



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

**EIGHTIETH REPORT
(Presented on 4th December, 2018)**

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2018

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ON
PUBLIC UNDERTAKINGS
(2016-2019)**

EIGHTIETH REPORT

On

**The Action Taken by Government on the Recommendations contained
in the Seventeenth Report of the Committee on Public Undertakings
(2011-2014) relating to Kerala State Development Corporation
for Scheduled Castes and Scheduled Tribes Limited, Kerala
State Development Corporation for Christian Converts
from Scheduled Castes and the Recommended
Communities Limited & Kerala State Backward
Classes Development Corporation Limited,
based on the Report of the Comptroller and
Auditor General of India for the year
ended 31-3-2007 (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 having been authorised by the Committee to present the Report on their behalf, present this Eightieth Report on the Action Taken by Government on the Recommendations contained in the Seventeenth Report of the Committee on Public Undertakings (2011-2014) relating to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited, Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited and Kerala State Backward Classes Development Corporation Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31-3-2007 (Commercial).

The Statement of Action Taken by the Government included in this Report was considered by the Committee constituted for the year, (2014-2016) and (2016-2019).

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 Seventeenth report of the Committee on Public Undertakings (2011-2014) relating to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited, Kerala State Development Corporation for Christian Converts from Scheduled Castes and the Recommended Communities Limited & Kerala State Backward Classes Development Corporation Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31-3-2007 (Commercial).

The Seventeenth Report of the Committee on Public Undertakings (2011-2014) was presented to the House on 17th December 2012. The Report contained 53 recommendations in Para Nos. from 84 to 136 of which the Government furnished Action Taken Statements to all of them. The Committee considered the replies received from Government at its meeting held on 24-11-2015, 31-5-2017 and 9-5-2018.

The Committee accepted the replies to all recommendations except para no.126 without remarks. These recommendations and the replies furnished by the Government form Chapter I of the Report.

The Committee accepted the reply to the recommendation in para No.126 with remarks. This recommendation, its reply furnished by the Government and the remarks of the Committee form Chapter II of the 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	Recommendations/Conclusions	Action taken by Government
1	2	3	4	5
1	84	SC/ST Development Department (SCSTDD)	The Committee views seriously the attitude of the Government as well as the Companies in not implementing the recommendations made by COPU in its 20 th report in 2003.	Noted.
2	85	Backward Classes Development Department (BCDD) & SC/ST Development Department (SCSTDD)	SC/ST Corporation & CC Corporation should get registered with RBI as non banking financial Companies so as to comply with the statutory requirements.	<u>BCDD</u> <u>KSDCCC & RC</u> Subject to the approval of Board of Directors, this Corporation will be registered as non-banking Finance Company. <u>SCSTDD</u> The Kerala State Development Corporation for Scheduled Castes/Scheduled Tribes Limited has already authorised Chartered Accountant for getting the company registered as a non-banking financial institution.

1	2	3	4	5
			<p><u>Additional information sought by the Committee:-</u></p> <p>The Committee wanted to be furnished with the Renewal Report from BCDD in this case.</p>	<p><u>Further Reply Furnished by the Government</u></p> <p><u>BCDD</u></p> <p>Audit of KSDCCC & RC Ltd. will be completed by December 2017 and action will be taken to register at RBI.</p>
3	86	BCDD & SCSTDD	<p>Due to the absence of reliable data to assess the size of the target group of all the three companies, identification of deserving beneficiaries becomes difficult. The Committee therefore stresses the need for a special community wise survey on backward classes which should enable all the three companies to identify accurately the target population and to enable the formulation of strategic plans, fixation of annual physical targets and evaluation of achievements so that</p>	<p><u>BCDD</u></p> <p><u>KSBCDC</u></p> <p>Policy decision was taken by the Government for a socio economic community wise survey on OBCs. But it was discontinued since a socio economic survey is being conducted by Government of India through Statistics Department.</p>

1	2	3	4	5
			<p>the assistance provided by the companies would reach the really deserving people.</p>	<p><u>KSDCCC & RC</u></p> <p>For conducting community wise survey Institutions like Loyola College, Trivandrum and Rajagiri College of Social Sciences imparting community development studies (MSW) will be approached subject to the approval of Board of Directors.</p> <p><u>SCSTDD</u></p> <p>The Kerala Institute of Local Administration conducted a survey during the year 2009, and collected the details of Scheduled Castes Population.</p>
4	87	SCSTDD	<p>The Committee suggests to identify the districts from which SC and ST categories hail in large number and to ascertain whether they are getting deserving loans from these companies.</p>	<p>As per the data collected from the census, 2001 records, the total population of Scheduled Castes and Scheduled Tribes in Kerala is 31,23,941 and 3,64,389 respectively. Out of the</p>

1	2	3	4			5							
						above, 4 districts having the maximum population of these communities are as follows.							
			Scheduled Castes		Credit disbursed to Scheduled Castes (Rs.in lakhs)			Scheduled Tribes		Credit disbursed to Scheduled Tribes (Rs.in lakhs)			
			Sl. No.	Name of District	Population No.	2010-11	2011-12	2012-13	Name of District	Population No.	2010-11	2011-12	2012-13
			1	Palakkad	432,578	392.63	326.58	469.88	Wayanad	136,062	64.32	25.37	64.32
			2	Thiruvananthapuram	370,857	288.83	304.98	368.22	Idukki	50,973	13.5	9.45	13.5
			3	Thrissur	354,226	247.75	175.25	213.86	Palakkad	39,665	14.73	8.92	14.73
			4	Kollam	322,887	227.19	226.67	262.68	Kasargod	30,338	32.96	22.30	32.96
5	88	BCDD & SCSTDD	It is found that due to unrealistic financial projections made in the Annual Action Plans (AAP) and consequent underutilization of funds by the companies, disbursement from National Agencies gets restricted. The companies are therefore directed to make realistic AAP for submission to National Agencies for fund assistance.						<p><u>BCDD</u></p> <p><u>KSBCCDC</u></p> <p>KSBCCDC usually submit realistic annual action plan to national agency (NMBCFDC & NMDFC) for fund release: The achievement against target – 100% usually. Hence, problem of underutilization of funds does not arise in the case of BCDD.</p>				

1	2	3	4	5																																								
				<p>SCSTDD</p> <p>The amount estimated by the Company to be secured from national refinancing agencies M/s. National Scheduled Caste Finance and Development Corporation (NSFDC) and M/s National Scheduled Tribes Finance and Development Corporation (NSTFDC) as per annual Action Plans and the amount actually disbursed by the agencies during the last 3 years were as follows:-</p> <table border="1"> <thead> <tr> <th colspan="4">NSFDC (Rs. In lakhs)</th> </tr> <tr> <th>Sl. No.</th> <th>Year</th> <th>Estimate as per Action Plan</th> <th>Amount disbursed</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2012-13</td> <td>734.30</td> <td>701.10</td> </tr> <tr> <td>2</td> <td>2011-12</td> <td>708.37</td> <td>297.48</td> </tr> <tr> <td>3</td> <td>2010-11</td> <td>707.25</td> <td>394.94</td> </tr> <tr> <th colspan="4">NSTFDC (Rs. In lakhs)</th> </tr> <tr> <th>Sl. No.</th> <th>Year</th> <th>Estimate as per Action Plan</th> <th>Amount disbursed</th> </tr> <tr> <td>1</td> <td>2012-13</td> <td>118.50</td> <td>109.82</td> </tr> <tr> <td>2</td> <td>2011-12</td> <td>121.85</td> <td>45.96</td> </tr> <tr> <td>3</td> <td>2010-11</td> <td>95.15</td> <td>85.95</td> </tr> </tbody> </table>	NSFDC (Rs. In lakhs)				Sl. No.	Year	Estimate as per Action Plan	Amount disbursed	1	2012-13	734.30	701.10	2	2011-12	708.37	297.48	3	2010-11	707.25	394.94	NSTFDC (Rs. In lakhs)				Sl. No.	Year	Estimate as per Action Plan	Amount disbursed	1	2012-13	118.50	109.82	2	2011-12	121.85	45.96	3	2010-11	95.15	85.95
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6	89	SCSTDD	The SC/ST Corporation is directed to ensure an equitable loan disbursement to the	As per the existing organisational structure, the Corporation is having Office in each district to																																								

1	2	3	4	5
			Community throughout the State rather than concentrating around its regional Offices.	cater to the credit requirements of the entire beneficiaries in that district. Applications for disbursement of loans under various schemes are notified through press and other media and the beneficiaries are free to submit the application. Hence the Corporation is not confining its loan disbursement to people around its Regional Offices only.
7	90	BCDD & SCSTDD	The Committee also wants to be furnished with the district wise data on marriage loan disbursements by SC/ST Corporation in the previous year. In SC/ST Corporation due to its failure in ensuring prompt repayments from loanees and the resultant inability to make optimum use of available capital base have led to retardation in business growth. Therefore the SC/ST Corporation and the CCDC should take remedial measures to	<p><u>BCDD</u> <u>KSDCCC & RC</u></p> <p>For this Corporation there is no retardation in business growth but is facing shortage of fund visa-a-vis the demand from the target group.</p> <p><u>SCSTDD</u></p> <p>District wise data on Marriage Loan disbursement for 2012-2013 is shown below. During the last few years, there has been a gradual increase in the overall loan</p>

1	2	3	4	5			
			remove the retardation in their business growth.	disbursement by the Corporation as evident from the following:-			
				Marriage Loan (2012-13) (Rs. In lakhs)			
				Sl. No.	Name of District	Nos.	Amount disbursed
				1	Thiruvananthapuram	81	77.40
				2	Kollam	60	55.80
				3	Pathanamthitta	53	46.34
				4	Alappuzha	34	32.03
				5	Kottayam	34	29.92
				6	Idukki	24	22.55
				7	Ernakulam	25	22.05
				8	Thrissur	108	99.65
				9	Palakkad	292	261.69
				10	Malappuram	222	166.90
				11	Kozhikkode	99	84.95
				12	Wayanad	28	18.40
				13	Kannur	65	57.90
				14	Kasargod	87	77.02
					Total	1212	1052.60

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1	2	3	4	5		
				Total loan disbursements during the last 5 years (Rs. in lakhs)		
Sl. No	Year	Total Loan disbursement				
1	2012-2013	3172.51				
2	2011-2012	2625.81				
3	2010-2011	2673.85				
4	2009-2010	2727.12				
5	2008-2009	1803.79				
8	91	BCDD & SCSTDD	<p>The Committee notices failure/delay on the part of the Companies as well as Government in providing sufficient Government guarantee, which in turn caused disruption in flow of fund from National Agencies. The Companies should in future make punctual efforts to secure government guarantee and the Government should also ensure provision of necessary guarantee without failure and delay.</p>	<p><u>BCDD</u> <u>KSBCDC</u> Government provided guarantees for ₹ 240 crore and ₹ 1.58 crore in favour of NBCFDC and NMDFC respectively as on August, 2013 and there is no delay on the part of KSBCDC for receiving fund from National Agencies due to shortage of Government Guarantee. Balance guarantee available to NBCFDC for ₹ 45 crore and guarantees available against NMDFC has exhausted. Subject to the ceiling limit of Government Guarantee, State Government</p>		

1	2	3	4	5
				<p>provided additional Government Guarantee, for ₹ 100 crore to NBCFDC vide GO(Ms) No. 8/2013/BCDD dated 27-7-2013 and Guarantee deed executed.</p> <p><u>KSDCCC & RC</u></p> <p>The Government Guarantee for ₹ 10 crore in respect of KSDCCC & RC Limited, Kottayam is under considerations of Government.</p> <p><u>SCSTDD</u></p> <p>The total guarantee available with the Corporation in respect of the NSFDC & NSFTDC are ₹ 1500 lakhs and ₹ 300 lakhs respectively. This Guarantee status has stood the Corporation in a comfortable position to draw funds from National Agencies.</p>
9	92	BCDD & SCSTDD	The system of processing loan application after receipt of funds from National Agencies leads to non-qualitative scrutiny and hasty	<p><u>BCDD</u></p> <p><u>KSBCDC</u></p> <p>KSBCDC has a well defined system of</p>

1	2	3	4	5
			<p>disbursement of loans. The Companies should therefore follow a system of selection of beneficiaries sufficiently in advance so that optimisation of loan assistance will be possible.</p>	<p>beneficiary selection procedure. Application forms are being distributed on all working days. KSBCDC used to get fund from National Agencies as per demand. The problem of hasty disbursement or undue delay does not arise in the case of KSBCDC schemes. However, the comments will be strictly adhered.</p> <p><u>KSDCCC & RC</u></p> <p>The Corporation has now resorted to process the applications well in advance.</p> <p><u>SCSTDD</u></p> <p>Sufficient guarantee from the Government enables the Corporation to complete the selection process of beneficiaries well in advance and consequent processing of applications ensuring both qualitative scrutiny and prudent disbursements.</p>

1	2	3	4	5
10	93	SCSTDD	<p>SC/ST Corporation has been found to have disbursed loans to hardly 0.01% of the tribal population of the State. Thus the Company could not fulfill its social obligation to assist the tribal people to the desired extent. The company should therefore implement suitable micro credit schemes among the target group by promoting Self Help Groups/NGOs, so that the inability to reach out to tribal population can be overcome.</p>	<p>The major reason for the shortfall is the inability of the applicants to comply with the security conditions forming part of the general lending policy of the Corporation. To overcome this issue, the Corporation is planning to implement suitable Micro Credit Schemes, by channelising credit to dynamic Self Help Groups of Scheduled Tribes people as suggested by the Committee.</p>
11	94	BCDD & SCSTDD	<p>SC/ST Corporation and CCDC should improve their recovery performance of loans and avoid procedural delay in processing loan application to fully channelise the funds obtained, so that refunding of unutilised fund shall be avoided.</p>	<p><u>BCDD</u> <u>KSDCCC & RC</u></p> <p>Adequate measures including revenue recovery have been taken to improve the recovery rate. This Corporation did not refund the fund as utilised funds, to the Government, in any financial year.</p>

1	2	3	4	5
				<p><u>SCSTDD</u></p> <p>The case of refunding of utilised funds does not arise as the Corporation fully utilised the funds received.</p>
12	95	SCSTDD	<p>Drawal of fund by SC/ST Corporation from NSKFDC without ascertaining the scope and potential of distribution had landed up in payment of non-utilisation charges. The Committee therefore recommends that stringent action should be taken against the officers responsible for the drawal without adequate planning for utilisation.</p>	<p>The Corporation was designated as a Channelising Agency of NSKFDC for formulating and carrying out various schemes for the benefit of Safai Karamcharis in the State and the Corporation started implementing NSKFDC schemes from the year 2000-2001 onwards. The slow progress of implementation of Schemes resulted in charging of non-utilisation charges by NSKFDC which was mainly due to the following reasons:</p> <ol style="list-style-type: none"> 1. Many of the applicants who came up for assistance had backtracked later as they were

1	2	3	4	5
				<p>not able to produce sufficient surety/security for the loan as well as certificate on their occupation (Scavenger certificate).</p> <p>2. Failure on the part of majority of the beneficiaries in submitting necessary records and certificates in time to avail of the loan had delayed the processing of their loan application indefinitely which ultimately had slowed down the entire documentation process of the lending programme. The Corporation had taken such an approach in good faith with an intention to give the poor and illeterate beneficiaries more time to execute the term loan agreement.</p> <p>3. Many of the beneficiaries who were selected not having a clear idea or plan of action on the</p>

1	2	3	4	5
				<p>economic activity/trade selected for income generation which gradually distanced them from the scheme.</p> <p>4. Many of the beneficiaries who were selected did not turn up for loan assistance for their own reasons.</p> <p>The Corporation had drawn funds from NSKFDC based on the overwhelming response from the beneficiaries who had shown interest in the preliminary stage to avail of the loan against the notification given in newspapers. The Corporation with a bonafide intention had drawn funds from NSKFDC to assist the poor beneficiaries presuming that majority of the</p>

1	2	3	4	5
				<p>candidates primarily identified for loan assistance will gradually turn up with necessary documents and pragmatic ideas. Moreover the Corporation had earned interest amounting to Rs.79.10 lakhs during the years subsequent to availing of NSKFDC loan, by investing funds in various banks as short term deposits. The amount invested as such included a considerable portion of NSKFDC funds too drawn in advance for implementing their schemes.</p>
13	96	BCDD	<p>The Committee directs that BCDC should co-ordinate with local self government bodies, popularise and promote, on priority, special schemes like 'New Swarnima Scheme' (NSS)</p>	<p><u>KSBCDC</u> KSBCDC maintains a very good relation with all Local Self Government Institutions. The Micro credit schemes are being implemented</p>

17-65/18

1	2	3	4	5
			which bear concessional interest rate and aim at empowerment of weaker sections among target group.	through Kudumbashree CDS, in association with Local Self Government Institutions. The recommendation of the Committee will be adhered strictly in the case of other schemes also.
14	97	BCDD	The application form prescribed by BCDC for educational loan prioritised by National Agency for women, physically impaired and dependents of war widows among target group should be incorporated with the provision to indicate such special status of applicant.	Will be adhered in future.
15	98	BCDD	The CC Corporation has committed serious lapse by facilitating production of improper Income Certificates by requiring, in the application form, the village officers to certify	KSDCCC & RC This Corporation shall insist to produce the income certificate of the family instead of the individual applicant. The Regional Manager and Administrative Officer of the Corporation

1	2	3	4	5
			<p>only individual annual income of 'applicant', while NBCFDC stipulated consideration of the annual income of 'family'. The Committee recommends that loss suffered by the company on account of giving a relaxed approach to 'annual income' should be reported to the Committee without failure.</p>	<p>has been ordered to ascertain the loss if any caused to this Corporation on accepting income of the loanee alone instead of the family income.</p>
16	99	SCSTDD	<p>The Committee wants to be informed of whether SC/ST Corporation now follows the practice of recording loan assistance in ration cards of beneficiaries to guard from drawal of assistance by more than one member of a beneficiary family or from more than one lending agency.</p>	<p>The Corporation does not follow the practice of recording loan assistance of beneficiaries in ration cards.</p>

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Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
17	100	BCDD	The CC Corporation should distribute their brochures containing details of their loan schemes to Panchayath Offices so that target group across the State can be turned up more easily and thus loan assistance can be distributed in an equitable manner.	KSDCCC & RC The brochures containing the details of loans and the other relevant details shall be distributed through the Local Self Governments and Dalit Christian Associations.
18	101	SCSTDD	The SC/ST Corporation should evolve a foolproof system to ensure that loans are not disbursed to existing entrepreneurs or earlier beneficiaries.	As per the existing policy of the Corporation, a person having been assisted under any of the self employment schemes (except loans with a meagre amount not exceeding Rs. 50,000/- like Micro Credit Finance) will not be eligible to enjoy another self employment loan for a second time. To ensure this, the credential of an applicant is verified with the office records for the last few years. The issue could be scrutinized with more authenticity once the

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				lending mechanism, is fully computerized which is under process.
19	102	BCDD & SCSTDD	Absence of a system for monitoring the utilization of loans being a major drawback in operation, all the three companies should introduce such a system wherever absent and strengthen such a system wherever present.	<p><u>BCDD</u></p> <p><u>KSBCDC</u></p> <p>KSBCDC usually ensure proper utilization of fund. Pre and post sanction inspections are also conducted by the officers of the Corporation. Moreover the Corporation also evaluate the schemes by utilizing expertise of Academic/Research Institutions.</p> <p><u>KSDCCC & RC</u></p> <p>In order to ensure proper utilization of the loan amount, necessary inspection is being carried out after release of loan amount.</p>

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				<p><u>SCSTDD</u></p> <p>A system for monitoring the post disbursement utilization of loan is absolutely needed to assess the impact of various income generating units financed by the Corporation. Government have decided to evaluate the post disbursement utilization of loan through a system and the Managing Director, has been directed to furnish a proposal in this regard.</p>
20	103	SCSTDD	<p>The Committee wants to be informed of the result of the RR action initiated by SC/ST Corporation against the 12 Co-Operative societies which availed loans, defaulted repayments and accumulated arrears and got liquidated after a short span of time.</p>	<p>Revenue recovery actions were initiated by the corporation against the 12 Co-Operative societies which had taken out loans from the corporation. All the societies were either liquidated or on the verge of liquidation. The dwindled asset of the societies were not sufficient to meet the amount due to corporation. The Corporation cannot legally</p>

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				proceed against the members and hence a negligible amount was received from the societies.
21	104	SCSTDD	The Committee also directs that the SC/ST Corporation should ensure that the motor transport societies, among the twelve, have their vehicles in running conditions so as to enable recovery procedure.	The Motor Transport Societies hardly possess any vehicles either in running condition or otherwise. The Corporation had received only a negligible amount after the vehicles were auctioned off.
22	105	SCSTDD	The failure of SC/ST Corporation to reject the loan application from Ambedkar Committee, on finding that the President, Secretary and another member of the society belong to the same family and the Secretary having defaulted repayment of an earlier assistance, is viewed as an inexcusable lapse. Further the fact that the Company had neither verified the trust deed	The Corporation had signed formal term loan agreement with the Ambedkar Committee, Cheruthuruty on 20 th September, 2000 and had also got the Pro-Note signed by the eight committee members on 26-4-2001 for the principal loan amount of Rs. 1,70,000 extended to them. Moreover the decision to extend the given loan to the Ambedkar

1	2	3	4	5
Sl. No.	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
			<p>before granting the loan nor got the pro-note signed by all members of the trust appears to be done to extend undue favour to the society.</p>	<p>Committee had been taken by the Board of Directors of the Corporation independently on their 227th meeting held on 22-7-2000. The Board of Directors in their 230th meeting held on 16-3-2001 had further resolved to sanction the aforesaid loan on the hypothecation of the machinery and other assets of the committee alone and on execution of an agreement signed by all executive members of the committee agreeing to fix the liability among the members individually and severally. As such the loan had been sanctioned subject to the fulfillment of the above conditions by the committee as directed by the Board of Directors. However since the society had defaulted loan repayment, revenue recovery</p>

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				action had been initiated against them on 31-7-2009. However no amount has been recovered through revenue recovery till date. It is also relevant to point out that there is hardly any chance for recovering the overdue from the committee as no collateral security had been insisted while releasing the loan as decided by the Board of Directors.
23	106	SCSTDD	The trust deed as well as pro note should therefore be verified and details should be furnished to the Committee. Those responsible for such an unpardonable lapse, should be held liable for the loss on account of grant of the loan.	Copy of the trust deed and pro note executed by all the 8 members of the Committee are enclosed.
24	107	SCSTDD	All three loan disbursements by SC/ST Corporation under foreign education scheme	Following facts are reported for the kind information of the Committee.

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
			<p>were found to be irregular, relaxing terms and conditions, accepting invalid documents and extending undue favours. Payment of loan amount directly to Dr. Avinash, a beneficiary instead of the educational institution, even waiving the condition as to beneficiary contribution and later extending undeserving relaxation in repayment was unardonable. Sanction of loan to Dr. Suresh Kumar, accepting an outdated income certificate as well as grant of loans to Shri. Sajan, relaxing conditions, was against the interest of the Company. The Company should fix responsibility for all these actions and also ensure that such irregularities will not be repeated.</p>	<p>Dr. Avinash Sudhakaran</p> <p>The applicant had applied for a loan amounting to Rs. 7.50 lakhs from Regional Office, Thiruvananthapuram for securing MRCP/FRCS from the General Medical Council, London under the "Foreign Educational Loan" Scheme. Certain relaxation was given on the condition that the candidate will refund the entire amount of loan released if he fails to clear the qualifying test (PLAB Test II) prior to acquiring MRCP/FRCS. Rs. 2.00 lakh was released as first installment to the applicant on the support of adequate sureties already produced by him.</p> <p>Dr. Avinash Sudhakaran had requested to disburse the remaining loan amount of</p>

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				<p>Rs. 5.50 lakhs directly to him instead of the educational institution considering the nature of course of study opted by him. He had also represented to the Managing Director to exempt him from the payment of beneficiary contribution @ 5% of gross loan amount considering his poor financial condition. The Board of Directors in their 243rd meeting held on 26th August, 2003 had ratified the action of the Managing Director in having released the remaining amount of Rs. 5,12,500 to the candidate after withholding Rs. 37,500 towards beneficiary contribution. In this connection, it is to be stated that even if the candidate was remitting the beneficiary contribution in advance, the net amount of loan</p>

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				<p>would have been Rs. 5,12,500 only (5,50,000 – 37,500). In other words, it can be stated that in either case, the effect was same as the Corporation had released only the net amount to the candidate (in the second installment) by way of loan without sacrificing anything as beneficiary contribution.</p> <p>However, since the Corporation had received a petition during the month of December 2004 alleging that Dr. Avinash Sudhakaran had cheated the Corporation by not continuing his proposed higher studies abroad, a legal notice was served on him directing to repay the entire loan amount with interest within 30 days of receipt of notice. As a result of stringent action initiated by the Corporation, the entire</p>

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				<p>loan amount of Rs. 7,12,500 (2,00,000 + 5,12,500) was recovered with interest and penal interest alone amounting to Rs. 4,26,000. The total amount of repayment as such was Rs. 11,38,500 and the date of closure of loan was 4-4-2008. It means that even the normal repayment period was not allowed in the case of Dr. Avinash Sudhakaran, as he was found to have mis-utilized the loan. Moreover, the Corporation had not accepted any invalid documents from the applicant while processing his loan application.</p> <p><u>Shri. S. J. Sajan</u></p> <p>In the case of Sajan S. J., the amount of loan disbursed was Rs. 8,85,993 and the loan was supported with adequate security in the form</p>

1	2	3	4	5
Sl. No.	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				<p>of employee sureties and landed property. Government also directed the corporation to consider the application of Shri. Sajan S. J. in relaxation of norms. So Corporation sanction the loan in relaxation of the guidelines relating to income limit. However, the Corporation had pursued stringent action to recover the loan dues when the beneficiary had defaulted the loan repayment and the entire loan amount of Rs. 8,85,993 was recovered with interest and penal interest along amounting to Rs. 8,03,378. The Loan account was closed on 14-6-2010 with gross remittance of Rs. 16,89,371 (8,85,993 + 8,03,378) by Shri. Sajan S. J. as stated above.</p>

1	2	3	4	5
Sl. No.	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				<p><u>Dr. M. K. Suresh Kumar</u></p> <p>In the case of Dr. M. K. Suresh Kumar, a loan amounting to Rs. 1,00,000 was released on 9-8-2000 by the District Office, Thrissur to fund his studies in United States of America for doing higher studies in Medical Biotechnology. Though the repayment of the loan was to start only in October, 2002 after the completion of the proposed course of study, the beneficiary had, vide his letter dated 12-9-2001 requested to permit him for premature closure of his loan account as he had secured some scholarship later to pursue his studies, abroad.</p> <p>As such, his request was agreed to and Dr. Suresh Kumar had closed his loan amount</p>

1	2	3	4	5
Sl. No	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
				<p>on 12-9-2001 by making advance remittance of the entire dues. Here also, the normal repayment period was not allowed to the candidate which was to commence in October 2002 only.</p> <p>In any of the three cases reported above, the Corporation had not sustained any financial loss in respect of the principal or interest portion of the loan amount as all the three beneficiaries had closed their loan accounts by paying the interest and penal interest as provided for in the agreement.</p>

Sl. No.	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
25	108	BCDD & SCSTDD	The basic Objective of the Companies to empower the target groups by conducting awareness campaign and imparting training for skill development, along with fund assistance, could not be justified. Thus productive use of funds disbursed became impossible and recovery performance became very low. The Committee urges the Companies to conduct such awareness activities vigorously and directs CC Corporation to furnish a copy of statement of expenditure on awareness camps conducted by the company from 2000-2007.	<u>BCDD</u> <u>KSDCCC & RC</u> This Corporation conducts awareness activities vigorously. <u>SCSTDD</u> The Corporation had been diligent enough to conduct awareness camps to create awareness among the target people on the various schemes implemented by it for their overall development.
26	109	BCDD & SCSTDD	The Companies should maintain updated loan ledger and prepare monthly DCB statements reflecting factual position of collection efficiency.	<u>BCDD</u> <u>KSBCDC</u> As far as KSBCDC is concerned, the personal ledger of loanees are updated instantaneously on each transactions as the loan ledgers are

			<p>fully computerized. The DCB is also system based auto generated from BCDC online, which is a web-based computer system.</p> <p><u>KSDCCC & RC</u></p> <p>This Corporation maintains updated loan ledgers and preparing DCB statements showing collection of money.</p> <p><u>SCSTDD</u></p> <p>The Corporation keeps manual Loan Ledger in order to record each and every transaction. In addition to this, Corporation internally developed software called "CORPNET" which automatically generate Loan Ledgers, Demand, Collection, Balance Statements etc.</p>
27	110	BCDD & SCSTDD	<p>The Companies should also strengthen their recovery measures and ensure timely communication of repayment schedule and timely initiation of recovery action against sureties.</p> <p><u>BCDD</u></p> <p><u>KSBCDC</u></p> <p>The collection and recovery rate in our organisation as per the DCB is above 95%, which is the highest among all the SCAs of</p>

				<p>National Backwards Classes Finance Development Corporation and National Minority Development Finance Corporation. There is a stipulated procedure for initiating recovery action and there is a manual of Recovery Procedures to outline the detailed procedure.</p> <p><u>KSDCCC & RC</u></p> <p>Prior to release of loan amount, a proceeding is issued in which the details of monthly rate of repayment is given. A Recovery Cell has been constituted. The Corporation issued timely notices to the defaulted loanees and salary recovery is effect wherein considered necessary.</p> <p><u>SCSTDD</u></p> <p>The District Managers supplies printed notices to the defaulters and their sureties at different</p>
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				stages of default of loan, as a result, in all the District Offices of the Corporation, collection has increased.
28	111	BCDD	Sanction of loan to 3 legal advisors of CC Corporation violating the rules relating to income limit is viewed seriously by the Committee. The Committee directs that such lapses should not get repeated.	<u>KSDCCC & RC</u> Noted for future compliance.
29	112	BCDD	CCDC should refrain from overvaluation of properties at the time of loan disbursement and solve the issue of lack of proper records to monitor progress of recovery action.	<u>KSDCCC & RC</u> Necessary instruction has been issued for strict compliance to Regional Managers and Junior Superintendent, Kozhikode.
30	113	BCDD & SCSTDD	All the 3 companies should also find solution to the inadequacies existing in their collection machinery.	<u>BCDD</u> <u>KSBCDC</u> In our collection machinery, no inadequacies are noticed. <u>KSDCCC & RC</u> In the quarterly meeting of the Recovery Cell the lacunae in the system of collection of

				<p>outstanding amount will be discussed and necessary steps will be taken.</p> <p><u>SCSTDD</u></p> <p>As part of streamlining the collection machinery in the District offices, almost all the vacant posts have now been filled and vehicles have been allocated to offices on sharing basis.</p>
31	114	SCSTDD	<p>SC/ST Corporation should furnish details about the latest position of the 398 cases in which OTS notices were returned undelivered, after the steps taken by it to find out the defaulters.</p>	<p>Instruction has been given to the District Managers for contacting the beneficiaries in person in all cases where the OTS Notices were returned undelivered.</p>
32	115	BCDD & SCSTDD	<p>The Companies should evolve their own systems for post implementation impact assessment.</p>	<p><u>BCDD</u></p> <p><u>KSBCDC</u></p> <p>KSBCDC regularly conducts impact assessment studies with the assistance of research/academic institutions such as CMD, Gandhi Gram Rural University etc. and also consider the suggestions and recommendations</p>

				<p>for planning and implementation of future programmes.</p> <p><u>SCSTDD</u></p> <p>Implementation of impact assessment requires both money and manpower for its successful completion. The Company is facing shortage of funds even for routine working capital needs. Moreover the matter will be taken up with the authorities concerned.</p>
33	116	BCDD & SCSTDD	<p>SC/ST Corporation and CCDC should make efforts to reduce their administrative cost to the minimum possible.</p>	<p><u>BCDD</u></p> <p><u>KSDCCC & RC</u></p> <p>The major part of administrative expenses stem from the employee cost and this can be reduced on recruiting personnel on regular basis.</p> <p><u>SCSTDD</u></p> <p>Cost reduction policies like automation of routine works have been initiated to cut short the administrative cost from the root level. By adopting effective measures in project planning</p>

				and implementation and by following a prudent manpower policy, the problem of cost over run has been reduced to minimum.
34	117	BCDD	The Committee finds fault with the department for favouring registration of land purchased in ALP Scheme in single name. The Committee wants a detailed examination of the matter and a report depicting the reason for single registration in the 14 cases highlighted.	<u>KSDDCC & RC</u> Periodically at random basis surprise visit are being conducted in the houses of the beneficiaries to see that further to the financial assistance provided whether there is any positive change in the living conditions or standard of living of the beneficiaries.
35	118	BCDD & SCSTDD	Shooting up of land price makes the amount of ALP loan insufficient to purchase land. Hence it is recommended that the amount of ALP loan should be revised, considering the prevailing land price.	<u>BCDD</u> <u>KSDDCC & RC</u> Subject to the decision of the Board of Directors and Government, the loan amount of ALPs shall be enhanced. <u>SCSTDD</u> Proposal for increasing the project cost of the ALP Scheme from 2 Lakh to 3 Lakh is under consideration of Government.

36	119	SCSTDD.	<p>The Committee needs a detailed report from SC/ST Corporation on return of documents before expiry of the period of ALP loans, without taking back the subsidy they enjoyed. The Company should also submit a report, as assured, containing the total number of defaulted cases, cases in which RR action has been initiated, cases in which the action has been completed, cases in which RR action is being continued and also the amount collected so far.</p>	<p>The Board in its 253rd Meeting decided to return the documents to the beneficiaries without taking back subsidy in prematured loan closure cases.</p> <p>But this practice of returning of documents in premature closures was later on stopped by the Board in its 265th Board Meeting.</p>
37	120	SCSTDD	<p>Government should take stringent action against officials of SC/ST Corporation who committed lapse in carrying out and following up revenue recovery action.</p>	<p>Direction has been given to all District Managers for furnishing the following details regarding the defaulted loanees.</p> <ol style="list-style-type: none"> 1. No. of loanees who have defaulted more than 12 instalments. 2. Number of cases referred for Revenue Recovery during this year and the repayment in this. 3. Whether there were any cases under item No.1 which has not been referred for RR/Salary recovery. If yes, reasons thereof.

1	2	3	4	5
Sl. No.	Para. No.	Department Concerned	Recommendations/Conclusions	Action taken by Government
38	121	BCDD	<p>The Committee wants to be informed of the action taken, against the officer from Finance Department based on the recommendation of Vigilance Department enquiry in 2004-05 on overvaluation of property as well as excess disbursement of ALP Loans above 80% of value by the then Administrative Officer of CC Corporation.</p>	<p><u>KSDCCC & RC</u> The case will be examined and the parent department of the then administrative Officer will be requested to initiate disciplinary action.</p>
39	122	BCDD	<p>It is learned that the CC Corporation insisted a 57 years old lady applicant to change the originally given age certificate and accepted a fresh certificate, from a doctor, not bearing the date of issue and sanctioned ineligible loan. The Committee wants disciplinary action to be initiated against the officials responsible for this lapse.</p>	<p><u>KSDCCC & RC</u> Necessary disciplinary action will be taken positively.</p>

1	2	3	4	5
40	123	BCDD	The Committee calls for a report on the action taken against the officials of CC Corporation who released 100% of cost of land as loan assistance in respect of 329 loan applications, without insisting for 20% of cost of land as contribution by beneficiaries.	KSDCCC & RC Necessary report will be submitted shortly.
41	124	SCSTDD	SC/ST Corporation should discontinue the practice of disbursing educational loans in lumpsum directly to beneficiaries, instead of to the educational institution, without insisting utilisation certificates. The Company should also prepare repayment schedules and serve them to beneficiaries in time.	As per the existing lending policy of the Corporation, the loan amount under the Educational Loan is being released to the Educational Institution where the student pursues his studies, after assessing the authenticity of the Institution. Further the loan amount is disbursed in installments rather than in lumpsum, based on the progress of studies reported by the Educational Institution which also covers the utilisation of earlier amount released. The Corporation prepares the repayment schedule showing the EMI and

				repayment period and serve it to the beneficiary well before to facilitate the remittance in time.
42	125	SCSTDD	With regard to 'non-release of subsidy' the Committee stresses that Government should not fail to release subsidy in time as delayed grant of subsidy would adversely affect schemes performance. The Committee also wants to be informed of whether interest was charged by SC/ST Corporation from beneficiaries on the subsidy part when delayed disbursement of subsidy was made.	The practice following in the Corporation is to credit the subsidy portion to the loanee's account only after receiving subsidy from the Govt. Till that date, Corporation is charging the interest on the full loan amount.
43	127	BCDD	Concerning the loan assistance given by CC Corporation for paramedical course in an institution where no such courses were conducted the Committee criticises the action of the company for unauthorisedly issuing the course certificate. The case is a clear evidence of misappropriation of fund. The	<u>KSDCCC & RC</u> No decision taken by Government

Committee also strictly directs that the official on deputation from Co-operation Department should not be issued NOC. Further, it is suggested that Government/Accountant General should fix a time limit for settlement of cases involving vigilance inquiry so as to avoid the accused ones retiring/passing away by the time action against them gets due.

Additional information sought by the Committee

The Committee considered the reply from the Government and recommended that action should be taken against the officers who had granted loan for a non-conducting course. The Committee also recommended that action should also be taken against the officials within two weeks who had made delay in taking action against the responsible officers

Further reply furnished by the Government

This case is registered in Kottayam Vigilance Court. The file related with the case is in the custody of Vigilance Department. After the verdict of the court, action will be taken against the officer concerned and hence his retirement benefits are not provided yet.

			and the action taken in this regard may be intimated to the Committee.	
44	128	BCDD	The Committee understands that due to lack of foresight there occurred delay and BCDC could not make use of ₹ 6.41 lakh out of the eligible rebate of 25% of interest paid by State Channelising Agencies in 2004-05. The Committee therefore recommends that such lapse should not recur in future.	KSBCDC The Corporation is taking abundant caution to avoid such lapse in future.
45	129	BCDD	The Housing Finance Scheme implemented by BCDC was found to be evolved without giving due consideration for high interest rate of loan and low repayment capacity of beneficiaries. The Company should in future give due weightage to such factors when evolving schemes, especially when their purpose is unproductive.	There are several agencies under Government to implement grant-in-aid housing schemes for the economically weaker sections. The schemes are mainly implemented through ISG institutions. Considering these aspects and low demand for housing loan schemes from the target group, Kerala State Backward Classes Development Corporation is not implementing

				<p>any loan schemes for house construction for the time being. However, KSBCDC implement schemes for house repair/maintenance by utilizing own fund.</p> <p>The recommendations of the Committee with regard to repayment period and interest will be given due importance by the Corporation in future while formulating housing schemes.</p>
46	130	BCDD	<p>In Micro Credit Finance Scheme, to avoid NGOs from charging higher interest rate, the CC Corporation should give publicity regarding interest rate charging on target group.</p>	<p><u>KSDCCC & RC</u></p> <p>Prior to the introduction of Micro credit Finance Scheme wide publicity is being given through various sources including the Dalit Christian Association all over Kerala.</p>
47	131	BCDD	<p>The Committee wants to be informed of the present stage of the sub-committee constituted in 2006 for evaluating utilisation and social impact assessment and functioning of self-help groups.</p>	<p><u>KSBCDC</u></p> <p>The Board of Directors and the sub committee had been dissolved by the Government on political change and hence the committee could not carry out the function evaluating utilisation</p>

				<p>and social impact assessment on the functioning of Self Help Groups.</p> <p><u>KSDCCC & RC</u></p> <p>The Corporation did not constitute Self Help Group for want of Micro credit Finance Scheme.</p>
48	132	BCDD	<p>The reason for not including the document to substantiate annual family income of beneficiaries in the utilisation statements furnished by NGOs should be furnished to the Committee.</p>	<p>The concept behind formation of SHGs by NGOs is to overcome the socioeconomic backwardness of the weaker sections of the society. Generally, the SHGs are formed for the low income group. The annual family income status of the applicants is being ensured by the concerned NGOs themselves. So far we have not insisted any documentary evidence to prove the Annual income status. However, from 4-2-2016 onwards, it has been decided to insist copy of the ration card/Annual income certificate from revenue authorities to prove their income status.</p>

49	133	BCDD	<p>The Committee recommends that micro credit scheme should be implemented through institutions like Kudumbasree units etc. under the leadership of Panchayat as well as BCDC.</p>	<p>Kerala State Backward Classes Development Corporation is giving due importance in implementing Micro credit schemes through Kudumbasree CDSs. So far we have assisted 234 CDSs by utilizing an amount of Rs. 84.33 crore. We have disbursed 64% of the total utilised fund under Micro credit through Kudumbasree CDSs. (Details of loan disbursed to CDSs and NGOs from 2002-03 onwards are enclosed herewith)</p> <p><u>Year wise Disbursement status of Micro Credit Loan of NGOs and Kudumbasree CDSs</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Amt. Disbursed to CDSs of Kudumbasree</th> <th>Amt. Disbursed to NGO</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2002-03</td> <td>0</td> <td>11240000</td> <td>11240000</td> </tr> <tr> <td>2004-05</td> <td>0</td> <td>17485000</td> <td>17485000</td> </tr> <tr> <td>2005-06</td> <td>0</td> <td>66000000</td> <td>66000000</td> </tr> <tr> <td>2006-07</td> <td>0</td> <td>4000000</td> <td>4000000</td> </tr> <tr> <td>2007-08</td> <td>0</td> <td>67500000</td> <td>67500000</td> </tr> <tr> <td>2008-09</td> <td>0</td> <td>2500000</td> <td>2500000</td> </tr> </tbody> </table>	Year	Amt. Disbursed to CDSs of Kudumbasree	Amt. Disbursed to NGO	Total	2002-03	0	11240000	11240000	2004-05	0	17485000	17485000	2005-06	0	66000000	66000000	2006-07	0	4000000	4000000	2007-08	0	67500000	67500000	2008-09	0	2500000	2500000
Year	Amt. Disbursed to CDSs of Kudumbasree	Amt. Disbursed to NGO	Total																													
2002-03	0	11240000	11240000																													
2004-05	0	17485000	17485000																													
2005-06	0	66000000	66000000																													
2006-07	0	4000000	4000000																													
2007-08	0	67500000	67500000																													
2008-09	0	2500000	2500000																													

2009-10	0	139700000	139700000
2010-11	85074000	0	85074000
2011-12	62468000	0	62468000
2012-13	362453000	0	362453000
2013-14	232653000	78265000	310918000
2014-15	32025000	72500000	104525000
2015-16	68666500	26808000	95474500
(till 28-4-2016)			
Grant	843339500	485998000	1329337500
Total			

50	134	BCDD	CCDC should take earnest efforts to expedite updation and finalisation of its accounts and make use of the assistance offered by Accountant General in doing this.	KSDCCC & RC Subject to the Board, decision, earnest efforts are being taken for the finalization of accounts/auditing.
51	135	BCDD	SC/ST Corporation should reorganize and strengthen its internal control system.	Internal Audit and Control is headed by an independent Chartered Accountant appointed by the Board of Directors. The Internal Audit Wing of the Corporation has been strengthened by filling the post of Internal Auditor. In addition to one

				Accountant, two ICWA Professionals were appointed also.
52.	136	BCDD	<p>The Committee recommends that a detailed enquiry should be conducted by the Government on the functioning of the SC/ST Corporation, CCDC and BCDC and to report the details to the Committee at the earliest.</p> <p><u>Additional Information sought by the Committee</u></p> <p>The Committee expressed dissatisfaction over the reply and recommended that speedy action should be taken in this regard and should be intimated to the Committee.</p>	<p>No action taken by Government</p> <p><u>Further Reply Furnished by the government</u></p> <p>The main business of KSBCDC, KSDCC & RC Ltd. is Micro finance. Hence Finance Inspection Wing has been requested to examine and submit a report.</p>

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	Conclusions/Recommendations	Action taken by the Government
1	2	3	4	5
1	126	BCDD	The Committee seeks explanation for CC Corporation reinstating employees under vigilance trial	<u>KSDCCC & RC</u> The matter is being examined and the report will be submitted shortly
Remarks:- The Committee desires wanted to be furnished with the report from BCDD without any further delay				

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Thiruvananthapuram
19th November, 2018

C.DIVAKARAN,
Chairman,
Committee on Public Undertakings.

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