



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2019-2021)**

HUNDRED AND FOURTH REPORT

(Presented on 24th August, 2020)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2020

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2019-2021)**

HUNDRED AND FOURTH REPORT

On

**The Action Taken by Government on the Recommendation contained in the
Tenth Report of the Committee on Public Undertakings (2016-2019)
relating to Kerala State Industrial Development Corporation
Limited, based on the Report of the Comptroller and
Auditor General of India for the years ended
31st March 2011 and 31st March 2013**

CONTENTS

	<i>Page</i>
Composition of the Committee ..	v
Introduction ..	vii
Report ..	1
Chapter I	
Replies furnished by Government on the recommendations of the Committee which have been accepted by the Committee without remarks ..	2-3
Chapter II	
Replies furnished by Government on the recommendations of the Committee which has been accepted by the Committee with remarks. ..	4

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2019-2021)**

COMPOSITION

Chairman:

Shri C. Divakaran.

Members:

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri S. Rajendran

Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

Shri M. Ummer

Shri P. Unni.

Legislature Secretariat :

Shri S. V. Unnikrishnan Nair, Secretary

Shri P. B. Suresh Kumar, Joint Secretary

Shri G. Harish, Deputy Secretary

Shri Reji D. O., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2019-2021) having been authorised by the Committee to present the Report on their behalf, present this Hundred and Fourth Report on the Action Taken by Government on the Recommendations contained in the Tenth Report of the Committee on Public Undertakings (2016-2019) relating to the Kerala State Industrial Development Corporation Limited based on the Reports of the Comptroller and Auditor General of India for the years ended 31st March 2011 (Commercial) and 31st March 2013.

The Statements of Action Taken by the Government included in this Report were considered by the Committee constituted for the year (2019-2021) in its meeting held on 24-7-2019.

This Report was considered and approved by the Committee at its meeting held on 5-3-2020.

The Committee place on record its appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala and express gratitude to the officials of Industries Department and Kerala State Industrial Development Corporation Limited who were present during the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,
5th March, 2020.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT

This Report deals with the action taken by Government on the recommendations contained in the Tenth report of the Committee on Public Undertakings (2016-2019) relating to Kerala State Industrial Development Corporation Limited, based on the Report of the Comptroller and Auditor General of India for the years ended 31st March 2011 (Commercial) and 31st March 2013.

The Tenth Report of the Committee on Public Undertakings (2016-2019) was presented to the House on 8th November 2016. The Report contained 3 recommendations and the Government furnished reply to all of them. The Committee (2019-2021) considered the reply furnished by the Government at its meeting held on 24-7-2019.

The Committee accepted the reply to the recommendations in Para Nos.9 and 10 without remarks. These recommendations and the replies furnished there on by the Government form Chapter I of the Report.

The Committee accepted the reply to the recommendation in Para No. 5 with remarks. This recommendation, its reply and the remarks of the Committee form Chapter II of the Report.

CHAPTER I

**REPLIES FURNISHED BY THE GOVERNMENT ON THE
RECOMMENDATIONS OF THE COMMITTEE WHICH
HAVE BEEN ACCEPTED BY THE COMMITTEE
WITHOUT REMARKS**

Sl. No.	Para. No.	Department Concerned	Conclusions/ Recommendations	Action Taken by the Government
(1)	(2)	(3)	(4)	(5)
1	9	Industries	The Committee finds that the Corporation has settled an outstanding loan amount of Rs. 8.33 crore of Ganam Hotels Ltd. For Rs. 1.70 crore without assessing RLP/DV as stipulated in the latest OTS scheme. The Committee observes serious dereliction on the part of the officials concerned in the final settlement of loan.	<p><u>Para 9 & 10</u></p> <p>KSIDC had sanctioned a term loan of Rs.182.50 lakh to Ganam Hotels Ltd. Against which they had already made a total remittance of Rs. 429.72 lakh. The outstanding at the time of settlement was Rs.833 lakh against which the settlement was effected was Rs. 170 lakh.</p> <p>The distress value of Rs. 370 lakh was not considered as the settlement was effected as per policy of 2006. The OTS was settled in accordance with</p>
2	10	Industries	Even though the Committee on a technical point of view agrees to the fact that the	<p>OTS policy prevalent in March 2006 wherein Valuation of Assets was not warranted as a prerequisite for settlement. The actual settlement took place in 2011 by which the</p>

			<p>Corporation could implement final settlement based on the OTS scheme of 2006 only, that settlement itself got unduly delayed and Corporation still suffered a loss due to delay. Therefore, the Committee strongly directs the Corporation to avoid recurrence of such instances in future and to be vigilant to avoid undue delay in settling dues.</p>	<p>new OTS policy of 2008 was in force. The OTS policy under which the settlement was arrived at with Ganam Hotels did not contain a provision for valuation of assets and therefore such valuation was not considered. Later, the old OTS schemes of 2006 got revived and the OTS settlement was effected in 2011. But in the meantime a revised OTS policy was got approved by the Government wherein Valuation of the Assets by an approved valuer was included as a prerequisite for OTS settlement. The Corporation could not deviate from the earlier OTS of 2006 and therefore the settlement was so effected.</p> <p>Hence it is submitted that there is no dereliction on the part of the official concerned.</p>
--	--	--	---	--

CHAPTER II

**REPLY FURNISHED BY THE GOVERNMENT ON THE
RECOMMENDATIONS OF THE COMMITTEE WHICH
HAS BEEN ACCEPTED BY THE COMMITTEE
WITH REMARKS.**

Sl. No.	Para. No.	Department Concerned	Conclusions/ Recommendations	Action Taken by the Government
(1)	(2)	(3)	(4)	(5)
1	5	Industries	The Committee observes that the Corporation has failed to show due diligence by depositing surplus funds in Current Accounts bearing meager interest. This has navigated to an erosion of interest, which otherwise, would have benefited the Corporation. The Committee, therefore, recommends that necessary changes should be made in the financial management of the Corporation in accordance with the existing rules and regulations.	The surplus funds are loan amounts recouped and if it is deposited in Treasury, KSIDC would not be able to effect disbursement to customers in time. As RTGS facilities and other fastest transfer facilities are not available in Treasury, only a portion of the funds are being deposited with Treasury. The requirement of funds cannot be anticipated in advance and as Treasury does not permit premature closure, the funds cannot be made available for disbursement in time. These disadvantages prevent KSIDC from depositing more funds with Treasury as fixed deposits. However, a significant portion of the surplus funds for agency

				<p>work for the Government such as developing Industrial Parks is deposited in the Treasury.</p> <p>As on 31-3-2017 KSIDC had a deposit of Rs. 116 Crore in various Commercial Banks and Rs. 117 Crore in Treasury Accounts.</p>
--	--	--	--	--

Remarks:—The Committee directs to furnish the following details (1) detailed list of banks in which KSIDC has deposited its funds and their interest rate. (2) amount of interest collected by KSIDC through loan. (3) copy of the Government order from the Finance Department which authorises KSIDC to deposit its funds in commercial banks instead of treasury.

Thiruvananthapuram,
5th March, 2020.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

©
Kerala Legislature Secretariat
2020

KERALA NIYAMASABHA PRINTING PRESS.