



**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

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

**FIFTY FOURTH REPORT**  
(Presented on 23rd May, 2017)

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2017**

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

**FIFTYFOURTH REPORT**

**On**

**The Action Taken by Government on the Recommendations contained in the  
Eighth Report of the Committee on Public Undertakings (2011-2014)  
relating to Kerala State Cashew Development Corporation  
Limited based on the Report of the Comptroller and  
Auditor General of India for the year ended  
31 March, 2006 (Commercial)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2016-2019)

**Composition**

*Chairman :*

Shri C. Divakaran.

*Members :*

Shri T.A. Ahammed Kabeer

„ K. B. Ganesh Kumar

„ C. Krishnan

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„ P. T. A. Rahim

„ Raju Abraham

„ Sunny Joseph

„ C. F. Thomas

„ P. Umni.

*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 (2016-2019) having been authorised by the Committee to present the Report on their behalf, present this Fifty Fourth Report on the Action Taken by Government on the recommendations contained in the Eighth Report of the Committee on Public Undertakings (2011-2014) relating to Kerala State Cashew Development Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31 March, 2006 (Commercial).

The Statement of Action Taken by the Government included in this report were considered by the Committee constituted for the year (2016-2019).

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

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit), Kerala in the examination of the 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 Eighth Report of the Committee on Public Undertakings (2011-2014) relating to Kerala State Cashew Development Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31 March, 2006 (Commercial)

The Eighth Report of the Committee on Public Undertakings (2011-2014) was presented to the House on 21st June, 2012. The Report contained two recommendations in para numbers 6 and 7 and the Government furnished reply to both of them on 30-7-2015. The Committee (2016-2019) considered and approved the reply furnished by Government at its meeting held on 28-12-2016.

**REPLY FURNISHED BY THE GOVERNMENT ON THE  
RECOMMENDATIONS OF THE COMMITTEE  
WHICH HAVE BEEN ACCEPTED  
BY THE COMMITTEE**

Sl. No.	Para No.	Department Concerned	Recommendations of the Committee	Action Taken by the Government
(1)	(2)	(3)	(4)	(5)
1	6	Industries	The submission of the Government that there was no hasty decision on the part of Kerala State Cashew Development Corporation for importing raw cashew nut as against Audit observation is not acceptable to the Committee. The Committee observes that the company has resorted to import raw Cashew nuts, even after knowing that there would be projected cash loss in the transaction. The action of the company to invite two tenders consecutively during a month within 13 days interval for the same cause is not justifiable so far in a case of Public Sector	The Managing Director, Kerala State Cashew Development Corporation has informed that such instances will not be repeated in future.

			<p>Undertakings is concerned. The Committee therefore suggests that care should be taken to see that such incidence would not happen in future transaction of the corporation.</p>	
2	7	Industries	<p>The Committee also demands that the report of vigilance enquiry initiated in the case and details of the present position of the case should be intimated to the Committee at the earliest.</p>	<p>The Vigilance enquiry in the matter reveals that out of the alleged loss of ₹ 9.76 crore, ₹ 7.94 crore was seen spent towards the wages and statutory benefits and bonus declared by the Government then and there. Since KSCDC is constituted for the betterment of the cashew workers with a social objective of providing employment to workers mainly of 95% women workers the Corporation cannot act as a profit motive processor. The detailed working position statement of the corporation since its constitution indicates that the Corporation has sustained losses in the</p>



				<p>previous years also. Government is in the view that the loss was sustained only because of the fallen cashew nut market. Besides out of the alleged loss of ₹ 9.76 crore, ₹ 7.94 crore was spent towards the wages the loss has to be treated as business loss. Though it is a fact that the purchase of 6349.855 MT of Cashew Nuts from Guinea Bissau during 2005 has resulted in a loss of ₹ 9.76 crore as pointed out by the Comptroller &amp; Auditor General, enquiry reveals that this was not due to procedural lapses or with regard to the rates granted for the import but only due to fallen market and the strict observation of the proclaimed objective of safeguarding the interest of the workers. Since relying on the above aspects revealed during the enquiry that loss was only a Business loss and no</p>
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				<p>officials concerned are found responsible for the same. As per the Vigilance report there is no scope for initiating a successful litigation and no action is recommended on this regard.</p> <p>In view of the Vigilance enquiry report further action in the matter may be dropped.</p>
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Thiruvananthapuram,  
2nd May, 2017.

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

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