



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

SEVENTY NINTH REPORT
(Presented on 4th December, 2018)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2018

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

SEVENTY NINTH REPORT

On

**The Action Taken by Government on the Recommendations contained
in the Eightieth Report of the Committee on Public Undertakings
(2008-2011) relating to Foam Mattings (India) Limited, based
on the Report of the Comptroller and Auditor General of
India for the year ended 31st March 2003 (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

Shri K. Suresh Kumar, Joint Secretary

Shri Harish G., 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 Seventy Ninth Report on the Action Taken by Government on the Recommendations contained in the Eightieth Report of the Committee on Public Undertakings (2008-2011) relating to Foam Mattings (India) Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2003 (Commercial).

The Statement of Action Taken by the Government included in this Report was considered by the Committee constituted for the year (2016-2019) in its meetings held on 30-11-2016.

This report was considered and approved by the Committee at its meeting held on 19-11-2018.

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

Thiruvananthapuram,
19th November, 2018.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the Eightieth report of the Committee on Public Undertakings (2008-2011) relating to Foam Mattings (India) Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2003 (Commercial).

The Eightieth Report of the Committee on Public Undertakings (2008-2011) was presented to the House on 16th March 2010. The Report contained 2 recommendations in para numbers 7 and 8, of which the Government furnished Action Taken Statements to both. The Committee(2016-2019) considered these statements furnished by the Government at its meeting held on 30-11-2016.

The Committee accepted the reply to the recommendation in Para No. 7 without remarks. This recommendation and the reply furnished by the Government form Chapter I of the Report.

The Committee accepted the reply to the recommendation in Para No. 8 with remarks. This recommendation, the reply from Government and the remarks of the Committee form Chapter II of the Report.

CHAPTER I

**REPLY FURNISHED BY THE GOVERNMENT ON THE
RECOMMENDATION OF THE COMMITTEE WHICH
HAS BEEN ACCEPTED BY THE COMMITTEE
WITHOUT REMARKS**

Sl. No.	Para No.	Department Concerned	Conclusion/Recommendation	Action Taken by the Government
1	2	3	4	5
1	7	Industries	<p>The Committee finds that the failure of the Company to get required credit limit approved from ECGC in order to cover the commercial risk involved in the shipment of two consignments of product to Far pavilion led to the non-recovery of Rs. 28.92 lakhs. The Committee understands that the court verdict in the civil suit filed against the former MD, Shri Somanathan Pillai and G.M., Shri Chandran for recovery of the amount was in favour of the accused owing to the Company's failure in submitting the required documents to the court. The Committee suspects an unholy nexus between the accused and the officials of the Company. The document produced to the court relating to the letter from the Export Credit Guarantee Corporation of India informing that the credit limit issued on the US firm stood cancelled and that no further shipment should</p>	<p>As per the decision of the Company Director Board, the company filed a case (OS No. 98/2003) against Mr. Somanathan Pillai, former Managing Director Mr. T. R. P. Chandran, former General Manager at the Alappuzha Sub Court to recover ₹ 27.82 lakh rupees which the company lost due to shipping of goods to Far Pavilion, U.S.A and all the necessary documents had also been submitted. Unfortunately the judgement was against the company. The letter sent by ECGC to the company was produced at the Sub Court Alappuzha and the same were marked as Exhibits A5 to A7 by the Hon'ble Sub Court.</p>

			<p>be effected till outstandings, were cleared and without prior approval of the Corporation was shown to be received in 2001. However it was actually received in 2000. The Committee suspects that the document produced to the court might have been a forged one. The Committee views this as a naked cheating of a constitutional body. The Committee observes that if the letter, dated 2000, produced on audit examination, was produced before the court, the document submitted defending the accused might not have sustained.</p>	
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CHAPTER II

REPLY FURNISHED BY THE GOVERNMENT ON THE
RECOMMENDATION OF THE COMMITTEE WHICH
HAS BEEN ACCEPTED BY THE COMMITTEE
WITH REMARKS

Sl. No.	Para No.	Department Concerned	Conclusion/ Recommendation	Action Taken by the Government
1	8	Industries	The Committee suspects that the officials of the Company might have indulged in fraudulent methods to rescue the officials responsible for the loss. The Committee wants to have a copy of the file which the Company submitted to the court and direct the Company to proceed for appeal. The Committee recommends that a detailed enquiry should be conducted on the matter by an external investigation agency and that strong action should be taken against the persons responsible.	164th Director Board Meeting of the Company held on 6-3-2009 decided to file an appeal in the Hon'ble High Court against the judgement in OS 98/2003 issued by the sub court Alappuzha and thus the appeal RFA No. 712/09 was filed in time Vide Govt. letter No. 12098/E1/10/ID dated 6-3-2015, copy of the records related to RFA No. 712/09 was submitted before the Committee. This includes exhibits No. A1 to A23. As recommended by the Committee, Vigilance Department has been requested to conduct detailed enquiry on the matter and to submit the report.

Remarks:—The Committee wants to know whether the Vigilance enquiry report related to this case has been received.

Thiruvananthapuram,
19th November, 2018.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

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