



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2014-2016)**

FORTY THIRD REPORT
(Presented on 30th June, 2014)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014

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PUBLIC UNDERTAKINGS
(2014-2016)**

FORTY THIRD REPORT

On

**The Action Taken by Government on the Recommendations contained
in the Seventy Eighth Report of the Committee on Public Undertakings
(2004-06) relating to Kerala State Womens Development Corporation Ltd.
based on the Report of the Comptroller and Auditor
General of India for the year ended
31st March, 1998 (Commercial)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2014-2016)

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„ M. K. Surendralal, Joint 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 Forty Third Report on the Action Taken by Government on the recommendations contained in the Seventy Eighth Report of the Committee on Public Undertakings (2004-06) on the working of the Kerala State Womens Development Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 1998 (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.

Thiruvananthapuram,
30th June, 2014.

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

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the Seventy Eighth Report of Committee on Public Undertakings (2004-06) relating to Kerala Women's Development Corporation Limited based on the report of the Comptroller and Auditor General of India for the year ended 31-3-1998 (Commercial) which was laid on the table of the House on 24-3-1999.

The Report contained two recommendations. The Government furnished reply to the recommendations. The Committee on Public Undertakings (2011-14) considered the reply received from the Government at its meeting held on 17-9-2012.

The replies to the recommendations No. 1 (12), 2 (13) were accepted by the Committee with remarks. These recommendations, their reply and the remarks of the Committee form Chapter I of the report.

CHAPTER I

REPLIES FURNISHED BY GOVERNMENT ON THE RECOMMENDATIONS
OF THE COMMITTEE WHICH HAVE 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)
1	12	Social Welfare	<p>The Committee is shocked to learn that ₹ 204.67 lakh was disbursed to 379 male beneficiaries by violating even the main objective of implementing various schemes for the Welfare of women folk and deviating from the guidelines for the selection of beneficiaries. The Committee is doubtful whether the officers concerned were deliberately disbursing loans to male beneficiaries without considering the eligibility criteria for the grant of loans. The Committee, therefore recommends that stringent measures should be taken against the officers and Board of Director who were responsible for such serious lapses. The Committee urges that the Company should accelerate the recovery process and realize the amount from the beneficiaries at any cost and desires to be furnished with the details of action taken in this regard.</p>	<p>During the period of 1995 May to September, the KSWDC had disbursed loans to 379 male beneficiaries. The following are the Chairperson and Directors of the Board of Corporation during the period 1994-1996 :</p> <ol style="list-style-type: none"> 1. Smt. Jameela Ibrahim—Chairperson. 2. Shri M. T. George—Director (Additional Director, Industries and Commerce.) 3. Shri S. G. K. Kishore, I.A.S.—Director (Director, Social Welfare.) 4. Smt. Aruna Sundararajan, I.A.S.—Director (Assistant Director, Rural Development.) 5. Quamarunniza Anwar—Director

(1)	(2)	(3)	(4)	(5)
				(Chairperson, Kerala State Social Welfare Advisory Board.)
				6. Smt. A. U. Vimala- D i r e c t o r (Deputy Secretary, Finance Department.)
				7. Smt. O. K. Santha- Director (Additional Secretary, Social Welfare.)
				8. Shri Hemchand, Special Officer, KSWDC-Addi- tional Charge of Managing Director.
				9. Shri P. Ashokan- D i r e c t o r (Chief Engineer, Buildings and Local Works.)
				10. Smt. K. C. Rosakutty, MLA- Director
				11. Smt. K. P. Mariyumma- Director (Adv., Jasmine Manzil, Tirur Road, Kuttippuram.)
				Neither in the 18th meeting of the Board held on 17-6-1995 nor any of the Board meetings held prior to or subsequent to the above Board meeting during this period, any

(1)	(2)	(3)	(4)	(5)
				<p>information is seen provided to the Board regarding the proposal for granting loan or details of loans disbursed to the male beneficiaries. No administrative report mentioning the details of loan disbursement, list of the male beneficiaries and the amount of loans disbursed is seen placed before the notice of the Board of Directors. As the annual accounts of 1995-96 were in arrear and not finalized during the year, Annual Reports of 1995-96 had also not been placed before the Board at that time. Hence it appears that the action was taken without the knowledge or consent of the Board of Directors.</p>
				<p><i>Procedure followed in disbursement of loans during 1995:</i></p>
				<p>During the year 1995, the KSWDC Ltd. has printed and circulated the application forms for availing the self employment loans.</p>

(1)	(2)	(3)	(4)	(5)
				<p>The applicants were required to submit the filled in forms furnishing all the requisite information, affixing their photograph duly certified by a gazetted officer/MLA/Panchayat President. Copy of ration card, caste and community certificate etc. had to be produced along with the application. On verification of the application the guidelines containing the conditions of loan to be agreed upon by the applicants were forwarded to the applicants. Later an Agreement on stamp paper, and cheque leafs were collected as security for the loans. All these pre-requisite course of action for loans disbursements were directly monitored by the Managing Director. Loans were sanctioned and signed cheques were directly deposited to the accounts of the concerned applicants.</p>

(1)	(2)	(3)	(4)	(5)
				<p><i>Recovery Methodology :</i></p> <p>When there is default on the repayment of loans disbursed in the year 1995, notice was being served on the concerned party, and direction through notice was forwarded after field inspection to settle/repay the pending amount of loan. When the party was making likewise defaults, the further more proceedings and action as per the Negotiable Instruments Act was being initiated. In case of unfavourable response again from the party, revenue recovery proceedings were being taken up. In case of revenue recovery default, field inspection was being conducted and comparison/matching between the report of the Tahasildar and the present living condition of the beneficiary was again verified. Based on the field inspection, revenue recovery action was again</p>

(1)	(2)	(3)	(4)	(5)
				<p>initiated. The cases on which revenue recovery was not at all possible, were placed before the Board and reported to Government, which is under examination of Government.</p>
				<p><i>Status of recovery on the 373 loans till date :</i></p>
				<p>The total amount disbursed as loans to Male beneficiaries amounts to ` 201.41 lakh. Out of these 373 loans except the pending 141 loans, 232 beneficiaries have closed their files by repaying the full principal, interest and penal interest and other charges.</p>
				<p>Out of the total amount of loans disbursed which is ` 201.41 lakh, the principal outstanding to be recovered is only ` 58.64 lakh. Interest outstanding stands at ` 53.63 lakh, penal interest ` 96.92 lakh and other charges including notice charges ` 2.54 lakh aggregating to ` 2.10 crore</p>

(1)	(2)	(3)	(4)	(5)
2	13	Social Welfare	The Committee finds that loans were not being utilized properly and therefore suggests that prompt and apt steps should be taken to ensure that the beneficiaries should utilize the loan amount for the purpose to which it was sanctioned.	<p>is yet to be recovered from the concerned beneficiaries by the Corporation. Recovery is going on in the remaining 141 files.</p> <p><i>Present loans disbursement methodology :</i></p> <p>The Corporation sanction loans only on submission of specific projects by the applicants along with their loan applications. The Corporation, usually, disburse loans in two categories, i.e. up to ₹ 1 lakh and more than ₹ 1 lakh. Loans upto ₹ 1 lakh are being disbursed in one instalment with strict direction to utilize the loan amount for the purpose for which the loans are sanctioned.</p> <p>In case of loans above ₹ 1 lakh, the amount will be released in more than one instalment. After the release of the 1st instalment, field inspection will be conducted to ensure that the amount released were utilized</p>

(1)	(2)	(3)	(4)	(5)
				for the project submitted by the loanee. Subsequent instalment will be released only after ensuring proper utilization of the amount already released.
				In addition to this the representatives of the National Corporations like NMDFC, NBCFDC etc. are conducting beneficiary visits to ensure that their respective beneficiaries utilize the loans they disburse through KSWDC for the purpose for which such loans are sanctioned.

Remarks of the Committee:—The Committee desires to be furnished with a detailed report regarding the following points viz. the nature of action if any, initiated against the authorities who have sanctioned loan to male beneficiaries, the present position of 141 files pertaining to Revenue Recovery and also whether loans are still being sanctioned to male beneficiaries.

Thiruvananthapuram,
30th June, 2014.

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