



**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

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

**FIFTY SECOND REPORT**

(Presented on 17th July, 2008)

SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2008

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

**FIFTY SECOND REPORT**

**On**

**[The action taken by Government on the Recommendations contained  
in the Seventh Report of the Committee on Public Undertakings  
(2006-2008) relating to Transformers and Electricals Kerala  
Ltd. based on the Report of the Comptroller  
and Auditor General of India for the year  
ended 31st March 2002 (Commercial)]**

795/2008.

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COMMITTEE ON PUBLIC UNDERTAKINGS (2006-2008)

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## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorized by the Committee to present the Report on their behalf, present this Fifty Second Report on the action taken by Government on the recommendations contained in the Seventh Report of the Committee on Public Undertakings (2006-2008) on the working of the Transformers and Electricals Kerala Ltd. based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2002 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 8-7-2008.

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,

Thiruvananthapuram,  
17-7-2008.

*Chairman,  
Committee on Public Undertakings.*

## **REPORT**

This report deals with the action taken by Government on the recommendations contained in the 7th Report of the committee on Public Undertakings (2006-2008) relating to Transformers and Electricals Kerala Limited based on the report of the Comptroller and Auditor General of India for the year ended 31st March, 2002 (Commercial) which was presented to the House on 17th October, 2006.

The report contained 2 recommendations. Government have furnished replies to the recommendations. The Committee (2006-2008) considered the replies received from Government at its meeting held on 21st May, 2008.

The Committee accepted the replies to the recommendations without any remarks. These recommendations and its replies included in the report

**Recommendations of the Committee and Replies furnished by Government which  
have been accepted by the Committee**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department</i>	<i>Conclusions/ Recommendations</i>	<i>Action Taken Report</i>
(1)	(2)	(3)	(4)	(5)
1	6	Industries	The Committee finds that TELK had paid Rs. 23.07 lakh towards liquidated damages to Bhakra Beas Management Board due to the failure of the engineering wing of the Company to make a proper study regarding the technical difficulties involved in finalizing the special design and drawings to suit the old transformer. The Committee understands that it was the reason for delay in the delivery of the transformer and also affected the proper functioning of the product. The committee observed that the Company had failed to conduct a proper study of the tender specification and to frame an enforceable agreement with BBMB, before the commencement of the work.	6&7 : The transformer ordered was for the replacement of an existing one of Russian maker, at the customer's premises. One of their requirements was the interchangeability of the Transformer with the existing one. However, during the course of design they also insisted on interchangeability of components and piping. There had been a series of technical problems in the course of submission and finalization of drawing that delayed the finalization of engineering and approval of drawings. Eventhough TELK had submitted the drawing on 17-2-1999 i. e. within 3 months of the receipt of order, it was finally approved by BBMB only on 22-9-1999 after protracted negotiation and changes suggested and agreed upon in between, which the company did not anticipate at the time of

2 7 Industries

The committee observes that in the world of fast changing technology, the company can survive only through modernization and added that the management of the Company proved to be incompetent and ineffective. The Committee recommends to take urgent steps to get back the amount withheld by BBMB and to take concrete steps to modernize the technology in order to compete with international market.

accepting the order. Anticipating the delay in approval of drawings the Company had requested BBMB vide their letter-dated 16-9-1999 to extend the delivery.

There was also considerable delay on the part of BBMB in complying with various other formalities connected with the contract.

After final and successful testing of the transformer on 19-7-2000, BBMB insisted on conducting the temperature rise test, which TELK were forced to accept and the same was conducted on 30-10-2000 and thereafter the transformer was finally cleared for despatch on 19-11-2000.

Further, the company has been passing through an unprecedented financial crisis for the last several years which also contributed to the delay in procuring various raw materials and components for production.

The company has given maximum thrust on the customer to get the amount released but could not get a positive response from them

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(1)	(2)	(3)	(4)	(5)
				<p>The Company has now instructed to all concerned to have a clear picture of the scope contained in the purchaser's requirement at the time of giving offer to avoid such situations in future.</p> <p>As the company manufactures high value equipments and BBMB was considered to be one of very good customers based on TELK's past experience and relation with them, problems of this nature were not anticipated. However this incident has to be treated as a rarest one. Moreover, the customer wanted the transformer to be matching exactly with the dimensions of existing Russian make transformer and the same was not envisaged at the time of receipt of order which lead to the delay in subsequent engineering clearance</p>

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Thiruvananthapuram,  
17-7-2008.

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