FIRST
ANNUAL REPORT
1982-83

NERAMAC

North Eastern Regional Agricultural

Marketing Corporation Ltd.

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Board of Directors

Chairman-cum-Managing Director

K. C. Ananth		(from 1. 10. 1982)
Gian Chand		(upto 30. 9. 1982)

Ex-Officio Part-time Directors

K. Kanungo (Dr.)	Planning Commission	(from 26. 6. 82)
H. D. Bansal	Department of Food	(from 26. 6. 82)
K Sunderarajulu	Deptt. of Agri & Co-op.	(from 26. 6. 82)
B. P. Mishra	Ministry of Home Affairs	(26. 6. 82 to 20. 9. 82)
Neeru Nanda (Miss)	Ministry of Home Affairs	(from 21. 9. 82)
Usha Vohra (Mrs.)	Ministry of Commerce	(from 15. 10. 82)
N. Valluri	Ministry of Finance	(26. 6. 82 to 19. 1. 83)
C. S Rao	Ministry of Finance	(from 20. 1. 83)
N. P. Nawani	North Eastern Council	(from 17. 1. 83)
Laljeet Singh	M. F. I. L.	(from 26. 6. 82)
G. K. Sharma	NAFED	(26. 6. 82 to 20. 9. 82)
Shiv Kumar Iyer	NAFED	(21. 9. 82 to 7. 1. 83)
B. J Heerjee	NAFED	(from 8. 1. 83.)
M. N. Mallick	Government of Mizoram	(from 26. 6. 82)
K. D. Singh	Government of Manipur	(from 26. 6. 82)
D. K. Gangopadhyaya	Government of Assam	(26. 6. 82 to 20. 9. 82)
H. N. Das	Government of Assam	(from 21. 9. 82)
M. C. Joshi (Dr.)	Government of Arunachal Pradesh	(26. 6. 82 to 20. 9. 82)
Ramesh Chandra	Government of Arunachal Pradesh	(from 21. 9. 82)
Daniel Kent	Government of Nagaland	(26. 6. 82 to 31. 12. 82)
J. Kire	Government of Nagaland	(from 1. 1. 83)
N. P. Nawani	Government of Tripura	(26. 6. 82 to 21. 9. 83)
J. P. Singh	Government of Meghalaya	(from 17. 1. 83)

Company Secretary/Manager

G. K. Dev Goswami

Auditors

A. Bhattacharjee & Co., Chartered Accountants, Gauhati-1

Bankers

State Bank of India, Shillong/Gauhati,

Registered Office

Rajgarh Road, Gauhati-781 003, Assam.

Notice

NOTICE is hereby given that the Adjourned First Annual General Meeting of the Shareholders of the North Eastern Regional Agricultural Marketing Corporation Limited will be held on Wednesday, the 21st March 1984, at 15.00 hours at the Registered Office of the Corporation at Rajgarh Road, Gauhati-781 003 to transact the following business :—

1. To receive and adopt the Directors' Report, Audited Balance Sheet and Profit and Loss Account for the period 31. 3. 1982 to 31. 3. 1983 and Auditor's Report. The comments of the Comptroller & Auditor General of India thereon will be placed on table.

2. To appoint auditors for the next year and fix their remuneration.

3. Any other business that may ordinarily be transacted with the permission of the Chair.

For and On Behalf of the Board
Sd/-
(K. C. ANANTH)
Chairman-Cum-Managing Director.

Gauhati-781 003,
29th February 1984.

To : All Members of the Corporation
M/s. A. Bhattacharjee & Co., Chartered Accountants,
Panbazar, Gauhati-781 001

NOTE : A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member.

Chairman's Statement

It is my privilege and pleasure to welcome you to the Adjourned First Annual General Meeting of the North Eastern Regional Agricultural Marketing Corporation Limited. The first report of the Board of Directors and Audited Accounts for the period 31st March 1982 to 31st March 1983 are before you for consideratian and adoption.

Highlights of Activities

INCORPORATION & OBJECTIVES

The North Eastern Regional Agricultural Marketing Corporation Ltd. was incorporated on March 31, 1982, with its Registered Office at Rajgarh Road, Gauhati-781 003.

The formation of the North Eastern Regional Agricultural Marketing Corporation (NERAMAC) constituted a land mark in the development of horticulture in this region as it would help overcoming the two main contraints, namely, lack of adequate marketing facilities and associated processing facilities harnessing the full potential of the horticultural produce of the region. Pending the setting up of the organisational structure and building up necessary administrative set up, the Corporation had to start its operations on a small scale and gradually expand them as it gains experience and establishes itself in the region. Keeping in view that the prices to be paid to the growers are not only realistic but also remunerative, the Corporation formulated the procurement prices by calculating backwards from the ruling prices at terminal markets both outside the region as well as within the region and after deducting there from the various expenditure that the Corporation would have to incur on storage, packaging, transportation, spoilage/driage and also after making a provision for a rate of return of about 10 per cent on the total turn over.

IDENTIFIED PRODUCTS & QUANTITY OF BUSINESS

Based on feasibility report prepared by Agricultural Finance Corporation Limited, Bombay; Pineapples, Oranges, Ginger and Potato were identified as major commodities which required immediate marketing support. The study also estimated that NERAMAC would be in a position to handle ultimately in each of the above four commodities, after establishing its own net work of procurement and marketing centres with necessary infrastructural support, including processing units, cold storages etc. 6500 MT of pineapple, 4000 MT of oranges, 1000 MT of ginger and 1000 MT each of summer and winter potatoes.

FORMATION OF COMMITTEE

A three member committee was formed to study the current prices of oranges and ginger at the level of growers, at the various primary and secondary markets within the region as also the prices prevailing at the terminal markets, and also rates ruling in the market for various operations like storing, packaging, transport etc. and recommend the rates to be fixed for these operations along with scale of business that could be immediately

taken up keeping in view of the availability of marketable surplus and scope for sale both inside and outside the region, the price to be allowed to the growers, and the minimum organisational structure that should be set up by the Corporation to handle the scale of business operation recommended by the Committee.

PRODUCTION & MARKET SURVEY

Board considered that a quick survey, to assess the marketable surplus of horticultural produce of the region in which the Corporation can start business, is essential and felt that the work should be undertaken by a renowned consultancy firm. The terms of reference to such a consultancy firm should be comprehensive encompassing prices at different levels; the existing marketing agencies both Government/Co-operative and private operators in the region; market charges as also the rate of commission payable to commission agents; the modes of transport available for transporting horticultural produce at various stages from the grower to the primary markets, from the primary markets to secondary markets and from secondary to terminal markets and the ruling rates thereof. The National Productivity Council was awarded the work with the understanding that a preliminary report in respect of ginger and oranges should be made within a period of 2 months and complete survey report within 5 months commencing from September 1982.

STANDING COMMITTEES

For smooth and expeditious transactions of business of the Corporation, the Board constituted Standing Administration Committee and Standing Finance Committee, to deal with and decide such administrative and financial matters as the CMD may like to place before it. The term of the Committee was one year from August 1982.

TECHNICAL COMMITTEE

To examine various aspects of schemes involving Agri-Horticultural products a 3 member Technical Committee was formed by NEC after discussions with the representatives of different states and union territories, Central Food Technological Research Instt., Mysore; Regional Research Laboratory Jorhat and National Research & Development Corporation, Calcutta. The Committee is expected to submit its report to NEC around April 1983 after visiting different fruit processing factories run by Government/State Public Sector/Co-operatives scattered in all the seven states and union territories of North Eastern Region.

PROJECTS

The Consultancy Cell, Department of Food, the then Ministry of Agriculture, Govt. of India, forwarded a project report along with feasibility report during February 1983 for establishing pineapple/orange juice concentrate plants at Tripura, Meghalaya and Manipur. The study was commissioned by NEC and the project report was dated November 1982. NEC forwarded the report to NERAMAC with a request to implement the project after needful examination. The Board examined the project report and recommended that NERAMAC should take up the project for Tripura in the first instance and later the unit at Manipur, at its 4th meeting held on 31st March 1983. Since the project cost exceeds Rs. 50 lakhs, the project report, along with Board's recommendation was submitted to Department of Food for needful sanction of Government as soon as the

draft minutes of the 4th meeting circulated to the Board Member were confirmed.

TASKS AHEAD

The main objectives of the Corporation would be to strengthen the marketing infrastructure and providing necessary processing facilities for the Agri-Horticultural products, namely, pineapple, oranges, ginger, potato, apple etc.

Thus : (a) fresh fruits and vegetables would be procured at growing centres and marketed in Terminal Markets.

(b) assitance could be given, as per needs, to the existing processing units for procuring critical items like Open Top Sanitary (OTS) cans, bottles and other packing materials, NERAMAC acting as a nodal agency.

(c) installing additional processing units and bottling plants with packing service centres to market fruit products under NERAMAC's Brand name registered as "Jawan" and "Seven Sisters".

(d) NERAMAC propose to explore the possibilities of joint venture with other developed countries with buy-back arrangements of mainly fruit products and juice concentrates with accent on 100 per cent export.

(e) pilot projects for de-hydration of ginger and manufacture of starch from Tapioca are proposed to be established by NERAMAC subject to the availability of raw-materials in adequate quantities at economically cheap prices.

(f) while at regional level NERAMAC will co-ordinate with existing co-operatives and state agencies in procurement and at National level will endeavour to seek the assistance of NAFED/MFIL for marketing, wherever these organisations have necessary expertise and infrastructure.

(g) in addition to internal trade, NERAMAC will explore the possibilities of exporting pineapple products available in the region joining hands with STC and registered export houses according to availability of favourable business terms and product-mix. The main theme in all these efforts would be to syphon out the present marketable surplus which in turn can generate interest to produce more and set the chain reaction of over all development of Horticultural Industry in this region.

(h) collection of market intelligence and communicating the same, according to the needs, to the constituent units will also form one of the important functions of NERAMAC, while functioning as a trend setter in the Marketing of commodities of this Region.

In accordance with the guidelines laid in the 20 point programme, special and priority steps have to be taken for implementing the rural development through Agricultural Marketing in the backward areas of this Region in

general and areas inhabited by the tribals and other weaker sections of the population in particular.

ACKNOWLEDGEMENTS

Before I conclude, I would like to acknowledge the valuable co-operation and assistance received from North Eastern Council, the funding body of the Corporation; the Department of Food, Ministry of Food & Civil Supplies, the nodal ministry of the Corporation; Commerce Ministry, the ministry looking after the export of fruit and vegetables in fresh and preserved forms; and the Ministry of Home Affairs. I must thank my colleagues on the Board of Directors for their valuable advice, co-operation and support. I can-not forget to congratulate and thank the managers and staff for their excellent work done with zeal and devotion in an effort to build the organisation. I also extend my deep appreciation of the valuable services rendered by M/s. A. Bhattacharjee & Co., Chartered Accountants, who audited the company's accounts. Thanks are also due to cooperative and Public Sector organisations for their active cooperation.

I am delighted to place on record the spontaneous response and co-operation received from Chief Ministers, Ministers, Chief Secretaries, Secretaries concerned and officials of all the seven constituent units of the North Eastern Region without any exception whatsoever.

Sd/-
(K. C. ANANTH)
Chairman-Cum-Managing Director

Gauhati,
the March 21, 1984.

Directors' Report

The Directors have pleasure in presenting the First Annual Report and Audited Accounts for the period from 31st March 1982 to 31st March 1983. The Company was not fortunate in getting off the ground and commence its business activities in the first year of its incorporation due to infrastructural constaints and *force majeure* conditions prevailed in certain parts of this region.

PERFORMANCE HIGHLIGHTS

The Corporation was registered on 31st March 1982 under Companies Act, 1956. The part time Chairman immediately took stock of the situation and formulated proposal for infrastructure building and business activities that are to be taken up by the Corporation. On the basis of findings of the three member committee, certain price norms payable for ginger and oranges were arrived at. Further, a comprehensive study on ginger, pineapple, oranges and potatoes was entrusted to National Productivity Council, Gauhati, in order to assess the magnitude of problem and marketing potentials of these crops.

Pending receipt of the National Productivity Council's survey report, the Board authorised NERAMAC to take up business in ginger only. The Board agreed that the Corporation should undertake marketing of ginger upto 1000 tonnes in the season from December 1982 to March 1983.

PROCUREMENT ARRANGEMENTS

NERAMAC was required to enter into contract with Meghalaya Co-operative Marketing Federation, Shillong, for procurement of ginger from West Garo Hills. For fixing procurement prices and mode of marketing at terminal markets at mutually agreed terms, NERAMAC had continuous dialogue with MECOFED, Director of Agriculture, Meghalaya and NAFED. An agreement was ultimately reached with the Managing Director of MECOFED to procure ginger initially on a joint venture with sharing profit and loss 50 : 50 basis after spelling out the obligations of each partner. Similar exercises have also been taken for procurement of ginger with the Secretary, Cooperation, Govt. of Mizoram ; Director of Agriculture, Arunachal Pradesh, the Managing Director, STATFED of Assam and Secretary Agriculture, Tripura.

OPERATING RESULTS

During the year under review, which was the first year of the operation of the Corporation, the agreement was signed with MECOFED for procuring upto 1000 MT ginger initially authorising them to pay up to Rs. 3.50 per kg. taking into consideration the terminal market prices in early Jaunary 1983. However, the prices firmed up and went upto Rs. 5.00 per kg. The trans-

port and movement were affected throughout Assam state during February 1983, and MECOFED informed that they were not in a position to procure ginger at these prices and hence there was no transaction in green ginger from this source.

Further the ginger of Mizoram growth was also not procured because of wide gap in estimated production and actual arrival in the market. However, the Government of Mizoram could not decide on a joint venture with NERAMAC and did not nominate a procurement agency. Due to conditions that prevailed, the price of ginger ruled around Rs. 4·50 to Rs. 5.00 per kg. during last week of February and March 1983 throughout the growing areas of Meghalaya and Mizoram, whereas the terminal market registered a price of Rs. 10.00 per kg.

The reasons attributed for significant realisation of higher prices by the farmers were:

(i) Lower production due to prolonged drought conditions in other ginger growing areas of Kerala and damage to ginger either by hail-storm or by incidence of pest in Haryana/Himachal Pradesh.

(ii) The ginger produced in the north eastern region could not be moved out of Assam state throughout February 1983 due to *force-majeure* conditions and reported to have found its way to adjoining border countries.

Because of these reasons, the procurement agencies nominated by state governments could not procure any green ginger. In other words, it can be stated that any intervention by state government agencies to procure green ginger was not considered necessary since the growers were getting remunerative prices through-out the marketing season. Under these circumstances, agreement with NAFED for sale of ginger in terminal market also did not materialise.

PERSPECTIVE

It might be of interest to briefly trace the history of the Horticultural Industry in the region, for a perspective for the decision of the government to entrust some of the commercial activities connected with Agri-Horticultural crops/products with NERAMAC.

HISTORY

The North Eastern Region, with its congenial agroclimatic and edaphic conditions offers vast scope for growing a large variety of horticultural crops. Thus, horticulture could be one of the strongest base for the economy of the region comprising the states of Assam, Manipur, Meghalaya, Nagaland and Tripura and Union Territories of Arunachal Pradesh and Mizoram.

It is estimated that about 70,000 hectares are under fruit crops with annual production of about 6·3 lakh tonnes namely, with pineapple, orange and banana covering the largest part of the area. Potato and ginger are the two other major crops covering about 80,000 hectares. Efforts for increasing production in the existing area and promote expansion under various horticultural crops have not been successful due to the serious problem of transport, and constraints encountered in the marketing of fruits in fresh and preserved forms.

In order to alleviate the difficulties, a Regional Marketing Corporation concept was visualised by North Eastern Council and the proposal to set up a Regional Agricultural Marketing Corporation (NERAMAC) for the entire north-eastern region was submitted to the Government of India for approval along with brief project report and draft memorandum and articles of association in August 1978 prepared by the Agricultural Finance Corporation Ltd, Bombay. On the advice of the Ministry of Rural Reconstraction a pre-feasibility report was also prepared by Agricultural Finance Corporation indicating physical limits of business activities, types of business and the financial projection of the proposed Corporation both under short and long term business plans. Based on these projections, a detailed break-up of the Corporation's activities involving marketing and processing of perishable commodities like pineapple, oranges, ginger and potato, for the first three years, in the form of short term feasibility report, were prepared by AFC Ltd., Bombay. In these, it can be seen that a cautious approach was adopted by restricting the size of business activity in terms of total tonnage of the commodities mentioned above with the sole objective of making a slow start and to prevent huge financial losses to the Corporation.

Meanwhile, the matter was also considered by the Union Cabinet some time in July 1980. After discussions, the Corporation was incorporated on 31st March 1982, the promoters and funding body being North Eastern Council, Shillong, and the nodal ministry being Department of Food, Ministry of Food and Civil Supplies. The Corporation is expected to function as an intervention agency and procure Agri-Horticultural commodities at commercially viable prices according to the felt needs of 7 constituent units of the North Eastern Region.

PROJECTS

At the instance of NEC, Shillong, Consultancy Cell, Department of Food, prepared a project report for establishing pineapple and orange Juice Concentrate Plants. The report received by NEC, some time during January/ February 1983 was forwarded to NERAMAC for needful study and implementation. The Project details are as under :

CAPITAL COST AND FINANCING

The capital outlay for the project has been estimated as consisting of land and buildings, plant and machinery and margin money. The capital cost

for the project in Tripura, Manipur and Meghalaya is estimated at Rs. 194.04, 193.06 and 192.77 lakhs respectively. The project is proposed to be financed by an equity capital, subsidy of Rs. 15.00 lakhs from the Central Government and long term loans. The debt equity ratio has been kept at 2 : 1. It has been estimated that the project will be completed in 2 years. The project cost in the first year will be 60% of the capital cost and 40% in the second year.

COST OF PRODUCTION AND SALES EARNINGS

The total cost of production for the project in Tripura at rated capacity has been estimated at Rs. 129.87 lakhs including the variable cost of Rs. 73.39 lakhs against a sales realisation of Rs. 173.17 lakhs. For the project in Manipur, it is estimated at Rs. 124.25 lakhs including the variable cost of Rs. 68.35 lakhs against a sales realisation of Rs. 154.77 lakhs. It has been assumed that the project will run at 60% of the rated capacity in the first year and 90% in the second and subsequent years.

PROFITABILITY

The profitability of the projects has been worked out by adopting the normally accepted norms. Details have been worked out for capital cost, financing, working capital, variable cost, depreciation, publicity and other fixed assets. The project in Tripura will have a break even point at 56·6%. Net profit of Rs. 43.30 lakhs per annum at rated capacity, pay back period of 5 years and internal rate of return at 11%.

The project in Manipur will have a break even point at 64.68%, net profit of Rs. 30·57 lakhs per annum at rated capacity, pay back period of 6 years and internal rate of return at 5%.

For the project at Meghalaya, it has been worked out that project will yield a net loss of Rs. 35·30 lakhs per annum at rated capacity. This is on account of higher prices of the raw materials. The profitability of the project has been worked out without taking into account other fiscal and financial incentives provided by State and Central Governments and financial institutions for the setting up of project in an industrially backward area. These factors if taken into consideration will improve the profitability of the project.

RECOMMENDATIONS

The project of fruit juice concentration plant is technically feasible and economically viable in Tripura and Manipur. The project will create employment potential, will provide assured market and better price to pineapple and orange growers, thereby minimising the scope of wastage and maximising the interest and incentive for cultivation and will also provide excellent opportunities for the development of the area and is therefore recommended by the Consultancy Cell, Department of Food, Ministry of Agriculture, Government of India, for implementation.

OTHER DETAILS

1. Pineapple 40 tonnes per day in three shifts of 20 hours per day.

2. 120 days running is estimated for pineapple and 50 days for oranges. Thus total working days will be 170 days.

3. Total raw material requirement comes to pineapple 4800 MT and oranges 2000 MT (i.e. 6800 MT total).

4. For 2 location the total comes to pineapple 9600 MT and oranges 4000 MT (i.e 13,600 MT total).

5. Tripura will produce 634 tonnes of pineapple concentrate and 195 tonnes of orange concentrate and in Manipur 554 tonnes of pineapple concentrate and 195 tonnes of orange concentrate.

TECHNOLOGY

The technology for the production of juice concentrate involves heat and mass transfer operations. Aroma recovery has been considered and provided in the production programme. The final production will have 65% as total soluble solids and shall be packed in food grade high density polythene drums and glass bottles.

Consultancy Cell, Department of Food, had earlier suggested to NEC that these plants could be established in collaboration with the Food Machinery, International Division California. They have also written to Consultancy Cell, Department of Food, that the initial feasibility study, as well as preliminary engineering analysis and provide the information base for this planning. It is also seen that Food Machinery, International Division, San Jose, California have offered these services on a cost plus fixed fee basis. Further, they have stated that as a multinational Corporation, they can assist us in arranging financial packages suited to our situation.

The proposal was considered by the Board at its meeting held on 31.3.83 and recommended implementation of the project at Kumarghat, Tripura state, in the first instance. The proposal will go to the Department of Food for obtaining necessary sanction of the Government.

CAPITAL STRUCTURE AND PATTERN OF INVESTMENT

The authorised share capital of the Corporation comprises of Rs. 5 crores divided into 50,000 Equity Shares of Rs. 1,000·00 each. No share was allotted during the year. An amount of Rs. 1,55,21,025·50 was received from North Eastern Council as Capital Advance.

ORGANISATION

The managers and staff position as on 31.3.1983 are given below with date of joining :

1. Officer on Special Duty (Marketing)	15. 12. 1982
2. Officer on Special Duty (Admn.)	05. 01. 1983

3.	2 LDCs	16. 11. 1982
4.	2 Drivers	16. 11. 1982
		04. 10. 1982
5.	3 Peons (1 at Shillong)	04. 10. 1982
		03. 11 1982
		16. 11. 1982
6.	Assistant	04. 02. 1983

PARTICULARS OF EMPLOYEES

Pursuant to the requirements of Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, a statement giving the required information pertaining to employees drawing Rs. 3,000·00 and above per month is given in the Annexure to the Directors' Report.

BOARD MEETINGS

The Board of Directors of the Corporation held 4 meetings during the year.

INFORMATION ON AUDITORS OBSERVATIONS

The observations of the auditors regarding issue of share certificates, cash book, journal book, vouching of transactions, plant and machinery, were noted for necessary compliance. Efforts are being made to issue the share certificates after obtaining needful approval of Board of Directors for adopting a common seal and printing the share certificate in the usual form. The expenses incurred by North Eastern Council, Shillong on account of preliminary and pre-incorporation of the Corporation were not debited to NERAMAC or claimed for by NEC from NERAMAC. Hence the same was not accounted during the year under audit. The certificates in respect of outstanding accrued interest as on the date of close of the Financial Year was not obtained. However, in coming years, the required certificates will be obtained from the bank for proper reflection of fund plan.

BOARD OF DIRECTORS

Shri K. C. Ananth was appointed as Chairman-cum-Managing Director of the Corporation with effect from October 1, 1982. Shri Gian Chand, Secretary, North Eastern Council was appointed as Chairman-cum-Managing Director of the Corporation in addition to his normal duties, from 31. 3. 82 to 30. 9. 82.

Dr. K. Kanungo, Adviser (Agriculture), Planning Commission; Shri H. D. Bansal, Jt. Secretary, Department of Food, Ministry of Food & Civil Supplies ; Shri K. Sunderarajulu, Chief Director (Cooperation), Deptt. of Agriculture & Cooperation ; Smt. Usha Vohra, Jt. Secretary. Ministry of Commerce ; Shri Laljeet Singh, Managing Director, Modern Food Industries (I) Ltd.; Shri M. N. Mallick, Director of Agriculture, Govt. of Mizoram; Shri K. D. Singh, Director of Agriculture, Govt. of Manipur; were appointed as Ex-Officio Directors of the Corporation with effect from 26.6.1982. Miss Neeru Nanda, Dy. Secretary, Ministry of Home Affairs, was

appointed as Ex-Officio Director with effect from 21. 9. 82. Shri B. P. Mishra of the same Ministry served as Director of the Corporation from 26. 6. 82 to 20. 9. 82. Shri C. S. Rao, Director (Plan Finance). Ministry of Finance, was appointed as Director of the Corporation with effect from 28. 1. 83. Shri N. Valluri, Director, Ministry of Finance, served as Director of the Corporation from 26. 6. 82 to 20. 1. 83. Shri B. J. Heerjee, Managing Director, NAFED, was appointed as Director with effect from 7. 1. 83. Shri G. K. Sharma and Shri Shiv Kumar Iyer of the same Federation were appointed as Directors of the Corporation with effect from 26. 6. 82 to 20. 9. 82 and 21. 9. 82 to 6. 1. 83 respectively. Shri H. N. Das, Agricultural Production Commissioner, Assam was appointed as Director of the Corporation with effect from 21. 9. 82. Shri T. K. Gangopadhyaya, from the same Government served as Director from 26. 6. 82 to 20. 9. 82. Shri Ramesh Chandra, Development Commissioner, Govt. of Arunachal Pradesh was appointed as Director with effect from 21. 9. 82. Dr. M. C. Joshi, Director of Agriculture of this Union Territory served as Director of the Corporation with effect from 26. 6. 82 to 20. 9. 82. Shri J. Kire, Director of Agriculture, Government of Nagaland, was appointed as Director of the Corporation with effect from 31. 12. 82. Shri Daniel Kent of the same Government, served as Director from 26. 6. 82 to 30. 12. 82. Shri N. P. Nawani, Adviser (Planning), North Eastern Council, was appointed as Director of the Corporation with effect from 17. 1. 83. Shri. N. P. Nawani, Agricultural Production Commissioner, Government of Tripura, served as Director of the Corporation from 26. 6. 82 to 21. 9. 82. Shri J. P. Singh, Special Secretary Agriculture, Government of Meghalaya, was appointed as Director of the Corporation with effect from 17. 1. 83.

AUDITORS

M/s. A. Bhattacharjee & Co., Chartered Accountants, Panbazar, Gauhati-781 001, were appointed as Auditors of the Corporation for the year 1982-83.

ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the assistance and the cooperation extended by the North Eastern Council, Ministry af Food & Civil Supplies, Ministry of Home Affairs, Ministry of Commerce and other Ministries of Government of India. The Directors are grateful to the Governments of the 7 constituent units of this region, Cooperative and Public Sector organisations for their active cooperation. The Directors are thankful to M/s. A Bhattacharjee & Co., Chartered Accountants, Gauhati ; the Comptroller and Auditor General of India and Indian Audit and Accounts Department for their valuable guidance and advice. The Directors also place on record their high appreciation of the work done by the Officers and Staff of the Corporation during the year.

For and On Behalf of the Board of Directors,
Sd/-
(K. C. ANANTH)
Chairman-Cum-Managing Director.

Gauhati,
21st March 1984.

ANNEXURE TO DIRECTORS' REPORT

Particulars of Employees

Pursuant to provision of section 217 (2A) of the Companies Act, 1956, particulars of employees drawing Rs. 3000.00 and above per month are given below :—

Sr. No.	Name of the Employee	Designation and nature of duties	Age as on 31. 3. 83	Remuneration (Rs.)	Nature of Employment	Qualifications	Date of joining	Total Experience in years	Last employment held in
(a) Employed throughout the financial year and in receipt of remuneration not less than Rs. 36,000/- in the aggregate for the year.									
				—NIL—					
(b) Employed for part of the Financial year and in receipt of remuneration not less than Rs. 3,000.00 per month.									
1.	K. C. Ananth	CMD	54 years	30,211.43	on deputation	B. Sc. (Ag), M. Sc. (Agron), Dip. in Extn. Methods, FBIM (London)	1. 10. 82	29	State Trading Corpn. of India Ltd.

Notes : (1) Remuneration includes salary and allowances, employer's contribution to Provident Fund, Gratuity and Leave Salary and reimbursement of Medical Expenses as per terms of appointment.

(2) None of the above employees is a relative of any Directors of the Company.

Auditors' Report

We have audited the annexed Balance Sheet of the North Eastern Regional Agricultural Marketing Corporation Limited, Rajgarh Road, Gauhati-781 003, Assam, as at 31st March, 1983 and the annexed Profit & Loss Account for the period ended on that date and subject to the notes on account annexed to and report that :—

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Corporation in so far as it appears from our examination of those books.

(c) The Balance Sheet and the Profit & Loss account dealt with by this report are in agreement with the books of account.

(d) In our opinion and to the best of our information and according to the explanations given to us, the said account gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view :—

(i) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 1983.

(ii) in the case of Profit & Loss account of the losses for the year ended as on that date.

As required by the manufacturing and other companies (Auditors' Report) order, 1975, we further report that :—

(i) The Corporation is yet to maintain a fixed assets register showing full particulars including quantitative details and situation of fixed assets. The said register was under preparation. However, the assets were accounted for in the cash book as and when purchased. The fixed assets were said to be physically verified by the management and no discrepancy on such verification were said to be noticed. We have found nothing contrary to that.

(ii) None of the fixed assets was revalued during the year.

(iii) As the Company is yet to begin trading activities during the year under audit, the particular clause will not be applicable during the year.

(iv) No loans, secured or unsecured has been taken by the Corporation during the year under review.

(v) No loan or advance in the nature of loan has been given by the Corporation during the period under reference.

(vi) There are no printed/standard manuals/procedures as regards the internal controls in respect of purchases of stores, raw-material including components, plant and machinery, equipments and other assets. Hence we are not in a position to comment on that. At present the company is following government procedures.

(vii) No purchases above Rs. 10,000/- (ten thousand) were made from companies, firms, subsidiaries, in which any of the Directors of the Corporation were interested.

(viii) Unserviceable or damaged stores were not arisen as the Corporation is yet to begin commercial activities during the year under audit.

(ix) The Corporation has not accepted any deposits from the Public during the year under audit.

(x) The Corporation is yet to begin commercial activities. Hence the clause will not be applicable.

(xi) The Corporation has appointed a firm of qualified internal auditors. In our opinion the workings of the internal auditor is satisfactory.

(xii) Maintenance of cost records were not prescribed by Central Government during the year under audit.

(xiii) Provident fund is yet to be introduced during the year under audit in general. In particular P. F. contribution shown in Profit & Loss account is in relation to CMD only.

(xiv) As the Corporation is yet to begin commercial activities, the clause will not applicable.

(xv) Same as clause No. xiv.

For A. Bhattacharjee & Co.
Chartered Accountants.

Place : Gauhati
Date : 23/12/1983

Sd/-
A. Bhattacharjee, *Partner.*

BALANCE SHEET AS AT 31ST MARCH 1983

	Schedule No.		Figures as at the end of current Financial Year	Figures as at the end of previous year
1	2	3	4	5	6
1. SOURCES OF FUNDS				
(1) Shareholders Funds :				
A. (a) Capital				—
(b) Share Capital Advance			1,55,21,025.50	—
B. Reserves & Surplus			—	—
(2) Loan Funds :				
(a) Secured Loans			—	—
(b) Unsecured Loans			—	—
2. APPLICATION OF FUNDS				
(1) Fixed Assets :				
(a) Gross Block		2,86,911.25		
(b) Less Depreciation	1	47,366.00		
(c) Net Block			2,39,545.25	—
(2) Investments :			—	—
(3) Current Assets, Loans & Advances				—
(a) Cash in hand		230.50		
(b) Bank Balances :				
i) Cash with State Bank of India, in SB A/C.		7,95,742.00		
ii) Term deposits with State Bank of India	2	1,45,17,506.83		
(c) Loans and advances	3	28,980.28		
		1,53,42,459.61		
Less : **Current Liabilities & Provisions**				
(a) Liabilities	4	67,682.34		
Net current assets			1,52,74,777.27	
(4) (a) Profit & Loss Account (Loss)			6,702.98	
		Total	1,55,21,025.50	

Notes on account Schedule '6' annexed.

Place : Gauhati,
Dated, the 23/12/1983

Sd/-
C. S. Rao
Ex-Officio Director

Sd/-
K. C. Ananth
Chairman-Cum-MD

Signed subject to our separate report of even date.
For A. Bhattacharjee & Co.
Sd/-
A. Bhattacharjee, *Partner*

PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 31. 3. 82. TO 31. 3. 83.

	Schedule No.	Figures as at the end of current financial year	Figures as at the end of previous year
1	2	3	4	5
1. INCOME			
Interest on :			
Fixed & term deposits		1,91,622.38	—
S/B Account		6,487.98	
		1,98,110.36	
2. EXPENDITURE			
(a) Expenses	5	1,57,447.34	
(b) Depreciation	1	47,366.00	
		2,04,813.34	
Loss of the year (Excess of Expenditure over income)		6,702.98	
		6,702.98	
Loss transferrrd to Balance Sheet		6,702.98	
		6,702.98	

Notes on account Schedule '6' annexed.

Signed subject to our separate report of even date.

For A. Bhattacharjee & Co.,
Chartered Accountants
Sd/-
A. Bhattacharjee, *Partner.*

Place : Gauhati
Dated, the 23/12/1983

Sd/-
C. S. Rao
Ex-Officio Director

Sd/-
K. C. Ananth
Chairman-cum-Managing Director.

SCHEDULE OF FIXED ASSETS TO AND TO FORM PART OF THE BALANCE SHEET AS ON 31. 3. 83.

SCHEDULE—1

PARTICULARS	COST				DEPRECIATION				W. D. V	
	As on 31st March 1982	Addition during the year	deduction during the year	As on 31. 3. 83	As on 31st March 1982	Addition during the year	deduction during the year	As on 31. 3. 83	As on 31. 3. 83	As on 31st March 1982
1. PLANT & MACHINERY	...	13387.00	...	13387.00	...	2038.00	...	2038.00	11349.00	...
2. FURNITURE & FIXTURE	...	84081.81	...	84081.81	...	8408.00	...	8408.00	75673.81	...
3. VEHICLE	...	168973.98	...	168973.98	...	33795.00	...	33795.00	135178.98	...
4. TYPEWRITER	...	17197.82	...	17197.82	...	2580.00	...	2580.00	14617.82	...
5. ELECTRICAL EQPMTS (FANS)	...	2180.64	...	2180.64	...	327.00	...	327.00	1853.64	...
6. BI-CYCLE	...	590.00	...	590.00	...	118.00	...	118.00	472.00	...
7. OFFICE EQPTS.	...	500.00	...	500.00	...	100.00	...	100.00	400.00	...
TOTAL	...	286911.25	...	286911.25	...	47366.00	...	47366.00	239545.25	...
FIGURES FOR THE PREVIOUS YEAR	...	...	...	...	...	...	...	...	...	...

Notes on account Schedule '6' annexed.

Signed subject to our separate report of even date.

For A. Bhattacharjee & Co.
Chartered Accountants,

Sd/-
A. Bhattacharjee, *Partner.*

Place : Gauhati
Dated, the 23/12/1983.

SCHEDULE OF TERM DEPOSITS ANNEXED TO AND TO FORM PART OF THE BALANCE SHEET AS AT 31ST MARCH 1983.

SCHEDULE—2

Figures for the previous year	Particulars	Figures for the current year
—	(i) Fixed Deposit with S. B I., Shillong	95,00,000.00
	(ii) Term Deposit with S. B. I., New Gauhati	10,00,000.00
	(iii) —do—	20,00,000.00
	(iv) —do—	10,05,041.09
	(v) —do—	10,12,465.74
—		1,45,17,506.83

Notes on account Schedule '6' annexed

Signed subject to our separate report of even date.

For A. Bhattacharjee & Co.
Chartered Accountants

Sd/-
A. Bhattacharjee, *Partner.*

Place : Gauhati
Dated, the 23/12/1983

SCHEDULE OF LOANS & ADVANCES RECOVERABLE IN CASH OR IN KIND, UNSECURED, CONSIDERED GOOD, ANNEXED TO AND TO FORM PART OF THE BALANCE SHEET AS AT 31ST MARCH 1983.

SCHEDULE-3

Figures for the previous year	Particulars	Figures for the current year
—	(i) Advance Office Rent	9,265.28
	(ii) O. Y. T. deposit (with Telephone authority)	19,175.00
	(iii) Advance for Newspaper	140.00
	(iv) House Rent recoverable from C. M. D.	400.00
—		28,980.28

Notes on account Schedule '6' annexed.

Signed subject to our separate report of even date.

For A. Bhattacharjee & Co.
Chartered Accountants

Sd/-
A. Bhattacharjee, *Partner.*

Place : Gauhati
Dated, the 23/12/1983

SCHEDULE OF LIABILITIES ANNEXED TO AND TO FORM PART OF THE BALANCE SHEET AS AT 31ST MARCH 1983.

SCHEDULE–4

Figures for the previous year	Particulars		Figures for the current year
—	(i)	Pay allowances & Honorarium (include TA Rs. 900/-)	10,192.57
	(ii)	Office Rent	6,619.00
	(iii)	A. S. Associates	391.00
	(iv)	Remington Rand of (I) Ltd.	34.27
	(v)	M/s Accelerando	44,081.20
	(vi)	Hotel Pinewood Ashok	798.72
	(vii)	D. Dutta Choudhury & Co. (Internal Auditor)	1,500.00
	(viii)	Income Tax	600.00
	(ix)	Contribution Payable to other Corporation (STC)	1,465.58
	(x)	M/s. A. Bhattacharjee & Co. (Statutory Auditors)	2,000.00
—			67,682.34

Notes on account Schedule '6' annexed.

Signed subject to our separate report of even date.

For A. Bhattacharjee & Co.
Chartered Accountants

Sd/-
A. Bhattacharjee, *Partner.*

Place : Gauhati,
Dated, the 23/12/1983

SCHEDULE OF EXPENSES ANNEXED TO AND TO FORM PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 31. 3. 1982 TO 31. 3. 1983.

SCHEDULE—5

Figures for the previous year		Particulars	Figures for the current year
...	(i)	Pay & allowances to CMD	29,862.00
...	(ii)	Travelling allowances to CMD	11,950.00
...	(iii)	Pay & allowances to Officers	15,042.65
...	(iv)	Pay & allowances to Staff	19,385.55
...	(v)	Travelling allowances to Staff	1,402.90
...	(vi)	Printing & Stationery	7,038.40
...	(vii)	Conveyance & Travelling	1,561.70
...	(viii)	Board Meeting Expenses	9,889.94
...	(ix)	Consultancy charges to NPC	22,800.00
...	(x)	Honorarium to Temporary Staff	1,449.40
...	(xi)	Insurance Premium on vehicles	5,219.00
...	(xii)	Petrol, Oil & Lubricants for vehicles	3,485.94
...	(xiii)	Car Maintenance	2,182.31
...	(xiv)	Postage & Telegram	1,142.00
...	(xv)	Advertisement	829.25
...	(xvi)	Membership Fee	800.00
...	(xvii)	Delegation Fee	820.00
...	(xviii)	Miscellaneous Expenses	279.00
...	(xix)	Newspaper, Books & Periodicals	383.95
...	(xx)	Staff Welfare Expenses	835.10
...	(xxi)	Rates & Taxes	69.00
...	(xxii)	Medical Benefit (reimbursement)	59.20
...	(xxiii)	Filing Fee	300.00
...	(xxiv)	Entertainment to Staff & Guest	2,135 80
...	(xxv)	Electrical Expenses	82 90
...	(xxvi)	Remuneration to Statutory Auditors as Auditors	2,000.00
...	(xxvii)	Remuneration to Internal Auditor as Auditors	1,500.00
...	(xxviii)	Office Rent	8,416.00
...	(xxix)	Rent (CMDs Residence)	4,735.13
...	(xxx)	Corporation's contribution to CPF (CMD)	1,790.22
...		TOTAL	1,57,447.34

Notes on account Schedule '6' annexed.

Signed subject to our separate report of even date.

For A. Bhattacharjee & Co.
Chartered Accountants

Sd/-
A. Bhattacharjee, *Partner.*

Place : Gauhati
Dated, the 23/12/1983

NOTES ON ACCOUNT ANNEXED TO AND TO FORM PART OF THE BALANCE SHEET AS ON 31. 3. 83 AND THE PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 31. 3. 1982 TO 31. 3. 1983.

SCHEDULE—6

1. The Corporation was incorporated on 31. 3. 82. It was promoted by the North Eastern Council, Shillong. It is yet to begin any commercial (Trading) activities during the year under Audit. The financial year of the Corporation is to be comprised of twelve months from 1st April of a year to the 31st March of the next following. But this is being first financial year it comprises of the period from 31. 3. 82 to 31. 3. 83.

2. SHARE CAPITAL

2.1 The authorised share capital of the Corporation comprises of Rs. 5,00,00,000/- (Rupees five crores only) divided into 50,000 equity shares of Rs. 1,000/- each. No share was allotted during the year under review.

2.2 **Share Capital Advance Rs. 1,55,21,025 50**

The entire share capital advance has been subscribed by the N. E. C., Shillong. The allotment of shares against above is pending till date due to the non-receipt of instructions as to the mode of allotment from Govt. of India.

2.3 Two Subscribers to the Memorandum viz. (1) Secretary, N. E. C., Shillong & (2) Dy. Secretary, N. E. C., Shillong had taken 10 shares each of the share capital of the Corporation amounting to Rs. (10 x 2 x 1000) i.e. Rs. 20,000/-. But neither the share certificate were issued to them nor their name entered in the register of members. The amount under reference was not also shown under the heading 'Share Capital' in the Balance Sheet.

3. **Preliminary & Pre-incorporation expenses of the Corporation.**

Expenses incurred by N. E. C., Shillong on account of above was Rs. 78,974·50 and details submitted by N.E.C., Shillong, vide N. E. C. letter No. AMC/1/82 dt. 20/4/83 to the Corporation. But the same was not accounted for during the year under audit.

4. BOOKS OF ACCOUNT

4. 1 **Cash Book**

Certain irregularities were found while scrutinising Cash Book such as irregular cash balancing, pencil figures, non-authentication of cash book by the preparing authority etc.

4.2 **Journal Book**

Entries made were not supported by the formal vouchers as well as supporting vouchers. Also same were not signed by the preparing authority and verifying and approving authority.

5. VOUCHING OF TRANSACTIONS

In the first part of the year formal vouchers were not prepared/ found along with supporting voucher. And also formal vouchers were not signed by the passing authority. Also revenue stamps were not found in appropriate places.

6. PLANT & MACHINERY Rs. 13,387/-

Out of the above Rs. 12,380/- was disbursed in purchasing a Lenox Machine which should have been debited to Office Equipment & machinery, instead of plant & machinery. The balance amount of Rs. 1,007/- was utilised for purchase of paper etc. for Lenox machine. The same should have been charged to printing and stationery account.

7. NOTES ON PROFIT & LOSS ACCOUNT

7.1 **Interest on Term Deposit**

The above was accounted for on cash basis i.e. as and when received. Consequently accrued interest were not taken into account which resulted in under statement of interest income.

7.2 Break-up of the expenditure incurred on and number of employees who (i) if employed throughout the financial year were in receipt of remuneration for that year which in the aggregate was not less than Rs. 36,000/- or (ii) if employed for the part of the financial year, were in receipt of remuneration for any part of that year at a rate which in the aggregate was not less than Rs. 3,000/- per month–1 person (Chairman-cum-Managing Director).

Place : Gauhati
Dated, the 23/12/1983

For A. Bhattacharjee & Co.,
Chartered Accountants,

Sd/-
A. Bhattacharjee, *Partner.*

Sd/-
C. S. Rao
Ex-Officio Director

Sd/-
K. C. Ananth
Chairman-cum-Managing Director

Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the Accounts of North Eastern Regional Agricultural Marketing Corporation Ltd., for the year ended 31st March 1983.

The Comptroller and Auditor General of India has decided not to review the report of the Auditors for the year ended 31st March, 1983 on the Accounts of North Eastern Regional Agricultural Marketing Corporation Limited and as such he has no comments to offer under Section 619(4) of the Companies Act, 1956.

Sd/-
A. P. SINHA
Member, Audit Board & Ex-Officio
Director of Commercial Audit
Calcutta-1.

Dated, Calcutta
The 1st March 1984.