

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

ON

**PUBLIC UNDERTAKINGS
(2023-2026)**

SIXTY EIGHTH... REPORT

(Presented on 06-10-2025.....)

SECRETARIAT OF THE KERALA LEGISLATURE

THIRUVANANTHAPURAM

2025

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**PUBLIC UNDERTAKINGS
(2023-2026)**

SIXTY EIGHTH..... **REPORT**

On

**The Action taken by Government on the Recommendations contained in the
Eighty First Report of the Committee on Public Undertakings (2019-21)
relating to Travancore Cochin Chemicals Limited, based on the Report of the
Comptroller and Auditor General of India for the year ended on
31st March 2008 and 2014.**

(Presented on *06-10-2025*.....)

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COMMITTEE ON PUBLIC UNDERTAKINGS (2023-2026)

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

Smt. Sheeba Varghese, Joint Secretary

Shri Anilkumar B., Deputy Secretary

Shri Mohanan O., Under Secretary

INTRODUCTION

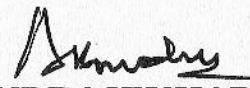
I, the Chairperson, Committee on Public Undertakings (2023-2026) having been authorised by the Committee to present the Report on their behalf, present this *Sixty-Eighth..* Report on the Action Taken by Government on the Recommendations contained in the Eighty First Report of the Committee on Public Undertakings (2019-21) relating to Travancore Cochin Chemicals Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2008 and 2014.

The Statements of Action Taken by the Government included in this Report were considered by the Committee at its meetings held on 04.01.2022 and 16.07.2025.

This Report was considered and approved by the Committee at its meeting held on *29-09-2025*.

The Committee place on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala, the Officials of Industries Department and Travancore Cochin Chemicals Limited who were present during the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,
29-09-2025


E.CHANDRASEKHARAN
Chairperson,
Committee on Public Undertakings.

REPORT

This Report deals with the action taken by the Government on the recommendations contained in the 81st Report of the Committee on Public Undertakings (2019-21) relating to Travancore Cochin Chemicals Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2008 and 2014.

The Eighty First Report of the Committee on Public Undertakings (2019-21) was presented to the House on 6th February 2019. The Report contained three recommendations and the Government furnished replies to all these recommendations.

The Committee examined the Statement of Action Taken received from the Government on Para 1, 2 and 3 in its meeting held on 04.01.2022 and sought additional information on the same. After considering the additional information, and the evidence rendered by the witness, the Committee accepted the reply on Para 1, 2 and 3 without remarks in its meeting held on 16.07.2025. These recommendations, additional information sought by the Committee and the replies furnished by the Government are included in this Report.

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

Sl. No.	Para No.	Conclusions/Recommendations	Action taken by the Government
1	1	The Committee criticizes the company for discontinuing the Machine Break Down Policy (MBP) without Government approval thereby incurring extra expenditure of Rs. 74.25 lakh. The Committee insists that every action taken in the management level should be legalized by getting approval from the Government or should be ratified in the Board. The Committee recommends that these lapses should not be repeated in future.	The company has been taking insurance policy for the Machine Break Down Policy (MBP) for the critical equipments since 2008. The company assure that important action taken by the management will be legalized by getting approval from the Government or will be ratified by Board, and such lapses will not be repeated in future.
		<u>Additional information sought by the Committee</u> The Committee wants to know the detailed reply on the Recommendation.	In compliance to the assurance given to the Committee, the company has taken steps to implement a Machine Breakdown Policy (MBP). The Company assured that such lapses have not been repeated ever since.
2	2	The Committee observes that the Company failed to extend the lease period at the old rate of lease rent and criticizes the officials of the Company for the delay in collecting the lease rent. The Committee also points out that a vague reply was furnished regarding the legal opinion sought by the Company and insists that this should not be repeated.	20 acres of land was given as lease to BSES for a period of 15 years, as per GO(MS)No.121/98/ID dated 31.08.1998. The lease period as per the Government Order expired on 31.03.2012. The BSES Kerala Power Ltd, requested vide their letter No. BKPL/FIN/TCCL/2011-12/01 dated 18.11.2011 to extend the lease agreement further by 15 more years from 01.04.2012. TCCL demanded revised rate of lease rent

			<p>from BSES, hence the company did not accept lease rent in the old rate. The Company had no authority to extend the lease agreement or fix lease rentals without approval from Government, it is also submitted that original allotment itself was as per the Government Order. As such an important action by management was to be legalized by getting approval from the Government, the company in principle recommended to extend the lease agreement for further period with a lease rent of ₹14 crores per annum based on the then prevailing market value of ₹7 lakh per cent and sought approval from Government. The Government initiated action and directed the Company to provide the copy of the original Government Order. On 14.01.2012, BSES Kerala power Ltd paid lease rent amount of 6 months in advance including lease rent amount for the period 01.04.2012 to 30.06.2012. As the lease was to expire on 31.03.2012 legally, company could not accept lease rental for a period beyond the original lease period. Company approached their legal expert regarding the acceptance of lease rent amount beyond the lease period at the same rate without any lease agreement. The legal expert advised the company to refund the advance amount back to the party, as otherwise it would tantamount to extension of lease period, at the same old rates. The decision to refund was based on legal advice in the best</p>
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			<p>interest of the company. The lease agreement was renewed on 06.11.2014 at the lease rent of ₹4.72 crore p.a from 01.04.2012 onwards based on the Government Order GO(MS)No.131/2014/ID dated 20.09.2014 which was more than the previous lease rent of ₹1.57 crore p.a. The Company noted the observation of the Committee and assure that this will not be repeated in future.</p>
		<p><u>Additional information sought by the Committee</u></p> <p>The Committee wants to know the detailed reply including legal opinion sought by the Company regarding the lease rent.</p>	<p>As per the legal opinion received by the company , any rent received beyond the lease period would be taken as an implied consent for extension beyond 30.03.2012. Government subsequently renewed the lease at increased lease rentals which was collected by the Company. (Copy of the legal opinion is attached as Annexure)</p>
3	3	<p>The Committee directs to furnish a detailed report on belated collection of lease rent.</p>	<p>20 acres of land was given as lease to BSES for a period of 15 years, as per Government Order GO(MS)No.121/98/ID dated 31.08.1998. The lease period as per the Government Order expired on 31.03.2012. The BSES Kerala Power Ltd, requested vide their letter No. BKPL/FIN/TCCL/2011-12/01 dated 18.11.2011 to extend the lease agreement further by 15 more years from 01.04.2012. The Company had no authority to extend the lease agreement or fix lease rentals without approval from</p>

			<p>Government, it is also submitted that original allotment itself was as per the Government Order. As such an important action by management was to be legalized by getting approval from the Government, the company in principle recommended to extend the lease agreement for further period with a lease rent of ₹14 crores per annum based on the then prevailing market value of ₹7 lakh per cent and sought approval from Government. On 14.01.2012, BSES Kerala Power Ltd paid lease rent amount of 6 months in advance including lease rent amount for the period 01.04.2012 to 30.06.2012. As the lease was to expire on 31.03.2012 legally, company could not accept lease rental for a period beyond the original lease period. Company approached their legal expert regarding the acceptance of lease rent amount beyond the lease period at the same rate without any lease agreement. The legal expert advised to refund the advance amount back to the party, as otherwise it would tantamount to extension of lease period, at the same old rates. The decision to refund was based on legal advice in the best interest of the company. The lease agreement was renewed on 06.11.2014 at the lease rent of ₹4.72 crore p.a from 01.04.2012 onwards based on the Government Order GO(MS)No. 131/2014/ID dated 20.09.2014 which was more than the previous lease rent of ₹1.57 crore p.a .</p>
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		<p><u>Additional information sought by the Committee</u></p> <p>The Committee wants to know the detailed reply on the Recommendation.</p>	<p>The TCCL has leased out 20 acres of land to BSES for a period of 15 years, as per Government Order GO(MS)No.121/98/ID dated 31.08.1998. The lease period as per the Government Order expires on 31.03.2012. The BSES Kerala Power Ltd, requested vide their letter No.BKPL/FIN/TCCL/2011-12/01 dated 18.11.2011 to extend the lease agreement further by 15 more years from 01.04.2012. The Company had no authority to extend the lease agreement or fix lease rentals without approval from Government, it is also submitted that original allotment itself was as per the Government Order. As such an important action by management was to be legalized by getting approval from the Government, the company in principle recommended to extend the lease agreement for market value of Rs. 7 Lakh per cent and sought approval from Government.</p> <p>On 14.01.2012 BSES Kerala Power Ltd paid lease rent amount of 6 months in advance including lease rent amount for the period 01.04.2012 to 30.06.2012. The lease period expired on 31.03.2012. Company approached legal expert regarding the acceptance of lease rent amount beyond the lease period at the same rate without any lease agreement. The legal expert advised to refund the advance amount back to the party, as otherwise it would tantamount to extension of lease period at the same old rates. The decision to refund was based on legal advice in the best interest of the company.</p>
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The lease agreement was renewed on 06.11.2014 at the lease rent of Rs. 4.72 crores p.a from 01.04.2012 onwards, based on GO(MS)No.131/2014/ID dated 20.09.2014 which was more than the previous lease rent of Rs. 1.57 crore p.a.

The land has been transferred to KSEBL in settlement of KSEBL dues and TCCL has no lease agreement with BSES Kerala Power limited at present.


E. Chandrasekharan

Chairperson

Committee on Public Undertakings

Thiruvananthapuram
29.09.2025...

MENON & PAI
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BY COURIER

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Please Quote: GK/T-25/Opn.

20th January, 2012

The Deputy Financial Controller,
M/s. Travancore-Cochin Chemicals Ltd.,
PB No.4, Udyogamandal,
Kochi-683 501

Dear Sirs,

Sub: Legal opinion regarding the lease amount received from BSES Kerala Power Ltd

Re: Your letter No.DFC/1046/2011-12 dated 19.01.2012

We have carefully perused the contents of the letter under reference and the Annexures attached to the letter. The legal opinion dated 31.12.2011, may be treated and read as part of this opinion.

M/s TCCL entered into an agreement with M/s BSES Kerala Power Ltd. for leasing out an extent of 20 acres of land comprised in Sy.Nos.125 (Part), 126, 128 (Part), 129 (Part), 130 (Part) and 131 (Part) of Eloor village, Paravur Taluk, Ernakulam District for the purpose of putting up a project for generating and selling electricity. The period of lease stipulated in the agreement was 15 years from 31.3.1997. There is

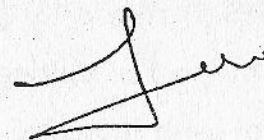
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also a provision for extension of the lease period on expiry on such terms as agreed to by the parties. The period of said lease would expire on 31.03.2012. It appears that M/s BSES Kerala Power Ltd had requested for extension of the period of lease and the matter is now pending consideration of M/s TCCL and M/s TCCL have sought clearance from the Government in this regard.

On 14.01.2012, M/s Kerala Power Ltd had paid an amount of Rs.78.75 lakhs by way of RTGS to the bank account of M/s TCCL towards the lease amount for the period from 01.01.2012 to 30.06.2012. The opinion is sought as to whether acceptance of the lease amount for the period beyond 31.03.2012, would tantamount to extension of the lease period stipulated by the parties. As already stated, the period stipulated in the lease agreement would expire on 31.03.2012. It is upto M/s TCCL to decide whether the period should be extended or not. M/s TCCL would be justified in accepting rent only upto 31.03.2012. However, if any rent is received beyond the said period, it would be taken as an implied consent on the part of M/s TCCL for extension of the period of lease at least till 30.06.2012, and this might create some problem in future for M/s TCCL. Therefore, we are of the considered opinion that M/s TCCL may refund the amount collected as lease amount for the period from 01.04.2012 to 30.06.2012 to M/s BSES Kerala Power Ltd. Along with the letter expressing the intention to refund the lease amount for the period for the period beyond 01.04.2012, M/s TCCL may also indicate that the lease period would expire on 31.03.2012 and no decision has been taken on the request made by M/s BSES Kerala Ltd for extension of the lease period.

If any further clarification is required, please revert to us.

Yours faithfully,



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