



**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2006-2008)**

**THIRTEENTH REPORT**

**(Presented on 17th October, 2006)**

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2006**

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**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2006-2008)**

**THIRTEENTH REPORT**

**On**

**[The action taken by Government on the Recommendations contained in the  
Sixty Seventh Report of the Committee on Public Undertakings  
(2004-2006) relating to United Electrical Industries Limited  
based on the Report of the Comptroller and Auditor  
General of India for the year ended 31st March,  
1998 (Commercial)]**

## CONTENTS

	<i>Page</i>
Composition of the Committee	v
Introduction	vii
Report	i
Chapter I	
Replies furnished by Government on the Recommendations of the Committee which have been accepted by the Committee	2
Chapter II	
Replies furnished by Government on the Recommendations of the Committee which have been accepted by the Committee with remarks	5

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**COMMITTEE ON PUBLIC UNDERTAKINGS (2006-2008)**

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## INTRODUCTION

I, Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Thirteenth Report on the action taken by Government on the recommendations contained in the Sixty Seventh Report of the Committee on Public Undertakings (2004-2006) on the working of the United Electrical Industries Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 1998 (Commercial).

The Statement of action taken by the Government included in this Report were considered by the Committee constituted for the year 2006-2008.

This Report was considered and approved by the Committee at the meeting held on 9-10-2006.

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.

MANKODE RADHAKRISHNAN,

Thiruvananthapuram,  
17th October, 2006.

*Chairman,  
Committee on Public Undertakings.*

## **REPORT**

This report deals with the action taken by Government on the recommendations contained in the Sixty Seventh Report of Committee on Public Undertakings (2004-2006). The Sixty Seventh Report relating to United Electrical Industries Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31-3-1998 (Commercial) was presented to the House on 22nd July, 2004.

The Report contained 3 recommendations. Government have furnished replies to all the recommendations. The Committee (2004-2006) considered the replies received from Government at its meeting held on 9-11-2005.

The Committee accepted the replies to recommendations No. 1(7) and 2(8) without any remarks. These recommendations and their replies form Chapter I of the Report.

The reply to recommendation No. 3(9) was accepted by the Committee with remarks. This recommendation, its reply and the remarks of the Committee form Chapter II of the Report.

## CHAPTER I

**Replies furnished by Government on the Recommendations of the  
Committee which have been accepted by the Committee  
with out Remarks**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusions/ Recommendations</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1.	7	Industries	<p>The Committee deprecates the action of the Company in keeping huge amounts in the current account against short term deposits. The Committee observes that the company retained Rs.36 lakhs throughout the year after meeting all the expenses. The surplus amount could have been deposited for at least 15 or 30 days as term deposits. This shows the financial indiscipline prevailing in the Company. The Committee, therefore, recommends that financial management of the Company should be made more systematic and effective. The Committee also suggests that stringent measures should be taken to avoid such lapses in future.</p>	<p>Now the Company is depositing excess funds in short term deposits so that the company can get interest and at the same time meet its working capital requirements.</p> <p>The Company is closely monitoring the fund requirement in relation to the orders anticipated and the investment will be properly made so that the Company doesn't lose interest.</p>
2.	8	..	<p>The Committee opines that United Electrical Industries Ltd. is solely dependent upon Kerala State Electricity Board for its</p>	<p>The Company noted the recommendations of the Committee to expand its customer base.</p>

(1)	(2)	(3)	(4)	(5)
			<p>existence. The Company has not chalked out any other specific programme to expand its customer base so far. The Committee, therefore, recommends that earnest efforts should be made to expand the customer base of the company through effective marketing activities.</p>	<p>The Company plans to acquire maximum market share of the State of Kerala. The dealer network for motor starters has already been expanded throughout the State by appointing new dealers/ revitalizing the old dealers and through proper sales promotion.</p> <p>The Company is also planning to build up a strong dealer network for marketing energy meters in the State, taking into consideration the recent KSEB proposal allowing consumers to purchase meter. The Company envisages to achieve full coverage for their brand meter in all dealer outlets in the State.</p> <p>The Company is planning to revitalize the marketing of motor starters outside the State by appointing new distributors especially in the State of Maharashtra, Rajasthan, Gujarat, etc. The Company also plan to update the product mix of control gears with fully automatic and Flux Controlled Magnetic Amplifier starters (FCMA), with the introduction of</p>



(1)	(2)	(3)	(4)	(5)
				<p>these type of starters, Company can have more business for motor starters.</p> <p>The Company has already submitted its offers for supply of energy meters to State Electricity Boards of Tamil Nadu, Andhra Pradesh, Pondicherry etc. The Company anticipates that order from other States will materialize with the introduction of new products such as Maximum Demand Meter, Liquid Crystal Display Meter etc.</p>

## CHAPTER II

**Reply furnished by Government on the Recommendation of the  
Committee which has been accepted by the Committee  
with Remark**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/ Recommendation</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
3.	9	Industries	<p>The Committee finds that meter is the sole product of the Company. The Committee reiterates that it is high time for the company to think about diversification. In a fast changing world, a company like United Electricals cannot survive with obsolete technology and poor market know how. The Committee, therefore, recommends that immediate steps should be taken for the upgradation of the technology that suits the present day market conditions. It should also strive to find an apt climate to diversify the products of the company with necessary participation from other parallel industrial concerns and financial institutions, if necessary.</p>	<p>The Company took notice of recommendations of the Committee regarding diversification of products. The Company finds that the diversification of products in the related area of energy metering will be more effective</p> <p>The Company has already acquired knowhow for development of LCD based MD meters and this will be launched as a new product shortly. Printed Circuit Boards of MD meter have already been tested in the Company and is under further rectification. Various Electricity Boards are have huge requirement for MD meters under Accelerated Power Development and Reforms Programme. Another new product, the company is considering is Digital Auto Fare Meter. The Proto type of this product is almost ready</p>

(1)	(2)	(3)	(4)	(5)
				<p>and will be given for approval of Government's Legal Metrology Department. The Company Plans to commercialize the same in the immediate future. The Company also plans to introduce LCD meters for house service connection, the development of which is already over and the proto type is under testing. In the Motor Starters range the Company plans to introduce fully automatic Air Break Starters, FCMA Starters and Soft Starters. These projects are under development.</p>

*Remarks of the Committee.*—The Committee desires to know the present position of new projects undertaken by the Company.

Thiruvananthapuram,  
17th October, 2006.

MANKODE RADHAKRISHNAN,  
*Chairman,*  
*Committee on Public Undertakings.*