

©

Kerala Legislature Secretariat

2021

KERALA NIYAMASABHA PRINTING PRESS.



**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

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

**HUNDRED AND TWENTY EIGHTH REPORT**

(Presented on 18th January, 2021)

**SECRETARIAT OF THE KERALA LEGISLATURE**

**THIRUVANANTHAPURAM**

**2021**

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

**HUNDRED AND TWENTY EIGHTH REPORT**

On

**The action taken by Government on the Recommendations contained in the Seventy fourth Report of the Committee on Public Undertakings (2016-2019) relating to Kerala Industrial Infrastructure Development Corporation, based on the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2014**

## CONTENTS

	<i>Page</i>
Composition of the Committee ..	v
Introduction ..	vii
Report ..	1
Chapter I      Replies furnished by the Government on the recommendations of the Committee which have been accepted by the Committee without remarks ..	2
Chapter II      Reply furnished by the Government on the recommendation of the Committee which has been accepted by the Committee with remarks ..	13

## 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 M. Ummer

Shri P. Unni.

*Legislature Secretariat :*

Shri S. V. Unnikrishnan Nair, Secretary

Shri B. Reji, Joint Secretary

Shri A. Jafarkhan, Deputy Secretary

Smt. 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 Twenty Eighth Report on the Action Taken by Government on the Recommendations contained in the Seventy Fourth Report of the Committee on Public Undertakings (2016-2019) relating to Kerala Industrial Infrastructure Development Corporation, based on the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2014.

The Statement of Action Taken by the Government included in this Report was considered by the Committee at its meeting held on 15-10-2020.

This Report was considered and approved by the Committee at its meeting held on 15-1-2021

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

C. DIVAKARAN,

*Chairman,*

*Committee on Public Undertakings.*

Thiruvananthapuram,  
15th January, 2021.

## **REPORT**

This Report deals with the action taken by Government on the recommendations contained in the Seventy Fourth Report of the Committee on Public Undertakings (2016-2019) relating to Kerala Industrial Infrastructure Development Corporation, based on the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2014.

The Seventy Fourth Report of the Committee on Public Undertakings (2016-2019) was presented to the House on 4<sup>th</sup> December 2018. The Report contained 14 recommendations and the Government furnished replies to all the recommendations.

The Committee considered the replies received from the Government at its meeting held on 15-10-2020.

The Committee accepted the replies to the recommendations in Para Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 without remarks. These recommendations and the replies furnished by the Government forms Chapter I of this Report.

The Committee accepted the replies to the recommendation in Para No. 4 with remarks. This recommendation, the reply furnished by the Government and remarks of the Committee forms Chapter II of this 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	1	Industries	The Committee recommends that KINFRA should strictly adhere to the directions of Government of India (GoI) in selecting project sites and for availing Central Government fund,	As recommended by the Committee the State Government is strictly adhering to the directions of GOI in selecting the project sites for availing schemes under Central Government funding. In this connection, GoK, vide order G.O.(Rt)No. 732/2017/ID dated 24-5-2017 has formed a District Level Site Selection



			and should negotiate with the officials of GoI in order to attain approval for the projects without delay.	Committee comprising of representatives from DIC, KINFRA, KSIDC, SIDCO to scrutinise the land which is suitable for industrial purpose and thereby to ensure land is being only acquired through a transparent procedure. Also KINFRA is communicating directly with the officials of GoI for meeting all the requirements for obtaining approval for the project in time.
2.	2.	Industries	Expressing strong displeasure at the continuous violation of Central Vigilance Commission (CVC) guidelines by KINFRA, the Committee wants KINFRA to strictly adhere to CVC guidelines while awarding contracts to prospective	Presently KINFRA is adhering to all CVC guidelines while awarding contracts for all the prospective firms. Previous alone case was done with a good intention to avail the GoI fund within the short time frame.

1	2	3	4	5
			firms. The Committee wants Government to examine whether KINFRA is following the CVC guidelines in their present ventures and inform the Committee.	
3	3	Industries	The Committee reprimands KINFRA for awarding tiling works of the Standard Design Factory (SDF) building to Silpi Construction Contractors without tendering;	This particular work was done as an exceptional case with a good intention to complete the work within the time frame and utilise the fund taken from GoI. However, presently KINFRA is adhering to all the tender process in awarding works to private firms.

			thereby violating Rule 179 of the Kerala Financial Code. The Committee strongly recommends that KINFRA should refrain from the practice of awarding works to private firms without tendering.	
4	5	Industries	The Committee directs that KINFRA should expedite measures to realise the amount due to KINFRA, as risk and cost claim from Kerala State Construction Corporation Limited (KSCL), on account of delay in completion of the TCIDS Project.	KINFRA has already taken up this matter with KSCL and the matter is pending before the High Power Committee of Government.

1	2	3	4	5
5	6	Industries	The Committee recommends that KINFRA should entrust only competent authorities in future for inspecting nature of the soil and for assessing soil conditions at its proposed project sites before the commencement of tender related to earth work excavations.	KINFRA as a practice was entrusting the work of inspecting the nature of soil and assessing the soil conditions for works related to earth excavation to the PMC. However, based on the performance of the work of existing PMC on estimation of the soil condition, KINFRA decided to empanel qualified Engineering Consultants and PMCs, based on their work experience, financial standing and strength of their technical manpower which has resulted in realistic assessment of project sites and detailed valuations.
6	7	Industries	The Committee condemns the non-utilisation of Central Government funds allotted	Status of Kannur Textile Centre allotment: Total Land available for Allotment: 94.8 Acre

			<p>to KINFRA for the purpose of developing textile industry within the state and directs the company to make full utilization of funds allotted by the Central Government in the future.</p>	<p>Allotted Area : 41.41 Acre  Balance Area : 53.38 Acre  Total built up space : 133891 Sq.Ft  Allotted space : 29500 Sq. Ft  Balance Area for allotment : 104391 Sq. Ft</p> <p>The utilisation of all the assets created in Kannur Textile Centre was being utilised by all the entrepreneurs during the period 2011-12. However, as an after effect of the downslide of textile industry world over the effect of which has been felt in Kannur Textile Centre also which led to major industries leaving the textile centre. SDF was also fully occupied at that time.</p> <p>The utilisation of Rs. 20 Crores received for the establishment of Kannur Textile Park has been utilised and the facilities are being utilised by the entrepreneurs in the Park.</p>
--	--	--	--	---

1	2	3	4	5
7	8	Industires	The Committee directs that KINFRA should furnish a detailed report to the Committee regarding the forfeiture of Earnest Money Deposit (EMD) from the companies which had backed out of the lease agreement with KINFRA and vacated the space allotted within the SDF building at the KINFRA Textile Centre (KTC), Kannur.	Bombay Rayon and Fashions Ltd. (BRFL), a leading garment exports in India was occupying the entire space in SDF building of KTC, Kannur. The Company had to leave the premises of KTC due to decline in Garment Industry and due to non availability of trained manpower. In SDF buildings where built up space is given on lease, 12 months interest free deposit is taken to safeguard against any default in payment of rent. When the entrepreneur vacated the building, the deposit was fully settled against the outstanding rent.
8	9	Industries	The Committee views the wrong selection of land as	The Particular project site for Kannur Textile Centre was a site identified by the district

			<p>main reason for undue delay in initiating the Kannur Textile Centre and recommends that KINFRA should select project sites only after conducting proper feasibility studies, and that DPRs (Detailed Project Reports) should be prepared according to the project site selected.</p>	<p>Collector and handed over by the Government of Kerala for implementing the Textile Centre Project as no other land was readily available at that time to meet the requirement of Government of India scheme. However, it is worth mentioning that for the present projects being implemented, Feasibility Studies are carried out and Detailed Project Report (DPR) is made based on the particular project site selected.</p>
9	10	Industries	<p>The Committee suggests that KINFRA should conduct proper market studies and market analysis on current trends before embarking on a new project or developing industrial infrastructures.</p>	<p>For new projects being implemented by KINFRA a through study of market demand and analysis of current trends are being done by a competent agency prior to taking up implementation of the project through DPR.</p>

1	2	3	4	5
10	11	Industries	In the light of decline in Textile Industry in Kerala, the Committee recommends that KINFRA should focus on profitable industrial projects other than textiles for the empowerment of industrial sector in the state.	Since there is a decline in textile industry in Kerala and in the country, KINFRA has diversified the Textile Centre to include general industries to ensure effective utilisation of land for industrial purpose and to provide employment opportunities for locals in the region. Food processing being a vibrant industry in the State which is very profitable industry is being seen as key result area for the industrial sector and the same is being implemented in different parts of the State.
11	12	Industries	The Committee observes that KINFRA took more than five years to allot developed plots in several	The present position of land and SDF utilisation is tabulated below:  Out of the total allotable land area of 2256.37 Acres, KINFRA allotted 2019.6 Acres of land



			<p>industrial parks. Hence, the Committee wants to be informed of the present position of allotment of developed plots as well as utilization of buildings in various industrial parks under KINFRA.</p>	<p>to various industrial units. It can be seen that 90% of land has been already allotted and only 10% land is left for allotment. Out of the total allotable built up area of 11,13,745.75 Sq Ft., KINFRA allotted 7,68,858 Sq Ft to various industrial units. It can be seen that 69% of SDF has been already allotted and only 31% SDF is left for allotment. Enclosed Annexure 1 &amp; 2</p>
12	13	Industries	<p>The Committee insists that KINFRA should take corrective measures to rectify various shortcomings of the Company that have led to deviation from its stated objectives of developing</p>	<p>It is seen that some of the projects has to be done at project sites that were available at that point of time from the government to meet the requirement of Gol funded projects. If there was a Land Bank for future projects, KINFRA could have selected a land suitable for the project and the DPR could have been made based on the project site. To establish a</p>

1	2	3	4	5
			industrial infrastructure and providing employment within Kerala.	Land Bank for future projects, KINFRA is looking at acquiring land in consultation with GoK at suitable locations in the State for smooth implementation of projects that can be funded by Gol.
13	14	Industries	The Committee recommends to conduct a detailed evaluation of KINFRA's activities over the years and to develop a comprehensive strategy aimed at its renovation. A detailed report about the action taken in this regard is to be forwarded to the Committee.	Evaluation of the activities of KINFRA over the years and to develop a comprehensive strategic document in line with the future requirements of infrastructure for the industry, Request for Proposal (RFP) has been floated and the further process of finalisation of the consultant is in progress.

## CHAPTER-II

### REPLY FURNISHED BY THE GOVERNMENT OF THE RECOMMENDATION 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	4	Industries	The Committee recommends to take stringent action against the officials responsible for the deliberate delay noticed in every stage of implementing the TCIDS(Textiles Centres Infrastructure Development Scheme) project at Kannur, that had led to a cost overrun of ₹20.23 crore to the company.	Government have examined the case in detail. The delays in the project like selection of site, finalisation of works, execution of works etc. are not deliberate and the delay is not attributable to any officer. The delay in execution was due to the non performance of the contractor and the risk and cost claim against the contractor is pending.

**Remarks**

The Committee observed that the delay in the execution of the TCIDS Project at Kannur is caused by the serious dereliction on the part of the contractor and the Risk and Cost claim against the contractor has been pending. The Committee opined that this is a mutual understanding between the contractor and the Management.

The Committee directs to furnish a detailed note about the steps which has been initiated by the Department for the speedy disposal of the claim since the action was taken against the contractor.

Thiruvananthapuram,  
15th January, 2021.

C. DIVAKARAN,  
*Chairman,*  
*Committee on Public Undertakings*



