami, MLA
 8. Shri Charan Boro, MLA
 9. Shri Siddeque Ahmed, MLA
 10. Md. Nurul Huda, MLA
 11. Smti. Nandita Das, MLA
 12. Shri Rafiqul Islam, MLA

SECRETARIAT:

1. Shri Hemen Das, Principal Secretary
2. Shri Indrajit Mozumder, Joint Secretary
3. Shri Thaneswar Deka, Deputy Secretary
4. Shri Ranjit Kr. Sarmah, Under Secretary

CHAPTER-I**REPORT AND RECOMMENDATION**

During the course of deposition before the Committee in its meeting held on 30.06.2021 in the presence of Principal Accountant General (Audit), Secretary, to the Government of Assam, Information Technology Department, Managing Director, Assam Electronics Development Corporation Limited (AEDCL) and other Departmental representatives had submitted the replies to the queries against the Audit paragraphs mentioned as follows.

1. **Reference paragraph 4.13 of the report of the CAG of India for the year ended 31 March 2008 (Commercial)**

LOSS DUE TO IMPRUDENT FUND MANAGEMENT**FACT OF THE CASE**

Imprudent fund management led to extra interest burden of Rs. 20.07 lakh

MANAGEMENT REPLY

A temporary loan of Rs. 40 lakh bearing interest at the rate of 16% was taken by AEDCL from Assam Industrial Development Corporation Limited (AIDCL) on 03.06.2003 for the purpose of investment in its newly incorporated subsidiary company, Amtron Informatics (India) Limited in the nature of working capital assistance. It was repayable by December 2003. Since, by that time AEDCL could not generate sufficient funds for repayment of the said amount to AIDCL extension of time for repayment of the loan was sought.

In this context observations of the audit is that the AEDCL had a balance amount of Rs. 2.37 crore and Rs. 36.29 crore in the form of fixed deposits. And therefore, sufficient funds were available to repay the entire amount. Therefore, it would have been prudent on the part of the management to repay the loan by encashing fixed deposits and avoid burden of interest payment.

In this connection it is clarified that the said amounts of fixed deposits were made for other specific purposes and therefore, AEDCL did not consider it proper to divert the fund for investment in its subsidiary company by way of repayment of its loan.

However, by the end of March 2009 the entire principal loan amount of Rs. 40.00 lakh had been repaid in instalments to AIDCL. As regards interest thereon the matter is under process of negotiation for waiver of the same.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

2. Reference paragraph 4.14 of the Audit Report (Commercial) for the year ended 31 March 2008

LOSS DUE TO DELAY IN IMPLEMENTATION OF ORDER

FACT OF THE CASE

Delay in implementation of the contract led to its cancellation as a consequence of which the Company had to suffer a loss of Rs. 13.71 lakh.

MANAGEMENT REPLY

AEDCL was awarded the work for providing single point light connection to Below Poverty Line (BPL) beneficiaries under "Kutir Jyoti Scheme, 2002-03 by ASEB as per agreement entered into on 27.12.2003. The period of completion of the work was 150 days from the date of execution of the agreement.

The scope of work under the work order provides for collection of beneficiary list of BPL category as per existing guidelines from the District Administration. The said list again was to be verified for technical feasibility by ASEB and the same had to be approved by DLCC, AEDCL therefore could go for the actual work after receiving DLCC approved beneficiary list.

Further the ASEB officials were required to render the following services, among others, in connection with the turnkey contract to ensure its effective and smoother implementation:

1. The concerned CEO would approve the technical feasibility of the beneficiary list collected by the contractor within 10 days from the date of submission of the same by the contractor. The CEO would thereafter arrange approval of the beneficiary list through the DLCC and handed over the approved list to the contractor for the purpose of execution of the said work.

2. The electronic meter as supplied by the contractor had to be tested at ASEB's MTI laboratories, free of testing fee prior to installation of the same at the customer premises. Therefore, delay in implementation of the work was beyond the control of AEDCL the work could not be completed within the stipulated time (25.05.2004) because of the following reasons:

3. The collection of BPL list itself was a complex and time-consuming process which involved preparation of the same from Panchayat level and submission of the same to the district authority to get the list approved by the DLCC. At that time the district authorities had some constrained to attend to the cause due to emergency situation viz. election, flood, social disturbances etc. so the process of collection of BPL list was slowed down. For example, during 2004 due to General Election it took around two and half months to complete the whole process.

4. The DLCC approved list is an outcome of the involvement of various Departments which were required to look into the socio-economic aspect of the beneficiaries under their jurisdiction. Therefore, the process of the outcome was a lengthy and time-consuming phenomenon.

5. AEDCL had very little role to play in respect of feasibility study of the BPL list and subsequent approval from DLCC. As regards 2714 numbers of unused meters as observed by audit, we would like to state the facts as under:

6. As per scope of work, the total energy meter required in the project was 20,000 nos. Looking at the complexity of the project we were very careful in procurement of the energy meter. That is why, we placed order to M/S. Bentex Linger Switch Gear Co., New Delhi to deliver energy meter in a lot of 2,500 to 3,000 and for each delivery we issued demand notice to the company in advance for the requirement. Accordingly, we procured energy meters for the project in several lots upto 14,500 nos. In this manner the project gained momentum overcoming all the hurdles in consultation with the management of ASEB, but all on a sudden ASEB declared the project closed w.e.f. 01.03.2005 for Assam and asked AEDCL and all electrical circles of ASEB to complete the project. Therefore, we had to stop the work with 2,714 energy meters stock in hand. Further, there was little scope to sale out the stock in hand as the energy meters are specifically designed for the "Kutir Jyoti Project" and we waited for vacating the closure by the authority, which did not happen in practice. So, the management of AEDCL decided to dispose of the energy meter in stock through auction in a lot i.e., damaged, and good conditioned energy meters. Immediately AEDCL issued tender notice.

7. In response to our short tender notice issued on 20.03.2006 we received 5 quotations out of which M/s Shree Kamal Electricals offered the highest price of Rs. 416.25 per energy meter. However, since the offer was found to be reasonably low, the above firm being the highest quoted one, they were further requested to enhance their price reasonably. The firm accordingly revised their quoted price to Rs. 450.00 per energy meter inclusive of VAT. AEDCL had accepted their revised offer and requested them to lift the complete stock. Unfortunately, the firm did not lift the stock.

8. Subsequently re-tendering notice was issued on 28.07.2006 and published through local newspapers. But no quotation was received.

9. While M/S Bentex-Linger Switchgear Company (the original supplier of the Meters) deputed their service engineer to lift the components/instruments of their Test Bench, inspected the unutilized meter held by AEDCL. After negotiation the Company agreed to accept the meters at the rate of Rs. 225 per meter since the same were lying for a couple of years. It may be seen that cancellation of a portion of work did not take place due to tardy implementation of the contract as observed by audit but due to declaration of the project as closed w.e.f. 01.03.2005 as explained at Sl. No. 6 above.

Also, disposal of the unused meters at Rs. 225 per meter was beyond the control of AEDCL as the energy meters were specifically designed for the "Kutir Jyoti Project" as explained at Sl. No. 6 above and it was not possible to divert these for other purposes. However, energy meters were only one of the components of the project. As such the loss in one component of the project does not reflect the overall profit and loss position of the project. As per project closing report prepared on the basis of the book value of its receipts and expenditure the net profit of "Kutir Jyoti Project" comes to Rs. 8,65,084.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

3. Reference paragraph 4.15 of the Audit Report (Commercial) for the year ended 31 March 2008

IRREGULAR IMPLEMENTATION OF SCHEME

FACT OF THE CASE

Failure to stick to core business activities left the Company with unrealized dues of Rs. 43.09 lakh and exposed it to additional liability of Rs. 90.41 lakh towards interest.

MANAGEMENT REPLY

As against State Government guarantee of Rs. 5 crore, AEDCL obtained loan assistance of Rs. 4,57,64,000 from National Backward Classes Finance Development Corporation (NBCFDC) for implementation of Refinance Scheme for the benefit of the Backward Classes of the State. The details of loan amounts received from NBCFDC are as under:

(1) General Loan Scheme

<u>Amount of loan</u>	<u>Date of receipt</u>
Rs. 2,27,44,000	18.11.2002
Rs. 30,20,000	04.02.2005
Rs. 10,00,000	28.09.2005
Rs. 1,00,00,000	23.02.2006

(2) Micro-Finance Scheme:

Rs. 90,00,000	28.09.2005
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Total: Rs. 4,57,64,000

On receipt of the amount, applications were invited for loan assistance through advertisement published in the local newspapers. A large number of applications for loan assistance were received and out of the same AEDCL had selected to provide loan assistance to 156 beneficiaries. Meanwhile in response to repeated persuasion from NBCFDC, utilization certificate was furnished to them on the basis of selected applicants for an amount of Rs. 2.42 crore. But when final scrutiny was made, it was found that loan could be disbursed to only 25 beneficiaries by observing the legal requirements, under various IT sector schemes like Computer Education Centre (CEC), Desktop Publishing (DTP) and Electronic Repairing & Maintenance (ERM). Beneficiaries were allotted Computer machines and sanctioned as working capital to set up their self-employment business unit. The total loan amount

disbursed to the beneficiaries was Rs. 39,73,500. Out of the same, till date an amount of Rs. 5,05,339 against Principal and interest, could be realized including two cases finally settled.

The matter was subsequently reported to Government vide letter No. AEDC/LAD/AG(13)06-07/2759 dated 07.07.2008. AEDCL in consideration of the fact that the most of the applicants failed to furnish supporting legal documents required for the purpose of guarantee and also since AEDCL does not have an extensive network covering the entire state in order to cause recovery of loan amount from the borrowers, stopped further disbursement and decided to divest the entire dues on this account.

Accordingly, till date out of the general loan amount of Rs. 3,67,64,000 an amount of Rs. 3,86,24,303 with the break-up of Rs. 3,26,59,463 as principal and Rs. 59,64,840 as interest and the entire principal of the loan amount of Rs. 90,00,000 and interest of Rs. 19,88,130 under the Micro Finance scheme has been refunded to NBCFDC. It is also proposed to refund the balance principal of general loan amount of Rs. 41,04,537 soon. As regards settlement of payment of Interest and Penal Interest the matter is under process of negotiation with NBCFDC.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

2022

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