



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2011-2014)**

TWENTY EIGHTH REPORT

(Presented on 28th January, 2014)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM

2014

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TWENTY EIGHTH REPORT

On

**The Action Taken by Government on the Recommendations contained in the
Sixty First Report of the Committee on Public Undertakings (2008-11)
relating to The State Farming Corporation of Kerala Ltd. based on the
Report of the Comptroller and Auditor General of India for the
year ended 31st March, 2003 & 31st March, 2004 (Commercial)**

343/2014.

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COMMITTEE ON PUBLIC UNDERTAKINGS (2011-2014)

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„ M. K. Surendralal, Deputy Secretary

Smt. Lima Francis, 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 Twenty Eighth Report on the Action Taken by Government on the recommendations contained in the Sixty First Report of the Committee on Public Undertakings (2008-11) on the working of The State Farming Corporation of Kerala Ltd. based on the Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2003 and 31st March, 2004 (Commercial).

The Statements of Action Taken by the Government included in this Report were considered by the Committee constituted for the year (2011-14).

This Report was considered and approved by the Committee at the meeting held on 5th June, 2013.

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

Thiruvananthapuram,
28th January, 2014.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.

REPORT

The Report deals with the Action Taken by Government on the recommendations contained in the Sixty First Report of the Committee on Public Undertakings (2008-11) relating to the State Farming Corporation of Kerala Limited based on the Report of the Comptroller and Auditor General of India for the years ended 31st March, 2003 and 31st March, 2004 (Commercial) which were presented to the House on 25th February, 2009.

The Report contained 2 recommendations and the Government furnished replies to those recommendations. The Committee (2011-14) considered the replies received from Government at its meeting held on 11th January, 2012. The Committee accepted the reply to the recommendation No. 1(4) without any remarks. This recommendation and its reply furnished by Government form Chapter I of the Report.

The Committee accepted the reply to the recommendation No. 2(10) with remarks. This recommendation, its reply furnished by Government and the remarks of the Committee, form Chapter II of the Report.

CHAPTER I

REPLY FURNISHED BY GOVERNMENT WHICH HAS BEEN ACCEPTED
BY THE COMMITTEE WITHOUT REMARKS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/ Recommendation</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	4	Agriculture	The Committee finds that the Company had started the umbrella manufacturing unit without conducting proper market study or ensuring sales tie-up with other Public Undertakings, incurring a cash loss of ₹ 21 lakh which was reduced to a certain extent by distributing the umbrellas as weather protective to the employees. The Committee recommends that henceforth, before implementing such projects a thorough study should be conducted and viability ensured.	The recommendations of the Committee will be complied with while implementing future projects.

CHAPTER II

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

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/ Recommendation</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
2	10	Agriculture	The Committee finds that though the centrifuging machine purchased from Indian Centrifuges (P) Limited (ICL) frequently broke down since installation, the Factory Manager reported satisfactory performance of the machine as a result of which the Company released the balance payment of ₹ 5.36 lakh to the supplier in January 1999. Further even though the Company could demand that the supplier take back the faulty machine at his risk and cost within the warranty period of one year as per clause 10 of the agreement made with the supplier, the company reported the poor performance of the machine to the supplier only in November, 1999 i.e. after expiry of the warranty period in October 1999. The Committee views this seriously and concludes that this is a clear case of malpractice. The Committee is surprised that Government has not taken any action in the matter though it was pointed out by Audit	The Board of State Farming Corporation of Kerala Limited have decided to conduct a detailed study on the issues relating to the purchase of centrifuging machine. The Corporation have filed a case against M/s India Centrifuges (P) Limited, the supplier, to recover the loss incurred due to the malfunctioning, continuous breakdown and consequent discarding of machine. The case is pending before the Court.

(1)	(2)	(3)	(4)	(5)
			in April 2004 and opines that Government inaction is encouraging malpractice in Public Sector Undertaking and the Committee recommends that strong action should be taken by Government whenever an irregularity instance of malpractice is pointed out by Audit.	

Remarks: The Committee desires to be intimated about the present position of the detailed study conducted by the State Farming Corporation of Kerala and to furnish a copy of the study report to the Committee within a month.

Thiruvananthapuram,
28th January, 2014.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.