

TWELFTH KERALA LEGISLATIVE ASSEMBLY

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

FORTY FOURTH REPORT

On

**The action taken by Government on the Recommendations contained in the
Eighty Fourth Report of the Committee on Public Undertakings
(2004-2006) relating to Kerala Khadi and Village Industries
Board based on the Report of the Comptroller and Auditor
General of India for the year ended 31st March 1997,
1998, 1999, 2000 (Civil)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2006-2008)

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Forty Fourth Report on the action taken by Government on the recommendations contained in the Eighty Fourth Report of the Committee on Public Undertakings (2004-2006) on the working of the Kerala Khadi and Village Industries Board based on the Report of the Comptroller and Auditor General of India for the years ended 31st March 1997, 1998, 1999 and 2000 (Civil).

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 15-2-2008.

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,

Chairman.

Committee on Public Undertakings.

Thiruvananthapuram,
10-3-2008.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the Eighty Fourth Report of the Committee on Public Undertakings (2004-2006) relating to Kerala Khadi and Village Industries Board based on the Report of the Comptroller and Auditor General of India for the years ended 31-3-1997, 1998, 1999 and 2000 (Civil) which was presented to the House on 10-3-2005.

The Report contains five recommendations. Government furnished replies to all recommendations. The Committee (2006-2008) considered the replies received from the Government at its meeting held on 5-12-2007.

The Committee accepted the replies to the recommendations No. 1(2), 3(6), 4(8) and 5(11) without any remarks. These recommendations and its replies form Chapter I of the Report.

The reply to the recommendation No. 2 (4) 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 without remarks

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Recommendation of the Committee</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	2	Industries	The Committee opines that if the Board had informed the Accountant General the details regarding the action taken on the audit objection in time, this audit paragraph would not have found place in the Report of the Comptroller and Auditor General of India.	Noted for future guidance.
3	6	"	The Committee finds that the Kerala Khadi and Village Industries Board decided to set up an animate paper unit and a soap unit instead of the printing and dying unit due to pollution control problems and that an area of 10,000 square feet is kept lying unutilised inside the building. The Committee, therefore recommends that speedy action should be taken to utilize the vacant space of the building by setting up any of the viable units that provide employment opportunities to the unemployed village folk.	At present a soap unit with 9 workers a note book manufacturing unit with 18 workers and a hand made paper unit with 20 workers are running in the Kizhakkambalam Unit. A paper carry bag unit is also proposed to be commissioned very soon, having an employment potential of 7 workers. With the commissioning of this unit there will be no idle space in the Kizhakkambalam Unit.
4	8	"	The Committee finds that though the Kerala Khadi and Village Industries Board had paid an advance amount of	The Khadi and Village Industries Commission is a Central Government organisation and the

(1)	(2)	(3)	(4)	(5)
			<p>Rs. 59.35 lakh between apex institution of December 1994 and February Kerala Khadi and 1995 towards the cost of 1500 Village Industries Board. Charkhas, only 1400 Charkhas It enjoys the monopoly of producing and The Committee, therefore supplying charkhas to recommends that the Kerala Khadi organisations all Khadi and Village Industries over India. A sum of Rs. Board should make good at 3,27,000 was to be paid least the loss of interest by the Board to KVIC suffered by the Board on the towards value of amount paid by it due to the charkhas due to cost inordinate delay on the part escalation. At the same of the Khadi and Village time they did not make Industries Commission in any demand for the supplying the Charkhas. amount. Hence it can be treated as interest due to the Board against the inordinate delay of supplying charkha to the Board.</p>	
5	II	Industries	<p>The Committee expresses great dissatisfaction at the replies given by the witness to the Committee's queries regarding the plight of the metal crusher unit and desires to be informed of the present stage of the unit and of the amount recovered by the Board.</p>	<p>The Board had sanctioned Rs. 22 lakhs to the Kodikulam Stone Crushing Society. Now the Board had collected Rs. 37,31,686 towards refund of term loan and interest. However the documents are yet to be released.</p>

CHAPTER II

Reply furnished by Government on the recommendation of the Committee
which has been accepted by the Committee with remarks

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Recommendation of the Committee</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
2	4	Industries	<p>The Committee finds that the Board's officials had played a vital role in the misappropriation of funds of Rs. 15.5 lakh meant for the special employment general programme in most backward block in the country. Kerala Khadi and Village Industries Board had sanctioned a loan of Rs. 15 lakh and granted Rs. 1.01 lakh to a society which did not even possess a 'Khadi Certificate' issued by the Khadi and Village Industries Commission without which it could not implement Khadi programmes. This itself is a typical example of a major irregularity on the part of the Board. Secondly, the Project Officer, Malappuram permitted the Society to withdraw Rs. 15.5 lakh without ensuring that utilisation of funds released was in commensurate with the progress of implementation of the scheme. Thirdly, inspite of directions from the Vice-chairman KKVIB in July 1997, the Project Officer, KKVIB furnished proposals for</p>	<p>Vigilance enquiry has been completed and they reported no further action against the officers. However, the Board decided to recover a sum of Rs. 100 each from the monthly pension of both the officers for a period of 5 years. But they approached the Hon'ble High Court and obtained stay of recovery. The Vigilance Department has requested revenue recovery of Rs. 50,000 from the Administrative Committee of Yaseen Charitable Society and the Board has initiated revenue recovery, as recommended.</p>

(1)	(2)	(3)	(4)	(5)
			<p>initiating revenue recovery proceedings only in July 1998 and KKVIB issued registered notice only in November 1998. Further more, revenue recovery proceedings had been stayed, the officials involved in the misappropriation were reinstated, their DCRG only was withheld and departmental enquiry was under way. The Committee expresses deep shock and displeasure over the entire proceedings and desires to be informed of the present stage of the departmental vigilance enquiry in the matter. The action taken against the officials involved in the misappropriation should also be intimated to the Committee in time.</p>	

Remarks of the Committee :

The Committee desires to know the present stage of the criminal case against the officials involved in the misappropriation of the fund and the revenue recovery proceedings initiated against the Yaseen Charitable Society, Alappuzha.

MANKODE RADHAKRISHNAN,

Thiruvananthapuram,
10-3-2008.

*Chairman,
Committee on Public Undertakings.*