



**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

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

**FIFTY FIFTH REPORT**

(Presented on 10th December, 2008)

SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2008

**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

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

**FIFTY FIFTH REPORT**

**On**

**The Action taken by Government on the Recommendation contained in the  
Fifth Report of the Committee on Public Undertakings (2006-2008)  
relating to Kerala State Drugs and Pharmaceuticals Ltd.,  
based on the Report of the Comptroller and Auditor  
General of India for the years ended  
31st March 2003 (Commercial).**

## CONTENTS

	<i>Page</i>
Composition of the Committee	.. v
Introduction	.. vii
Report	.. 1
Chapter I    Reply furnished by Government on the Recommendation of the Committee which has been accepted by the Committee	.. 2

COMMITTEE ON PUBLIC UNDERTAKINGS (2006-2008)

*Chairman :*

Shri Mankode Radhakrishnan

*Members :*

Shri P. K. Abdu Rabb

„ A. A. Azeez

„ M. Chandran

„ C. M. Dinesh Mani

„ K. T. Jaleel

„ K. K. Jayachandran

„ P. J. Joseph

„ K. Kunhiraman

„ K. Sudhakaran

„ K. C. Venugopal

*Legislature Secretariat :*

Dr. N. K. Jayakumar, Secretary

Smt. K. Laila Beevi, Deputy Secretary

Smt. L. Sailaja, Under Secretary

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Fifty Fifth Report on the action taken by Government on the recommendations contained in the Fifth Report of the Committee on Public Undertakings (2006-2008) on the working of the Kerala State Drugs and Pharmaceuticals Ltd., based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2003 (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 30-7-2008.

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.

Thiruvananthapuram,  
10th December, 2008.

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

## **REPORT**

The Fifth Report of the Committee on Public Undertakings (2006-2008) on Kerala State Drugs and Pharmaceuticals Ltd., based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2003 (Commercial) was presented to the House on 17th October, 2006.

The Report contained only one recommendation. Government furnished reply to this recommendation. The Committee considered the reply received from Government at its meeting held on 21st May, 2008.

The Committee accepted the reply to the recommendation No. 1 (9) without any remarks.

The recommendation of the Committee and its reply furnished by Government is given in succeeding page of this report.

**The Recommendation of the Committee and its reply furnished by  
Government which has been accepted by the Committee**

<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)
1	9	Industries	<p>The Committee finds that Rs. 68.82 lakh was paid to the employees without fulfilling the pre-conditions of enhancing the production by 70% as stipulated in the agreement for payment of incentive. The Committee understands that Rs. 18 crore is needed for the payment of outstanding liabilities of the company and besides that the working capital has also to be provided for the revival of the company. The Committee opined that it is impossible to provide a huge amount for the revival of the company and also to buy the medicines from them at the rate fixed by the company. The Committee recommend that the incentive paid to the employees, without any increase in the</p>	<p>As per the understanding between the Government and the Management, the amount paid as “Incentive” was treated as part of wages and that in the event of failure of workmen to take the revised norms of production due to their fault, the deduction of proportionate wages including the incentive would be made from the workmen concerned. The company recorded a lower production than in the agreement. The scope of discontinuing the incentive meant for higher production has been examined.</p> <p>Due to financial constraints the procurement of raw materials could not be effected as scheduled and production activities came to a stand still gradually. As per the agreement the eligibility of the workmen to receive the incentive irrespective of the fact whether there is production or not is valid</p>

(1)	(2)	(3)	(4)	(5)
			production level, should be recovered from them and the details be informed to it.	<p>provided the lack of production is not due to the fault of the workmen as there is provision in the agreement to effect proportionate deductions.</p> <p>The Management was compelled to continue the payment of incentive, which was a part of wages. As per letter No. 26864/B3/05/JD dated 31-1-2006 Government directed the company management to maintain status quo of paying incentive and temporarily stayed the recovery of incentive already paid. Several employees were relieved under VRS and hence recovery of incentive already paid to the employees can't be recovered at this distant time.</p>

MANKODE RADHAKRISHNAN,

Thiruvananthapuram,  
10th December, 2008.

*Chairman,*  
*Committee on Public Undertakings.*