



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2016-2019)**

FORTY FOURTH REPORT

(Presented on 23-5-2017)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2017

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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ON
PUBLIC UNDERTAKINGS
(2016-2019)**

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On

The Action Taken by Government on the Recommendations contained in the Twentieth Report of the Committee on Public Undertakings (2001-2004) relating to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited and Kerala State Development Corporation for Christian Converts from SC & RC Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 1997 and 31st March 1998 (Commercial)

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COMMITTEE ON PUBLIC UNDERTAKINGS (2016-2019)

COMPOSITION

Chairman:

Shri C. Divakaran

Members:

Shri T. A. Ahammed Kabeer

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri S. Rajendran

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

Shri P. Unni.

Legislature Secretariat:

Shri V. K. Babu Prakash, Secretary

Smt. P. K. Girija, Additional Secretary

Shri P. B. Suresh Kumar, Deputy Secretary

Smt. Deepa.V., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Forty Fourth Report on the Action Taken by Government on the recommendations contained in the Twentieth Report of the Committee on Public Undertakings (2001-2004) relating to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited and Kerala State Development Corporation for Christian Converts from SC & RC Limited based on the Report of the Comptroller and Auditor General of India for the years ended 31-3-1997 and 31-3-1998 (Commercial).

The Statements of Action Taken by the Government included in this Report were considered by the Committees constituted for the years (2008-2011) and (2011-2014).

This report was considered and approved by the Committee at its meeting held on 2-5-2017.

The Committee place on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala in the examination of Action Taken Statement included in this Report.

Thiruvananthapuram,
2nd May, 2017.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT

This report deals with the Action Taken by Government on the recommendations contained in the Twentieth Report of the Committee on Public Undertakings (2001-04) relating to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited and Kerala State Development Corporation for Christian Converts from SC & RC Limited, based on the Report of the Comptroller and Auditor General of India for the years ended 31-3-1997 and 31-3-1998 (Commercial).

The 20th report of the Committee on Public Undertakings (2001-04) was presented to the House on 20th February, 2003. The Report contained 17 (Seventeen) recommendations and the Government furnished replies to all recommendations. The Committee considered the replies to the recommendations in the report in its meetings held on 4-9-2010 and 5-12-2012. The Committee (2008-11) considered the replies to recommendations 43, 44, 47, 49, 50, 51, 53, 55, 56, 58 in its meeting held on 4-9-2010 and para 48 on 5-12-2012 and accepted them without remarks which are included in Chapter I. The Committee accepted the replies to the recommendations in Para Nos. 45, 46, 52, 54, 57 and 61 also in that meeting with remarks and which form Chapter II of this report.

The Committee took evidence from the officials of the department and voiced its concern over the unjustifiable delay in submitting action taken statements. The Committee (2011-14) considered the reply received from the government on the recommendation in para 52 in its meeting held on 5-12-2012 and enquired the reason for not taking action on the recommendations of the committee to take action against the Managing Director of that time who was responsible for distributing 6 DTP units to a Company which had been existing only in paper and recommended to take action within two inordinate months. The delay on the part of the Department in furnishing reply after sending several communications to the SC/ST department was brought to the notice of the Committee (2014-16) in its meeting held on 27-1-2016 and the Committee decided not to pursue the matter further.

These recommendations and replies thereon form this report.

CHAPTER I

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

Sl. No.	Para. No.	Department Concerned	Conclusion/Recommendation	Action Taken by Government
1	2	3	4	5
1	43	SC/ST Development	The Committee is constrained to note that the Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited and the Kerala State Development Corporation for Christian Converts from Scheduled Castes and the Recommended Communities Limited are the worst Public Sector Undertakings that have come up before the Committee for review so far. The two companies are plagued by the total Mismanagement, rampant corruption, inefficiency, misappropriation of funds, non commital attitude and unaccountability of the	The Company has been formulating and implementing various schemes with the objective of uplifting the social and economic status of Scheduled Castes and Scheduled Tribes in the State for the last three decades. Except Housing Scheme, all other schemes have been aimed at making the target group self reliant in their life. Job oriented training programmes have also been conducted to keep pace with the changing times. The present generation seeks new avenues in employment opportunities compared to

		<p>officials, Funds earmarked for upliftment of poor and socially backward Scheduled Castes/Scheduled Tribes are being swindled off by the officials irrespective of their rank and cadre. The Scheduled Castes/Scheduled Tribes Development Department being the Administrative Department, which ought to have controlled the Corporation, unknowingly contributed and encouraged the mismanagement and misappropriation by remaining a silent spectator. Instead of alleviating poverty among the Scheduled Castes/Scheduled Tribes people, the Corporation through its various schemes had only aggravated their poverty and had succeeded only in trapping the poor people in the quagmire of debt.</p>	<p>traditional schemes. In this context, it is to be noted that the Company has been implementing innovative schemes aimed at providing better means of livelihood to the target group by availing loans from National Scheduled Castes and Scheduled Tribes Finance and Development Corporation Ltd. (NSFDC) since 1992-93. This included new schemes like Autorikshaws (Passenger), Light Motor Vehicles and Electronic equipments, Photocopiers, Computers as well as Tiny Industry, Hollow Bricks, Typewriting Institution, Poultry Farm etc. One of the initial schemes of NSDFC viz, Commercial Center Scheme (Group) was not a success as envisaged. The Company has so far assisted 130357 families by providing self-employment, Agricultural Land and Housing Facilities and utilised funds of ₹ 14051.39 Lakh</p>
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				<p>upto 31-3-2004. Housing Scheme was one of the major schemes of the Company. Under 9 low cost housing schemes, the Company could give houses to 40277 houseless families up to 31-3-2004. The activities of the Company are being governed and guided by the following major considerations.</p>
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1. To make available the benefits of multifaceted activities and schemes to maximum members of the target group.
2. Enhance the awareness programmes among the beneficiaries through multi level campaign and publicity.
3. Regular interaction with the beneficiaries and relevant social groups to assess their actual needs and aspirations to devise appropriate programmes.

				<ol style="list-style-type: none">4. Evaluation and monitoring of schemes implemented.5. Generate maximum resources by way of recovery of loans released. <p>Recently an evaluation study of units financed by the Company in association with the refinancing agency NSFDC was conducted. It revealed that a large number of units financed by the Company were successful which could improve the income of SC/ST members and their standard of living. It is to be noted that measures have been taken to enable the SC/ST members to take up viable self employment ventures for improving their economic conditions. Thus the Company has performed reasonably well in carrying out its task for the economic upliftment of the target group.</p>
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				<p>It is submitted that there was no misappropriation and mismanagement of funds as pointed out by the Committee. Funds availed by way of share capital, subsidy, etc. were accounted and deposited in Treasury Savings Bank Accounts. Loan availed from NSFDC and HUDCO was deposited in nationalised banks and surplus funds were deposited in short-term deposits. During the period (1992-93 to 1997-98) under Report, an amount of ₹ 3797.51 lakh was kept in Short-Term Deposit on which the Company could earn ₹ 66.19 lakh as interest. Recovery of loans is made through the Regional Offices since the schemes are implemented through Regional Offices. Amount collected has</p>
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				<p>been deposited in the bank accounts maintained by the Regional Offices and collected amount would be transferred to Head Office in the first week of subsequent month. Head Office will release the funds to the Regional Offices according to the request from the Regional Managers. Internal Control system is in vogue. Adequate and possible steps have been taken now for proper management and utilisation of funds availed and timely recovery of loans disbursed. Even though the primary responsibility for the recovery of loans rests with the Company, support from the Government Department, especially Revenue and Local bodies is also essential for improvement of recovery performance and this will enable the</p>
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				<p>Company to recycle the funds to assist more members of the Community. The observations and remarks made by the Committee on the Administrative Department is taken as its true spirit by SC/ST Development Department and necessary steps have been taken to monitor and advise on schemes of the Company. Government decided to conduct periodical inspection in all Regional Offices and Head Office of the Company.</p>
2	44	SC/ST Development	<p>The Committee finds that the accounts of the Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited are pending finalisation from 1994-95 onwards. The reason attributed for the pendency in finalisation of accounts is the</p>	<p>So far the Company has finalized the accounts upto the year 2000-01 and has been making earnest endeavours to clear the arrears from 2001-02 onwards in spite of severe constraints of staff and resources. The progress achieved by the</p>

delay in appointment of statutory auditors. The Committee does not accept the reason put forth by the Company since it was for tiding over this difficulty, that a new system of appointing a panel of auditors was introduced. Further, if the Company had any difficulty in finding statutory auditors, they could have brought the matter to the notice of Government and to the Company Law Board and could have sought their help. The Companies Act stipulates that the accounts should be finalised within 6 months of the end of the financial year on or before 30th September of every year. If it is not possible, the Company should get extension of time from the Company Law Board. The Committee points out that the Public Undertakings Committee, the Public Accounts Committee and Committee on Papers Laid on the Table of the Legislature had time and again reminded Government

Company in clearing the arrears in accounts during the period 2003-05 is furnished below:

Year	Date of Certification by the Statutory Auditors
1994-95	30-1-2003
1995-96	24-5-2003
1996-97	23-9-2003
1997-98	7-6-2004
1998-99	6-10-2004
1999-2000	30-12-2004
2000-01	14-5-2005
2001-02	11-8-2005

Government have issued strict instructions to the Managing Director, to clear the arrears in finalization of accounts in time bound manner. The Accounts of the Company up to 2001-02 had been furnished to the Legislature.

			<p>and various PSUs of the necessity of completing the audit of the accounts within the stipulated time. But it seems that, in the case of the Corporation all the recommendations of the Legislature Committee have fallen on deaf ears. The Committee condemns the complacent attitude of the Corporation as well as the Administrative Department in such statutory matters, and recommended that the finalization of the accounts should be made up to date within a period of six months. The progress made in this regard should be intimated to the Committee.</p>	
3	47	SC/ST Development	<p>The Committee recommends that proper field study should be conducted, beneficiaries identified and viability of the scheme assessed before taking up such schemes. There should also be proper follow up at all stages with a view to ensuring that the funds</p>	<p>The Company have a foolproof mechanism too to identify the suitable candidates for a particular scheme which has been devised based on certain parameters and norms approved by the Government giving due regard to various</p>

			<p>allotted for the economic upliftment of the weaker sections of the society are utilised efficiently and effectively.</p>	<p>socio-economic and demographic factors concerning a candidate. The Company also take utmost care, before selecting a particular scheme to see that it will be viable in nature to provide means of livelihood to the beneficiary and his family especially in the context of various constraints he is subjected to like inadequate manpower skill and expertise, social and educational backwardness and the state of having poor entrepreneurial talents. Interestingly, the Company has in the recent years, made a strategic shift from financing the high-cost projects to medium-sized and low-cost projects to see that the self-employment schemes introduced for and undertaken by the target group are truly within their managerial capacity and skills giving no room for any over capitalisation in project financing.</p>
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				<p>The Company have certain handicaps like shortage of technical and qualified personnel and other infrastructural machinery to conduct an elaborate market/filled study to locate the most ideal areas for commercial investment by our target group. However, considering the reality that such a study is a prerequisite and prelude to ensure the viability and success of our schemes in a dynamic world changes in socio-economic and market-related factors, some alternative measures like viability studies conducted by parallel agencies such as commercial banks who also have similar interest were used. The District Credit Plans prepared by the lead banks in our State provide useful and worthwhile information in this regard. Moreover, the Company during June, 2004 conducted a workshop on 'New projects identification and Formulation'</p>
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				<p>with the participation of all related agencies like consultancy and research organisation banks and social organisation of target group and the finding and conclusion of that workshop are being processed and consolidated to devise concrete proposals for our future course of action with the help of IIM, Kozhikode.</p> <p>Regarding the evaluation and monitoring of various projects at the post disbursement stages, it is to be highlighted that as part of the efforts to activate the recovery mechanism, the units financed by the Company are visited by Regional Office personnel periodically, to ensure effective utilisation of funds though its frequency may be less for shortage of field staff as well as vehicles compared to the enormity of the number of units financed by each office. Realising the inadequacy of the existing set up the Company have</p>
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				<p>already conducted and evaluation study of the units financed Company during the last 8 years on sample basis and a comprehensive report of such an impact study prepared by the Rajagiri College of Social Sciences, Kochi, has already been submitted to the Ministry of Social Justice and Empowerment and Ministry of Tribal Affairs, Government of India.</p>
4	48	SC/ST Development	<p>The Committee finds that the Cash management in the Company is not proper. Cash balances ranging from ₹ 7.92 lakh to ₹ 161.73 lakh were retained in savings bank account instead of depositing it in short/long term deposits. Further it is seen that a savings bank account No. 9467 with Canara Bank having a deposit of ₹ 21.77 lakh remained inoperative for a period of nearly 1½ years. The Committee understand that such a situation had occurred due to the failure in</p>	<p>The Corporation had deposited the amounts in short term deposits other than those required at short notice to enable the beneficiaries to make their repayment under the Housing Scheme being implemented during 1975. The repayment period of Housing Loan was 19 years. Regarding the savings bank account opened under the Margin Money Scheme the role of the Corporation was to Channelise the bank credit to the target</p>

		<p>timely reconciliation of accounts with the Banks. So also the savings Bank accounts opened for depositing 16.66% of loan amount under the margin money scheme remained as such for a period of 4 years (ie. From April 1993 to August 1997) eventhough the scheme was discontinued in March 1993. If these accounts were closed and the money deposited in the Bank under fixed deposits, the Company could have fetched ₹ 5.43 lakh by way of interest. This is clearly indicative of the callous and apathetic attitude of the Company in exercising financial accountability in the judicious utilization of funds. The Committee desires that action should be taken against the persons responsible for keeping the Savings Bank Account No. 9467 with Canara Bank which was inoperative for a long time and action should also be taken against the persons responsible for keeping the deposits under</p>	<p>group for starting self employment activities. The Corporation was also providing subsidy to the eligible beneficiaries subject to a maximum of ₹ 10,000. Apart from the subsidy, the Corporation also provided the financing banks with an incentive Term Deposit known as Margin Money Deposit for 36 months amounting to 16.66% of the project cost of the scheme. 50% of the interest accrued on the deposit on maturity was to be appropriated to the loan account. For this purpose the Corporation had opened Savings Bank accounts with various banks at Thrissur district and these banks acted as the link banks. When the fixed deposit kept by the banks (Margin Money Deposit) in the name of the Managing Director were matured the same were to be returned to the Corporation</p>
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			<p>Margin Money Scheme in SB account for 4 years. The Committee also recommends that the reconciliation of Bank/Treasury accounts be done within three months. The Surplus fund available should be retained in term deposits rather than in Current/Savings Bank Account. Action taken in this regard should be intimated to the Committee.</p>	<p>with the due share of interest. Though the Margin Money Deposit Scheme was closed during 1993, the link bank accounts could have been closed after the expiry of another 3 years only as the fixed deposits made with various banks were for a period of 36 months. Later, due to the absence of proper follow up by the Corporation, a huge sum remained with various banks after the expiry of the period of term deposits. Now the entire amount kept idle in various banks have been withdrawn and the accounts are closed.</p> <p>The laxity on the part of the Corporation in keeping the inoperative bank accounts without closing and in reconciling the bank accounts in time may kindly be condoned.</p>
5	49	SC/ST Development	<p>The Committee finds that due to non-completion of houses under the various</p>	<p>The Company is not implementing any fresh housing schemes.</p>

			<p>housing schemes, the Company was unable to disburse the entire loan amount and Subsidy to the concerned. The Company could not recover the amounts disbursed during the first and second stages of construction. The Committee therefore recommends that necessary steps should be taken by the Company to see that the construction of houses is completed as early as possible and recovery of the loan started at the earliest. The Committee desire that the details regarding the amount disbursed under various housing schemes till March 31st 2002, the amounts of subsidy received and the unutilized amount retained in bank under the housing scheme till March 31, 2002 be intimated to them.</p>	<p>The two housing schemes undertaken earlier started during the years 1992-93 (New Ambedkar Rural Housing Scheme) and 1997-98 (Income Generation Linked Housing Scheme) and the schemes are at the final stages of completion. HUDCO has financed the loan component under the schemes as per their lending rate and the Company is providing only subsidy.</p> <p>However this is mainly due to the delay on the part of the beneficiaries in producing the stage wise certificate of the construction of the houses, issued by the block engineers concerned after their inspection. Moreover, both the schemes are seen losing their viability as the beneficiaries are having better options now from the SC/ST department and local bodies at lower rate of interest or even free of interest. Hence many of those who</p>
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have already availed of our housing loans are seen not interested further to avail of the subsequent installments and this has become a major hurdle on the way of our implementation of the housing schemes. However, the Company is in the process of chalking out a strategy to see that the maximum numbers of houses are completed and the maximum subsidy is released to the beneficiaries by the end of this year itself.

	<u>31-3-2002</u>	<u>31-3-2004</u>
Amount disbursed to beneficiaries:	₹ 3027.09 Lakh	3030.89 Lakh
Subsidy received from Government:	₹ 1711.95 Lakh	1711.95 Lakh
Subsidy unutilised:	₹ 125.35 Lakh	120.81 Lakh

6	50	SC/ST Development	<p>The Committee understands that no proper survey was conducted to identify the beneficiaries under the scheme for rehabilitation of scavengers. Due to this, against 933 beneficiaries to be trained at a cost of ₹ 14 Lakh only 156 persons were given training at a cost of ₹ 2.14 lakh. Rehabilitation of only 143 persons at a cost of ₹ 12.38 lakh could be done by the Company. Out of the Central assistance of ₹ 55 lakhs only ₹ 14.52 lakh was utilised by the Company. This under utilization of the Central assistance by ₹ 40.48 lakhs reflects that the survey conducted by the Company was defective. The Committee, therefore recommends that rehabilitation schemes should be taken up only after comprehensive survey to identify the beneficiaries and obtaining their willingness to undergo the necessary training</p>	<p>The Government of India introduced the National scheme of Liberation and Rehabilitation of Scavengers(NSLRS) in 1992. The scheme was meant to rehabilitate those involved in the obnoxious and inhumane occupation of carrying night soil. The survey to identify the beneficiaries was not conducted by the Company, but by the SC/ST Department at the initiative of the Central Government. The scheme did not meet its purpose in full and only a marginal amount of central assistance could be spent. In this regard, it is to be pointed out that the scheme was not a success mainly because of the absence of real beneficiaries in our state as per the stipulation of the Government of India. The Department of Local Administration of the Government of Kerala is of the opinion that the manual scavenging is not prevalent in our State.</p>
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				<p>The Company therefore would not, hereafter take up such schemes which do not offer any scope in terms of fruitful benefits to the beneficiaries.</p> <p>It may also be reported that based on the direction from the Ministry of Social Justice and Empowerment, the Company had already refunded the unutilised Central assistance pertaining to the NSLRS amounting to ₹ 39.178 lakhs to the Government of India.</p>
7	51	SC/ST Development	<p>The Committee notices that the employment schemes too were implemented without field survey or study on their viability. Hence they did not bear fruit and the financial assistance granted could not be recovered. More over lack of proper monitoring of the assisted units had also contributed to their failure. Instead of blaming advancement in technology for the</p>	<p>The Company does not have the infrastructural tools in terms of field staff or vehicles to the required extent to conduct any elaborate field study on its own. However, before proposing a new scheme for funding to refinancing agencies like NSFDC, Company used to ascertain that the particular scheme will be</p>

		<p>failure of the assisted units, the Company should have provided financial assistance for modernization of equipment. The Committee, therefore, recommends that when such schemes are implemented the Company should conduct periodic inspections of the assisted units and render necessary guidance for the proper functioning of the units. Financial assistance for modernisation/upgradation of equipments distributed to such units should also be provided.</p>	<p>useful to beneficiaries by cross checking with institutions concerned with research development like Kerala Agricultural University and other lending institutions. Moreover, the view of our beneficiaries gathered through Regional Offices is also being taken care of while introducing the scheme for identifying the right beneficiary under a scheme, Company used to give wide publicity through press, radio, T.V. etc. and the eligible applicants are screened through personal interviews by a committee.</p> <p>In order to ascertain the regional priorities and preferences for different schemes, nowadays Company is also depending on the District Credit Plans of the lead</p>
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				<p>commercial banks as well as the assessment studies conducted by the district offices of the NABARD.</p> <p>Though, the Company does not have adequate infrastructure to follow up all the schemes on individual basis, it used to take utmost care to ensure that the funds released to the beneficiary are being used for the purpose it is meant for through continous monitoring and inspection during different stages of fund disbursement. As far as the post disbursement stage is concerned, individual schemes are regularly evaluated on random basis through direct field visit and impact of a scheme on the general living conditions of a beneficiary is being ascertained for appraisal.</p>
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				<p>It is relevant, in this context, to highlight the findings of the impact study conducted by the National Scheduled Castes Finance and Development Corporation(NSFDC) of the implementation of its schemes by the Company in the state to ascertain their level of effectiveness on the general living conditions of the beneficiaries. The study conducted during the last year by the Industrial and Technical Consultancy Organization of Tamil Nadu(ITCOT) on behalf of NSFDC projects a satisfactory picture of the Company in terms of its contribution in raising the socio-economic status of the beneficiaries under various schemes appraised on different parameters.</p>
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8	53	SC/ST Development	The Committee further recommended that the Company should maintain detailed records of the loans disbursed, the amounts recovered, balance pending recovery etc., and take effective steps for realisation of the dues.	The Company is maintaining books of accounts properly and have taken stringent measures to recover the dues under various schemes. This include : <ol style="list-style-type: none"> 1. Sending demand notice to defaulters and sureties. 2. Recovery of dues from the salary of sureties to the loan. 3. Revenue Recovery steps. 4. Block Level mass contact programme and collection camps. 5. Public auction of seized vehicles under transport schemes. 6. Regular interaction with the beneficiaries for recovery of dues and issuing notices direct to the beneficiaries.
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				<p>7. Implementation of One Time Settlement Scheme.</p> <p><u>Recovery position as on 31-3-2004</u></p> <table border="0"> <tr> <td></td> <td colspan="2" style="text-align: right;">₹ in Lakh</td> </tr> <tr> <td><u>Cumulative Demand</u></td> <td><u>Amount Collected</u></td> <td><u>% of Recovery</u></td> </tr> <tr> <td>₹ 7866.714</td> <td>₹ 5388.537</td> <td>69%</td> </tr> </table> <p>Since the proposal for One Time Settlement(OTS) was approved by the Government as per the G.O. (Rt) No. 605/2005/SCSTDD dated 21-6-2005, it will enable the Company to close a number of accounts of loanees which are non-performing and time-barred in nature for very long period.</p> <p>As a major chunk of the overdues pertain to loan sanctioned to SC/ST co-operative</p>		₹ in Lakh		<u>Cumulative Demand</u>	<u>Amount Collected</u>	<u>% of Recovery</u>	₹ 7866.714	₹ 5388.537	69%
	₹ in Lakh												
<u>Cumulative Demand</u>	<u>Amount Collected</u>	<u>% of Recovery</u>											
₹ 7866.714	₹ 5388.537	69%											

societies in the past years which have either not in existence or defunct now, the Company is working out a plan to write off these loans.

The recovery figures of the Company during the four quarters of the financial year 2003-04 are presented in the table annexed.

RECOVERY OF LOANS DURING 2003-2004

Name of Region	I Quarter	II Quarter	III Quarter	IV Quarter	Total
Thiruvananthapuram	2154239	2133390	2438429	3297486	10023544
Pandalam	1066117	957744	785717	997371	3806949
Kottayam	481708	656620	706909	895622	2740859
Idukki	488016	651878	697038	861928	2698860
Ernakulam	467924	665202	646586	936584	2716296

Thrissur	1002967	1542176	1840170	2168298	6553611
Palakkad	893771	948627	1223641	1685128	4751167
Malappuram	890561	1121266	1400608	1449004	4861439
Wayanad	430740	366812	452597	574463	1824612
Kannur	485850	592876	698266	705574	2482566
Kasargod	400616	466856	511501	828809	2207782
Head Office	12717	388412	8510	109455	519094
Total	87,75,226	104,91,859	114,09,972	145,09,722	451,86,779

9	55	SC/ST Development	The Committee finds that the Company does not have the necessary infrastructure to carryout the various schemes entrusted to it. Nor does it have the required expertise or professional prudence to implement the schemes. The Committee recommends that	Steps are being taken to sort out the shortage of infrastructural facilities. Software has been developed for web based loan tracking system. In addition to the Regional Offices at Thiruvananthapuram and Kozhikode, a
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			<p>before channelising funds for the implementation of schemes Government should ensure that the agency has the necessary infrastructure and expertise to utilise the funds prudently.</p>	<p>new Regional Office has been opened at Kottayam as part of strengthening scheme implementation facilities. Efforts are being made to settle the scarcity of professional expertise for effective implementation of schemes by appointing Government servants on deputation basis.</p>
10	56	SC/ST Development	<p>The Committee understands that at present for the loan amount sanctioned by the Company, interest is levied at flat rate. An excess levy of ₹ 36.77 lakh was collected by way of charging interest at flat rate. This is sheer injustice to the SC/ST people living below the poverty line. Hence the Committee recommends that the interest on loans to the weaker sections of society should always be computed at diminishing rates, and not at flat rates.</p>	<p>At present the Corporation is charging diminishing rate of interest on loans.</p>

11	58	SC/ST Development	<p>The Committee feels that financial manipulation, indiscipline and improperly was evident in all aspects of functioning of the Company, with accounts for more than 10 years in arrears, loans being sanctioned to benamies on the basis of false documents loans not being realised assistance not reaching the intended beneficiaries, accounts not being properly maintained etc. All this warrants a total rehaul to root out the corrupt and inefficient elements prevailing in the Company. Hence the Committee recommends that this Company should be merged with the Kerala State Backward Classes Development Corporation Ltd., as both companies target the same segment of the population.</p>	<p>Several Measures are taken to fight corruption. Loans are sanctioned only after producing necessary documents and its verification. Payments are made by crossed cheques. Time schedule has been fixed for processing loan application. Spot verification is conducted. Timely action is taken against defaulted loanees. Steps are taken to maintain records properly and files are sorted out and kept in order. Measures are taken to complete finalisation of all pending annual accounts within two years. Strict discipline is maintained in the office. As a result public opinion has been created in favour of the functioning of the Corporation.</p>
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			<p>Meanwhile, a detailed study of the functioning of the Company since inception should be conducted by an independent agency, responsibility for the irregularities fixed and the losses recovered from the concerned.</p>	<p>Kerala State Development Corporation for Christian Converts from Scheduled Castes and the Recommended Communities Ltd. is set up for the specific purpose of giving financial assistance to Converted Christians. There is no proposal at present to merge this Corporation with Kerala State Backward Classes Development Corporation.</p>
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CHAPTER II

REPLIES 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	Conclusion/Recommendation	Action Taken by Government
12	45	SC/ST Development	The Committee expresses its displeasure over the inordinate delay in submitting the notes on remedial action taken on the audit paragraphs. The Report of the Comptroller and Auditor General of India for the year ended 31st March 1998 was presented to the house in March 1999. Though the notes to remedial action taken on audit paragraphs are to be furnished to the Legislature Secretariat within 3 months of the presentation of the Audit Report, the SC/ST Development Department had furnished them only on the	Government accept that there was inordinate delay in submitting the notes on remedial action taken on audit paragraphs to the Committee. It is submitted that the delay is not intentional and the observations of the committee are noted for future guidance. As recommended by the Committee action is being taken against the persons responsible for the delay in submitting the report and for furnishing a defective and incomprehensible note to the Committee. Government

			<p>day of the meeting (ie. January 17, 2002) thereby depriving the Committee from going through the explanations of the Government on the audit observations. Even the note (given at appendix – II) furnished by Government is incomprehensible and not clear. The Committee, therefore, desires that the matter may be seriously looked into and responsibility should be fixed for the delay; in furnishing the notes and also for furnishing a defective and incomprehensible note to the Committee. The action taken in this regard should be intimated to the Committee.</p>	<p>assure the Committee that such delay in furnishing Action Taken Report on audit paragraphs will not be repeated in future.</p>
<p>Remarks :- The Committee urged the Government to take action against the official, who are responsible for the delay in forwarding action taken statement.</p>				
13	46	SC/ST Development	<p>With regard to the various schemes taken up by the Company, the Committee observes that they were selected and targets fixed without conducting any field survey or assessing requirements. The Company did not have</p>	<p>The schemes implemented by the Company are ultimately meant to raise the standard of living of the poor scheduled caste and scheduled tribe of the State. The experience over the past 30 years denotes</p>

			<p>either the staff or the expertise to utilize the funds received from various sources for the benefit of the targeted population. As a result only less than 4% of the targeted population had been benefited from the various schemes implemented by the Company till March 1997. The Committee is deeply concerned over the poor utilisation of funds allotted as subsidy by the State Government.</p>	<p>that the SC/ST beneficiaries are generally inclined to avail more loans under various schemes related to the service sector, which is in tune with the general trend of the state economy. In service sector itself, the vehicle loans especially under auto-rickshaw(Passenger) scheme and three wheeler pickup van (goods carrier) scheme are having tremendous demand. This is evident from the over-whelming response the Company has been getting while inviting applications under these scheme. Unfortunately, projects promoted by SC/ST beneficiaries and funded by the Corporation under the agricultural and industrial sectors are not generating the expected results. This also seems to be a reflection of the Current pace of the State's economy. The reasons for this trend are found to be the lack of awareness among the beneficiaries</p>
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				<p>regarding the new opportunities for self-employment available under both the sectors. Instead of going for innovative and challenging areas of investment, the beneficiaries are still sticking on to the conventional schemes. With a view to overcome this shortcoming the Company has decided to conduct awareness camps on Block/Panchayat level. Moreover, in order to ascertain the specific needs and demands of the target group in respect of income-generating projects, a series of "Project-ideas-generation and identification" camps with the active participation of target group are being organized shortly. Further, the Company has made their ongoing schemes more flexible in nature so as to accommodate any kind of projects proposed by the target group. This is a clear deviation from the policy hitherto followed by them because</p>
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				<p>their schemes have so far been very specific in nature with insistence on the beneficiary to invest in a particular area alone proposed by the Company. Though the Company is having lack of manpower to the required extent to cope with the increased volume of operations and expectations of the beneficiaries, maximum effort is being made to overcome this short-coming and this is evident from their performance during the financial year 2002-2003 (1808 in physical and ₹ 795.13 Lakh in financial terms) when compared to that of the previous year 2001-02 (871 in physical and ₹ 361.13 lakh in financial terms). Here special mention needs to be made regarding the performance under the Agricultural Land Purchase Scheme (with unit cost of ₹ 1.50 Lakh) and Micro-Credit Finance Programme (with</p>
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				<p>unit cost of ₹ 15,000) during the financial year 2002-03. The performance of the Company for the year 2002-03 is encouraging and promising. They could mobilize and secure sufficient funds from national agencies like National Scheduled Caste and Scheduled Tribe Finance and Development Corporation Ltd. (NSFDC) and National Safai Karmachari Finance Development Corporation (NSKFDC) based on specific project proposals.</p> <p>As far as the coverage of the target population is concerned, it is to be noted that as per the concept of the Company, one unit of assistance denotes one family and not one individual. Hence the estimation of coverage as 4% of the target group may not be correct, and as per their own estimation, the coverage as on date has gone above 20% of the target population. Regarding the poor utilization</p>
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				of subsidy, the Company have no funds at their disposal now to be released as subsidy under the head Special Central Assistance (SCA) to special Component Plan (SCP) to meet the demand of the beneficiaries. But the funds allotted as subsidy under Agriculture Land Purchase Scheme (ALPS) could not be fully utilized for want of proportionate loan components.
Remarks:- The Committee urged the Government to furnish details regarding the 'Proportionate Loan Components'				
14	52	SC/ST Development	The Committee find that in almost all the cases of purchase and supply of equipments to unemployed SC/ST youth under various schemes, the Company officials had indulged in latent corruption and malpractice. The Committee understands that M/s Window Advertising and Marketing Thiruvananthapuram was paid ₹ 3.69 Lakh without insisting on bank guarantee. The above company had taken advantage of this and had cleverly desisted from supplying the	(A) The Corporation had framed a Commercial Centre Scheme to provide loan assistance to the unemployed youths of SC/ST Communities as a means of livelihood. For implementing the scheme, the Corporation invited competitive tenders for the supply of DTP systems to the selected beneficiaries. The tender submitted by one M/s Control Zee Computers Systems (P) Ltd. Thrissur among others was found more attractive

		<p>video camera for which the advance was paid. So also, the company officials had entered into an agreement with a company officials called control Zee, Thrissur, which existed only in paper for the supply of DTP units, flouting the conditions in the agreement. The Committee is of the opinion that these companies would have obtained purchase orders and advance payments, only with the connivance of the officers of SC/ST Development Corporation. It is deplorable to note that even after the lapse of 3 years, no action is taken against the officers who had indulged in such mean and corrupt practices and had looted the funds allotted for the poor and weaker sections of the society. The Committee therefore recommended that all the officers involved in the above two cases be brought to book immediately and deterrent action taken against them. The details of the action taken should be intimated to the Committee.</p>	<p>and acceptable. This was accepted by the Corporation and orders were placed for the supply of DTP Systems to the selected beneficiaries. The agreement between the Company and the Corporation was that 25% of the total cost would be released in advance. However, as per the repeated request of the Company, the advance amount was raised upto 90% of the cost price. But the Company failed to supply the equipments as agreed and hence the Corporation had filed a suit vide OS No. 475/1996 before the Sub-Court, Thrissur for the recovery of the Sum from the Company with 18% interest. The Hon'ble Court had made a decree in favour of the Corporation, with direction to recover the amount from the properties of the Company. Accordingly, the Corporation made a request before the Registrar of Companies to provide the details of the Company. In the mean time,</p>
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				<p>the Corporation had also filed an execution petition before the Sub Court of Thrissur for proceeding against the Directors as the Company was defunct. Since the properties of the directors were situated at Irinjalakuda the case was transferred to Irinjalakuda Sub Court on 23-3-2004. But the execution petition was dismissed by the Court stating that the assets of the directors of the Company cannot be attached. As such, the Corporation had instructed its Standing Counsel at Ernakulam to file an appeal before the Hon'ble High Court. However, the counsel gave the opinion that there was no scope for further appeal. The Corporation will now go for second legal opinion to explore further possibilities in this regard. Disciplinary proceedings had been initiated against the then managing Director, Sri Gyanesh Kumar IAS on the allegations and irregularities. But as per</p>
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				<p>G.O. (Rt) 3464/04/GAD dated 21-5-2004 Government have decided to drop further action to recover the loss from the officer since legal action had already initiated for recovery of loss from the suppliers.</p> <p>B. The Corporation had implemented a scheme during 1994-95 for promoting Self-Employment ventures among the target group by providing Video Camera. As such, M/s Windows Advertising and Marketing Consortium, Thiruvananthapuram was selected for the supply of Video Camera. As per the agreement, the supply contractor agreed to provide bank guarantee for the amount advanced by the Corporation. As such, M/s Bank of Maharashtra, Thiruvananthapuram Branch, had issued a letter of guarantee (No. AZ/16/BG/94 dated 21-7-1994) to the Corporation. Accepting the terms and conditions, supply order was issued and 75% cost of 11 Video Camera ie.,</p>
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				<p>₹ 3,69,187 was given in favour of Bank of Maharashtra. Since the supplier failed to deliver the camera as per the terms and conditions, the Corporation was forced to cancel the order and the matter was referred to the sole arbitrator. The arbitrator passed an award holding that the cancellation of the supply order was legal and the corporation is entitled to recover the amount with interest from the defendant bank. But defendant bank with the connivance of supply contractor did not pay the amount as a guarantor. Accordingly, the Corporation filed a suit for realization of money as OS No. 295/1998 before the Principal Sub Court, Thiruvananthapuram for an amount of Rs. 6,10,082 with future interest and cost from the defendant bank and its assets.</p> <p>The trial court dismissed the suit on the ground that the plaintiff was not able to prove that there was any</p>
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				<p>preivity of contract. The Judgement and decree passed against the Corporation in OS No. 295/1998 was challenged before the Hon'ble High Court of Kerala by filing RFA No. 1666/2010. The Hon'ble High Court issued notice on 19-3-2010 to the Respondent Bank of Maharashtra. But the case is not listed for hearing so far. Urgent Memo is issued through the legal counsel to get the case posted.</p> <p>The above facts are reported for kind information.</p>
<p>Remarks:- Committee seeks additional Report on irregularities of granting permission to a bogus Company which existed only in papers for supplying DTP units and to take action against the officer responsible for the misspending of funds.</p>				
15	54	SC/ST Development	<p>The Committee notices that the Kerala State Development Corporation for the Christian Converts from Scheduled Castes/Recommended Communities is obtaining funds through different channels viz. as grant, as loans from</p>	<p>Company has finalised the Annual Accounts up to 1994-95. Accounts for the year 1995-96 have been submitted to the Government and the Accountant General for comments. Annual Accounts for the</p>

			Government/Financial Institutions etc. But the financial management in the Company is in shambles. The company is yet to finalise the accounts for the last 10 years ie, from 1991-92 to 2001-02. The Committee also learns that the accounts are being computerised at present. The Committee urges that the huge arrears in finalisation of accounts should be cleared on a war footing.	year 1996-97 has been given to statutory auditors for audit. Steps have been taken to prepare the accounts of remaining years in an expeditious manner by fixing a time schedule.
Remarks:- The reply furnished from Government were not accepted by the Committee and decided to take evidence in this regard.				
16	57	SC/ST Development	The Committee notices that the Company does not have a system of setting physical/financial targets to be achieved every year in order to assess its efficiency in the implementation of various Government and NBCFDC schemes. Due to this, the physical/financial targets has fallen far below	1. Now Corporation is fixing targets of loan disbursement under each scheme and effective steps are taken to achieve the goal. Recovery targets are also fixed and strict measures are taken to achieve the target.

the expected level. It is seen that the Company could not implement the entire 52 schemes sanctioned till 1995-96. Besides due to a lack of proper monitoring, rampant corruption and malpractices had occurred in the disbursement of loans under various schemes. The Committee could understand that out of the 601 beneficiaries, 163 persons were ineligible for loan assistance. Loans were disbursed against bogus/forged documents including employment certificates. The loan amount sanctioned against such cases have become irrecoverable. Instances where one and the same person was sanctioned loan assistance under more than one scheme was also reported. The Committee is surprised to see that loan assistance was sanctioned in three cases

2. Self-employment Scheme loans of amount above Rs. 1 lakh is sanctioned on the basis of project appraisal and below Rs.1 lakh is for those projects already approved by NBCFDC. Corporation demands the release of funds from NBCFDC only after completion of selection process of beneficiaries.
3. Now payments are being made only by crossed bank cheques.
4. Now payment to the beneficiaries are made by crossed cheque. As per the direction, steps are taken to obtain undertaking regarding the bank A/c No. of the beneficiary and verifying the

where the photo of the same person was pasted on three different applications bearing different names. These glaring irregularities/malpractices point out the fact that a racket with the connivance of the staff of the company is embezzling the funds allocated for the SC and recommended communities. The Committee there fore recommends that as a remedial measure the following guidelines should be strictly followed while sanctioning loans under the various Central/State schemes:

1. Physical and financial targets should be fixed for every year for each scheme and periodical reviews should be conducted about the progress of implementation.
2. All aspects and viability of schemes should be verified, and beneficiaries

pass book after the encashment of the cheque to ascertain that the amount has been received by the beneficiary himself.

5. Direction has been issued to strictly comply with the norms that the beneficiary contribution to be remitted before sanctioning the loans in the loan scheme having beneficiary contribution is mandatory.
6. There are only 25 employees working in the Corporation, out of which 15 are permanent employees and 10 are working on deputation from different departments of Government. For the functioning of Head Office

			<p>identified before availing of loans from NBCFDC and other agencies.</p> <ol style="list-style-type: none"> 3. All payments to beneficiaries should be made by crossed cheques via banks. 4. Senior Officials of the Company should verify whether the beneficiary has received the entire amount sanctioned as loan. 5. Loan amount should be disbursed only after the beneficiary has brought in his share of contribution, in schemes where such contribution is mandatory. 6. Monitoring and Periodic inspection of units should be carried out by responsible officials of the Company. 7. Employment Certificates should be verified and confirmed before sanctioning loans where employees stand surety for loans. 	<p>and 3 Regional Offices as well as implementation of schemes, Corporation depends up on these 25 staff. In spite of this the Corporation conducts monitoring and periodic inspection of units to the best of their ability.</p> <ol style="list-style-type: none"> 7. At present loans are sanctioned only after verification of the employment certificate of the surety. 8. Now Corporation is following the direction. 9. Corporation is releasing the loan amount in more than one instalment. Before releasing each instalments the conditions proposed will be satisfied.
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<p>Remarks: The Committee expressed dissatisfaction against the reply</p>				

17	61	SC/ST Development	The Committee recommends that stringent punitive action be taken against all officials involved in admitting the fake claim of ₹ 27 lakhs, and the entire amount recovered from them. The Committee fails to understand the rationale behind the action in filing civil suits against the 27 beneficiaries when the Company itself had found that the firm had not supplied even a single component of the Cable T.V. Network system to 27 out of the 29 beneficiaries of the scheme.	Government entrusted the investigation on disbursement of loan amount in the Cable TV scheme accepting bogus documents to Vigilance and Anti Corruption Bureau. After investigation, they have filed 27 cases against the concerned in the Vigilance Court and the trials are going on.
Remarks :- The Committee decided to seek the present position of the Case in Vigilance Court				

Thiruvananthapuram,
2nd May, 2017.

C. DIVAKARAN,
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