



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

THIRTEENTH REPORT

(Presented on 21st June, 2012)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2012

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**COMMITTEE
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On

**The action taken by Government on the Recommendations contained in the
Sixty Fourth Report of the Committee on Public Undertakings (2008-11)
relating to Oil Palm India Limited based on the Report of the
Comptroller and Auditor General of India for the year
ended 31-3-2006 (Commercial)**

CONTENTS

	<i>Page</i>
Composition of the Committee	.. v
Introduction	.. vii
Report	.. 1
Chapter I: Reply furnished by Government on the Recommendation of the Committee which has been accepted by the Committee without remarks	.. 2

COMMITTEE ON PUBLIC UNDERTAKINGS (2011-2014)

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„ K. Priyadarsanan, 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 Thirteenth Report on the action taken by Government on the recommendation contained in the Sixty Fourth Report of the Committee on Public Undertakings (2008-11) on the working of the Oil Palm India Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31-3-2006 (Commercial).

The Statement of action taken by the Government included in this Report was considered by the Committee constituted for the year 2008-11.

This Report was considered and approved by the Committee at the meeting held on 4-4-2012.

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

K. N. A. KHADER,

*Chairman,
Committee on Public Undertakings.*

Thiruvananthapuram,
21st June 2012.

REPORT

The Report deals with the Action taken by Government on the recommendation contained in the Sixty Fourth Report of the Committee on Public Undertakings (2008-11) on Oil Palm India Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31-3-2006 (Commercial) which was presented to the House on 25-2-2009.

The Report contained only one recommendation. Government has furnished reply to the recommendation.

The Committee (2008-11) considered the reply from Government at its meeting held on 15-12-2010 and approved the same without any remarks. This recommendation and its reply form Chapter I of the Report.

CHAPTER I

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

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department</i>	<i>Recommendation</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	2	Agriculture	<p>The Committee finds that during the three years ended 31st March 2006, the Company incurred a revenue loss of ₹ 43.06 lakh by allowing undue benefit at the cost of the Company due to non-incorporation of suitable provision in the tenders to safeguard the Company's interest in case of delayed payment and lifting of goods by customers. The Committee also notices that the Company was thus favouring the bidders by permitting them to lift the goods after periods ranging from 2 weeks to 6 months. The Committee recommends that the Company should include a protective clause to add increase in lot price, whenever</p>	<p>As per the recommendation of the Committee, the tender conditions of Oil Palm India Limited have been amended as follows. The Earnest Money Deposit (EMD) is revised at ₹ 1.5 lakh for every 100 MT of crude palm oil instead of the present EMD of ₹ 20,000. The EMD may be by demand draft drawn in favour of Oil Palm India Ltd. or Bank Guarantee of equal amount from nationalised bank. The amount of contract shall be paid in advance within a period of 10 days of acceptance of tender. The time limit for lifting the material is fixed as two weeks for 100 MT plus one week for each additional 100 MT. A penalty of 1% per week on the value of the material not lifted in time is made. The maximum time extension is limited to two weeks. Thereafter the unlifted quantity will be sold at the risk and cost of the buyer.</p> <p>Diversification <i>Kernel Oil Extraction & Marketing</i> Kernel Oil can be extracted from the palm kernel. A plant</p>

(1)	(2)	(3)	(4)	(5)
			<p>the market price is under fluctuation. Government should consider and amend the tender condition regarding time allowed for lifting of goods to make it practicable in the present situation. The Committee further recommends that the company should try diversification and strong marketing strategies using the available infrastructure and funds.</p>	<p>for extracting kernel oil was set up at a cost of about ₹ 2.5 crore. The Plant commenced production in February 2010. The marketing of the kernel oil has also started. Additional profit of ₹ 50 lakh per annum is expected from this venture.</p> <p>Modern Rice Mill</p> <p>The Second venture of diversification of the Company was the setting up of a Rice Mill at Vechoor, Vaikom, Kottayam District. The farmers of Kuttanad are now experiencing difficulties in processing their paddy in time. Setting up of the rice mill will mitigate their problem very much. So considering the social obligation as also this being a financially viable venture, Oil Palm India Limited has taken up the project for the establishment of a modern rice mill with capacity of 40 MT per day. This diversification would result in an investment of about ₹ 5 crore and is being carried out under the consultancy of M/s. KITCO. The project is proposed to be completed in the current year.</p>

Thiruvananthapuram,
21st June 2012.

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