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TWELFTH KERALA LEGISLATIVE ASSEMBLY

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

FIFTIETH REPORT

(Presented on 30th June, 2008)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2008

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

FIFTIETH REPORT

On

**The action taken by Government on the Recommendations contained in the
109th Report of the Committee on Public Undertakings (2004-2006)
relating to Kerala Minerals and Metals Ltd. based on the Report
of the Comptroller and Auditor General of India for the year
ended 31st March 2001 and 2002 (Commercial)**

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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 50th Report on the action taken by Government on the recommendations contained in the 109th Report of the Committee on Public Undertakings (2004-2006) on the working of the Kerala Minerals & Metals Ltd based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2001 (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.

Thiruvananthapuram,
30-6-2008.

MANKODE RADHAKRISHNAN,
Chairman,
Committee on Public Undertakings.

REPORT

The Hundred and Ninth Report of the Committee on Public Undertakings (2004-06) on the Kerala Minerals and Metals Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31-3-2001 (Commercial) was presented to the House on 16th February, 2006.

The Report contained two recommendations, Government have furnished replies to the recommendations. The committee (2006-2008) considered the replies received from Government at its meeting held on 28-12-2007.

The Committee approved the reply to the recommendation No. 2(9), without any remarks. This recommendation and its reply form Chapter I of the Report.

The reply to the recommendation No. 1(6), was accepted by the Committee with remarks. This recommendation and its reply and the remarks of the Committee form Chapter II of the Report.

CHAPTER I

**Reply furnished by Government on the recommendation of the Committee
which has been accepted by the Committee without remarks**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/ Recommendation</i>	<i>Action taken by Government</i>
2	9	Industries	The Committee learns that the failure of the Company to estimate the correct income for purpose of payment of advance tax, resulted in net avoidable payment of interest of Rs. 23.90 lakh. This happened when the company had sufficient fund deposited in the Treasury. If the management of the Company were earnest in calculating the dues to be paid and also aware of the fact that interest received on treasury deposit was far less than the penal interest levied on amount short-paid as advance tax, this loss could have been avoided. The Committee understands that there is unpardonable mistake on the finance management of the company, which has to be thoroughly revamped in order to avoid such miscalculations in future.	For the purpose of payment of advance income tax, company has introduced a system for estimating the income for the subsequent years and thereby avoid payment of interest. From the financial year 2001-2002 onwards, the company have not made any short payment of advance tax.

Industries

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>Conclusion/ Recommendation</i>	<i>Action taken by Government</i>
1	6	Industries	The Committee finds that inordinate delay in technology upgradation and lack of planning and foresight on the part of the Board resulted in an infructuous expenditure of Rs. 1.19 crores towards the purchase of rotosil tubes. The Committee observed that the actual loss to the company in this regard is more than Rs. 2 crores. The Committee finds that the Board of the Company had failed to discharge its duties properly. The Committee does not rule out the possibility of ulterior motive behind such hasty actions. The Committee therefore suggests that the company should be more careful in future in all its purchase.	Recommendations of the Committee has been noted and will be placed before the Board of Directors in the meeting for information and necessary action.

Remarks of the Committee :

The Committee wants to know whether the observation/remarks of the Committee was placed before the Board of Directors and what action has been initiated against the Officers responsible for an infructuous expenditure of Rs. 1.19 crores towards the purchase of rotosil tubes.

MANKODE RADHAKRISHNAN,

Thiruvananthapuram,
30-6-2008.

*Chairman,
Committee on Public Undertakings.*