

REPORT

This Report deals with the action taken by Government on the recommendations contained in the 85th Report of the Committee on Public Accounts (2004-06).

The 85th Report of the Committee on Public Accounts (2004-06) was presented to the House on 7th July 2005. It contained 14 recommendations relating to Home Department. Government were addressed to furnish the Statement of Action Taken on the recommendations contained in the Report on 26th September 2005 and the final replies were received on 26th December 2011.

The Committee examined the Statement of Action Taken at its meeting held on 22nd September 2008, 4th August 2010, 19th January 2011 and 10th April 2012. The Committee was not satisfied with the replies furnished on recommendation Nos. 1, 2, 3, 4, 5 and 13 (Para Nos. 4, 6, 7, 8, 9 and 35) and decided to pursue them further. These recommendations, Government replies and further recommendations of the Committee are incorporated in Chapter I of this Report.

The Committee decided not to pursue further action on the remaining recommendations in the light of the replies furnished by Government. These recommendations and Government replies are included in Chapter II of this Report.

CHAPTER I

RECOMMENDATIONS IN RESPECT OF WHICH ACTION
TAKEN BY GOVERNMENT ARE NOT SATISFACTORY
AND WHICH REQUIRE REITERATION**Home Department****Recommendation***(Sl. No. 1, Para No. 4)*

1.1 The Committee finds that the explanation is unsatisfactory. The Committee expresses its strong displeasure over the procedure followed in this case.

Action Taken

1.2 As per the administrative sanction vide G.O. (Rt.)No. 4167/91/Home dated 8-8-1991 for the purchase of 2500 Nos. of Heavy duty Police Helmets, Police Department invited tenders on 7-1-1992 and received 5 Nos. of tenders with 7 samples quoting different rates. After examining the quality tests by FSL, Thiruvananthapuram, the Sample Selection Committee verified each sample in the light of the test report from FSL Thiruvananthapuram in its meeting on 26-3-1992. The Committee recommended the acceptance of sample-A produced by M/s. Saravana Manufacturers and Suppliers even though the rate offered was slightly higher ie, ₹ 295 per piece since the sample conformed to all the specifications. Since the amount involved is above 4 lakh, Government sanction had to be obtained for effecting the purchase, since the DGP is competent only to purchase stores up to 4 lakh. Before according Government Sanction, it is mandatory to place the proposal for the purchase before the Departmental Purchase Committee (DPC). The DPC in its meeting on 13-5-1992 decided to conduct re-tender. The minutes of the DPC meeting are as follows :

1.3 “The Committee examined the various tenders received in response of the notification published by the DGP. Since there is only one sample which satisfies all the specifications in the re-tender notification, it was decided by the committee that the item should be re-tendered. While re-tendering the item the additional specifications suggested by the ADGP(intelligence) will also be incorporated in the tender notice. The Departmental Sample Selection Committee while giving its report will specifically mention whether each sample satisfies each item of specification”.

1.4 As recommended by the DPC, a re-tender was conducted on 4-6-1992 for which some additional specifications recommended by ADGP (Intelligence)

received from Government was also incorporated in the tender notice. Of this, the most precautionary condition strongly recommended by the ADGP (Intelligence) was that the helmets should cover the back of the head completely with fiberglass.

1.5 The re-tender was ordered by the DPC not only because there was only one sample but also due to the recommendations made by ADGP (Intelligence) who was a member of the DPC that the helmet should cover back of the head completely with fiberglass, to ensure the safety of police personnel who are frequently facing riotous mob and violent agitators.

1.6 As such Government ordered to re-tender and 5 firms had quoted 11 rates as indicated below.

<i>Sl. No.</i>	<i>Name of firm</i>	<i>Alphabetical codes of samples</i>	<i>Rate</i>
1	M/s. Vimal Enterprises	No Sample	274.40
2	Do.	Sample – B	197.40
3	Do.	Sample – C	187.38
4	M/s. Saravana Manufacturers & Suppliers	Sample – A	340.00
5	Do.	Sample – B	302.84
6	Do.	Sample – C	305.24
7	Do.	Sample – D	190.40
8	M/s. Sree Bhagavathy Industries	Sample – O	243.58
9	Do.	Sample – P	193.88
10	M/s. Helmets Trading Company	One Sample	264.50
11	M/s. United Trading Company	No Sample	295.00

1.7 While scrutinizing the above table it is seen that M/s. Saravana Manufacturers and Suppliers produced 4 samples namely A, B, C, D. M/s. Vimal Enterprises produced 2 samples B and C and they have not produced samples for Sl.No.I. M/s. Bhagavathy Industries produced 2 samples, which were given alphabets O and P to identify the samples. M/s. Helmets produced one sample only and so no alphabet given. M/s. United Trading Company did not produce

any samples with their tender. Thus altogether 9 samples were received and all these 9 samples were subjected for close scrutiny by the Departmental Sample Selection Committee. The findings of the sample selection committee furnished below :

- (1) Sample-C produced by M/s. Vimal Enterprises, lowest rate which quoted ₹ 187.38. But the backside of the head is not covered completely with fiberglass and this was not accepted.
- (2) Sample-D produced by M/s. Saravana Manufacturers and Suppliers, which quoted ₹ 190.40, was rejected since it was not manufactured with fiberglass.
- (3) Sample-P produced by M/s. Bhagavathy Industries in which the rate was ₹ 193.88 and the Sample-O produced by the same firm in which the rate was ₹ 243.58, the one sample produced by M/s. Helmets quoted ₹ 264.50 and the sample-B produced by M/s. Vimal Enterprises quoted ₹ 197.40 were rejected since these did not conform with specification. Hence these samples were also rejected.
- (4) Though M/s. Vimal Enterprises quoted a rate of ₹ 274.40, and M/s. United Trading Company though offered ₹ 295 and these firms did not produce any samples of helmets for which they quoted these rates. As such these offers were also rejected.
- (5) Sample-B produced by M/s. Saravana Manufacturers and Suppliers for which alphabets-B was assigned, was offered at the rate of ₹ 302.84. This sample covered the back of the head completely with fiberglass which will protect the policemen wearing it from any hit or throw in the back side of their necks. Hence this protective gear is most suited to Police Department though price offered is a bit higher. Moreover, the Sample Selection Committee recommended the purchase considering the field requirement of Police Personnel.

1.8 The recommendation of the Sample Selection Committee, which recommended the purchase from M/s. Saravana Manufacturers and Suppliers at a unit cost of ₹ 302.84 was accepted and since the purchase is beyond the financial competency of DGP it was again referred to Government for placing before the Departmental Purchase Committee. The Departmental Purchase committee scrutinized the samples supplied and recommendations of the Sample Selection Committee and recommended the purchase from M/s. Saravana Manufacturers and Suppliers (Sample-B) at the unit cost of ₹ 302.84. Accordingly Government vide G. O.(Rt)No. 1021/93/Home dated 9-3-1993 accorded sanction for the purchase of helmets from M/s. Saravana Manufacturers and Suppliers at the unit cost of ₹ 302.84. The purchase was effected accordingly.

1.9 The Department recommended the purchase from M/s. Saravana Manufacturers and Suppliers earlier and the DPC rejected it on 13-5-1992. The rate quoted at that time by this firm was ₹ 295. The second purchase was made from the same firm at the rate of ₹ 302.84. Hence difference in price is only ₹ 7.84. It means that there was an additional expenditure of ₹ 19,600 (7.84 x 2500).

1.10 Actually the alphabets (A, B, C, D) were given to identify each samples and it has nothing to do with the quality of the material when one firm supplies different samples each samples has to be identified and for this identification alphabets are given as A, B, C, D etc. Hence the actual price difference is only ₹ 19,600. Here it is to be pointed out that the firms quoted there rates in January 1992 at the first instance, where as the second tender was invited on 4-6-1992 after a lapse of nearly 5 months. Considering the fact that the price difference is only ₹ 19,600 it is justifiable due to the delay in finalizing the second purchase. When protective gears the Department has to purchase the items best available in the market and most suited to Police Department, since such items should protect the life of Police Personnel from the possible attack. Hence it would not be proper to compromise on quality when such purchases are made.

1.11 If the DPC had rejected the proposal of the Sample Selection Committee, the purchase would not have been effected. M/s. Saravana Manufacturers and Suppliers had supplied a sample on the earlier tender at an offer of ₹ 295, which was recommended by the Sample Selection Committee, but it was rejected by the DPC. In the re-tender the same firm was offered ₹ 302.84 for sample-B, which satisfied the most vital and crucial point of recommendation by ADGP (Intelligence) that back of the head would be completely covered with fiberglass, was recommended by the Sample Selection Committee and subsequently accepted by the DPC. Loss of lives of police personnel due to the lack of safety measures cannot be justified on ground in Police Department.

1.12 The audit para referring the Government sustained a loss of ₹ 2.64 lakh in this purchase is not maintainable if we consider quality and durability of the helmets and even more the safety of the police personnel wearing it.

1.13 The purchase was made vide G.O.(Rt)No. 1021/93/Home dated, 9-3-1993. By the purchase the Police Department is benefited in the long run, since the selection was made mainly based on quality and the specification mentioned in the tender notification.

1.14 The sample selection committee decided to select the items in question because this helmet covers the back of the head completely with fibreglass and the helmet is also made of plastic reinforced fiberglass. The quality of the helmet is also best according to the Committee and was best suited for police personnel. So the helmet offered by M/s. Saravana Manufacturers and Suppliers was selected. The sample helmets were examined at FSL, Police Department, Thiruvananthapuram and the Committee selected the best one.

1.15 When protective gears are to purchase the items best available and most suited to the department is to be considered. Such as item was purchased to protect the life of police personnel. There is no compromise on quality. The loss of lives of police personnel due to the lack of safety cannot be justified at any cost. A copy of the G.O. (Rt)No.1021/93/Home dated, 9-3-1993 is enclosed. (Appendix II) Even though in the Government Order cited the word 'quality' was incorporated, that is not meant for the quality of the product. The alphabets were given to identify each sample or samples and it has nothing to do with the quality of the material. In the above circumstances, the procedure followed for the purchase of helmets was proper. Hence the objection raised in this para may be dropped.

Further Recommendation

1.16 The Committee remarks that the specification about the helmet covering the back of the head completely with fibre glass was not included in the first tender notice and this was incorporated only in the re-tender notice. The Committee suspected that alphabet 'B' was given to samples with same quality and viewed seriously the fact that even though there was sample with same quality and having lower rate, purchase was made from the Company which quoted higher rates, thereby sustaining a loss of ₹ 2.64 lakh to Government. The Committee strongly recommend to take stringent action against the officers responsible for this loss and also to recover the said amount from them.

Recommendation

(Sl. No. 2, Para No. 6)

1.17 The Committee is deeply disturbed by the attitude of the department in furnishing notes showing Remedial Measures Taken on audit observations. The department could not furnish the note even at the time of consideration of audit para.

Action Taken

1.18 Government are trying the level best to furnish the Remedial Measures in time, but often it is delayed due to the delay in getting the reports from subordinate offices. However earnest efforts will be made in future to furnish the Remedial Measures taken on audit observations in time and the instructions are noted for future guidance.

Further Recommendation

1.19 The Committee recommends to take disciplinary action against the officers who deliberately committed delay in submitting Notes on Remedial Measures Taken on audit paragraph to the Committee.

Recommendation

(Sl. No. 3, Para No. 7)

1.20 The Committee notes that before selecting the firm, its experience, financial status etc. were not considered even though the rules warrant so. The deal was a total failure. The firm could not supply the boats in time. Most of the boats supplied went out of order within no time. Accessories like tool kit, life jacket, fire extinguisher, wire ropes, oar etc. were not supplied to some boats. Hence the Committee desires to know the action taken by the department against the firm for belated supply and also for supplying the defective boats.

(Sl. No. 4, Para No. 8)

1.21 The witness could not explain details regarding the present working condition of the boats. The Committee desires to get a detailed picture of the issue.

(Sl. No. 5, Para No. 9)

1.22 The Committee also notes that the boats allotted to SP Ernakulam were not taken possession for want of operating crew. The Committee desires to know the reason for the delay in appointing operating crew.

Action Taken

(Sl. No. 3, Para No. 7)

1.23 Sealed tenders were invited for the supply of 8 Nos. of Fibre Glass Boats to Police Department. A Committee was constituted to scrutinize the tenders received and has recommended to accept the tender offered by M/s. Krishna Plastics, Ernakulam which had quoted ₹ 1,44,600 per boat. As per G. O.(Ms.) No.25/91/Home dated, 13-2-1991, Government had accorded sanction

for the purchase of 8 Nos. of Fibre Glass Boats after consideration by the Departmental Purchase Committee. The firm has supplied 3 Boats each in March 1991 and May 1991 and 2 Boats in November 1991. Accordingly, the department had released the payment only after deducting an amount of ₹ 26,000 towards penalty for the belated supply. Now action has already been initiated to realize the cost of one Boat entrusted for repairing with 12% interest through Revenue Recovery proceedings for non-return of the same. Requisition for recovery of amount under Kerala Revenue Recovery Act has been sent to District Collector, Thiruvananthapuram.

(Sl. No. 4, Para No. 8)

1.24 The department could not finalise the action so far since the contractor approached the Hon'ble High Court against Revenue Recovery vide WP(C) No. 8776/06. The same has been disposed on 19-9-2008 with direction to recover the amount from the petitioner (contractor). The Court also reduced the interest rate to 6% against 12% claimed by Police Department on the condition that it is remitted by the petitioner (contractor) on or before 15-11-2008.

1.25 The copy of the judgment received in Police Head Quarters on 22-11-2008. The Tahsildar, Kanayannoor Taluk has been requested to inform whether the contractor had remitted the amount as per the judgment or otherwise to initiate RR proceedings.

1.26 At the same time, the contractor had filed W.A. 2486/08 against the judgment in WP(C) No. 8776/06. The Writ Appeal has been disposed on 15-10-2009 with direction to the petitioner to discharge the entire liabilities in equal installments with interest at 6%. It is also stated that the appellant (contractor) commits default in making payment of any of the installments, it will be open to the respondents (DGP, Dy. Tahsildar, Kanayannoor Taluk, Village Officer, Cheranalloor Village) to recover the entire dues in lump under the RR Act.

1.27 Now the Tahsildar (RR), Kanayannoor Taluk has informed that the contractor has not remitted any amount till date. He further reported that the land and building which was in possession with the contractor has been transferred as per document No. 5206/06 on 19-9-2006. A report from the Village Officer, Cheranalloor is due, to initiate action as per section 44. The Tahsildar, Kanayannoor Taluk has assured that action will be proceeded on receipt from the Village Officer, Cheranalloor Village.

1.28 Action was initiated to realize the cost of boat through RR on 25-10-2004. The Tahsildar, Kanayannoor Taluk has reported that the RR proceeding was delayed for want of report under Section 44 from the Cheranalloor Village Officer.

1.29 Out of the 7 boats received 4 numbers are already condemned, auctioned and released. The other 3 boats are off-water. Out of this 3 numbers, repair of one boat is uneconomical and hence condemnation process started on the basis of the report of the Chief Inspector of Boats, Irrigation Department. Estimate for repair of remaining 2 boats are under preparation.

(Sl. No. 5, Para No. 9)

1.30 The Boats allotted to Superintendent of Police, Ernakulam Rural had not been taken delivery for want of operating crews. One post of Boat Driver in Kochi City has been transferred to Ernakulam Rural on temporary basis. Boat Drivers were recruited through Employment Exchanges. Superintendents of Police, Ernakulam Rural and Alappuzha and Commissioner of Police, Kochi city were directed to fill up the vacancies of Boat crew as per the usual procedure. Usually, Police Department fill up the vacancies of Boat crew by recruitment from Employment Exchange. SP, Ernakulam has reported that the firm had not delivered the Boats in spite of his repeated reminders. Later Police Headquarters re-allotted the 2 boats to Commissioner of Police, Kochi city. Commissioner of Police, Kochi city reported that the firm has not handed over the boats, as the same was not in working condition. After this, Commissioner of Police, Kochi city has collected one boat from the firm. The remaining one boat is still not handed over to Police Department by the firm after repairs. Action is taken to realise the cost of the boat with 12% interest by Revenue Recovery Proceedings from the firm.

1.31 The details of action taken on the matter and the present stage of action taken/RR proceedings etc. were explained in earlier paras.

Further Recommendation for Para Nos. 7, 8 and 9

1.32 The Committee notices that RR proceedings had been initiated for realising the cost of only one boat. The Committee views this seriously and recommends to realise the compensation in respect of the remaining seven boats from the Contractor. The Committee also recommends to take action against the revenue officials who purposively belated the RR proceedings.

Recommendation

(Sl. No. 13, Para No. 35)

1.33 The Committee desires to know whether the risk and cost liability against the Kerala Construction Corporation has been fixed and if so, its details. The details of action taken to recover the loss from KSCC may also be intimated.

Action Taken

1.34 Police Department is not liable for the inordinate delay in the construction of family type quarters for police personnel, since the construction work was entrusted with PWD Department.

1.35 The Executive Engineer, PWD Building Division, Thalassery is the authority to fix the liability against the Kerala State Construction Corporation Ltd. (KSCC Ltd.) for the undue delay in the construction of family quarters for Police Department. As per the Letter No. D1-2225/97 dated, 5-7-2004 of Assistant Executive Engineer, PWD (Buildings Division), Kannur has fixed the risk and cost liability against the KSCC Ltd. with reference to the contract signed between the PWD and the Corporation. The KSCC Ltd. is liable to pay an amount of ₹ 7,94,549 to PWD, since the PWD has terminated the contract with KSCC Ltd. at the risk of the Corporation. It is for the PWD to take further action against the KSCC Ltd. for recovering the amount.

Further Recommendation

1.36 The Committee recommends that Public works Department should take urgent necessary steps to recover the amount from the Kerala State Construction Corporation.

CHAPTER II

RECOMMENDATIONS WHICH THE COMMITTEE DOES NOT
DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES
FURNISHED BY GOVERNMENT**Recommendation**

(Sl. No. 6, Para No. 10)

2.1 In the present scenario the enforcement of the law and order in the backwaters is emerging as a serious problem especially in the Kochi port area. Fibre boats are an important component in the enforcement of law and order. The Committee expresses its strong displeasure on the lackadaisical attitude of the authorities as reflected in the present case.

Action Taken

2.2 Considering the enforcement of the Law and Order in the back waters Police Department purchased 2 water Scooter and 5 Speed Boats under MoPF scheme and allotted to units including Kochi city. Action is underway to set up Coastal Police Stations under Kerala Police with central assistance.

Recommendation

(Sl No. 7, Para No. 12)

2.3 The Committee opines that the double payment-payment of water charge allowance to the staff and the payment of water charges to the Kerala Water Authority-made by the department is highly irregular. The explanation of the witness for the non-recovery of water charge allowance is not at all satisfactory. The Munsiff Court's decree was only against collecting water charges from the occupants of the quarters where water meters were not installed. The Committee therefore urges the department to take steps to recover the excess payment wherever possible.

Action Taken

2.4 The payment of water charge allowances to the police personnel has been discontinued from 9/1981 onwards and the matter had been informed to Accountant General, Kerala vide Letter No.B1/3327/96 dated 16-10-1997 by Commandant, SAP, Thiruvananthapuram. The recovery of water charge allowance from the staff is not practical, since this is a very belated case and most of the employees have either retired from service or in most of the cases expired. The department will take its earnest efforts to avoid the procedural delays in future.

Recommendation

(Sl No. 8, Para No. 16)

2.5 The Committee notes that the department has not furnished the statement showing the Remedial Measures Taken so far. The Committee desires to get an explanation in the matter.

Action Taken

2.6 The post of Medical Officer in the Police Hospital, Kottayam had been lying vacant from 17-8-1993 to 4-4-1999 and the matter was informed to Health Department in time. However, the vacancy was not filled up due to some administrative delay on the part of Health Department. The post of Medical Officer was permanently attached to the Police Hospital, Kottayam only with effect from 29-9-2008. Presently the posts of paramedical staff attached to the Police Hospital, Kottayam have been filled up by Government on deputation basis, as recommended by the Director of Health Services, Thiruvananthapuram.

The dates on which the posts of Medical Officer and para medical staff attached to Police Hospital, Kottayam have been filled up are shown below:

<i>Sl. No.</i>	<i>Name & Designation</i>	<i>Date of appointment</i>
1	Dr. S. Deepu, MBBS	29-9-2008
2	Lysamma, C. K., Pharmacist, Grade II	26-8-2008
3	Animol, P. K., Junior Public Health Nurse, Grade II	16-9-2008
4	Elizabeth, Nursing Assistant	10-8-2007

Recommendation

(Sl. No. 9, Para No. 19)

2.7 The Committee notes that while purchasing the vehicles (Jongas) no agreement was executed with the supplier specifying guarantee period. Eventually, the manufacturer/dealer was not bound to respond to the request of the department to repair/replace the vehicles. The Committee observes that the purchase agreement should have provisions specifying guarantee period. The Committee further hopes that it would be a lesson for the department in future transactions.

Action Taken

2.8 The decision to purchase 'Jonga' vehicles was taken considering the fact that these vehicles are being manufactured by Government of India firm viz.

Vehicle Factory, Jabalpur that comes under the Ministry of Defence. Government sanction to purchase the vehicles was obtained highlighting the above. M/s. Grand Motors Sales and Grand Motors Sales and Services Pvt. Ltd., Thiruvananthapuram, the authorised dealer through which the purchase was effected had assured after sales service to the Jonga vehicles by sending their mechanics as and where the vehicles are stationed. Though, the execution of an agreement is indispensable in the case of vehicle purchase, the lapse occurred, is not a deliberate one and this type of error will be avoided and utmost care will be taken in following every formality in the future purchases.

Recommendation

(Sl. No. 10, Para No. 24)

2.9 Taking into account of the demand for trained fireman, the Government should consider revamping and modernising the functioning of the institute effectively to cater to the requirement of personnel outside Government services also.

Action Taken

2.10 As per G.O.(Ms.) No.132/2005/Home dated 11-5-2005 (a copy enclosed in Appendix III) Government have accorded Revised Administrative sanction for the construction of Fire Service Training Institute at a total cost of ₹ 620 lakhs. The construction of the building will be completed shortly. After the commissioning of the Institute the personnel outside Government Service also can be given training. The Commandant General, Kerala Fire & Rescue Services, has been asked to prepare a project Report for the same.

Recommendation

(Sl. No. 11, Para No. 26)

2.11 The Committee recommends that the Department should ensure the quality of food items purchased.

Action Taken

2.12 The food and then articles issued for the consumption of prisoners are being inspected daily by the Superintendent and Medical Officer of the Jail to ensure quality of food. A Welfare Committee of the prisoners are functioning in the Jail for checking and ensuring the requisite quality of food.

Recommendation*(Sl. No. 12, Para No. 31)*

2.13 The Committee understands that the administrative delay in processing the purchase proposals had led to the failure in obtaining arms and ammunitions in time. The Committee urges the department to take effective measures to avoid procedural delays and to ensure that such instances are not repeated.

Action Taken

2.14 Recommendation of the Committee is noted for future guidance.

Recommendation*(Sl. No. 14, Para No. 37)*

2.15 The Committee desires to be informed whether the loss has been recovered and whether the bidder who had backed out of the tender has been black listed.

Action Taken

2.16 Government have issued direction to the Director General of Police (Prisons) to take action to recover the loss of ₹ 68 lakh sustained to Government for the sale of rubber trees from Sri P. K. Devadasan Chettiar who deserted the retender. Director General of Police (Prisons) initiated action as directed by Government. At this time, he filed OP 935/01 before Hon'ble High Court against the action initiated against him to recover the loss sustained to Government. The Hon'ble High Court in its judgment dated 5-2-2001 had directed that the petition of Sri Devadasan Chettiar should be taken up and disposed of by the Home Secretary within one month and further orders may be passed after hearing the petitioner within two months from the date of the judgment. Government after examining all aspects and after hearing him had rejected his request as per G.O. (Rt.) 1670/02/Home dated 7-8-2002. Later the petitioner and his wife submitted another petition to review the Government decision. Government examined the petition in detail and reviewed the above order and found that the grounds for relaxation of tender conditions pointed out in his application were genuine, as power cut was in existence and such a situation affected the petitioner adversely. In the retender the trees could be sold at a very low price, ie., ₹ 635+ST in the place of ₹ 1,239 quoted by the petitioner. Actually the loss of ₹ 68 lakh is the difference of rates quoted by the first tenderer and the retender. Besides, the retender was made after a lapse of three years after the first tender. There was decrease in the price of rubber trees during the time of retender due to conditions beyond the control of the petitioner. In the preceding circumstances, and

taking a lenient view, Government as per G.O. (Rt.) 463/05 dated 25-2-2005 absolved him from the liability after realizing the EMD of ₹ 62,000. As regards blacklisting the tenderer, it was noticed that the tenderer is not a regular supplier registered with the Stores Purchase Department. This was a one time tender for the sale of rubber trees in the Prison premises. Nevertheless, in compliance with the recommendation of PAC, as per G.O.(Rt.)549/07/Home dated 28-2-2007, Sri P. K. Devadasan Chettiar and his wife were blacklisted from participating in any Government tender for a period of 5 years. Copies of relevant Government Orders are also appended herewith (Appendix IV). Notes have been vetted by Audit and remarks pointed out in Audit for incorporation in the final copies are duly incorporated.

Thiruvananthapuram
12th February 2013.

Dr. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

APPENDIX I

Summary of main Conclusions/Recommendations

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusions/Recommendations</i>
1	1.16	Home	The Committee remarks that the specification about the helmet covering the back of the head completely with fibre glass was not included in the first tender notice and this was incorporated only in the re-tender notice. The Committee suspected that alphabet 'B' was given to samples with same quality and viewed seriously the fact that even though there was sample with same quality and having lower rate, purchase was made from the Company which quoted higher rates, thereby sustaining a loss of ₹ 2.64 lakh to Government. The Committee strongly recommend to take stringent action against the officers responsible for this loss and also to recover the said amount from them.
2	1.19	”	The Committee recommends to take disciplinary action against the officers who deliberately committed delay in submitting Notes on Remedial Measures Taken on audit paragraph to the Committee.
3	1.32	”	The Committee notices that RR proceedings had been initiated for realising the cost of only one boat. The Committee views this seriously and recommends to realise the compensation in respect of the remaining seven boats from the Contractor. The Committee also recommends to take action against the revenue officials who purposively belated the RR proceedings.
4	1.36	”	The Committee recommends that Public works Department should take urgent necessary steps to recover the amount from the Kerala State Construction Corporation.

APPENDIX II

GOVERNMENT OF KERALA

Abstract

POLICE DEPARTMENT—PURCHASE OF 2500 NOS. OF POLICE HELMETS FROM
M/S. SARAVANA MANUFACTURERS AND SUPPLIERS, TRIVANDRUM—
SANCTIONED—ORDERS ISSUED.

HOME (E) DEPARTMENT

G.O. (Rt.) No. 1021/93/Home. *Dated, Thiruvananthapuram, 9th March, 1993.*

Read:—1. G.O. (Rt.) No. 4167/91/Home, dated, 8-8-1991.

2. Letter No. H1-109087/91 dated, 7-4-1992 and 29-9-1992 from the Director General of Police.
3. Minutes of the meeting of the Departmental Purchase Committee held on 3-12-1992.

ORDER

Sanction is accorded for the purchase of 2500 Nos. of Police Helmets quality 'B' from M/s. Saravana Manufacturers and Suppliers, Thiruvananthapuram @ ₹ 302.84 (excluding taxes) per helmet at a total cost of ₹ 7,57,100 (Rupees Seven Lakhs fifty seven thousand and one hundred only). The expenditure in this regard will be met from the head of account "2055 Police 001 Direction and Administration 99-Superintendence 19 Machinery and Equipments".

By order of the Governor,

P. A. DAS,

Additional Secretary to Government.

To

The Director General of Police, Trivandrum.

The Accountant General (A&E)/(Audit), Kerala. [This issues with the concurrence of the Finance Department (vide U. O. No. 14969/Exp. B3 93/ Fin. dated 21-2-1993)].

The Stores Purchase Department (vide U. O. No. 2313/A3/93/SPD dated, 5-3-1993).

APPENDIX III

GOVERNMENT OF KERALA

Abstract

HOME DEPARTMENT—KERALA FIRE AND RESCUE SERVICES—CONSTRUCTION OF ADMINISTRATIVE BLOCK AND TRAINING INSTITUTE OF FIRE SERVICE TRAINING INSTITUTE, VIYYUR—REVISED ESTIMATE APPROVED—REVISED ADMINISTRATIVE SANCTION AND SPECIAL SANCTION ACCORDED—ORDERS ISSUED

HOME (F) DEPARTMENT

G.O. (Ms.) No. 132/2005/Home. *Dated, Thiruvananthapuram, 11th May, 2005.*

Read:— 1. G. O. (Ms.) No. 225/1997/Home, dated, 8-9-1997.

2. G.O. (Ms.) No. 196/2003/Home, dated, 17-9-2003.

3. G.O. (Ms.) No. 27/2004/Home, dated, 21-1-2004.

4. Letter No. D1-774/1990, dated, 29-12-2004, from the Commandant General, Kerala Fire and Rescue Services, Thiruvananthapuram.

ORDER

In the circumstances reported by the Commandant General, Kerala Fire and Rescue Services in the letter read as 3rd paper above, Revised Administrative Sanction and Special Sanction is accorded for the construction of Administrative Block and Training Institute of Fire Service Training Institute, Viyyur at a revised estimate of ₹ 620 lakhs (Rupees six hundred and twenty lakhs only).

The expenditure on this account will be met from the head of account “2070-OAS-108-Fire Protection & control-94—Modernisation of Fire Force (P)” during the current financial year (2005-2006).

By order of the Governor,

J. VIJAYALEKSHMI AMMA,
Additional Secretary to Government.

To

The Commandant General, Kerala Fire & Rescue Services,
Thiruvananthapuram.

The Chief Engineer, The Public Works Department (B & LW),
Thiruvananthapuram.

The Accountant General, Audit/A & E, Kerala, Thiruvananthapuram.
(This issues with the concurrence of Finance Department)

The Finance Department (*vide* UO Note No. 35857/Exp. A3/05/Fin. dated,
22-4-2005).

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GOVERNMENT OF KERALA

Abstract

DEPARTMENT—OPEN PRISON, NETTUKALTHERI—TENDER AND SALE OF RUBBER TREES—
RECOVERY OF LOSS SUSTAINED TO GOVERNMENT DUE TO PORTION OF
CONTRACT—O.P. No 938/2001 FILED BY SHRI P. K. DEVADASAN
CHETTIYAR—JUDGMENT—IMPLEMENTATION OF—ORDERS ISSUED.

HOME (B) DEPARTMENT

G.O. (Rt.) No. 1670/02/Home. *Dated, Thiruvananthapuram, 7th August 2002*

- Read:—
1. Judgment dated, 5-2-2001 in O.P. No. 935/2001 filed by Shri P. K. Devadasan Chettiyar, Thaitharayil House, Meenaedam Post, Kottayam Dt.
 2. Representation dated, 15-12-2000 from Shri P. K. Devadasan Chettiyar.
 3. Notice No. G4-18670/91 dated, 22-11-2000 from Addl. Director General of Police (Prisons) to Shri Devadasan Chettiyar.
 4. Lr. No. G4-18670/91 dated, 20-3-2001 from Addl. Director General of Police (Prisons).
 5. G.O.(Rt.) 310/96/Home, dated, 31-1-1996.
 6. Representation dated, 1-6-1996 from Shri Devadasan Chettiyar.
 7. Govt. Lr. No. 45313/B3/96/Home dated, 6-12-1996.
 8. G.O. (Rt.) 4163/98/Home dated, 24-9-1998.

ORDER

In the judgement read as Ist paper above in O.P. No. 935/2001 filed by Shri Devadasan Chettiyar against the action taken by Addl. Director General of Police (Prisons) as per the notice read as 3rd paper above to recover to loss sustained to Government due to his.....out from the tender conditions in the sale of rubber trees at open prison, Nettukaltheri, the Hon'ble High Court has ordered as follows:—

After hearing the Government Pleader, I feel that the petitioner may be given in opportunity to.....his grieveness. Consequently, to direct that Ext. P7 should be taken up and disposed off by the Home Secretary provided the petitioner makes available a copy of file original petition and judgement to the Home Secretary within a week from today. Further orders may be passed after hearing him within two months from today. Petitioner may not be subjected toproceedings for a period of three months from today.

Accordingly, Shri Devadasan Chettiyar submitted a certificate copy of the judgement in the O.P. accompanied by a copy of the filed O.P. within the time limit Ext. P7 represented and examined in detail by Government in consultation with Addl. Director General of Police (Prisons). As directed in the judgement Shri Devadasan Chettiyar was given a personal hearing also by the Secretary to Government, Home Department on 25-4-2002.

Shri Devadasan Chettiar had participated in the tender for cutting and removal of 12400 Rubber trees in the open prison, Nettukaltheri. Along with the tender, the petitioner furnished an earnest Money Deposit of ₹ 62,000 also. He also furnished a preliminary agreement to the Director General of Police (Prisons) as detailed in the tender, agreeing to bear the loss if any, sustained to Government if the contract is awarded in his favour and if he fails to execute an agreement incorporating all the terms and conditions under which Government accepted his tender. Even though he was requested to remit the tender amount and the security deposit, he did not remit the same and also did not execute the final agreement as stipulated in the tender conditions. Instead, as per the representation read as 6th paper above, he submitted a representation to the Addl. Director General of Police (Prisons) to change the tender conditions and allow him to remit the amount in instalments.

Tenders are invited on the basis of some fixed conditions. Once the tender is settled in favour of a contractor on the basis of these conditions, these conditions cannot be changed to favour the contractor, and this may lead to litigations from other tenders. There is no provision either in the tender notice or in the tender conditions to grant such instalment facilities to the contractor. So Government decided to retender the sale of the rubber trees at Open Prison, Nettukaltheri and decided to recover the loss from the first tenderer, Shri Devadasan Chettiyar as stipulated in General condition 12(a) of the store purchase manual. Addl. Director General of Police (Prison) was directed to take action accordingly as per Government letter read as 7th paper above. Government had to resort to alternative methods for the sale of the rubber trees at Open Prison, Nettukaltheri only, because the first contractor Shri Devadasan Chettiyar deserted the contract causing heavy loss to Government. After retender, 12160 rubber trees of Open Prison, Nettukaltheri were sold to Shri Paul Raj, Marthandom at a cost of ₹ 625 per tree as per the reference read as 8th paper above. He remitted the whole amount and completed the work as per the tender conditions.

As per the reference read as 3rd paper above, Addl. Director General of Police (Prisons) issued notice to Shri Devadasan Chettiyar informing him that Government have sustained a loss of ₹ 68 lakhs. Since he backed out from the contract and directed him to remit the amount within 15 days of receipt of the notice. In the above circumstances, Shri Devadasan Chettiyar filed O.P. No. 935/01 with prayer to drop further action in the matter. As per the reference read as 1st paper above, the O.P. was disposed off with direction to dispose Ext.P7

representation submitted by Shri Chettiyar.

..... There was power out, his plywood factories could not work and the same time, the price of plywood sharply came down. So could not execute the final agreement remit the required money and carry out the work. These arguments do not held good cause being as man in the business for years Shri Chettiyar is well aware of the tender conditions while submitting the tender.

But after his tender was acceptable he was indulging in all..... of evasive tactics by giving various representations and.....for instalment facilities to remit the mone which was not stipulated in the tender conditions. Having accepted the tender, he was bound to accept all the tender conditions and carryout the work. The reasons explained in Ext. P7 representation (read as 2nd paper above) are flimsy and unsustainable. Hence his representation read as 2nd paper above requesting to set aside the proceedings No. G4-18670/91 dated 22-11-2000 of the Addl. Director General of Police (Prisons) is rejected.

BY order of the Governor,

N. RAMAKRISHNAN,
Principal Secretary.

To

Shri Devadasan Chettiyar, Thairtharayil House, Meenaedom Post, Kottayam Dist. (By Regd. Post).

The Advocate General, Ernakulam (with Covering Letter).

The Addl. Director General of Police (Prisons), Thiruvananthapuram.
(He is requested to take necessary action in the matter immediately)

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.

The Accountant General (A&E), Kerala, Thiruvananthapuram.

The Store Purchase Department (vide Lr. No. 4003/B1/96/SPD dated, 10-10-1996
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GOVERNMENT OF KERALA

Abstract

HOME DEPARTMENT—JAILS—SALE OF RUBBER TREES AT OPEN PRISON,
NETTUKALTHERI—LOSS TO GOVERNMENT—RECOVERY FROM THE TENDERER,
SRI P. K. DEVADASAN CHETTIAR— DROPPED ORDER ISSUED

HOME (B) DEPARTMENT

G.O.(Ms.) No. 463/2005/Home. *Dated, Thiruvananthapuram, 25th February, 2005.*

- Read:— 1. G.O. (Rt.) No. 310/1996/Home, dated, 31-1-1996.
2. Application dated, 1-3-1996 from Sri P. K. Devadasan Chettiar.
3. Government Letter No. 45313/B3/96/H dated, 21-11-1996.
4. G.O. (Rt.) No. 5485/98/Home, dated, 12-12-1998.
5. Judgment of the Hon'ble High Court of Kerala dated, 5-2-2001 in O.P. No. 935/2001 filed by Sri P. K. Devadasan Chettiar.
6. G.O. (Rt) No. 1670/2002/Home, dated, 7-8-2002.
7. Petition dated, 31-3-2004 from Sri P. K. Devadasan Chettiar and Smt. Thankachi Amma, W/o. Sri P. K. Devadasan Chettiar.

ORDER

Government as per order read as 1st paper above, have accorded sanction to the Director General of Police to confirm the tender for the sale of 12400 rubber trees in the compound of Open Prison, Nettukaltheri in favour of Sri P. K. Devadasan Chettiar who quoted the highest rate of ₹ 1,239 per tree + sales tax. Thereafter as per his application read as second paper above Sri Devadasan Chettiar has requested for relaxation of the tender conditions so as to enable him to remit the tender amount in ten instalments on the grounds that the Saw Mills were shut down due to drought and powercut. Government examined his application and rejected as per the Government letter read 3rd paper above. Hence Sri P. K. Devadasan Chettiar deserted the tender and Government have directed the Director General of Police (Prisons) to resort to retender for the sale of rubber trees subject to the condition that the loss, if any, on retender will be recovered from Sri P. K. Devadasan Chettiar.

While the Government proceeded with the retender Additional Director General of Police (Prisons) requested Government to accord sanction for sale of rubber trees to Kerala State Industries Enterprises for TPI at the rate quoted by

the earlier tenderer is, ₹ 1,239 per tree. Accordingly, Government accepted the offer of TPI Ltd. and accorded sanction for sale of rubber trees to KSIE Ltd. @ ₹ 1,239 per tree. Later, KSIE Ltd. also backed out from the offer saying that they were not aware of rate of one rubber tree was ₹ 1,239 which is exorbitant and that the prices of plywood has sharply went down.

In view of the above, the Director General of Police (Prisons) retendered the sale of trees and Government confirmed the tender in favour of Sri Thanka Raj for ₹ 635 per tree as per the G. O. read as 4th paper above. On retender, Government suffered a loss of ₹ 68 lakhs.

In the circumstances, Government have issued direction to the Director General of Police (Prisons) to take action to recover the loss of ₹ 68 lakhs sustained to Government for the sale of rubber trees from Sri P. K. Devadasan Chettiar who deserted the tender. Director General of Police (Prisons) started action in accordance with the direction of the Government. At this time, Sri P. K. Devadasan Chettiar filed in O. P. No. 935/2001 before the Hon'ble High Court of Kerala against the actions initiated against him to recover the loss sustained to Government. The Hon'ble High Court in its judgment read as 5th paper above has directed that Ext. P7 ie., the petition of Sri Devadasan Chettiar, should be taken up and disposed of by the Home Secretary within one month and further orders may be passed after hearing the petitioner within two months from the date of judgment. In compliance of the directions in the judgment, Government examined the Ext P-7 petition in detail in which Sri P. K. Devadasan Chettiar has requested to absolve him from the liability of ₹ 68 lakhs and to refund the Earnest Money Deposit of ₹ 62,000. Government rejected the petition as per the G. O. read as 6th paper above.

Sri P. K. Devadasan Chettiar and his wife vide reference 7th paper above have submitted another petition to review the Government decision taken in the G. O. read as 6th paper above and to absolve him from the liability of ₹ 68 lakhs. Government examined the petition in details and reviewed the above G.O. and found that the grounds for relaxation of tender conditions pointed out in his application read as 2nd paper above were genuine, as power cut was in existence and such a situation affected the petitioner adversely. In the retender the trees could be sold at a very low price ie., ₹ 635 + ST in the place of rate of ₹ 1,239 quoted by Sri P. K. Devadasan Chettiar. Actually the loss of ₹ 68 lakhs is the difference of rate quoted by the first tenderer and the retenderer. Besides, the retender was made after a lapse of 3 years after the first tender. There was decrease in the price of rubber trees during the time of retender due to conditions beyond the control of the petitioner.

In the circumstances taking a lenient view Government are pleased to order that Sri P. K. Devadasan Chettiar will be let off from the liability after realizing the Earnest Money Deposit of ₹ 62,000 remitted by him.

By order of the Governor,

J. VIJAYALEKSHMI AMMA,
Additional Secretary to Government.

To

Sri P. K. Devadasan Chettiar, Thaitarayil House, Meenaedom P.O.,
Kottayam.

The Director General of Police (Prisons), Thiruvananthapuram.

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GOVERNMENT OF KERALA

Abstract

HOME DEPARTMENT—JAILS—TENDER FOR CUTTING AND REMOVAL OF RUBBER TREES AT
 OPEN PRISON, NETTUKALTHERI—SHRI P. K. DEVADASAN CHETTIAR, THE HIGHEST
 TENDERER— DESERTED THE TENDER—PROHIBITED FROM PARTICIPATING
 GOVERNMENT TENDERS—ORDER ISSUED

HOME (B) DEPARTMENT

G.O. (Rt.) No. 549/2007/Home. *Dated, Thiruvananthapuram, 28th February, 2007.*

Read:— 1. G.O. (Rt.) No. 310/96/Home, dated, 31-1-1996.

2. Application dated, 1-3-1996 from Sri P. K. Devadasan Chettiar.

ORDER

Government, as per the order read above, accorded sanction to the Director General of Police (Prisons) to confirm the tender for cutting and removal of 12400 Rubber trees in the compound of Open Prison, Nettukaltheri in favour of Sri P. K. Devadasan Chettiar who quoted the highest rate of ₹ 1,239 per tree + sales tax. Thereafter, as per application read above, the requested for relaxation of tender conditions so as to enable him to remit the tender amount in ten instalments. Government examined his request and rejected the same. Subsequently, Sri P. K. Devadasan Chettiar deserted the tender causing a loss of ₹ 68 lakhs to Government.

Having examined the matter in detail, Government order that Sri P. K. Devadasan Chettiar, Thaitharayil House, Meenaedom. P. O., Kottayam and his wife Smt. Thankachi Ammal are prohibited from participating in any Government tenders for a period of 5 years from the date of this order.

By order of the Governor,

E. SUDHEER,
Joint Secretary to Government.

To

Sri P. K. Devadasan Chettiar, Thaitharayil House, Meenaedom P.O.,
Kottayam.

Smt. Thankachi Ammal, Thaitharayil House, Meenaedom P. O., Kottayam.

The Director General of Police (Prisons), Thiruvananthapuram.

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.

The Accountant General (A & E), Kerala, Thiruvananthapuram.

The Finance Department (vide UO (f) No.76382/PAC1/06/Fin.,
dated, 7-11-2006.

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