



TWELFTH KERALA LEGISLATIVE ASSEMBLY

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

FORTY SEVENTH REPORT

(Presented on 30th June, 2008)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2008

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On

**The action taken by Government on the Recommendations contained in the
Thirty Ninth Report of the Committee on Public Undertakings (2001-2004)
relating to Kerala State Film Development Corporation Limited based
on the Report of the Comptroller and Auditor General of India
for the year ended 31st March 2000 (Commercial)**

768/2008.

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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 Forty Seventh Report on the action taken by Government on the recommendations contained in the Thirty Ninth Report of the Committee on Public Undertakings (2001-2004) on the working of the Kerala State Film Development Corporation Ltd. based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2000 (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 16-6-2008.

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,
30-6-2008.

REPORT

The Report deals with the Action Taken by Government on the recommendations contained in the Thirty Ninth Report of the Committee (2001-2004) relating to Kerala State Film Development Corporation Ltd. based on the Report of the Comptroller and Auditor General of India for the year ended March 31, 2000 (Commercial) which was presented to the House on 30th July 2003.

The Report contains ten recommendations. Government have furnished replies to all recommendations. The Committee (2006-2008) considered the replies received from Government at its meeting held on 9-1-2008.

The Committee accepted the replies to the recommendations No. 2(51), 4(53), 7(56), 8(57) and 10(59) without any remarks. These recommendations and its replies furnished by government form Chapter I of the Report.

The replies to the recommendations No. 1(50), 3(52), 5(54), 6(55) and 9(58) were accepted by the Committee with remarks. These recommendations, their replies furnished by government 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>conclusions/ Recommendations</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
2	51	Cultural Affairs	The Committee is of the opinion that, the Company should give publicity to the facilities available in their studio at present so that the film circle could get awareness about the facilities that could be utilized by them. The Committee feels that proper advertisement would boost the overall utilization of the studio complex.	The Company has issued timely advertisement in print media and published brochures and catalogues having detailed information. In connection with the advertisement/publicity campaign, the company has conducted nation wide seminars, participating renowned cameraman to create awareness of modern technical facilities available at KSFDC's studio. The company has also participated in an exhibition conducted by NRK (Non Resident Keralities) and wide publicity was given to the visitors.
4	53	„	The Committee understands that with a view to financing the film producers in Malayalam film industry, KSFDC has taken the initiative to form a consortium of banks. The Committee appreciated the	The Company will try to involve the Co-operative banks also for providing finance to the film producers.

(1)	(2)	(3)	(4)	(5)
			step taken by the Company for funding the industry and suggests that the Company should explore whether funds could be drawn from the Co-operative sector also.	
7	56	Cultural Affairs	The Committee recommends that an early settlement regarding the Steen beck editing machine hired out from NFDC should be arrived at. Regarding the outmoded machines lying idle at the studio, the Committee recommends that it would be better to donate these machines to the cinema museum to be set up by the Chalachitra Academy.	The issue between NFDC and company has been settled. In the case of idle machine at studio office, company have the pleasure to transfer the same to Chalachithra Academy with adequate compensation.
8	57	„	The Committee observes that the diversion of Rs. 9.50 lakh given by Government for making children's film without the sanction of Government is highly irregular. The Committee recommends that such instances should not be repeated in future.	Committee's recommendation is noted for future guidance.
10	59	„	The Committee understands that 3 acres of land at the Chithranjali studio complex has been given out to C-DIT. They are also using part of the building and shooting floor. The Committee recommends that action	The 3 acres of land at the Chitranjali Studio complex has been given to C-DIT on free of cost condition. Hence, the requisition of rent on the Studio and building has been rejected by Government.

(1)	(2)	(3)	(4)	(5)
			should be taken to fix the price of the land given to C-DIT and adjusted it against Government loan to KSFDC. The rent on the studio building utilized by C-DIT may also be given to KSFDC.	

CHAPTER II

**Replies furnished by Government on the recommendations of the Committee
which have 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)
1	50	Cultural Affairs	The Committee observes that the Kerala State Film Development Corporation was constituted with a novel idea of transplanting the Malayalam film industry from Chennai to Kerala. But even after long years of its existence, the KSFDC has not been fully successful in achieving this goal. The main reason attributed by the Company is the lack of modern facility in the studio and the laboratory. Apart from this, the inability of the Company to extend financial assistance to the filmmakers is also one of the reasons for the shortfall in the number of films that have come out through KSFDC. Still it is encouraging to see that during the period of two years from 2000 to 2002 KSFDC had undertaken works on 60 films whereas for the period of five years from 1995 – 2000, the Company could undertake works on 44 Malayalam film only. The Committee would like to point out that the film	The Company has prepared a detailed project report/proposal during the year 2004 for modernization/expansion of studio with the project cost of Rs.158 lakhs and Government have permitted the company to approach commercial banks and other financial institutions for financial help. The Company has approached commercial banks and co-operative banks for financing modernization programme and it is now under process. In the case of private participation for modernization/expansion, company could not find suitable entrepreneurs till date. However this matter is under consideration of the company.

(1)	(2)	(3)	(4)	(5)
			<p>industry is facing a tough time and the technique and concepts are changing day by day. The whole process of filmmaking is being digitalized. In such a circumstance if modern facilities are not provided, ultimately the studio complex would have to be shut down. Hence technology up gradation and modernization of the studio complex is highly inevitable. Even though in the past the State Government had allotted funds for modernization, the Company had not utilized the funds but diverted it since the money was inadequate for the modernization process. The Committee, therefore recommends that the proposal of the Company for modernization should be considered and make available the necessary funds on a priority basis. The Committee learns that certain entrepreneurs have shown interest in investing in the state and suggests that the Company themselves could identify potential investors and go in for tie up with them in their expansion/modernization programme. The Committee also</p>	

(1)	(2)	(3)	(4)	(5)
			suggests that whenever a contract is made in this connection, the Company should take utmost care to see that the ownership of the land should always rests with the Company.	

Remarks of the Committee :

The Committee wants to know the present stage of the steps taken for the modernization/expansion of the K.S.F.D.C Studio Complex.

(1)	(2)	(3)	(4)	(5)
3	52	Cultural Affairs	The Committee finds that about Rs.2 crore is pending recovery from the film producers and that action including Revenue Recovery proceedings has been initiated by the Company to realize the amounts. The Committee urge that the action should be speeded up and the liabilities be realized at the earliest. The details of the recovery should be intimated to the Committee in time.	<p>The Company has constituted a revenue recovery cell for revenue recovery matters. Following steps have been taken by the RR cell.</p> <p>(1) identified the debtors</p> <p>(2) obtained legal opinion for effecting RR proceedings/ filing suit etc.,</p> <p>(3) Settled certain cases by revenue recovery / outright sale of negatives / overseas rights etc.</p>

Remarks of the Committee :

The Committee desires to be furnished with the details regarding the settled cases and further action taken on these cases.

(1)	(2)	(3)	(4)	(5)
5	54	Cultural Affairs	<p>The Committee finds that the liability of the Company towards HUDCO was very huge and that the money obtained from HUDCO was mainly used for the construction of the theatre complex at Thrissur. Since out of the 38 shops constructed in the complex only 10 had been leased out and 28 were remaining idle thereby the money spent on them is locked up without any returns. The Committee is constrained to note that the Company has to fish out a sum of Rs. 1.07 crore for paying interest alone against the loans taken from HUDCO and Government (Rs.7crore). The Committee is of the opinion that investing money on theatre projects should be stopped forthwith as this is not the primary objective of the KSFDC. Besides, the Company should dispose of the uneconomic theatres at the earliest and settle their liabilities. The Committee also recommends that urgent steps should be taken to hire out the idling shops at Thrissur theatre complex.</p>	<p>The Company has sold all 28 numbers of shops to SC/ST Department for Rs.277 lakhs and the same amount has been remitted to HUDCO under the one time settlement scheme. By way of settlement, HUDCO has waived Rs.70 lakhs against penal interest, damages etc. and rescheduled the balance loan amount of Rs.149 lakhs to be remitted in quarterly installments. Accordingly the company has effected the payment of the first quarterly installment of Rs.18.5 lakh. Steps have been initiated to dispose off the North Paravoor theatre and to let out the Chithranjali theatre at Chittoor as both the theatres are found uneconomic.</p>

Remarks of the Committee :

The Committee wants to know the details of the further steps initiated for disposing off the North Paravoor theatre and letting out the Chithranjali Theatre at Chittoor.

(1)	(2)	(3)	(4)	(5)
6	55	Cultural Affairs	The Committee understands that there is a proposal to transfer 32 acres of land in the Chithranjali Studio complex, Thiruvallam to private parties for constructing a film theme park. The Committee would like to point out that while transferring the land to private parties, the Company should see that at no point of time should a situation arise whereby the land is alienated. The Committee is of the opinion that it would be better if the them park is built on B.O.T. basis.	The Company has entered into a agreement with ICICI Kinfra for preparation of project report for construction of Theme Park at studio compound on BOT basis. Accordingly ICICI Kinfra has prepared project report and the same is in bidding stage. No body has come forward till date to take up the project.

Remarks of the Committee :

The Committee wants to know the present position of the steps taken for the construction of Film. Theme Park at the Chithranjali Studio Complex, Thiruvallam on B.O.T. basis.

(1)	(2)	(3)	(4)	(5)
9	58	Cultural Affairs	The Committee finds that the staff strength in the various units of KSFDC has not been fixed on the basis of any study. The Committee, therefore, recommends that a detailed work-study should be conducted and staff strength of the Company should be regulated on the basis of the recommendations of the study report.	Committee's recommendation is noted for future guidance.

Remarks of the Committee :

The Committee wants to know whether the company had conducted any work-study regarding the staff-strength in the various units of KSFDC and if any, the details of steps taken in this regard.

MANKODE RADHAKRISHNAN,

Thiruvananthapuram,
30-6-2008.

*Chairman,
Committee on Public Undertakings.*