



**COMMITTEE ON PUBLIC UNDERTAKINGS
SIXTY FOURTH 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 2000-2001 AND 2007-2008 RELATING TO
ASSAM INDUSTRIAL DEVELOPMENT CORPORATION LTD**

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 64th 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 2001 and 31 March 2008, Government of Assam relating to Assam Industrial 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 2001 and 31 March 2008 relating to the Assam Industrial Development Corporation Limited under the Industries & Commerce Department, Government of Assam and had a threadbare discussion with the officials of the Industries & Commerce Department, Government of Assam as well as Assam Industrial Development Corporation Limited on 03.09.2021.

(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 Industrial 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

(i)

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

CHARTER-I

REPORT AND RECOMMENDATION

During the course of deposition before the Committee in its meeting held on 03.09.2021 in the presence of Principal Accountant General (Audit), Secretary & Joint Secretary, to the Government of Assam, Industries & Commerce Department, Deputy General Manager, Assam Industrial Development Corporation Limited (AIDCL) and other Departmental representatives had submitted the replies to the queries against the Audit paragraphs mentioned as follows.

1. Reference paragraph 4.1.2.1 of the Audit Report (Commercial) for the year ended 31 March 2001

4.1.2.1 UNFRUITFUL EXPENDITURE

FACT OF THE CASE

Taking up the multistoried office-building complex project without considering financial viability and its subsequent abandonment resulted in unfruitful expenditure of Rs. 0.22 crore

MANAGEMENT REPLY

M/s Consulting engineering Services (India) Ltd., New Delhi was awarded the following works by AIDCL in December 1996 for its then proposed multi-storied building at its campus on R. G. Baruah Road, Guwahati-781024 as follows:

- | | |
|--------------------------------|---------------|
| 1. Consultancy Services | Rs.18.75 lakh |
| 2. Project Management Services | Rs.16.50 lakh |

Site works like soil testing was done by the Consultant and thereafter it prepared the detailed engineering plants, etc. However, due to various reasons the project was not continued and the same was discontinued as per decision of the Board of Directors in June 1998 as it was financially not viable. In the meantime, before the decision of the Board of Directors was communicated to M/s Consulting Engineering Services (India) Ltd., New Delhi, the party had prepared and submitted several detailed Engineering Structural Designs and plans and report which were committed. These detailed Engineering Structural Designs and plans had to be considered by AIDCL and was later paid/released to the party as AIDCL felt that these may be required if the project is taken up later.

The project was again taken up again in 2010 but again due to certain constraints it was again discontinued as the Board of Directors decided that first AIDCL should first take up building a multi-storied complex at its own land on G.S. Road, Bhangagarh and then start with its project on its land at R.G. Baruah Road.

The party submitted bills for the works undertaken and completed by them before the project was discontinued and which were later processed, verified, and later released after the decision of Board of Directors to discontinue the project. This processing of bills of a discontinued project raised objections from our Accounts Department which were cleared but delayed the payments/release of bills.

It is observed that these expenditures for the works completed by M/s Consulting Engineering Services (India) Ltd., New Delhi is justified because these works shall be used when the multi-storied project will be taken up by AIDCL.

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 4.5 of the Audit Report (Commercial) for the year ended 31 March 2008

FACT OF THE CASE

AIDCL disbursed a loan of Rs. 75.08 lakhs to B.S. (Assam) Industries Private Limited (BSIPL) during January 1986-February 1987 for setting-up of an LPG cylinder manufacturing unit without having an explosive license nor any commitment from Indian Oil Corporation Limited by the borrower.

BSIPL submitted an OTS proposal of Rs. 1.03 crore to AIDCL in November 1998 which was not accepted by AIDCL and instead the unit was sold at Rs. 71.11 lakhs in September 2005 resulting in a loss of Rs. 31.34 lakh to the borrower. Also, there was inordinate delay in disposal for the unit.

MANAGEMENT REPLY

The ground on which the loan was sanctioned by the AIDCL without explosive license could not be traced out from existing records. It is also not possible now to personally gather the facts as the promoters of the company and the officers of AIDCL who dealt with this matter have already expired.

It is found from available records that AIDCL placed the OTS proposal of BSIPL in the Default Review Committee Meeting held on 15.02.1999 and the Committee decided that the same could be accepted, provided BSIPL withdrew the court case against the State of Assam, AIDCL and the Union of India prior to the settlement. However, no record of acceptance of this pre-condition by BSIPL was found.

AIDCL took over the LPG cylinder manufacturing unit of BSIPL on 07.04.1995. However, the later obtained an injunction from the Hon'ble Gauhati High Court by filing a Civil Suit (No. 2396/95) against the State of Assam, AIDCL and the Union of India on 15.06.1995 at the Gauhati High Court and restrained AIDCL from disposing the assets through sale.

At the initiative of AIDCL, the Gauhati High Court passed an order on 22.05.2001 vacating the injunction and allowing AIDCL to initiate action for disposal of the unit. Accordingly, AIDCL floated advertisement in May 2001 for sale of the unit. But AIDCL did not dispose the assets as the highest offer received was far below the outstanding dues and the value of the assets. Same was the case when AIDCL advertised for the second time in February 2002. AIDCL advertised for the third time in June 2002 and approved the highest negotiated price of Rs. 70 lakhs in its Board of Directors meeting held on 11.10.2002. However, the highest bidder later expressed its inability to buy the assets. Therefore, the fourth advertisement was made in May 2003 and the Tender Committee of AIDCL recommended for sale of the unit to the only bidder M/s Shanti Conductors Private Limited at a price of Rs. 71.11 lakhs. The recommendation of the Tender Committee was placed in the 214th Board meeting of AIDCL held in September 2003. However, the matter was deferred and was placed and discussed in the 215th Board of Directors meeting held on 07.06.2004. The matter was then placed before the Default Review Committee's (a sub-committee of the Board of Directors) meeting held on 24.08.2004 which considered and approved the sale of the unit to Shanti Conductors Private Limited. This was followed by issue of a letter of acceptance (of offer) by AIDCL to BSIPL on 06.11.2004. The LPG cylinder manufacturing unit of BSIPL was physically handed over to M/s Shanti Conductors Private Limited on 06.12.2004.

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.

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2022

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