



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

THIRTY SECOND REPORT

(Presented on 28th January, 2014)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014

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

THIRTYSECOND REPORT

On

**The Action Taken by Government on the Recommendations contained in the
Sixth Report of the Committee on Public Undertakings (2011-2014) relating
to United Electrical Industries Limited based on the Report
of the Comptroller and Auditor General of India for the
year ended 31-3-2008 (Commercial)**

352/2014.

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„ K. S. Anas, Joint Secretary

„ S. Prasannakumar, 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 Thirty Second Report on the Action Taken by Government on the recommendations contained in the Sixth Reports of the Committee on Public Undertakings (2011-2014) on the working of the United Electrical Industries Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2008 (Commercial).

The Statement of Action Taken by the Government included in this Report were considered by the Committee constituted for the year 2011-2014.

This Report was considered and approved by the Committee at the meeting held on 27-11-2013.

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

This Report deals with the Action Taken by the Government on the recommendations contained in the Sixth Report of the Committee on Public Undertakings (2011-14) on United Electrical Industries Limited based on the Report of the Comptroller and Auditor General of India for the year ended March 31st, 2008 (Commercial) which was laid on the table of the House on 23-6-2009.

The Report contained four recommendations. Government have furnished replies to all the recommendations. The Committee (2011-14) considered the replies at the meeting held on 3-9-2013.

The Committee accepted the replies to the recommendations in the paragraph 4, 5, 6 and 7 without any remarks. The recommendations and their replies form Chapter I of the Report.

CHAPTER I

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

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Recommendation/ Conslusions of the Committee</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	4	Industries	The Committee expressed concern at the decision of the company to manufacture pre structured concrete poles without having requisite technology and before getting Government approval which led to a loss of ₹ 67.45 lakh. The Committee opines that on facing financial crisis, the Company should have discussed the matter with Government rather than spending a huge amount in a project, which was totally new to the company. Such reckless investments are against the interest of the State and hence strict warning should be given that such unviable decisions should not be repeated.	4 & 5 The Company received the orders for PSC pole, when the company was facing a crucial financial situation and the company had no orders on hand for meters and other product. KSEB demanded quick finalization of orders and their execution. In order to utilize the idle manpower and reap the margin from the contract, company went for immediate finalization of orders with the consent of Company's Board of Directors.
2	5	„	The Committee pointed out that investment of such a huge amount before obtaining approval of the Government was unjustifiable.	

(1)	(2)	(3)	(4)	(5)
3	6	Industries	It is quite a surprise that the Company quoted in a tender of KSEB for supply of PSC poles, the manufacturing facility for which was yet to be set-up. The Committee needs an explanation on the basis for quoting the rates of poles in the tender. How could the Company assess the cost of manufacture of poles even before setting up the infrastructural facility for manufacture.	Company participated in the tenders for PSC pole and quoted the price for the same after considering sufficient Cost Analysis collecting data from KSEB itself and from other working unit of similar nature.
4	7	„	The Committee also wants to be informed if KSEB has made any risk and cost claim for termination of the supply order and if already claimed, how much money has been claimed by KSEB.	KSEB made a risk and cost claim for ₹ 82 lakh. But considering request from the company, KSEB dropped the same and decided to find the possibility of utilizing the yard for the construction of poles by KSEB itself after conducting further discussion.

Thiruvananthapuram,
28th January, 2014.

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