

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

**SEVENTY FIRST REPORT
(Presented on 9th July, 2014)**



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014**

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SEVENTY FIRST REPORT

on

**Action Taken by Government on the Recommendations
contained in the 31st Report of the Committee on
Public Accounts (2006-08)**

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COMMITTEE ON PUBLIC ACCOUNTS (2014-2016)

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„ K. Mohandas, Special Secretary

Smt. A. K. Shaila, Deputy Secretary

Shri G. P. Unnikrishnan, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the 71st Report on Action Taken by Government on the Recommendations contained in the 31st Report of the Committee on Public Accounts (2006-08).

The Committee considered and finalised this Report at the meeting held on 30th June, 2014.

Thiruvananthapuram,
9th July, 2014.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the 31st Report of Committee on Public Accounts(2006-2008).

The 31st Report of Committee on Public Accounts(2006-08) was presented to the House on 25th July, 2007. It contained 24 recommendations related to Local Self Government(Urban) Department. Government were addressed to furnish Statement of Action Taken on the recommendations contained in the Report on 23-8-2007 and the final replies were received on 27-3-2012.

The Committee examined the Statement of Action Taken at its meeting held on 17-10-2012 and on 13-3-2013.

The Committee was not satisfied with the replies furnished by Government on Recommendation No. 19 (Para No. 41) and decided to pursue it further. This recommendation, Government reply and further recommendation of the Committee are incorporated in Chapter I of this Report.

The Committee decided not to pursue further action on the remaining recommendations in the light of replies furnished by Government. These recommendations and Government replies are included in Chapter II of this Report.

CHAPTER I

RECOMMENDATION IN RESPECT OF WHICH ACTION TAKEN BY GOVERNMENT IS NOT SATISFACTORY AND WHICH REQUIRES REITERATION

Recommendation

(Sl. No. 19, Para No. 41)

1.1 The Committee remarks that the scheme of modernisation of slaughter house is an agenda of the Clean Kerala Project. The Committee is surprised to note that except in Thrissur, Modernization procedure of slaughter houses in the whole state, was a failure. The Committee urges to furnish a detailed report on the Action Taken to modernise slaughter houses in the State, the number of municipalities that are getting central assistance, percentage of assistance, name of implementing agency, date of implementation, present position of each project etc.

Action Taken

1.2 Government had designated Suchitwa Mission as nodal agency for giving technical support to LSGIs for setting-up modern slaughter houses and modernization of existing ones in compliance of the judgment dated 12th August,

2009 of the Hon'ble High Court of Kerala. ₹ 13 crore was set apart in the 2010-11 annual budget under the head of account 2217-80-192-91 for construction of slaughter houses and modernization of existing ones. In G.O. No. 2944/10/LSGD dated 6th September, 2010, Government have accorded sanction for construction of modern slaughter houses and modernization of existing ones, in 32 Municipalities viz. Mattanur, Chalakudy, Vaikom, Perinthelmana, Attingal, Muvattupuzha, Ottappalam, Manjeri, North Paravur, Pala, Thalassery, Punalur, Chengannur, Adoor, Irinjalakkuda, Koothuparamba, Chavakkad, Kodungallur, Varkala, Perumbavur, Kothamangalam, Chittur-Thathamangalam, Pathanamthitta, Aluva, Mavelikara, Thodupuzha, Paravur, Thripunithura, Kalpetta, Kalamassery, Cherthala and Shornur.

24 Municipalities had submitted detailed project reports for implementation of this schemes out of which 15 proposals (Payyanur, Aluva, Changanassery, Koothuparamba, Mattanur, Kannur, Kunnamkulam, Kayamkulam, Kollam, Mavelikkara, Vadakara, Vaikom, Palakkad, Tirur, Nedumangad) were approved and technical sanction obtained ₹ 45,88,900 was sanctioned to these Municipalities toward 50% of the Government. Balance amount is to be borne by the respective Municipalities. Central assistance to this scheme is 50% of the project cost.

Further Recommendation

1.3 The Committee urged the department to intimate the latest position of the setting-up of modern slaughter houses and the modernization of existing slaughter houses in the State.

CHAPTER II

RECOMMENDATIONS WHICH THE COMMITTEE DOES NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES FURNISHED BY GOVERNMENT

Recommendation

(Sl. No. 1, Para No. 2)

2.1 The Committee understands that though the Government had released an amount of ₹ 90 lakh to TRIDA under the Scheme of Development and beautification of capital city of Thiruvananthapuram with a Budgetary support of ₹ 1 crore, the Authority could not carry out the proposed project because TRIDA diverted the amount for other purpose i.e. ₹ 50 lakh for repaying a loan taken from KUDFC and ₹ 40 lakh spent on the Palayam Urban Renewal Project not for which the Grant-in-aid was sanctioned.

Recommendation

(Sl. No. 2, Para No. 3)

2.2 The Committee considers the contention of the Government that the Palayam Urban Renewal Project was also a part of the Capital Development and Beautification Programme and hence the fund utilized for the purpose could not be treated as diversion is however not tenable since the action is not supported by any authorization. The Committee agrees with the finding of audit that the money voted by the Legislature for a specific purpose is diverted to another purpose without any authorization.

Recommendation

(Sl. No. 3, Para No. 4)

2.3 The Committee recommends that Government should take appropriate steps to make sure that the budgetary allocation passed by the Legislature and the amount earmarked for a specific purpose are utilized for the intended purpose.

Action Taken

(Para Nos. 2, 3 & 4)

2.4 Government of Kerala had accorded Administrative Sanction at a cost of ₹ 90 lakh to take up the schemes for the beautification and development of Thiruvananthapuram vide G.O.(Rt.) No. 2027/92/LAD dated 26-3-1992. TRIDA had taken up a number of schemes as a part of the beautification and development of the Capital City. Land was acquired at Medical College, Kesavadasapuram, Palayam, Chalai etc., to carry out developmental activities.

The Detailed Town Planning Scheme at Palayam is perhaps the most significant work undertaken by TRIDA as part of the overall development of the Capital City. It is this scheme that has changed the face of the City. In continuation of the shopping-cum-office complex namely "Saphallyam Complex", the construction of "C" Block at Palayam and thereby rehabilitating the traders along the M.G.Road is yet another milestone in the progress of beautification and development of the city.

In a broad perspective the fund was utilized to materialise the intention of allocation, i.e., Beautification and Overall Development of the Capital. Due to non-availability of the expected land the specification of allocation had to be altered and the fund utilized accordingly.

Hence the contention that the Palayam Urban Renewal Project is a part of the Capital Development and Beautification Programme may be accepted and the observation that the fund was 'diverted' may be dropped.

Recommendation

(Sl. No. 5, Para No. 8)

2.5 The Committee observes that the Greater Cochin Development Authority had purchased 4.40 acres of land in December 1998 for ₹ 51.19 lakh with the twin objective of removal of earth dumped in open space near Edathala Housing Scheme and disposal of newly acquired land after developing it. Audit para was about the injudicious purchase of land spending ₹ 51.19 lakh for depositing cut earth. Committee observes that the said land was sold in 2002 for ₹ 91.28 lakh and hence there was no loss. Even though the argument of the department that there was no loss the Committee is of the opinion that the purchase of additional land for ₹ 51.19 lakh for depositing the cut earth obtained from stage I cannot be justified especially in the backdrop of poor demand for houses. The cut earth could have been disposed of by way of auction and thus the purchase of the land at cost of ₹ 51.19 lakh could have been avoided. The Committee urges the department to furnish a detailed report of the current status of the housing scheme implemented by the GCDA at Edathala.

Recommendation

(Sl. No. 6, Para No. 11)

2.6 The Committee understands that the GCDA allotted 300 cents of land in auction to a person on lease for 99 years subject to the condition that 50% of the lease rent should be remitted in advance and the rest in four installments including interest and penal interest. But the lessee could not carry-out any work in the site due to stay orders from court. The aggrieved lessee obtained orders from court to waive the interest and penal interest paid by him during the period of stay orders. The Committee realises that the amount shown in the Government Order did not agree with the period pointed out by the audit. The audit pointed out that while working out the interest eligible for waiver on account of ban by the High Court, GCDA erroneously allowed ₹ 1.35 crore being the interest from 1995 to 1997 against the admissible amount of ₹ 57.62 lakh due from 22nd August, 1996 to 16th July, 1997 resulting in undue benefits to the lessee to the tune of ₹ 77.58 lakh. That the clarifications that the intentions of the Government was to waive interest for the period from 1995 to 1997 and the period shown was a mistake was not acceptable to Accountant General who remarked that the period shown in the

Government Order was correct and the error was in the calculation of the interest amount. So the Committee urges the department to take steps to rectify the anomaly in the Government Order issued for exemption of payment of interest and penal interest by the bidder and to inform the Committee about the action taken in this regard.

Recommendation

(Sl. No. 7, Para No. 12)

2.7 The Committee expresses its displeasure over the inability of the representative of the GCDA who attended the meeting to answer the queries of the Committee. The Committee opines that the officers must be well prepared to clarify each and every point raised by the Committee. The witness could not offer a convincing reply regarding the decision of GCDA to exempt the transfer fee against the earlier decision of GCDA Executive Committee. The Committee urges the Government to furnish a detailed report regarding the circumstances which led to the exemption of the transfer fees.

Action Taken

(Para Nos. 8, 11 & 12)

2.8 95 houses constructed in the 1st phase of the Edathala Housing Scheme were all allotted. A 2nd phase of the Housing Scheme at Edathala was launched as per the GCDA General Council Resolution No. 36/2004-05 dated 14-10-2004. Six acres of land are earmarked for the scheme. Three types of houses are being constructed there.

Type I	..	32 Nos.
Type II	..	26 Nos.
Type III	..	50 Nos.
Total	..	108 Nos.

The Construction of the houses is expected to be completed by the end of December 2007. Advance from 82 persons have already been collected. Applications from more than a 100 persons have been received for allotment of balance houses. Applications are being processed to allot the balance houses also.

The General Council of the GCDA held on 27-9-1997 had resolved to allot 125 cents of land to M/s Centurion Housing and Construction (P) Ltd., vide resolution No. 27/97-98.

The request of Shri O. P. Monga to bifurcate the plot and allot 125 cents of land to their sister concern. i.e. M/s Centurion Housing and Constructions (P) Ltd., was brought to the notice of the General Council through the Agenda Note. Shri O. P. Monga had made available the share holding pattern, Memorandum of Association and Articles of Association of the company and the same was reported to the General Council.

The allottee offered to remit ₹ 1 crore immediately towards dues in the balance cost and the balance due at the earliest.

It was also submitted before the General Council that the 3 acres of land was allotted to a company in which Shri P. O. Monga was the Director.

The General Council was requested to decide whether the plot can be bifurcated and one portion can be allotted in the name of the new company i.e. Centurion Housing and Constructions (P) Ltd. The General Council resolved to allot 125 cents of land to M/s Centurion Housing and Constructions (P) Ltd. Collection of transfer fee was not proposed in the decision.

The Government vide letter No. 181/G2/05/LSGD dated 31-3-2006 and 27-5-2006 ordered not to execute sale deed without the approval of Government. The GCDA submitted a detailed report on 8-12-2006 showing the amount to be paid by Shri O. P. Monga in view of the Audit observations. Meanwhile M/s Centurion Housing and Constructions (P) Ltd. has filed a case in the Hon'ble High Court of Kerala vide W.P.(C) No. 10091/2006/B/12305. The case is pending final judgment.

Recommendation

(Sl. No. 8, Para No. 19)

2.9 The Committee observes that the action of the Municipal Secretary in withdrawing the central assistance and keeping it in PD Account contrary to the guidelines of GOI was irregular. The Committee desires that such tendencies should be curbed and any repetition of similar action should be dealt with severely.

Action Taken

2.10 Noted for future compliance.

Recommendation

(Sl. No. 9, Para No. 20)

2.11 The Committee finds that absence of proper planning and inordinate delay had occurred in the execution of projects under the scheme—Integrated Development of Small and Medium Town, on the part of the Alapuzha Municipality. Moreover, the projects were drawn up without proper study/survey. This is manifested in the project for construction of bus stand. In the case of Shedamony drain the Committee found that the work was only partially completed and in the case of completed portion the estimate was not realistic. The Committee points out that the two cases are examples of utter mismanagement of central assistance.

Action Taken

2.12 The process of project formulation implementation in Municipalities including Centrally Sponsored Programmes are not proper. It lacks proper formulation, vetting technical as well as financial verification. For example, During the preparation of Shedamony Drainage Project regarding Alappuzha Municipality neither the service of experts nor the service of other departments has been utilized. Now Government have constituted an Engineering Wing of Local Self Government Department. This decreases many problems.

Recommendation

(Sl. No. 10, Para No. 21)

2.13 The Committee would like to point out that the money released as central assistance for such projects are loans for which interest also has to be paid. The Committee, therefore recommends that utmost care should be bestowed while drawing up plans for projects implemented through Central assistance so that money is not excessively drawn or locked up in such projects.

Action Taken

2.14 Noted for compliance.

Recommendation

(Sl. No. 11, Para No. 28)

2.15 The Committee observes that Kerala Urban Development Projects (KUDP) was approved by Government in 1988, for improvement in water supply, transportation, drainage, sewerage and sanitation, solid waste management etc.

in Thiruvananthapuram, Kochi and Kozhikode with assistance from World Bank. After spending ₹ 5.69 crore as consultancy fees for project report, the project was dropped. The Committee understand that now another project called Kerala Sustainable Urban Development Project with ADB assistance, is proposed to be undertaken and a fresh project report is going to be prepared.

Recommendation

(Sl. No. 12, Para No. 29)

2.16 The Committee remarks that it is surprising to know that 33% of the project cost was being spent again for preparing fresh project report. The Committee expresses its displeasure upon the statement “as per the assistance programme, it is mandatory that the project design should be prepared by the funding agency.” The Committee understands that the project report already prepared would be utilised for the new project. The Committee therefore opines that since ADB is functioning as a commercial entity, they would not have any objection in paying royalty/commission/consultancy charges for the basic report prepared by spending ₹ 6 crore for the World Bank Project. The Committee, therefore, recommends that discussion should be held with the ADB on the matter and a positive decision in favour of the Government should be obtained. The result of action taken in this regard should be furnished to the Committee.

Action Taken

(Para Nos. 28 & 29)

2.17 The recommendation of the 31st Report of the Committee on Public Accounts (2006-2008) to utilize the Project Report prepared earlier for the Projects being implemented through KSUDP was taken up with the ADB Mission during its visit in November 2007. But the ADB Mission informed that the ADB had provided a grant for technical assistance worth \$1 million for preparing the feasibility reports for the Kerala Sustainable Urban Development Project and closed the grant account on completion of the preparation of feasibility reports. And also that the ADB could not pay for the consulting services which were not recruited by the ADB under the Technical Assistance.

There is no scope for paying royalty/commission/consultancy charge by the ADB for the Project Report prepared for the World Bank Project.

Recommendation

(Sl. No. 13, Para No. 33)

2.18 The Committee observes that the scheme to set-up software technology park by the Kottayam Municipality was an ill conceived one. Nobody turned up to avail of the facilities offered by the Municipality to set-up software technology park. It is surprising to note that the Municipality had ventured out with the scheme and spent ₹ 32 lakh without ensuring the feasibility of such a project.

Action Taken

2.19 The Scheme to set-up software technology park was taken up by Kottayam Municipality in its people campaign programme for the year 1998-99. At that time it was considered as one of the best suggestion and accordingly the Municipality went ahead with the implementation of the project. This was the initial period of implementation of PCP and the Scheme was discussed in detail in all possible levels.

Recommendation

(Sl. No. 14, Para No. 34)

2.20 The Committee points out that the project could not be implemented as envisaged because of mismanagement and due to the lack of experience of the implementing officer in IT field as he was not an IT expert.

Action Taken

2.21 This was a project aimed for the development of industrial sector. Hence Industrial Development officer was selected as the implementing officer as per the Government direction then existed.

Recommendation

(Sl. No. 15, Para No. 35)

2.22 The Committee was informed that STPI has spent ₹ 12 lakh, for purchasing equipment for the park and for wiring works, out of ₹ 15 lakh paid to them and the balance ₹ 3 lakh was idling with them. The Committee recommends that steps should be taken to recover the balance amount without any further delay.

Action Taken

2.23 ₹ 15 lakh was handed over to STPI for implementation of this project. The agency had utilized ₹ 8,73,780 for procurement of materials required for the project and for electrification works. Balance amount of ₹ 6,26,220 was recovered from the agency and remitted in District Treasury, Kottayam on 11-5-2007.

Recommendation

(Sl. No. 16, Para No. 36)

2.24 The Committee is of the view that though the municipality could not be treated as an income source, the assets could have been utilised in a better way for generating employment. The Committee desires that, as an alternative, the municipality should examine whether the rooms could be allotted to Kudumbasree Units for running their IT projects.

Action Taken

2.25 The Secretary has informed that the rooms have been let out in public auction as per the resolution passed by the Municipal Council.

Recommendation

(Sl. No. 17, Para No. 37)

The Committee observes that there was no proper guidelines for executors of such projects in the LSGD. The Committee is of the opinion that it is high time to frame proper guidelines for the implementation of schemes related to IT parks and groups implemented through local bodies. The Committee may be furnished with the details of remedial measures taken in this regard.

Action Taken

2.26 Directions have been issued to all Municipalities to ensure the feasibility of IT parks before taking up such projects in future.

Recommendation

(Sl. No. 18, Para No. 40)

2.27 The Committee understands that for the modernisation of the slaughter house located in 4.66 acres of land of which 3.66 acres is owned by Revenue Department, the Palakkad Municipal Council had incurred an expenditure of ₹ 92 lakh. At the time of examination of audit paragraph the Committee was informed that SILK was entrusted to execute the work and the estimated amount had been transferred to its account. But SILK did not carry-out any work even in the land owned by the Municipality. Instead, SILK misutilized the amount for the

payment of salary to its employees. The Committee remarks that the action of SILK is highly irregular. The Committee desires to be informed about the reason for transferring the whole money without ensuring ownership of the land. The Committee also wants to be informed as to who was the person responsible for the irregular transfer of money without safeguarding the interest of the municipality.

Action Taken

2.28 The estimate for construction of a modern slaughter house and modernization of existing slaughter house located in 4.66 acres of land comprised in Survey No. 2155 of Yakkara Village in Palakkad Municipality was prepared by SILK, an undertaking owned by the State Government. Estimated cost of this work including setting-up of Effluent Treatment Plant was ₹ 1.22 crore. SILK had entered into an agreement with Palakkad Municipality on 31st March 2000 for carrying out the work. Time allowed for completion as per agreement was 8 months. Though ₹ 88,94,386 was handed over to SILK, the total value of work done by the agency so far, as per the valuation of Municipal Engineer is only ₹ 20,62,413. The work was jointly inspected by the Municipality and SILK on 11th February 2009. SILK claims to have completed work for ₹ 39,23,939. But the Municipality has not accepted this claim.

A slaughter house used by the Municipality already existed in the 4.66 acres of land, where it was proposed to construct a modern slaughter house. As this was being used by the Municipality, the amount was handedover to SILK on executing agreement on the presumption that ownership of the land is vested in Municipality. The amount was handedover to SILK as it is a State owned public undertaking. Municipal Chairman and Secretary are equally responsible for this. ₹ 68,31,973 is due from SILK as per the records maintained in the Municipality. Several notices were issued to SILK since 5th May 2009 with direction to remit the amount together with interest @12%. The firm has not responded so far. Secretary, Palakkad Municipality has reported that legal proceedings will be initiated against SILK for realizing this amount.

The Committee was dissatisfied over the lapses on the part of the Municipality in handingover the amount to SILK, without considering their previous experiences in constructing the slaughter houses. The Committee therefore decided to take evidence from the Municipal Authorities Palakkad and from authorities of SILK in this regard. On the basis of that the Committee took evidence from the Managing Director, SILK and the Municipal Secretary, Palakkad on 13-3-2013 at the Collectorate Conference Hall, Palakkad.

The Committee wanted to know the present position of the project envisaged to be completed in November 2000. The Municipal Secretary Palakkad admitted that no progress was effected in the completion of the work. He clarified that although many correspondence were sent to SILK for the repayment of money, it was not done hitherto. The Municipality had even approached the Head of the Department of Revenue and Local Self Government for the settlement of the issue. When the Committee enquired the reason why SILK could not finish the works of slaughter house, the Managing Director, SILK replied that the Jail authorities had raised some security problems at the time of the completion of civil works of the building. By that time the Steel Fabrication Unit had been delinked from SILK. He further claimed that civil works to the tune of ₹ 39 lakh were completed.

Regarding the land allotted for slaughter house, the Municipal Secretary, Palakkad informed that out of 4.66 acre of land, merely one acre was vested with the Municipality where a slaughter house was situated since 1984. He added that in 1998-99 decision was taken to modernise slaughter house under the 'Janakeeyasoothranam Project' and for that purpose remaining 3.56 acre Revenue land was handedover to Local Self Government Department by the Revenue Department. There arose some ownership problems on the land during those days.

The Municipal Secretary, Palakkad informed the Committee that later it was noticed that the Steel water tank of the slaughter house was rusted and the Biogas plant and effluent treatment plant were only partly finished. At this time, pointing out the inefficiency of SILK, the Committee asked whether they had any previous experience in constructing slaughter houses. The MD, SILK claimed that they had constructed a large slaughter house in Thiruvananthapuram and also some other small slaughter houses. Then the Committee wanted to know, why the unspent balance was not repaid to the Municipality. The MD, SILK, intimated that the agreement was executed by the Municipality with the Fabrication Unit. He clarified that SILK existed as two units SILK and Fabrication Unit. But the Fabrication Unit was delinked from SILK since 2008 leaving the steel fabrication works of the buildings incomplete and so the roofing works of the slaughter house could not be completed which resulted in rusting of steel fabrication. He further intimated that as the land allotted for slaughter house was under dispute and also the financial position of SILK was not sound enough to repay the entire money in one lump they couldn't repay the balance to the Municipality.

The Committee asked whether any MOU was signed between the two parties, the Municipal Secretary submitted that a detailed proposal was issued to SILK on 26-12-1998 before the agreement was signed. There was a Government Order to entrust a Government Agency with such work as such SILK was selected. The Municipal Secretary during that time Shri Manuel Vijaya handedover the money to SILK and disciplinary action was taken against him in this regard. Identifying the lack of co-ordination between agencies, the Committee enquired whether any conference was summoned to settle the issue. The Municipal Secretary replied that two meetings i.e., one in 2009 of modernizing committee and another in 2010 of the officials from SILK and Palakkad Municipality in the Chamber of Principal Secretary was conducted. He also assured to give a copy of the minutes of those meetings to the Committee.

When the Committee asked whether SILK could complete the work of slaughter house at the earlier estimated rate, the Managing Director replied that the steel used for construction had been rusted. The Committee admonished SILK for the irresponsible approach to settle the issue and recommended to prepare and furnish a detailed estimate to the Municipality.

The Municipal Secretary, Palakkad further clarified that SILK had completed the work to the tune of ₹ 39,23,939 but as per the valuation of the SLTC, it only worth ₹ 20,62,413. As per the calculation of the Municipality, SILK had to repay ₹ 68,31,973. The MD, SILK assured the Committee that SILK could repay the whole amount within two years in instalments. When the Committee asked the financial source of SILK to repay the amount in instalments, the MD, SILK replied that SILK had to get ₹ 1.5 crore from the Government. With the assurance of the MD, SILK the Committee decided to drop further action on the above para.

Recommendation

(Sl. No. 20, Para No. 42)

2.29 The Committee realises that even if the modernization of slaughter houses are completed, it would not be sufficient to meet the demand. So the Committee recommends that necessary steps be initiated to prepare a need based report and to take action to establish more slaughter houses in places where the demand is high.

Action Taken

2.30 Modern slaughter houses are quite essential in all urban local bodies. ₹ 13 crore has been provided in the current year's budget for setting-up modern slaughter houses and modernization of existing ones in 30 Urban Local Bodies.

The Government entrusted Suchitwa Mission, as the Nodal Agency for establishing slaughter houses. The Government constituted an expert committee and it vetted the two type of designs prepared by the Suchitwa Mission. Municipalities constituted a Technical Core Group. Technical Core Groups were imparted training at KILA for enabling them to prepare DPR for modernizing the existing slaughter houses or constructing new ones. A technical committee, for recommending issue of Technical Approval to the projects submitted by the LSGIs was constituted and also authorized the Executive Director, Suchitwa Mission to issue technical approval for the project proposals. As a result of the above activities, significant progress has been achieved. Necessary funds have been earmarked to give part financial assistance to the urban and rural LSGIs. An amount of ₹ 5 crore was earmarked to 25 Grama Panchayats during the financial year 2010-11. These activities will lead to improve scientific slaughtering, waste segregation, resource recovery from waste, waste reduction, waste treatment and its safe disposal.

Recommendation

(Sl. No. 21, Para No. 45)

2.31 The Committee understands that in the construction of the commercial shopping complex near the KSRTC Bus Stand, Neyyattinkara, Municipal Council had incurred a heavy debt burden of ₹ 7.26 crore. The Committee notes that even though the shopping complex is situated in a prime location, the municipality has not been able to rent out the rooms in the complex. The Committee understands that the rent fixed by the municipality is high when compared to that of the rooms available in other private buildings there.

Action Taken

2.32 The Commercial Complex constructed by the Neyyattinkara Municipality near bus stand was formally inaugurated on 3rd August, 2000. As the rent fixed initially was on the higher side, a large number of rooms were left unoccupied in the public auction. This has resulted in heavy financial burden on the Municipality and it could not repay the loan amount in time.

Recommendation

(Sl. No. 22, Para No. 46)

2.33 The Committee is concerned to note that inability of the municipality in renting out the rooms had resulted in idling of the shopping complex for which the local body had availed a loan of ₹ 7.26 crore resulting in default in repayment of loan instalments and payment of penal interest @ 2.5%.

Action Taken

2.34 The Municipal Secretary has reported that the Municipality has later decided to reduce the security amount drastically i.e. 40 to 60% vide its resolution No. 12(6) dated 18-10-2006. All the rooms in the shopping complex were let out by the end of 2009-10. Now, the Municipality is getting a regular monthly income @ of ₹ 5 lakh as a result of steps initiated for renting out the vacant spaces in the shopping complex.

Recommendation

(Sl. No. 23, Para No. 47)

2.35 The Committee desires to know how the rent can be fixed at such a high rate and wants to be informed whether any comparative study was done before fixing the rent. The Committee also wants to be furnished with a comparative statement containing actual rate of rent levied by the Municipality and by private parties.

Action Taken

2.36 The Commercial Complex is constructed in a prime location in Neyyattinkara town. Usually shop in such places fetch higher rent. The rent was fixed at a higher rate, considering this fact and not by conducting any comparative study. When the rooms were left unoccupied due to the high rate of rent, the rates were reduced by the Municipality.

Recommendation

(Sl. No. 24, Para No. 48)

2.37 During the examination of audit para, the Committee was informed that HUDCO had earlier agreed to waive penal interest but later backed out from the agreement. The Committee would like to be informed about the reason for the failure of the Neyyattinkara Municipality as well as, the Government in persuading HUDCO to abide by the agreement. A detailed report should be furnished to the Committee in this regard. The Committee recommends to be furnished with the outcome of the meeting held on 12-1-2005 between KUDFC and HUDCO in this regard.

Action Taken

2.38 A loan of ₹ 3.95 crore was obtained from HUDCO for construction of shopping complex. Repayment of loan was defaulted due to financial constraints. KURDFC had taken over the outstanding amount of ₹ 725.63 lakh and converted it

into a single loan of ₹ 10,26,30,109 clubbing the earlier loan of ₹ 300.67 taken from KURDFC. Repayment was rescheduled in instalments spanning over a period of 10 years. This loan was repaid partly and later, the amount due to KURDFC was segregated on 13-3-2007. This loan was closed by paying ₹ 4.35 crore on 30th September, 2008.

Though the principal amount outstanding in the loan obtained from HUDCO is only 2(Two) crore, total amount payable at present together with interest and penal interest is ₹ 22.89 crore. Interest and penal interest is being accrued at the rate of ₹ 60,000 per day. ₹ 50 lakh was repaid on 30th March, 2009 on the assurance that this will be set off against the principal. Though the Municipal Council sought the possibility of closing the loan by obtaining another loan from State Co-operative Bank, this initiative was abandoned considering the delay involved, in obtaining loan and the high rate of interest charged by the bank. The Municipal Secretary has requested to reschedule the loan waiving interest and penal interest and to fix maximum amount of instalments payable during a years as ₹ 1 crore. This suggestion was placed in the meeting of KURDFC officials and Municipal Secretaries held on 17th March, 2011.

Recommendation

(Sl. No. 25, Para No. 51)

2.39 Regarding the diversion of plan funds for the repayment of loan dues, the Committee accepts the explanation. But the Committee is displeased with the placid attitude of the LSGD in furnishing notes showing remedial measures on the audit paragraph. The notes have not been made available to the Committee even at the time of the meeting. The Committee points out that this sort of approach cannot be tolerated and desires that the Chief Secretary should look into the matter and issue necessary instructions to all concerned to adhere to the directions contained in the Handbook of Instruction issued by the Finance Department in furnishing notes to the Public Accounts Committee.

Action Taken

2.40 Noted for compliance.

Thiruvananthapuram,
9th July, 2014.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

APPENDIX

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/Recommendation</i>
1	1.3	Local Self Government	The Committee urged the department to intimate the latest position of the setting-up of modern slaughter houses and the modernization of existing slaughter houses in the State.
