



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

FIFTY FIFTH REPORT
(Presented on 11th December, 2014)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014**

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

FIFTY FIFTH REPORT

On

**The Action Taken by Government on the Recommendations contained
in the Fifty First Report of the Committee on Public Undertakings
(2001-04) relating to Kerala State Civil Supplies Corporation
Limited based on the Reports of the Comptroller and
Auditor General of India for the years ended
31st March 1996, 1999, 2000 (Commercial)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2014-2016)

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„ M. K. Surendra Lal, Joint Secretary

Smt. M. R. Maheswary, Deputy Secretary

Shri P. S. Selvarajan, 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 Fifty Fifth Report on the Action Taken by Government on the recommendations contained in the Fifty First Report of the Committee on Public Undertakings (2001-04) on the working of the Kerala State Civil Supplies Corporation Limited based on the Reports of the Comptroller and Auditor General of India for the years ended 31st March 1996, 1999 and 2000 (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 3-9-2014.

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,
11th December, 2014.

REPORT

The Report deals with the Action Taken by Government on the recommendations contained in the Fifty First Report of the Committee on Public Undertakings (2001-04) relating to Kerala State Civil Supplies Corporation Limited based on the Reports of the Comptroller and Auditor General of India for the years ended 31st March, 1996, 1999 and 2000 (Commercial) which were placed on the table of the House on 11-3-1997, 31-3-2000 and 2-7-2001 respectively.

The Report contained eight recommendations and the Government have furnished replies to all recommendations. The Committee (2011-14) considered the replies received from Government at it's meeting held on 30-5-2012 and 26-7-2013.

The Committee accepted the replies to the recommendations No. 1(4), 2(9), 3(10), 4(11), 5(17), 6(20), 7(22), 8(25) without any remark. These recommendations and the replies furnished by the Government 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
WITHOUT REMARKS

| Sl. No. | Para No. | Department concerned | Recommendations/ Conclusions | Action Taken by Government |
|---------|----------|---|--|---|
| (1) | (2) | (3) | (4) | (5) |
| 1 | 4 | Food, Civil Supplies and Consumer Affairs | <p>The Committee recommends that the circumstances under which the shop was rented without any market survey and that also without the approval of the Board should be enquired into and the persons responsible for the expenditure of ₹ 6.71 lakh should be brought to book so that such instances are not repeated in future.</p> | <p>Marine Drive is a prime locality in Kochi City and business at this location will be economically viable. Since the management had sufficient experience in the field of operating outlets, leasing building etc. they had no doubt about the successful operation of the Hyper Market in the prime locality of Marine Drive. Therefore, the management had optimism and in the light of their previous experience that if KSCSC had entered into enlarged operation of Hyper Market at this prime location would be viable. The Board Meeting held on 19-7-2003 ratified the action of the Managing Director in having hired 6500 sq. ft. of area in GCDA Complex at Marine Drive and having paid ₹ 49,664.78 as rent and maintenance charges, which is the actual amount paid.</p> <p>The rent proposed i.e., ₹ 6.93 per sq. ft. by the GCDA was not agreeable to KSCSC. The rent paid to the owner of the building in which the Supermarket, Ernakulam was functioning was ₹ 2.75 per sq.ft. whereas, the GCDA was demanding a rent of ₹ 6.93 per sq. ft.</p> |

| (1) | (2) | (3) | (4) | (5) |
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| | | | | <p>By paying this huge rent the KSCSC could not make any profit. In spite of repeated requests to reduce the rent to ₹ 4 per sq.ft. GCDA did not reduce the same and in order to avoid huge loss in this account KSCSC reluctantly surrendered this space to GCDA.</p> <p>It has also been informed that there are no disciplinary action files in connection with the hiring of 6500 sq. ft. area in the GCDA Complex.</p> |
| 2 | 9 | <p>Food, Civil Supplies and Consumer Affairs</p> | <p>The Committee observes that due to the delay on the part of the officials of the Company in preparing and forwarding the state ment of accounts in individual contracts, a consolidated claim of ₹ 35.72 lakh, raised in 1992 was lost to the Company on becoming time barred. The Committee is surprised to note that the claim of ₹ 35.72 lakh as computed by the Company (Agenda 14 of File No.B3/1414) was later reduced to ₹ 6,06,667</p> | <p>As per the finalization of accounts of 8 contracts with M/s Yusufain Trading Corporation for the supply of 60950 MT of A.P. Boiled rice from 9-7-1985 to 13-9-1988, an amount of ₹ 34,62,643.74 was due to the corporation in 1991. Notices were issued to the delinquent officers of the corporation to recover the above loss sustained by the corporation. The parameters used for finalizing the accounts were challenged by the officers on their explanation to the notices given. As per the decision of the purchase committee an officer from the Accountant General Officer was deputed for the revised finalization of the accounts with M/s Yusufain Trading Corporation. After examine the original tender conditions, norms regarding quality cuts and non supply cuts etc. the accounts have been reworked as under.</p> |

| | | | | |
|-----|-----|-----|-----|-----|
| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|-----|-----|

based on the explanation of one of the delinquent officers. The fact remains that the trading company against whom the claim was raised had not disputed the amount. Hence the Committee doubts whether the acceptance of the contention of the delinquent officer was solely intended to safeguard the officers involved in the case by making their liability less. The Committee suspects that there was foul play in the matter and the accounts might have been manipulated. Hence the Committee desires that the details regarding the dates of placing the supply orders, the dates of supply and the date of raising the consolidated claim be intimated to the Committee.

**CONSOLIDATED STATEMENT OF ACCOUNTS M/s YUSUFAIN
TRADING CORPORATION FOR THE EIGHT CONTRACTS**

| <i>Item</i> | <i>As per present workings</i> | <i>As per old finalisation</i> | <i>Difference</i> |
|---|------------------------------------|------------------------------------|----------------------|
| <i>Purchase cost</i> | 15,53,91,025.00 | 15,48,54,076.00 | -5,36,949.00 |
| Less Amount paid | 15,26,71,997.00 | 15,26,71,997.00 | |
| <i>Add: Security deposit to be returned</i> | 1,00,000.00 | 1,00,000.00 | |
| BALANCE (A) | 28,19,028.00 | 22,82,079.00 | -5,36,949.00 |
| Deductions/Recoveries | | | |
| Quantity cut | 7,78,860.00 | 16,52,180.00 | -8,73,320.00 |
| Destination cut | 1,90,753.00 | 7,19,589.00 | -5,28,836.00 |
| Delay cut | 4,91,391.00 | 8,50,102.00 | -3,58,711.00 |
| Quality cut | 1,03,329.00 | 11,98,696.00 | -10,95,367.00 |
| Gunny cut | 3,35,330.00 | 3,36,156.00 | -826.00 |
| Demurrage | 2,59,319.00 | 2,59,319.00 | |
| Cleaning, segregation and rebagging charges | 32,032.00 | 29,392.00 | +2,640.00 |
| Inspection/Survey charges | 1,97,287.00 | 1,97,287.00 | |
| Fumigation charges | 1,944.00 | | +1,944.00 |
| Freight advance paid | 5,00,000.00 | 5,00,000.00 | |
| Expenditure incurred for the damaged stock returned to the supplier | 3,33,450.00 | | +3,33,450.00 |
| Advertisement charges | 2,000.00 | 2,000.00 | |
| TOTAL (B) | 32,25,695.00 | 57,44,721.00 | |
| BALANCE DUE TO THE CORPORATION (A-B) | 4,06,667.00 | 34,62,642.00 | -30,55,975.00 |

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|-----|-----|
|-----|-----|-----|-----|-----|

(i) *Quantity cut for short supply* : Quantity cut or risk and cost cuts are to be imposed when the supplier fails to supply the contracted quantity and the price in the next tender is higher. Such cuts have been imposed in contracts No.1, 3, 4, 5, 6 and 8.

The only point of difference which has been conceded in the revised calculations is in contract No. 3 (No. 10924/85 dated 10-6-1986); the purchase order was issued for a total quantity of 15000 MTs.; it was further specified in the purchase order that 5000 MTs. was definite quantity and 10000 MTs. was the optional quantity. Against this contract the Corporation has requested the supplier to try to get rice stocks and approach the Corporation for approval before loading rakes. Therefore, the supplier kept on dispatching additional rakes of rice after obtaining approval of the Corporation. Where approval was given by the Corporation in respect of the optional quantity, supplies were made. So there is no failure on the part of the supplier in respect of optional quantity. So in the revised calculations, only the definite quantity has been considered for imposing quantity cut for short supply.

(ii) *Destination cut* : The purpose of the destination cut is to compensate for the transport charges

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|-----|---|
| | | | | <p>the Corporation would have had to incur for the movement of rice from the depot to which excess quantities had been supplied, to the depot where there had been a short supply; this cut has been imposed in contracts No. 2, 4, 5, 6, 7 and 8.</p> |
| | | | | <p>In the earlier calculations, destination cut was imposed for both excess and short supply in a destination, whereas Shri Jayaram has pointed out that destination cut can be imposed only for the excess supply in a destination. Clause 7 of tender conditions allows imposition of penalty @ ₹ 5 per quintal for the stock despatched to any destination other than what is specified. But clause 7 of the acceptance letter specifically restricts its application to cases of excess; it reads, "in the case of change of destination, for the excess quantity supplied to any particular destination, cut at the rate as specified in the tender agreement shall be imposed". Hence in the revised calculations destination cut has been imposed only for the quantity supplied in excess of the quantity ordered for that destination.</p> |
| | | | | <p>(iii) <i>Quality cut</i> : Quality cut is imposed for delivery of substandard material and has been imposed in contracts No. 5, 6, 7 and 8. In the earlier calculations there was a patent mistake in calculating this cut that where rice was supplied below the specification laid down, a 100%</p> |

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cut on the cost was imposed. While this may have been fair in the case of damaged rice which could not have been sold, where rice was accepted and thereafter sold through the outlets of the Corporation, it was unfair to penalize the supplier on a 100% basis for material that we had sold. Shri Jayaram has protested against this mode of calculation. This mistake is seen from the fact that this goes against the then current practice as laid down in MD's order dated 1-8-1988. So the quality cut is recalculated in accordance with the then current practice which was based upon the procedure used by the Food Corporation of India.

(iv) *Delay Cut*: In the earlier calculations, delay cut was imposed for all quantities supplied after the original period stipulated for delivery in the Purchase Order and has been imposed in contract Nos. 1, 3, and 8.

In the revised calculations the accounts were reworked imposing delay cut in all cases excepting where an 'extension without delay cut' had been specified by Managing Director. Delay cut was made applicable for supplies made in the extended period also wherever it was not expressly stated that the extension was without delay cut. Moreover, clause 18(c) of the tender reads as:

"In case the performance is delayed by any reason including force *majeure* reasons, acceptance of the belated supply will be only at our

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|-----|--|
| | | | | <p>discretion and at the price at which the contract is given or any subsequent prices accepted by the Corporation in subsequent tenders, whichever is lower”.</p> <p>Wherever there was delay and the next tender rate was lower, delay cut has been imposed on the basis of the difference between the present tender rate and the next tender rate; in other words the consignment had been accepted at the next tender rate where the price was falling.</p> <p>In contract No. B1. 17100/87 (2) dated 13-9-1988, 5539.871 MTs. were supplied after the due date of supply. The next tender rate was higher than the present contract rate and the Corporation has only benefited by accepting the stock even after the due date of supply. However, since there was a delay, even though there was no loss to the Corporation, the supplier has been penalized by imposing a cut at the rate of ₹ 4 per quintal, as was done in the case two other contracts at that time viz. M/s Amruthlal and Co., and M/s Prafulla Traders.</p> <p>(v) <i>Purchase Quantity</i> : In the earlier finalization, where the GRS quantity was more than the quantity as per the inspection certificate, quantity as per inspection certificate was taken. However, as this is not likely to pass scrutiny in a Court of Law, we have now taken the quantity as per the GRS in all cases for purpose of accounts finalization.</p> |

(1) (2) (3) (4) (5)

In the earlier calculation, in the contracts where orders were given at different rates or the rate was revised during the contract, Purchase Cost was calculated only at a single lower rate. In the revised calculations, purchase cost has been reworked at the rates at which orders were given for each quantity.

The present position as per the revised final statement of account is as follows:

| Sl. No. | Contract No. and Date | Amount due to Corpn. (₹) | Amount due to M/s Yusufain Trdg. (₹) |
|---------|---|--------------------------|--------------------------------------|
| 1 | B1-13210/84(1) dt. 9-7-1985 | 1,56,463 | |
| 2 | B1-10924/85(1) dt. 3-1-1986 | | 77,730 |
| 3 | B1-10924/85 dt.10-6-1986 | 2,26,012 | |
| 4 | B1-10924/85 dt.1-10-1986 | 1,30,119 | |
| 5 | B1-17100/87(1) dt.28-11 | 72,953 | |
| 6 | B1-17100/87(4) dt.18-3-1988 & 29-3-1988 | | 1,70,074 |
| 7 | B1-17100/87(7) dt 11-8-1988 | 3,745 | |
| 8 | B1-17100/87(2) dt 13-9-1988 | 65,179 | |
| | | 6,54,471 | 2,47,804 |

The total amount due to corporation from M/s Yusufain Trading Corporation is finalized as ₹ 6,54,471.00. Corporation is liable to pay an amount of ₹ 2,47,804.00 to Yusufain Trading Corporation, which is deducted from the above liability.

| (1) | (2) | (3) | (4) | (5) | | | | | | | | | | | | |
|-----|--|---|---|--|---|--|----------|---|--|----------|---|--|----------|---|--|---------|
| | | | | Corporation has recovered ₹ 2,97,800.00 by revoking a bank guarantee in respect of Contract No.17100/87, dated 13-9-1988. This amount is also deducted from the above liability. The net liability thus works out as above comes to ₹ 1,08,867 (₹ 6,54,471.00-₹ 2,47,804.00-₹ 2,97,800). This amount due to corporation is divided among the four officers responsible for the delay in taking timely action. | | | | | | | | | | | | |
| 3 | 10 | Food, Civil Supplies and Consumer Affairs | The Committee also finds inordinate delay in getting the legal opinion for proceeding against the retired officials involved in the case. Government sanction for judicial proceedings in the case was given in 1997. But till now no further action is seen taken in the matter since the legal opinion is still pending. The Committee condemns the slackness on the part of the Company in getting legal opinion and suspects that this unpardonable | The net liability of ₹ 1,08,867 apportioned among the four delinquent officials is as follows: <table border="1" data-bbox="589 654 993 977"> <tbody> <tr> <td>1</td> <td>Sri G. Jayaram, Former Additional General Manager (Co)</td> <td>₹ 41,108</td> </tr> <tr> <td>2</td> <td>Sri C. Richard, Former Assistant Manager</td> <td>₹ 36,383</td> </tr> <tr> <td>3</td> <td>Smt. Padmavathy Amma, Former Assistant Manager</td> <td>₹ 26,651</td> </tr> <tr> <td>4</td> <td>Smt. R. Baby, Former Assistant Manager</td> <td>₹ 4,725</td> </tr> </tbody> </table> <p>In the case of Sri G. Jayaram, Additional General Manager (Co.) retired, and enquiry by the vigilance wing of the corporation was conducted and further action on the report is going on.</p> <p>In the case of Sri Richard, R.R. steps initiated was withdrawn as per the direction of the Government vide letter No. A1-2753/2006/FCS & CAD.</p> <p>In the case of Smt. Padmavathy Amma, D. D. No. 69732 for ₹ 26,651 was received in respect of</p> | 1 | Sri G. Jayaram, Former Additional General Manager (Co) | ₹ 41,108 | 2 | Sri C. Richard, Former Assistant Manager | ₹ 36,383 | 3 | Smt. Padmavathy Amma, Former Assistant Manager | ₹ 26,651 | 4 | Smt. R. Baby, Former Assistant Manager | ₹ 4,725 |
| 1 | Sri G. Jayaram, Former Additional General Manager (Co) | ₹ 41,108 | | | | | | | | | | | | | | |
| 2 | Sri C. Richard, Former Assistant Manager | ₹ 36,383 | | | | | | | | | | | | | | |
| 3 | Smt. Padmavathy Amma, Former Assistant Manager | ₹ 26,651 | | | | | | | | | | | | | | |
| 4 | Smt. R. Baby, Former Assistant Manager | ₹ 4,725 | | | | | | | | | | | | | | |

| (1) | (2) | (3) | (4) | (5) |
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|-----|-----|-----|-----|-----|

delay is willful so as to enable the officers to escape unscathed on the pleas of time bar. The Committee, therefore, recommends that strongest action should be taken against those responsible for the delay in obtaining legal opinion for judicial proceedings. The results of action taken should be intimated to the Committee.

finalization of R.R. step from Tahasildar, Meenachil.

In the case of Smt. R. Baby, the Commissioner of Civil Supplies exonerated Smt. R. Baby from the charges vide Proceedings No. (CS) C8-6640/04 dated 18-6-2004 and Corporation requested Government to review the order of Commissioner of Civil Supplies. Government have examined the review petition filed by the KSCSC and found that Smt. R. Baby was not responsible for the conduct of Corporation's business which had caused loss to the Corporation. In the circumstances Government have rejected the above review petition.

The loss to the corporation which is worked out amounting to ₹ 1,08,867 is divided among the four delinquent officers as follows:

| | |
|-------------------------|----------|
| 1. Sri G. Jayaram | ₹ 41,108 |
| 2. Sri C. Richard | ₹ 36,383 |
| 3. Smt. Padmavathy Amma | ₹ 26,651 |
| 4. Smt. R. Baby | ₹ 4,725 |

In the case of G. Jayaram, requisition under section 69 of the Revenue Recovery Act for a sum of ₹ 41,108 had been forwarded to the District Collector, Thiruvananthapuram through the District Collector, Ernakulam as per the letter No. D1118211/04 dated 29-9-2007. The District Collector, Thiruvananthapuram forwarded the Revenue Recovery Certificate to the Tahasildar, R.R., Thiruvananthapuram

| (1) | (2) | (3) | (4) | (5) |
|-----|---|---|--|--|
| | | | | <p>as per letter No. R930907/2007/D.D is dated 27-11-2007. In the case of Sri Richard, R.R. steps initiated was withdrawn as per the direction of the Government vide letter No.A1-2753/2006/FCS & CAD (Copy attached). In the case of Padmavathy Amma, D. D. No. 69732 for ₹ 26,651 was received. In the case of Smt. R. Baby, the Commissioner of Civil Supplies exonerated Smt. R. Baby, from the charges vide proceedings No. (CS) C8-6640/04 dated 18-6-2004 (Copy attached) and corporation requested the Government to review the order of Commissioner of Civil Supplies and the Government vide G.O. (Rt.) No. 11/2007/FCS & CAD rejected the review petition filed by the Corporation.</p> |
| 4 | <p>11 Food, Civil Supplies and Consumer Affairs</p> | <p>The Committee points out that if the internal audit wing of the Company was effective and efficient, such a serious discrepancy in the amount of claim as computed by the Company initially and the final amount arrived at on the explanation put forth by the delinquent officer</p> | <p>The following steps are taken for making Internal Audit more effective:</p> | <p>(1) Pre-audit was introduced in Head Office for all purchase/work order above ₹ 1 lakh. Before the release of purchase orders, audit section verify the market price, quality, technical specification, compliance with terms and conditions of tender, purchase quantity etc. Purchase order is placed after taking into consideration all audit objections. Similar procedures are followed in Depots also.</p> <p>(2) In Head Office pre-payment audit is done in all payments if the value of transaction exceed ₹ 5 lakh. For depots the limit is ₹ 2 lakh.</p> |

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would not have occurred. Considering the huge turnover of the company and the volume of trading done by them, the Committee recommends that the audit should be made concurrent. The Committee also recommends that the internal audit wing of the Company should be strengthened and made effective and efficient accordingly.

- (3) Apart from outlets selected at random outlets suggested by Junior Manager (Marketing) are also audited on a concurrent basis. This ensure an element of surprise.
- (4) An audit subcommittee of the Board of Directors comprising 3 members including CMD had been constituted and the committee met on 29-10-2005 and 21-1-2006 and reviewed internal audit and internal control procedures.
- (5) Introduced month-end self reporting of stock thereby taking the staff into confidence.
- (6) Audit of account of Onam Market/Fairs were outsourced to local Chartered Accountants for speedy finalisation of accounts.
- (7) A system under which Management Information System (MIS) is used as an audit tool is being developed.
- (8) Assessment of liability of staff has been made concurrent and LC/NLC certificate, based on existing liabilities is issued at the time of relief.
- (9) Audit procedures have been made transparent which reduced dispute and consequently disciplinary cases.
- (10) Corporation has shifted its decision making process from individual based to group based. Committees have been formed

| (1) | (2) | (3) | (4) | (5) |
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at Head Office, Regional Office and Depot with necessary powers to make decision on various matters. It also enhance co-ordination among various sections.

(11) Procedures and manuals were prepared on most of the functional area like pricing, purchase, quality assurance etc. which has reduced subjectivity and enhanced objectivity. Registers for recording various parameters effecting quality has been introduced.

5 17 Food, Civil Supplies and Consumer Affairs

The Committee recommends that the recovery proceedings should be speeded up and the amount lost to the Company should be recovered in full. The details of recovery should be intimated to the Committee.

The recovery steps are being taken to realize the amount from the concerned officials. The balance amount pending recovery are furnished below:

| Year | 1995 | 1996 | 1997 | 1998 |
|------|------|------|------|------|
| (1) | (2) | (3) | (4) | (5) |

| | | | | |
|--|----|----|----|-----|
| No. of officials against whom disciplinary action initiated and recovery has been ordered. | 60 | 84 | 63 | 108 |
|--|----|----|----|-----|

T o t a l 1476815.38 916612.05 730888.20 1327104.30
amount of liability reported by audit.

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|-----|---|
| | | | | (1) (2) (3) (4) (5) |
| | | | | Total amount for which recovery has been ordered so far |
| | | | | 329088.84 252697.35 223573.56 468042.49 |
| | | | | Amount so far recovered |
| | | | | 92166.19 103107.00 75803.04 88929.93 |
| | | | | Balance pending recovery |
| | | | | 236922.65 149590.35 147770.52 379112.56 |

| | | | | |
|---------------------------------|----|---|--|---|
| 6 | 20 | Food, Civil Supplies and Consumer Affairs | The Committee expresses its displeasure over the purchase of bulk quantities of pulses and spices far in excess of requirement that too when the Company was holding sufficient stock to meet the requirement and when the prices were declining as is evident from the price index published by the Bureau of Economics and Statistics. The Committee desires to be furnished with the details of retail/ | The purchase price of spices and pulses purchases during the month from December 1996 to July 1997 is furnished herewith. |
| WHOLESALE PURCHASE PRICE | | | | |
| Commodity : Green Gram | | | | |
| | | | | <i>Month</i> <i>Rate per Metric Tonne</i> |
| | | | | December 1996 17933.70 |
| | | | | January 1997 17836.00 |
| | | | | February 1997 19020.50 |
| | | | | March 1997 23000.00 |
| | | | | April 1997 23580.50 |
| | | | | May 1997 23204.40 |
| | | | | June 1997 18555.60 |
| | | | | July 1997 19372.30 |

| (1) | (2) | (3) | (4) | (5) | |
|-----|-----|-----|---|--------------------------------------|------------------------------|
| | | | wholesale price of the items purchased during each month from December 1996 to July 1997 and the price index published by the Bureau of Economics and Statistics for that period. | Commodity : Green Gram Dhal | |
| | | | | <i>Month</i> | <i>Rate per Metric Tonne</i> |
| | | | | July 1997 | 21376.80 |
| | | | | Commodity : Black Gram Washed | |
| | | | | <i>Month</i> | <i>Rate per Metric Tonne</i> |
| | | | | December 1996 | 20937.80 |
| | | | | January 1997 | 20220.00 |
| | | | | February 1997 | 19904.10 |
| | | | | March 1997 | 24500.00 |
| | | | | April 1997 | 23275.00 |
| | | | May 1997 | 20983.10 | |
| | | | June 1997 | 17515.50 | |
| | | | July 1997 | 15685.00 | |
| | | | Commodity : Black Gram Split | | |
| | | | <i>Month</i> | <i>Rate per Metric Tonne</i> | |
| | | | December 1996 | 17184.30 | |
| | | | January 1997 | 16905.60 | |
| | | | February 1997 | 17835.40 | |
| | | | March 1997 | 22611.10 | |
| | | | April 1997 | 19346.70 | |
| | | | June 1997 | 15800.00 | |
| | | | July 1997 | 14781.70 | |

| (1) | (2) | (3) | (4) | (5) |
|--------------------------------------|---------------|-----|-----|------------------------------|
| Commodity : Bengal Gram Bold | | | | |
| | <i>Month</i> | | | <i>Rate per Metric Tonne</i> |
| | December 1996 | | | 20826.60 |
| | January 1997 | | | 19959.50 |
| | February 1997 | | | 18095.80 |
| | March 1997 | | | 16350.00 |
| | April 1997 | | | 17741.00 |
| | May 1997 | | | 21267.70 |
| | June 1997 | | | 18053.10 |
| | July 1997 | | | 19846.70 |
| Commodity : Bengal Gram Small | | | | |
| | <i>Month</i> | | | <i>Rate per Metric Tonne</i> |
| | December 1996 | | | 13640.00 |
| | January 1997 | | | 14228.30 |
| | February 1997 | | | 13565.60 |
| | March 1997 | | | 14421.20 |
| | May 1997 | | | 17739.70 |
| | June 1997 | | | 15350.00 |
| | July 1997 | | | 15684.50 |
| Commodity : Toor Dhal | | | | |
| | <i>Month</i> | | | <i>Rate per Metric Tonne</i> |
| | December 1996 | | | 25716.30 |
| | January 1997 | | | 22120.00 |
| | February 1997 | | | 20710.20 |
| | March 1997 | | | 21350.00 |
| | April 1997 | | | 21874.80 |
| | May 1997 | | | 19880.80 |
| | June 1997 | | | 17967.50 |
| | July 1997 | | | 17678.40 |

| (1) | (2) | (3) | (4) | (5) |
|------------------------------|-----|-----|-----|------------------------------|
| Commodity : Peas Dhal | | | | |
| | | | | <i>Month</i> |
| | | | | <i>Rate per Metric Tonne</i> |
| | | | | December 1996 |
| | | | | 23677.60 |
| | | | | January 1997 |
| | | | | 19786.70 |
| | | | | February 1997 |
| | | | | 18331.40 |
| | | | | March 1997 |
| | | | | 14987.00 |
| | | | | May 1997 |
| | | | | 16200.00 |
| | | | | June 1997 |
| | | | | 14853.30 |
| | | | | July 1997 |
| | | | | 14616.00 |
| Commodity : Lobia | | | | |
| | | | | <i>Month</i> |
| | | | | <i>Rate per Metric Tonne</i> |
| | | | | December 1996 |
| | | | | 13340.00 |
| | | | | January 1997 |
| | | | | 13754.20 |
| | | | | February 1997 |
| | | | | 17305.70 |
| | | | | March 1997 |
| | | | | 19316.50 |
| | | | | May 1997 |
| | | | | 15851.90 |
| | | | | June 1997 |
| | | | | 14992.70 |
| | | | | July 1997 |
| | | | | 18029.50 |
| Commodity : Chillies | | | | |
| | | | | <i>Month</i> |
| | | | | <i>Rate per Metric Tonne</i> |
| | | | | December 1996 |
| | | | | 36401.10 |
| | | | | January 1997 |
| | | | | 34736.90 |
| | | | | February 1997 |
| | | | | 28345.30 |
| | | | | March 1997 |
| | | | | 22500.00 |
| | | | | April 1997 |
| | | | | 23693.80 |
| | | | | May 1997 |
| | | | | 26327.50 |
| | | | | June 1997 |
| | | | | 28511.10 |
| | | | | July 1997 |
| | | | | 23946.50 |

| (1) | (2) | (3) | (4) | (5) |
|-------------------------------|-----|-----|-----|------------------------------|
| Commodity: Corriander | | | | |
| | | | | <i>Month</i> |
| | | | | <i>Rate per Metric Tonne</i> |
| | | | | December 1996 |
| | | | | 41792.60 |
| | | | | January 1997 |
| | | | | 37650.00 |
| | | | | February 1997 |
| | | | | 35317.60 |
| | | | | March 1997 |
| | | | | 25000.00 |
| | | | | April 1997 |
| | | | | 28000.00 |
| | | | | May 1997 |
| | | | | 38803.00 |
| | | | | June 1997 |
| | | | | 34541.10 |
| | | | | July 1997 |
| | | | | 33672.60 |
| Commodity : Cumin Seed | | | | |
| | | | | <i>Month</i> |
| | | | | <i>Rate per Metric Tonne</i> |
| | | | | December 1996 |
| | | | | 62540.00 |
| | | | | January 1997 |
| | | | | 59510.00 |
| | | | | February 1997 |
| | | | | 52643.30 |
| | | | | March 1997 |
| | | | | 50342.50 |
| | | | | April 1997 |
| | | | | 54000.00 |
| | | | | May 1997 |
| | | | | |
| | | | | June 1997 |
| | | | | 54250.00 |
| | | | | July 1997 |
| | | | | 52876.00 |
| Commodity: Mustard | | | | |
| | | | | <i>Month</i> |
| | | | | <i>Rate per Metric Tonne</i> |
| | | | | December 1996 |
| | | | | 15103.30 |
| | | | | January 1997 |
| | | | | 15330.00 |
| | | | | February 1997 |
| | | | | 14861.80 |
| | | | | March 1997 |
| | | | | 13750.00 |
| | | | | April 1997 |
| | | | | 14516.70 |
| | | | | May 1997 |
| | | | | 15275.00 |
| | | | | June 1997 |
| | | | | 14556.00 |
| | | | | July 1997 |
| | | | | 14470.00 |

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|-----|-----|
|-----|-----|-----|-----|-----|

Commodity : Methi

| <i>Month</i> | <i>Rate per Metric Tonne</i> |
|---------------|------------------------------|
| December 1996 | 11543.30 |
| January 1997 | 12480.00 |
| February 1997 | 13090.00 |
| March 1997 | 12950.00 |
| April 1997 | 15430.00 |
| May 1997 | 18333.30 |
| June 1997 | 15550.00 |
| July 1997 | 14910.00 |

Commodity : Turmeric

| <i>Month</i> | <i>Rate per Metric Tonne</i> |
|---------------|------------------------------|
| December 1996 | 23180.00 |
| January 1997 | 23450.00 |
| February 1997 | 24112.50 |
| March 1997 | 22150.00 |
| April 1997 | 23950.00 |
| May 1997 | 23575.00 |
| June 1997 | 24425.00 |
| July 1997 | 29587.50 |

Bureau of Economic and Statistics Department has been addressed to inform the price index for the periods from December 1996 to July 1997. Details will be furnished soon on getting the same.

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|---|--|--|
| 7 | 22 | Food, Civil Supplies and Consumer Affairs | The Committee desires that the details of action taken against the officers responsible for the failure in filing income tax returns in time, which in turn had resulted in payment of interest amounting to ₹ 50.48 lakh, be intimated to them at the earliest. | Sri K. Vinayachandran, former Additional General Manager (Finance) who is responsible for the delay in finalisation of accounts was dismissed from service vide proceedings No. E1613985/00 dated 20-3-2003 with effect from 14-2-2003 and also ordered to recover ₹ 2.28 crore i.e., the total loss sustained to the Civil Supplies Corporation including the amount of ₹ 50.48 lakh on account of payment of interest from him within 30 days from the date of receipt of the proceedings. Sri K. Vinayachandran has accepted the proceeding on 21-3-2003. Against this dismissal order and for recovery of loss from him the individual has filed as OP No. 14303/03 before the Honourable High Court. Honourable High Court has admitted the OP and granted stay against the recovery of the account. The case is still pending in the Court. However, Corporation is taking steps to get the stay vacated. |
| 8 | 25 | Food, Civil Supplies and Consumer Affairs. | The Committee points out that this is yet another instance of poor financial mismanagement prevailing in the Company. The Committee opines that if concurrent audit of accounts is done | The following steps are taken for making Internal Audit more effective: (1) Pre-audit was introduced in Head Office for all purchase/work order above ₹ 1 lakh. Before the release of purchase orders, audit section verify the market price quality, technical specification, compliance with terms and conditions of tender, purchase quantity etc. Purchase |

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|---|---|
| | | | <p>such instances could have been avoided. Hence the C o m m i t t e e recommends that the internal audit wing of the Company should be strengthened and the audit in the Company be made concurrent in order to avoid such lapses in future.</p> | <p>order is placed after taking into consideration all audit objections. Similar procedure are followed in Depots also.</p> |
| | | | | <p>(2) In Head Office pre-payment audit is done in all payments if the value of transaction exceed ₹ 5 lakh. For depots the limit is ₹ 2 lakh.</p> |
| | | | | <p>(3) Apart from outlets selected at random outlets suggested by Junior Manager (Marketing) are also audited on a concurrent basis. This ensure an element of surprise.</p> |
| | | | | <p>(4) An audit subcommittee of the Board of Directors comprising 3 members including CMD had been constituted and the Committee met on 29-10-2005 and 21-1-2006 and reviewed internal audit and internal control procedures.</p> |
| | | | | <p>(5) Introduced month-end self reporting of stock thereby taking the staff into confidence.</p> |
| | | | | <p>(6) Audit of account of Onam Market/Fairs were outsourced to local Chartered Accountant for speedy finalisation of accounts.</p> |
| | | | | <p>(7) A system under which Management Information System (MIS) is used as an audit tool is being developed.</p> |

| (1) | (2) | (3) | (4) | (5) |
|-----|-----|-----|-----|-----|
|-----|-----|-----|-----|-----|

- (8) Assessment of liability of staff has been made concurrent and LC/NLC certificate, based on existing liabilities is issued at the time of relief.
- (9) Audit procedures have been made transparent which reduced dispute and consequently disciplinary cases.
- (10) Corporation has shifted its decision making process from individual based to group based. Committees have been formed at Head Office, Regional Office and Depot with necessary powers to make decision on various matters. It also enhance co-ordination among various sections.
- (11) Procedures and manuals were prepared on most of the functional area like pricing, purchase, quality assurance etc. which has reduced subjectivity and enhanced objectivity. Registers for recording various parameters effecting quality has been introduced.

Thiruvananthapuram,
11th December, 2014.

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



Kerala Legislature Secretariat
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