THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2014-2016)

FORTIETH REPORT

(Presented on 30th June, 2014)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014

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COMMITTEE

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FORTIETH REPORT

On

The Action Taken by Government on the Recommendations contained in the Sixty Sixth Report of the Committee on Public Undertakings (2008-11) relating to Kerala State Warehousing Corporation Ltd. based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006 (Commercial)

1016/2014.

CONTENTS

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Fortieth Report on the Action Taken by Government on the recommendations contained in the Sixty Sixth Report of the Committee on Public Undertakings (2008-11) on the working of the Kerala State Warehousing Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006 (Commercial).

The Statement 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 23rd April, 2014.

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.

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

Thiruvananthapuram,
30th June, 2014.

REPORT

This Report deals with the Action Taken by Government on the recommendation contained in the Sixty Sixth Report of the Committee on Public Undertakings (2008-11) relating to Kerala State Warehousing Corporation based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006 (Commercial) which was laid on the table of the House on 28th March, 2007.

The Report contained only one recommendation. The Government furnished reply to the recommendation. The Committee (2011-14) considered the reply received from the Government at its meeting held on 17-9-2012.

The Committee accepted the reply to the recommendation No. 1 (4) with remark. This recommendation, its reply and the remark of the Committee form Chapter I of the Report.

1016/2014.

CHAPTER I

REPLY FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH HAS BEEN ACCEPTED BY THE COMMITTEE WITH REMARK

Sl. No.	*Para No.*	*Department concerned*	*Conclusion/ Recommendation*	*Action Taken by Government*
(1)	(2)	(3)	(4)	(5)
1	4	Agriculture	The Committee finds ulterior motive in the Corporation's decision to purchase 10100 litres and 23300 litres of the organic pesticides needed for spraying for the control of coconut mites, at the higher rates of ` 590 per litre and ` 582 per litre from Margo even though KAICO, a Public Sector Undertaking which was entrusted by the State Government to carry out spraying organic pesticides in five districts, had offered to supply good quality pesticides certified by the Bangalore Agricultural University at the rate of ` 540 and ` 525 per litre. The Company thus incurred extra expenditure of ` 50 and ` 57 on each litre and thus caused loss of ` 18.33 lakh to the public exchequer on the purchase during January 2005 to March 2005. The Committee is perturbed at the unjustifiable decision of the Company to reject the economical offer from	As the Corporation was carrying out the disinfestation work in the warehouses and also at the doorsteps of the farmers for several decades, the Government entrusted the work of spraying of Organic Pesticides on coconut palms to Kerala State Warehousing Corporation. The results of implementation of such a massive project depend on the quality of the pesticides and the efficiency of the implementing agency. The Corporation insisted for offers only direct from the manufactures having ISO/ISI certification to ensure quality of pesticide. The certification is issued by designated

(1)	(2)	(3)	(4)	(5)
			KAICO. The Committee therefore recommends that action be taken on those responsible for purchasing at the higher rates and steps be taken to recover the amount lost. The Committee also desires to be informed of the steps taken by the Corporation during the last three years to reduce losses and the present financial position.	Central Government Agencies to the manufactures for their product if their product conforms to the prescribed parameters consistently. The prequalification was prescribed to ensure that no spurious pesticide creep into the spraying activity. M/s Kerala Agro Industries Corporation gave an offer for the supply of Azadiratchin after 10 months from the date of tender. At that time, as there was a valid agreement with a supplier having ISO/ ISI Certification, Corporation couldn't consider the quotation of M/s Kerala Agro Industries Corporation. When a supply contract existed with certain parties, no purchase can be made from another one, even if the offer was at a lesser rate. M/s Kerala Agro Industries Corporation

(1)	(2)	(3)	(4)	(5)
				had participated in quotation during January 2005. Corporation had specified that the quotation should be from the manufacturer having insisted ISO/ ISI certification. M/s KAICO was only an intermediate agent and their supplier (M/s Nector, Biotech) did not have ISO/ISI certification as specified in tender notification. But they could produce only a test report issued by Agriculture University, Bangalore by the sample provided by the manufacturer themselves. KAICO's offer was not again acceptable since the material offered has no ISO/ISI certification as specified in tender notifications. As per the letter dated 3-2-2005 of Coconut Development Board it is opined that it may be wise to refrain from placing any purchase order for the "ME TOO" products

(1)	(2)	(3)	(4)	(5)
				called Ozoneem and Azadex unless the product is having the specified ingredients and solvents in the required proportion which is to be chemically analysed by State Agricultural Universities or by Indian Institute of Chemical Technologies, Hyderabad and field tested to safeguard the interest of the farmers. M/s KAICO had quoted for Azadex manufactured by M/s Nector Biotech Limited. From the above letter of Coconut Development Board it is evident that the quality of the product is not consistent. Therefore it may be accepted that the action taken by Corporation to purchase quality chemicals is with the bona fide intention to protect the interest of the State as well as the farmers. It is therefore humbly requested that it may not be concluded that the Corporation had incurred additional expenditure by insisting for certification

(1)	(2)	(3)	(4)	(5)
				from designated agencies of the Government. It is also prayed before the Committee that the recommendation to take action against the Officers of the Corporation may please be dropped. However, the Company will be more careful in these matters in the future. The Corporation was running on loss since 2001-2002 due to poor occupancy of godowns. The accumulated loss of the Corporation was ` 830 lakh 2006-07. By the end of 2006-07 the occupancy position has improved much and from 2007-08 Corporation is making profit. The profit for the year 2008-09 is about ` 1 crore as per provisional accounts.

Remarks of the Committee :

The Committee wants to be informed about the correctness of the Government report, that the materials supplied by KAICO lacked ISI certification and also want to know why action has not been initiated to fix liability against responsible persons to make good the loss suffered by the Corporation.

K. N. A. KHADER,

Thiruvananthapuram,
30th June, 2014.

Chairman,
Committee on Public Undertakings.