



FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

ON

**PUBLIC UNDERTAKINGS
(2023-26)**

FIFTY SEVENTH REPORT

(Presented on 21.03.2025)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2025

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**PUBLIC UNDERTAKINGS
(2023-26)**

FIFTY SEVENTH REPORT

On

**The Action Taken by Government on the Recommendations contained in the
Twenty Seventh Report of the Committee on Public Undertakings
(2023-26) relating to Kerala Feeds Limited, based on the Report
of the Comptroller and Auditor General of India
for the year ended on 31st March 2017 and 2018**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2023-26)

COMPOSITION

Chairperson:

Shri. E. Chandrasekharan

Members:

Shri A.P.Anilkumar

Shri Anwar Sadath

Shri Ahammad Devarkovil

Shri T. V. Ibrahim

Shri P. Mammikutty

Shri K. P. Mohanan

Shri D. K. Murali

Shri P. Nandakumar

Shri Kadakampally Surendran

Shri P. Ubaidulla

Legislature Secretariat:

Dr. N. Krishna Kumar, Secretary

Shri Venugopal R., Joint Secretary

Shri Anilkumar B., Deputy Secretary

Shri Mohanan O., Under Secretary

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2023-26) having been authorised by the Committee to present the Report on their behalf, present this Fifty Seventh Report on the Action Taken by the Government on the Recommendations contained in the Twenty Seventh Report of the Committee on Public Undertakings (2023-26) relating to Kerala Feeds Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2017 and 2018.

The Statement of Action Taken by the Government included in this Report was considered by the Committee in its meetings held on 01.01.2025.

This Report was considered and approved by the Committee in the meeting held on 18.03.2025.

The Committee place on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala who was present during the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,
21.03.2025

E. CHANDRASEKHARAN,
Chairperson,
Committee on Public Undertakings.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the 27th Report of the Committee on Public Undertakings (2023-26) relating to Kerala Feeds Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 and 2018.

The Twenty Seventh Report of the Committee on Public Undertakings (2023-26) was presented in the House on 25th June 2024. The Report contained Six recommendations and the Government furnished replies to all these recommendations.

The Committee examined the Statement of Action Taken on the Recommendations contained in the 27th Report of the Committee in the meeting held on 01.01.2025 and decided not to pursue further action on the replies furnished by the Government. These Recommendations, Statement of Action Taken furnished by the Government form this Report.

**REPLIES FURNISHED BY THE GOVERNMENT ON THE
RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE BEEN
ACCEPTED BY THE COMMITTEE WITHOUT REMARKS**

S L N o	Par a No.	Recommendations	Action Taken Report
1	1	<p>The Committee observes that the failure to understand the difference between the E-mail ids was a lapse on the part of the company and it was e-mail phishing scam creating a fake domain similar to that of original and warns to be more vigilant while doing electronic transaction. The committee observes that a criminal case has been filed for the recovery of Rs. 24 lakhs and urges to furnish the details of the case and whether the convict has been identified and whether the amount has been recovered from him.</p>	<p>I. The company had already mentioned in the earlier submissions, the incident occurred was e-mail phishing scam creating a fake domain similar to that of original. The following control measures were also taken by KFL to prevent such type of fraud through e-mail in future.</p> <p>1. the purchase department is collecting details of Bank account of suppliers through Electronic Payment Mandate Form duly certified by the respective branch of the Bank. A cancelled cheque leaf has also been included along with the EPMF. These details are forwarded to Finance department and payment to the bank account are made only after receiving the same.</p> <p>2. The official E-mail id of the Purchase department has been changed to E-mail-purchase.kfl@kerala.gov.in which is maintained with NIC, Government of India.</p>

3. The case is under investigation by the Crime Branch.

4. The payment advice intimation along with the details of payment is being send to the various suppliers by e-mail on a day to day basis by the Purchase department.

5. The company had requested M/s. KRPL also to file a complaint to the Police and other agencies as the fake e-mail id was created in the name of KRPL. Hence the amount has not been paid to KRPL till date and no loss has been incurred by KFL.

II. The committee observed that the criminal case had been filed for the recovery of Rs. 24 lakhs. As the case was under investigation by the Crime Branch, Thrissur, the Company had written to the Superintendent of Police, Crime Branch, Thrissur and they have forwarded the report of the Detective Inspector – III regarding the same. As per the report the Police had made enquiries with the available mobile phone numbers and address at Hyderabad and Maharashtra. However, the address produced by the convict was fake. Also the CCTV

			<p>footage at Hyderabad West Marredpally branch of SBI did not provide any clear pictures of the convict.</p> <p>After conducting a prolonged investigation and having continually explore all possible ways of extracting the whereabouts of the convict and on the conviction that the chances of obtaining the details is highly unlikely in the near future and have treated the case as undetected.</p> <p>This case has therefore, been treated as undetected and has been referred to the Hon'ble Judicial First Class Magistrate Court, Irinjalakuda on 04.09.2019. The same has been accepted by the Hon'ble Court vide file no. RC 90/2016 on 06.09.2019.</p>
2	2	<p>The Committee observes that the Government of India approved the goat rearing project submitted by Kerala Feeds in March 2012 and a Sub-Committee was constituted in May 2012 and as per the recommendation of the Sub Committee, the Company constituted a Project Monitoring and Implementation Committee only in April 2013 after delay of one year. The Committee criticizes the undue delay caused in constituting the Project Monitoring and</p>	<p>Government of India vide order dtd 29.03.2012 approved to entrust M/s Kerala Feeds Ltd for implementation of project under the STEP scheme for women. This was placed before the Board of Directors of the company in its meeting held on 19 May 2012. In the said meeting, it was decided to constitute an Adhoc Sub-Committee of the Board of Directors to study the project and to suggest a viable modus operandi for the effective</p>

	<p>Implementation Committee and recommends to furnish a report regarding the circumstances that led to the delay. The Committee also recommends to furnish a copy of the report of the Sub-Committee.</p>	<p>implementation of the scheme and to specifically ascertain whether the Scheme is within the scope of the objectives contained in Memorandum of Association of the company. The Board resolved to constitute a subcommittee of 4 directors of the company to study and submit a detailed report on the method of implementation of the Scheme before next Board Meeting. The subcommittee met on 28 May 2012 and the observations and recommendations were placed before the next meeting of the Board of Directors held on 1st October 2012. Board approved the recommendation of the subcommittee with some modification in the areas of implementation by including 4 more block panchayats. Also in the said meeting, a subcommittee of Board of Directors was constituted for co-ordination implementation of the project and authorized the then managing Director to implement the project in the above manner.</p> <p>Thereafter in the meeting of the BOD's held on 5th April 2013, it was decided to implement the same through beneficiaries selected from among the girl students studying in high school section so that girl students from economically weaker segments can be benefited and considering</p>
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			<p>the ease and transparency in selection of beneficiaries. Also Board constituted Monitoring and Implementation committee for the project.</p> <p>From the above, it may kindly be noted that delay in constitution of the project Monitoring and Implementation committee was not intentional on the part of the Company. In future, greater care and diligence shall be exercised to avoid such delay while implementing the projects of above nature.</p>
3	3	<p>The Committee vehemently criticizes the failure of the Company to find out 7204 beneficiaries thereby leading to non achievement of the objectives of the project. The Committee repudiated the reasons put forwarded by the officials for the delay of Implementing the project. The Committee notices severe lapse on behalf of the company in Implementing the project. The Committee observes that deviations from the approved project, undue delay in constituting the Monitoring and Implementation Committee, frequent changes in the area of coverage, lack of co-ordination and proper plan delayed the project.</p> <p>Hence the Committee directs that appropriate steps should be taken to</p>	<p>The Board of Directors of the company in its meeting held on 05.04.2013 decided to constitute the project Monitoring & Implementation committees. Subsequently company wrote to Director, Animal Husbandry Department and Director, Dairy Development Department, Government of Kerala for their nominees vide letter dated 10.05.2013. Also letters were sent to the Ministry of Woman and Child Development, Government of India and Department of social Justice, Government of Kerala for its nominees as envisaged in the order sanctioning the project on 10.05.2013. Company has received nominees of Dairy Development department &</p>

		<p>prevent such lapses in future and to furnish a detailed report regarding the matter.</p>	<p>Department of Social Justice vide letters dated 23.08.2013 & 30.08.2013.</p>
			<p>In the meeting of Monitoring and Implementation Committee held on 20.08.2013, it was decided to give press advertisement for inviting schools. Letters in this regard was issued to P&ARD department, Government of Kerala, on 27.09.2013 and applications were received in October 2013.</p> <p>Company has decided to select beneficiaries form schools on the basis of the decision of the Board of Directors in its meeting held on 05.04.2013 considering the ease and transparency in selection of beneficiaries. Even though company has invited tender for the supply of goats vide notice dated 13th December 2013, the same could not be proceeded since the nominee of Women's Development Corporation in the meeting of the Monitoring and Implementation Committee held on 15.01.2014 raised Objection on the same city applicability of e-tender proceedings for purchase of value more than 25 lakhs and subsequently it was decided to get clarification on the same from Government of Kerala for excluding goat purchase from e-tender</p>

proceedings. Thereafter on receipt from Government of India vide letter dated 29.12.2014 received in January 2015 and permission for excluding goat purchase from e-tender from Animal Husbandry Department, Government of Kerala which was received on 02.05.2015, further proceedings for purchase of goat could be started.

Out of the applications received from various schools, as decided in the meeting of the Implementation Committee held on 04.05.2015 and Purchase Committee meeting held on 23.06.2015, company sought details of BPL/SC/ST students of 30 schools belongs to Calicut, Alappuzha, Ernakulam, Idukki, Kannur, Kasargode, Kottayam, Thrissur and Wayanad districts against which 18 schools responded with relevant details. Subsequently schools for distribution were decided in the committee meeting held on 12.09.2015 and 16.01.2016. Company had not tried to identify more beneficiaries from other school since in the Implementation committee meeting held on 31.03.2015, it was decided to restrict number of beneficiaries to 1000 so that the expenses are to be limited to the fund available for goat purchase

as per the approved project, since 18 schools and 2796 beneficiaries and due to restriction of time for implementation as March 2016 and other practical difficulties.

Even though purchase Order for goat purchase was issued on 26th August 2015, Company could not be able to distribute goats to all eligible beneficiaries identified due to declaration of panchayath elections on 7th October 2015 and on 2nd & 5th November 2015 and pursuant applicability of code of conduct on 07.10.2015. Also supplier was not able to supply goats in December 2015 due to his marriage on 11.01.2016. Copy to the minutes of the Implementation committee and notification of election is enclosed. Thereafter due to strike of Government veterinary Doctors from 22.02.2016 to 02.03.2016 and subsequently applicability of code of conduct pursuant to Assembly election in the state with the effect from 4th March 2016, Company could not be able to complete goat distribution within the allotted time of 31st March 2016.

Company had identified the beneficiaries for implementation of the project in a transparent way considering the practicality within the limited time after following all the procedural formalities. Beneficiaries were

			<p>identified from BPL categories giving preference to SC/ST. It may be noted that irrespective of various problems like delay in getting nominees for Constitution of committee, outbreak of Foot and Mouth Disease in the State, applicability of code of conduct pursuant to various elections, delay in getting consent for exempting goat purchase from e-tender formalities, delay in getting re-validation of the project duration in the year 2014 and strike of Veterinary Doctors in February 2016, Company could be able to distribute 749 lambs from 26th August 2015 to 31.03.2016. These beneficiaries, were given insurance and feed for 1 year free of cost. Thus Company has achieved the objective of the scheme as envisaged irrespective of various practical difficulties. Goat procurement has done by the committee constituted for the purchase by the Government of Kerala by inviting tender thereby following all formalities and distribution was done in the most efficient way. Company has ensured that only healthy goats were supplied to beneficiaries with proper vaccination and after thorough inspection by the Government Veterinary Doctors. The entire procedure for finding out real beneficiaries and purchase of goats were done in</p>
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			<p>the most efficient way considering the practicality and company had limited time allotted for implementation.</p> <p>Noted the observation of the committee for future guidance committee for future guidance and lapsed occurred.</p> <p>In Future, greater care shall be exercised to avoid such lapsed while implementing projects of above nature.</p>
4	4	<p>The Committee is at an utter dismay that a massive project of selecting 10,000 beneficiaries for issuing goats had been conceived by a public undertaking like Kerala Feeds Ltd without having sufficient manpower and against MOU / Articles of Association of the Company.</p>	<p>Noted the observation of the committee for future guidance and lapses occurred may kindly be condoned.</p> <p>In Future, greater care shall be exercised to avoid such lapses while implementing projects of above nature.</p>
5	5	<p>The Committee believes that if the project was envisioned for distributing cattle feeds at Subsidized rates to the poor farmers, it would have been a fruitful project and a great solace to the poor.</p>	<p>Noted the observation and views of the committee for future guidance. Lapsed occurred while implementing the project may kindly be condoned. In future greater care and diligence shall be exercised to avoid lapses while implementing such projects. Since the company is engaged in the business of manufacture and sale of cattle feed, if the project was for distribution and sale of cattle feed at subsidized rates for</p>

			poor farmers, the company could have implemented the same more fruitfully.
6	6	The Committee criticizes the culpable silence of the Administrative Department in conniving with the Company for implementing such a project and directs the department to be more vigilant while forwarding such projects to Government of India submitted by Public Sector Undertakings, which is against MOU and Articles of Association	Noted the observation of the Committee for future guidance and the lapses occurred may kindly be condoned. In future, greater care and diligence shall be exercised while analyzing the projects submitted by PSUs as to whether they are in line with the objects of the company as specified in the MOU before forwarding the project to Government of India for sanction/ approval.

Thiruvananthapuram
21.03.2025

E. Chandrasekharan
Chairperson
Committee on Public Undertakings