



**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2014-2016)**

**ONE HUNDRED AND SEVENTH REPORT  
(Presented on 15th December, 2015)**

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM**

**2015**

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**ONE HUNDRED AND SEVENTH REPORT**

**On**

**Action Taken by Government on the Recommendations  
contained in the 44th Report of the Committee on  
Public Accounts (2006-08)**

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## COMMITTEE ON PUBLIC ACCOUNTS (2014-2016)

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## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the 107th Report on Action Taken by Government on the Recommendations contained in the 44th Report of the Committee on Public Accounts (2006-08).

The Committee considered and finalised this Report at the meeting held on 24th November, 2015.

Thiruvananthapuram,  
15th December, 2015.

DR. T. M. THOMAS ISAAC,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

This Report deals with the Action Taken by Government on the recommendations contained in the 44th Report of the Committee on Public Accounts (2006-2008).

The 44th Report of the Committee on Public Accounts (2006-2008) was presented to the House on 17th September, 2007. The Report contained 19 recommendations relating to Industries, Finance, Power and Revenue Departments. Government were addressed on 5th October, 2007 to furnish the statements of Action Taken on the recommendations contained in the Report and the final reply was received on 2nd August, 2012.

The Committee examined the SOAT at its meetings held on 18-11-2009, 17-2-2010, 19-1-2011 and 17-10-2012. The Committee was not satisfied with the Action Taken by Industries Department (Sl. No. 4, Para No. 19) and decided to pursue it further. The recommendations, reply furnished thereon and the further recommendations of the Committee are included in Chapter I of this Report.

The Committee decided not to pursue further action on the remaining recommendations in the light of the replies furnished by Government. Such recommendations and Government replies are incorporated in Chapter II of this Report.

### **CHAPTER I**

#### **RECOMMENDATION IN RESPECT OF WHICH ACTION TAKEN BY GOVERNMENT IS NOT SATISFACTORY AND WHICH REQUIRES REITERATION**

#### **INDUSTRIES DEPARTMENT**

##### **Recommendation**

*(Sl. No. 4, Para No. 19)*

1.1 The Committee learns that the performance of the industrial units availing subsidies under the SIS Scheme are evaluated at the district level. The Committee desires to know whether the Department had enquired during the evaluation of the performance of the units about the reason for the closing down of many SIS units registered under the scheme. Out of the 256000 SSI units  
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which had availed subsidy under the scheme only 146000 were functioning now. Such large-scale closure of industrial units indicate an unhealthy trend in the industrial growth of the State. The Committee notes that SSI units prefer to avoid registering under SIS Scheme. In such a situation the Department may not get a true picture of industrial development of the State. Progress of industrial sector of a State is an indication of its economic stability. It is, therefore, essential to have a correct idea of the current situation in the sector. The Committee points out that the witness had agreed to conduct a survey on the details of the SSI units which had availed subsidy in the past 5 years and which were still functioning. The Committee recommends to conduct an in depth study of the cause of the large-scale closing down of the industrial units in the State and also to enquire into the reasons for the reluctance to register under SIS Scheme.

### **Action Taken**

1.2 Majority of the enterprises availing SIS are both Micro or Macro enterprises and the quantum of subsidy availed by them is negligible. Similarly out of the total micro/macro enterprises registered, only 10% get State Investment Subsidy.

As per the manual of State Investment Subsidy, industrial enterprises availing State Investment Subsidy are liable to function for a minimum of 5 years after availing SIS, failing which the entrepreneur should refund the margin money to Government. The period they have functioned before availing SIS will not be taken into account. Due to several reasons these micro/macro enterprises will not be able to survive for long. One third of the enterprises will have natural death every year and new batch of industries will come up, certain other industries will take diversification of activities.

This is not the case with medium and large-scale industries. They would survive for a longer period.

Registration of the industries was not mandatory. With the introduction of Micro, Small and Medium Enterprises Act, the system of registration has been abolished with effect from October, 2006. According to the present system, all enterprises have to file Entrepreneur's Memorandum which is however not

mandatory. But all enterprises seeking any assistance either from Government or from financial institutions should file EM Part II, formerly SSI Registration.

In the case of enterprises which avail of SIS, the general trend is that only very few would close before the stipulated period of 5 years. The recommendation of the Committee to conduct a study on the cause of this is under consideration of Government.

### **Further Recommendation**

1.3 The Committee expressed displeasure in not conducting the proposed study to find out the reason behind the large-scale closing of SSI units, even after the lapse of three years.

## **CHAPTER II**

### **RECOMMENDATIONS IN RESPECT OF WHICH THE COMMITTEE DOES NOT DESIRE TO PURSUE FURTHER IN THE LIGHT OF THE REPLIES FURNISHED BY THE GOVERNMENT**

#### **INDUSTRIES DEPARTMENT**

##### **Recommendation**

*(Sl. No. 1, Para No. 10)*

2.1 The Committee views seriously the failure of the scheme for establishment of "Motorised Spinning Units" in Coir Co-operative Societies under integrated Coir Development Project. The coir sector, a traditional industry of Kerala, follows age old methods of coir yarn production. Systematic research and analysis of the prevailing condition in the sector and proper knowledge about the interest of the workers is necessary before mechanizing such a traditional sector.

##### **Action Taken**

2.2 The Coir Industry in Kerala is a Traditional Industry and production was done using wooden ratts without the help of any prime mover. The production system was totally manual in nature. During the early 1990s, Government of Kerala have introduced modernisation in the Co-operative Sector of the coir industry in the State by introducing the motorised spinning units under the



Integrated Coir Development Scheme, which envisaged the supply of Motorised ratts to the selected primary co-operative societies. This project provided the impetus for change from the age old system of production and paved the way for the modernisation of the coir industry in the State.

Through the introduction of the new model ratt as above was made after due consultation with skilled labourers of coir producing regions, discrepancies were noticed on implementation as pointed out by the Committee. So utmost care was taken to adhere to the recommendation of the Committee.

For example, before the introduction of subsequent version, that is, traditional motorised ratt, the expertise of Central Coir Research Institute, Kalavur and C-DOCT were utilised. The ratts were tested by spinning in it by skilled workers of various regions and only after that it was introduced.

### **Recommendation**

*(Sl. No. 2, Para No. 11)*

2.3 Different varieties of yarn are produced here according to the area of production and the speed with which the yarn is spun. Motorised ratts distributed lacked speed control for producing varieties of yarn specific to different areas of the state. It is only natural that the workers showed reluctance to accept such ratts. Moreover, the machinery were introduced in a hurry. The Committee cannot accept the argument that the agencies had to supply the ratts in a hurry as they were under pressure from Central Monitoring Agency. Coir Board and Coirfed being agencies specialized in the coir sector should have developed prototypes of ratts suitable for producing special varieties of yarn spun in different areas and ascertained its acceptability among the workers before supplying it to the societies on a large-scale. Instead, Keltron, an electronic development agency with no credentials in the coir sector was entrusted with the development and supply of ratts, just because it was a public sector undertaking. The Committee suggests that due weightage be given to the practical knowledge of the workers in the sector while developing machinery like ratts. The Committee is of the opinion that the implementing agency needs to consider tie-up with premier research institutions in the country for developing ratts and other machinery.

### **Action Taken**

2.4 During the implementation of the Integrated Coir Development Project, there were not much manufacturers for the manufacturing of motorised ratts. The prototype of the motorised ratts was developed and tested for its performance and based on the test findings, the design was standardised. The motorised ratt was designed with single speed for the manufacturing of Anjengo variety of Coir Yarn as Anjengo variety had a very good demand in the market. The production capacity of one such ratt was 5 to 8 kilograms of Anjengo variety of yarn per 8 hours. The motorised ratts were manufactured based on the standardised design.

Keltron was the then Manufacturer and the facility available with Keltron was utilized. The ratts coupled with low output have resulted in the reluctance of the workers for using these ratts.

Based on the widespread reluctance and complaints, the Government have directed in 1998 that these ratts need not be given further to the societies. Further, even though steps were taken to improve the ratts with the help of a premier institution; the Indian Institute of Technology, Chennai, no improved ratts could be developed.

The suggestion of the Committee to give due weightage to the practical knowledge of the workers and consulting with research institutions were considered in future and is evidenced in the supply of the traditional motorised ratt subsequently.

The traditional ratt with  $\frac{1}{4}$  HP Motor was introduced taking cognizance of drawbacks of the Motorised ratt. The expertise of Central Coir Research Institute, Kalavur and C-DOCT were used for the design of the traditional ratts with  $\frac{1}{4}$  HP Motor.

These ratts with Multiple Speed is capable of manufacturing varieties of coir yarns was supplied to the societies. The traditional motorised ratts purchased and supplied subsequently is after testing the suitability by test spinning at different regions. Intensive training was also provided for the workers for spinning different types of yarn. So the suggestion of the Committee has been noted for further development.

**Recommendation**

*(Sl. No. 3, Para No. 12)*

2.5 The Committee is convinced that the supply of untested ratts distributed under the scheme had affected the quality of the output from the societies. The difficulty in marketing low quality yarn naturally affected the stability of the societies dragging them on into debt trap. In such a situation societies cannot be held responsible for the loans they had availed. The Committee therefore recommends to examine the feasibility of writing off the loan amount provided to the societies.

**Action Taken**

2.6 The State Government have introduced a scheme vide G.O.(Ms.) No. 125/2007/ID dated 17-9-2007 and G.O.(Ms.) No. 124/2007/ID dated 17-9-2007 to convert the Government loan and NCDC loan to share.

As per the scheme, the Government loan (Principal together with interest and penal interest) of coir co-operative has been converted as share. The principal amount of NCDC loan was also converted to share and interest and penal interest were waived. So the societies were benefited under the scheme.

**Recommendation**

*(Sl. No. 5, Para No. 26)*

2.7 The Committee understands that though an amount of ₹ 2.18 crore was drawn for setting up diesel generators in the coir co-operative societies, Coirfed, the implimenting agency did not fully utilize the money for the intended purpose. The Committee takes exception to the stand that the scheme could not be fully implemented as the generator were uneconomical. It is surprising that the implementing agency realized this half way through the scheme. The Committee is convinced that the subcommittee which took the decision for buying the generator sets failed to take into account the cost effectiveness of the scheme. The Committee points out that before implementing a scheme, care needs to be taken to consider all its aspects including its cost-effectiveness by utilizing the services of technical experts.

**Recommendation**

*(Sl. No. 7, Para No. 28)*

2.8 The Committee expresses concern over the impropriety of locking up a large part of the allotted funds in the TP account for six years without utilizing it for the intended purpose. The Committee requires the Department to inform whether the proposal to use the balance amount for other aspect of the scheme has been approved by the Finance Department. The Committee directs the Department to inform the present position of the implementation of the scheme.

**Action Taken**

*(Para Nos. 26 & 28)*

2.9 Government have sanctioned the project for setting up of diesel generator sets in defibering units under the Integrated Coir Development Project. The defibering units were sanctioned the Malabar region where there was severe voltage drop in the 1990s which required a diesel generator for its functioning. An amount of ₹ 217.60 lakh was sanctioned for the purpose. Coirfed has installed diesel generator set in its 4 units using an amount of ₹ 18.22 lakh. The balance of ₹ 199.38 lakh was available in the TP account of Coirfed. Further, it was decided that in order to make these defibering units viable, no DG sets need be supplied in case there is electric power from KSEB as the voltage problem has since been rectified. The Government have sanctioned an amount of ₹ 30 lakh for the installation of 6 DG sets in 6 societies and the direction to remit back an amount of ₹ 169.37 lakh to the Government. Coirfed has remitted back ₹ 169.37 lakh to the Government. Further, the Project Officers concerned were reported subsequently that installing DG sets in the 6 societies is not feasible. Coirfed will be remitting back the balance amount of ₹ 30 lakh immediately on receipt of orders from the Government.

**Recommendation**

*(Sl. No. 6, Para No. 27)*

2.10 The Committee feels that factors like power scarcity should not be deterrent in the growth of industrial sector in the State. Issues like electricity

arrears should be cleared by the Department by reaching an agreement with the Power Department. The Committee recommends that relief be given to coir co-operative societies under minimum guarantee programme. The Committee requires the Power Department to consider the matter favourably and to pass proper orders to that effect.

### **Action Taken**

2.11 The recommendation of the Committee is noted for future guidance. Several steps were taken for relieving the burden of electricity arrears of co-operative societies as follows :

(i) As per order No. B.O.(FB) No. 686/06/DPCI/CGI/103 dated 1-3-2006 and order No. B.O.(FB) No. 1425/2008 (DPI) CGI/103/2005 dated 7-6-2008, 128 societies were exempted from minimum guarantee of KSEB.

(ii) Government have introduced the scheme to provide 50% of the electricity arrears as grant assistance to the co-operative societies.

(iii) Government vide G.O.(Ms.) No.153/2010/ID dated 16-7-2010 exempted 30 Coir Co-operatives from the fixed charge arrears amounting ₹ 34,82,052 and the Minimum Guarantees (MG) arrears amounting ₹ 59,27,502 in respect of 14 coir co-operatives.

## **POWER DEPARTMENT**

### **Action Taken**

2.12 The Kerala State Electricity Board had decided to exempt the collection of Minimum Guarantee arrears as a special case, for 114 coir co-operative societies and passed appropriate orders vide B.O.(FB) No. 686/2006 (DPCI/C-G1)/103/05 dated 1-3-2006.

Accordingly, Kerala State Electricity Board Exempted 114 Coir Co-operative Societies from remitting the MG arrears and collected Electricity Charges only for the period of debt and withdrew the MG arrears. Further to the above, Kerala State Electricity Board exempted 14 Co-operative Societies of similar nature from paying minimum guarantee arrear amount vide B.O.(FB) No. 1425/2008 (DPCI/C-G1)/103/205 dated 7-6-2008 Kerala State Electricity Board collected Electricity Charges alone even though the minimum guarantee amount is higher than the Electricity Charges.

### **Recommendation**

*(Sl. No. 8, Para No. 29)*

2.13 The Committee is of the opinion that the trend of introducing new schemes without any planning or insight is on the increase, leading to the wastage of money from public exchequer. Before introducing new schemes, the administrative Departments need to set the objectives of the schemes clearly after thoroughly considering all aspects related to it, especially that of economic viability. The Committee also directs the department to monitor the implementation of the schemes regularly to ensure that public money allotted for the purpose is properly utilized. The Committee directs Finance Department to scrutinize all the proposals for new schemes in detail before they are approved and also to check whether the schemes are feasible. The Committee also requires the Finance Department to insist on periodic monitoring and review of the implementation of the schemes.

### **INDUSTRIES DEPARTMENT**

#### **Action Taken**

2.14 The direction of the Committee was noted for formulating and implementing schemes. Many new schemes were introduced subsequently in accordance with the recommendations of the Committee. The implementation is being monitored in the Plan Review Meetings with field level officers also.

### **FINANCE DEPARTMENT**

#### **Action Taken**

2.15 All new Schemes as in the Annual Plan Document and continuing schemes involving deviation in terms of components from the existing Administrative Sanction, having outlay of ₹ 3 crore and below are considered for grant of Administrative Sanction by the Working Groups headed by the Secretaries of the Administrative Departments and attended to by the representatives of the Finance Department. For considering Schemes exceeding ₹ 3 crore, the Special Working Group has been Constituted vide G.O.(P) No. 351/08/Fin. dated 6-8-2008. This Special Working Group is chaired by the

Additional Chief Secretary (Finance) with Secretary Planning, Secretary Finance (Expenditure), Secretary (Resources) and the Secretaries of the Administrative Head and the Head of Departments whose schemes are to be considered, as members.

As far as the monitoring of the implementation of the Schemes is concerned, the Central Plan Monitoring Unit of the Planning Department consolidates the monthly Plan progress report and Chief Secretary regularly reviews the progress in the monthly meetings of the Secretaries of Administrative Departments.

The State Planning Board has also reported that it is in the process of overhauling the Plan process in the State and is providing free consultancy services to individual Departments for preparing Detailed Project Reports (DPRs) for all new schemes proposed by them and which are included in the Annual Plan.

## **INDUSTRIES DEPARTMENT**

### **Recommendation**

*(Sl. No. 9, Para No. 36)*

2.16 The Committee expresses dissatisfaction over the lack of planning before introducing the scheme. The problem of pollution, issues related to power supply etc. which arose during the implementation could have been prevented or solved easily had there been prior planning. Proper planning and research would have given the implementing agency a clear idea about the ground realities and the need of the workers. Thus delay in implementation could have been avoided.

### **Action Taken**

2.17 The recommendation of the Committee is noted for future guidance. The traditional motorised ratts issued to the beneficiaries since then was after testing it by skilled workers of different regions and also rendered necessary and sufficient training to the workers. So care can be taken while implementing the schemes considering the ground realities as well as the need of the workers. Thus the delay in implementation of the schemes can be avoided.

**Recommendation**

*(Sl. No. 10, Para No. 37)*

2.18 The Committee is convinced that the delay has led to the accumulation of interest making project unviable. The Committee enquires whether the societies have started repaying the loan amount and directs the Department to furnish the details regarding repayment.

**Action Taken**

2.19 To relieve the societies from repayment of the ICDP loan a scheme was launched to convert the principal amount of loan as State Share and waived the accumulated interest and penal interest and the benefit was received by the societies.

**Recommendation**

*(Sl. No. 11, Para No. 38)*

2.20 The Committee understands that issues related to power supply and electricity charge dues have affected the performance of the societies. The Committee suggests that necessary steps be taken by the Power Department to settle the issue in societies favour. The Committee requires the Industries Department to take urgent measures to supply machinery to those societies to which machinery has not yet been supplied. The Department is to ensure that full capacity of machinery is utilized.

**Action Taken**

2.21 There were several steps taken for relieving the burden of electricity arrears of Co-operative Societies as follows:

(i) As per Order No. B.O. (FB) No. 686/06/DPCI/CGI/103/2005 dated 1-3-2006 and Order No. B.O. (FB) No. 1426/2008(DPI)CGI/103/2005 dated 7-6-2008, 128 societies were exempted from remitting the minimum guarantee to KSEB.

(ii) Government has introduced the scheme to give 50% of the electricity arrears as grant assistance to the Co-operative Societies.



(iii) Government vide G.O.(Ms.)No. 153/2010/ID dt. 16-7-2010 exempted 30 Coir Co-operatives from the Fixed charge arrears amounting ₹ 34,82,052 and the minimum guarantee arrears amounting to ₹ 59,27,502 in respect of 14 Coir Co-operatives.

The Department also provided assistance for many Defibering Societies and other Co-operatives for its revival which includes machinery purchase also. We have taken steps to ensure full utilization of machinery.

## **POWER DEPARTMENT**

### **Action Taken**

2.22 The Board vide B.O. (FB) No. 2403/2008 (DPCI/5/2006) dated 29-9-2008 has extended the one time settlement scheme to settle arrears of electricity charges up to 31-3-2009. As per B.O.(FM)No. 33/2009 (DPC/5/Adalath/2008) dated 5-1-2009 Board ordered to revise downwards the rate of surcharge from 12% to 9%, if the consumer is ready to clear all the arrears in one time and from 18% to 15% or if the consumer is ready to clear the arrears in six monthly instalments (1st instalment 1/3rd arrears)

Further, the Board vide B.O. (F.B) No. 275/2009 (DPC/5/Adalath/2008)dated 3-2-2009, has ordered to reduce surcharge as 3% for all Public sector units, Government Institutions and local bodies, provided, they remit the arrears as one lump sum before 31st March, 2009.

### **Recommendation**

*(Sl. No. 12, Para No. 39)*

2.23 The Committee notices that the performance of the societies were not up to the mark. The officials of the Department should have ensured timely utilization of fund and regular repayment of loans by the societies. There was lapse in the monitoring of the implementation of the scheme also. The Committee desires to know about the action taken against the officers responsible for the lapse.

### **Action Taken**

2.24 The Scheme was launched in 1994-95 period. Even though steps were taken against the officers who were found responsible for the lapse, most of them

retired. Care is taken to implement the scheme with vigil as per the direction of the Committee. As Director of Industries and Commerce is the appointing authority, request being sent to the Director of Industries & Commerce for taking necessary action.

### **Recommendation**

*(Sl. No. 13, Para No. 40)*

2.25 The Committee requires the Department to give emphasis for reviving defunct societies. If necessary, steps are to be taken for leasing the facilities of the societies.

### **Action Taken**

2.26 Government have introduced a scheme for the revival of Co-operative Societies by providing fixed as well as working capital. Most of the societies availed the benefit. Further, a scheme for the revival of Defibering mills also introduced as per G.O.(Ms.) 157/2009/ID dated 8-12-2009 of Industries Department ₹ 2382.69 lakh given as revival assistance to 505 Co-operative Societies during 2006-07 and 2008-09. Also provided ₹ 355.11 lakh for the revival of 29 Defibering mills. Steps are also taken to lease out the facilities of societies .

### **Recommendation**

*(Sl. No. 14, Para No. 42)*

2.27 The committee learns that out of ₹ 1.65 crore paid to the special Tahsildar Land Acquisition (General) LAO, Thrissur, ₹ 1.02 crore was drawn before issuing the notification for acquisition of land. The Committee enquires whether the Department has enquired into the issue of irregular drawal of money before issuing the Notification of Land Acquisition. The Committee requires the Department to furnish a report on action taken in this regard.

### **Action Taken**

2.28 The District Level Site Selection Committee for Integrated Infrastructure Development, Wayanad had cleared the proposal for acquisition of 52.364 acres of land comprised in R.Sy.No. 117/LAIA of Purakkady Village,

Bathery Taluk for setting up an Industrial Park. M/s KINFRA had informed that the above land was needed for them, as they are preparing a scheme for setting up a Food Processing Park.

Accordingly the State Level Committee for setting up Industrial Park/Area/Plot had considered the request of KINFRA and recommended Government for the acquisition of the above said land through negotiated purchase by District Collector, Wayanad. Government issued Administrative Sanction for the acquisition of 52.365 acres of land in Ry.No. 117/IAIA of Purakkady Village, Bathery Taluk, vide G.O. (Ms.)198/96/ID dated 13-12-1996.

The Director of Industries & Commerce (DI&C) had allotted ₹ 26 lakh (Rupees twenty six lakh only) at the disposal of District Collector, Wayanad for acquiring the above land through negotiated price i.e. @ ₹ 500/cent.

As requested by the Managing Director, KINFRA to acquire and transfer the above 52.365 acre of land to them for setting up a Gem and Jewellery Zone and Food Processing Zone, the Director of Industries & Commerce had furnished proposal to Government. Accordingly, permission was granted to KINFRA to acquire the above land through negotiated purchase at a value fixed by District Collector, Wayanad vide G.O. (Rt.) 451/98/ID dated 26-5-1998.

It was in the above stated position that DI&C had sought Government direction as to whether ₹ 26 lakh allotted at the disposal of District Collector, Wayanad should be resumed and utilized for that year land acquisition purpose and Government vide letter No. 33031/F1/90/ID dated 9-12-1998 had instructed Director of Industries and Commerce to take immediate steps to get the amount of ₹ 26 lakh from District Collector, Wayanad. The District Collector, Wayanad had refunded the amount to DIC on 17-7-2000.

It was during this time that General Manager, District Industries Centre, Thrissur had informed Director of Industries & Commerce that the land acquisition at Anjoor and Thangalloor Villages in Thrissur District was in progress and requested to provide ₹ 75 lakh. Since sufficent fund was not available with Director of Industries and Commerce, he had transferred ₹ 26 lakh refunded by District Collector, Wayanad to District Collector, Thrissur, which was intimated to Government.

Since Wayanad District is the most backward District, Government have not dropped the proposal for setting up an Industrial Park at Wayanad. The Director of Industries & Commerce has taken initiative to proceed the land acquisition proposal furnished by the General Manager, District Industries Centre, Wayanad. But on Scrutiny of records, the land was proposed for KINFRA.

Neither Director of Industries & Commerce nor Government had issued any formal notification for this land acquisition. Government had enquired the reason for releasing ₹ 26 lakh by the Director of Industries & Commerce from the Head of Account 4851-00-102-96 (Infrastructure Development) and found that fund was urgently required for acquiring land in Thrissur District and there was shortage of fund with Director of Industries & Commerce. The land proposed to acquire in Wayanad District was acquired for KINFRA and the amount allotted for that purpose was not required for Wayanad District at that time. The Action of DI&C in releasing the amount to District Collector, Thrissur had saved Government from huge loss and Wayanad District has no loss of Industrial Park, as KINFRA had set-up the same there.

### **Recommendation**

*(Sl. No. 15, Para No. 43)*

2.29 The Committee wants to know whether the plan for starting a printing village and Gems Jewellery Park in the acquired land has been materialized. The Committee requires the Department to inform about the present condition of the Industrial Development Area at Puzhakkalpadam in Thrissur District.

### **Action Taken**

2.30 The original proposal of Director of Industries & Commerce was to acquire 200 acre of land in Ayyanthole Village, Thrissur District for setting up an Industrial Park. Administrative Sanction was accorded for the acquisition of the above land vide G.O.(Rt.)70/93/ID dated 8-6-1993. The Director of Industries & Commerce had released ₹ 1,01,32,290 for the same at the disposal of District Collector, Thrissur.

Out of the 200 acres, the Industries Department had acquired and taken procession of 51.41 acre only. In the meanwhile the SLC had decided to drop further acquisition of land other than the acquired 51.41 acre.

Out of the 51.41 acres of land acquired, Government has transferred 40 acres to KINFRA for setting up an Industrial Park. Director of Industries & Commerce had furnished a proposal to construct a multi storeyed Industrial Gala-cum-Industrial Complex in the balance 11.41 acres of land. During 2010-2011, Government of India had sanctioned One Time ACA of ₹ 1500 lakh for the construction of the multistoreyed Industrial Gala. When the above amount was released to Director of Industries & Commerce, he had taken preliminary steps for inviting design from Architects/Architectural firms and conducted preliminary selection of design and requested Government sanction to remit the above amount in the account of K-Bip. Finance Department had objected the request and Director of Industries & Commerce was directed to surrender the amount and he had surrendered the amount accordingly.

Now the Director of Industries & Commerce had furnished proposal to release the surrendered One Time ACA of ₹ 1500 lakh. Accordingly, revised Administrative Sanction was accorded vide G.O. (Rt.) 1115/2011/ID dated 13-9-2011. When the SDG proposal was sent to Finance (Budget Wing) Department, they had returned the same stating that the amount cannot be released through SDG. Now the file (No. 19561/F1/2011/ID) is pending with Finance Department since 23-11-2011 for ascertaining the further course of action to be taken for releasing the surrendered One Time ACA of ₹ 1500 lakh.

### **Recommendation**

*(Sl. No. 16, Para No. 51)*

2.31 The Committee observes that the move to modify the project of a High Tech Coir Park by establishing a National Coir Research and Management Institute for the development and comprehensive research in the coir sector is an appreciable step considering the lack of scientific research in the sector. But the Department has the responsibility to plan the project meticulously before implementing it. The Committee remarks that the implementation of the project for "Coir Park" was undertaken without any proper planning or any feasibility study. Though ₹ 1 crore was released to C-DOCT, the implementing agency in January 2001, an amount of ₹ 7.49 lakh only had been spent for the purchase of one Geo Textile making power loom till May 2004. The Committee enquires

whether the Department has checked the progress of the work or has received any report from C-DOCT regarding the work. The Committee opines that the Department should ensure that the modified project is properly planned and its implementation regularly monitored and reviewed.

### **Action Taken**

2.32 NCRMI (then C-DOCT) submitted a detailed project report to Government of Kerala for the establishment of High Tech Coir Park in 5 acres of land at Kollam. The High Tech Coir Park was then proposed as a research center cum common facility service center for the societies/private coir workers. The land at Perumon (5 acres) was allotted to the center by the Industries Department, which was acquired for the establishment of Kerala Refractories Ltd. .

Government approved the High Tech Coir Park proposal of NCRMI (then C-DOCT) and disbursed ₹ 100 lakh vide G.O. (Rt.) No. 19/2001/ID dated 4-1-2001. On observing the immediate necessity for a full fledged research entity on coir, the Governing body of NCRMI (then C-DOCT) decided to establish a National Coir Research & Management Institute (NCRMI) at Trivandrum and to maintain the High Tech Coir Park, Perumon as training cum pilot project trial location focusing on development research. In line Government vide G.O. (Ms.) No. 13/06/ID dated 4-2-2006 accorded sanction to set-up NCRMI at Kudappanakunnu, Thiruvananthapuram and the institute started fulfilled functioning after procuring lab equipments and after completing infrastructural facilities for research activities.

The High Tech Coir Park at Kollam, a subsidiary centre of NCRMI is actively involved in developmental research programmes through enhancement of skill development with a special emphasis on woman workers. The Centre has successfully imparting various training programme in spinning of coir yarn, manufacturing of coir mat, weaving of coir Geo Textiles, manufacturing of extinct varieties of coir products etc. The center is also liasoning with Panchayati Raj Institutions and other Government Institutions for Entrepreneurship Development Programmes as well as up-gradation skill training programme for women coir workers. The Department has checked the progress of work at C-DOCT. It has fully utilized the amount of ₹ 20 lakh for procuring a

semi-automatic Power Loom and its accessories at a cost of ₹ 7.49 lakh and also met the Land Development expenses, electrification work and other contingencies at High Tech Park, Perumon, Kollam District. It is a fact that the traditional coir industry has to be changed only with modern technology and study, for which the department has taken severe efforts from all walks of life. It is sure that the modified project for NCRMI was properly planned and its implementation regularly monitored and reviewed. The balance amount of ₹ 80 lakh has been utilized for the civil construction work of NCRMI.

### **Recommendation**

*(Sl. No. 17, Para No. 52)*

2.33 The Committee points out that as the implementation of such projects involve huge investment, financial constraints constitutes the main problem. The Committee suggests that steps be taken to make the project cost effective. For that purpose co-operation from research institute like RRL, ICAR etc. are to be sought and their participation be ensured in specific projects, keeping C-DOCT as the nodal agency. The Committee enquires whether any assistance has been received from the Government of India for the development and research in the sector.

### **Action Taken**

2.34 NCRMI is collaborating with similar organizations across the country like CIRCOT, NIRJAFT, RRL NIT etc. for the development of new coir technologies. No assistance was received by NCRMI from Government of India for projects/research etc.

The Department is taking all efforts to submit fresh proposals to Government of India for getting financial support.

### **Recommendation**

*(Sl. No. 18, Para No. 53)*

2.35 The Committee feels that Kerala is losing its monopoly in the coir sector due to a variety of reasons. Unless an earnest effort is initiated to bring forth an overall development in the sector, the coir sector, one of the traditional sectors in the State will lose its significance in future. As there is lack of research,

value addition is not taking place and mostly traditional items are produced and marketed. The implementing agency should realize the demand for value added products both in the domestic and international markets. Comprehensive research, adoption of latest technology and awareness of the demands of the market are essential for the overall development of the sector. The Committee therefore recommends for setting up of a comprehensive research institute with all facilities necessary for the development of coir sector.

### **Action Taken**

2.36 The State Government has provided funds to set-up national level research institution in Coir Sector. So is the birth of NCRMI, a premier institution having a full fledged research facility and having required equipments.

NCRMI developed Mini defibering machines. Development of a modern spinning machine to increase productivity is on progress. NCRMI also developed chappal using coir pith as filler material. As part of value addition and diversification of the traditional products, projects like Coir Composite Board Factory, Coir blended yarn factory, PVC tufted factory etc. were initiated by the Public Sector Undertakings/Coirfed with the assistance of Government.

### **Recommendation**

*(Sl. No. 19, Para No. 54)*

2.37 The Committee appreciates the move for the adoption of Coir Villages and conversion of the loan of the societies as their share. The Committee suggests that the recovery procedure started against the societies in the sector be stopped. The Committee also suggests to take steps to solve issues relating to power connection to the societies.

### **Action Taken**

2.38 Steps were taken to solve issues relating to power connection. The following steps were also initiated for relieving the burden of electricity arrears of Co-operative Societies :

(i) As per order No. B.O. (FB) No. 686/06/DPC1/CG1/103/dated 1-3-2006 and order No. B.O. (FB) No. 1425/2008 (DPI) CG1/103/2005 dated 7-6-2008, 128 societies were exempted from minimum guarantee of KSEB.



(ii) Government has introduced the scheme to give 50% of the electricity arrears as grant assistance to the Co-operative Societies.

(iii) Government vide G.O. (Ms.) No. 153/2010/ID dated 16-7-2010 exempted 30 Coir Co-operatives from fixed charge arrears amounting to ₹ 34,82,052 and the minimum guarantee arrears amounting to ₹ 59,27,502 in respect of 14 coir co-operatives.

The recovery procedure started against societies in this sector was stopped and loan of the societies were converted as Government Share.

Thiruvananthapuram,  
15th December, 2015.

DR. T. M. THOMAS ISAAC,  
*Chairman,*  
*Committee on Public Accounts.*

## APPENDIX

## SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

| <i>Sl. No.</i> | <i>Paragraph No.</i> | <i>Department concerned</i> | <i>Conclusion/Recommendation</i>  |
|----------------|----------------------|-----------------------------|---|
| 1              | 1.3                  | Industries                  | The Committee expressed displeasure in not conducting the proposed study to find out the reason behind the large scale closing of SSI units, even after the lapse of three years. |

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