

TWELFTH KERALA LEGISLATIVE ASSEMBLY

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

ELEVENTH REPORT

(Presented on 18th October, 2006)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2006**

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

ELEVENTH REPORT

On

**Action taken by Government on the Recommendations contained
in the Fortieth Report of the Committee
on Public Accounts (1991-1993)**

1004/2006.

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COMMITTEE ON PUBLIC ACCOUNTS (2006-2008)

Chairman :

Shri Aryadan Muhammed

Members :

Shri C. T. Ahammed Ali
" Alphons Kannanthanam
" P. Jayarajan
" K. M. Mani
" K. P. Mohanan
" C. K. P. Padmanabhan
" M. Prakashan Master
" Thiruvanchoor Radhakrishnan
" N. Rajan
" A. K. Saseendran.

Legislature Secretariat :

Dr. M. C. Valson, Secretary
Shri K. Ravikumar, Deputy Secretary
Smt. M. T. Eleykutty, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the Eleventh Report on Action Taken by Government on the Recommendations contained in the Fortieth Report of the Committee on Public Accounts (1991-1993)

The Committee considered and finalised this report at the meeting held on 11th October, 2006.

ARYADAN MUHAMMED,

Thiruvananthapuram,
18th October, 2006.

*Chairman,
Committee on Public Accounts.*

REPORT

This Report deals with the action taken by Government on the recommendations contained in the 40th Report of the Committee on Public Accounts (1991-1993).

The 40th Report of the Committee on Public Accounts (1991-1993) was presented to the House on 2nd February 1993. The Report contained six recommendations relating to Finance Department. Government were addressed on 27th February 1993 to furnish the statement of action taken on the recommendations contained in the Report and the final replies were received from Government on 11-3-1999.

The Committee examined the statements at its meetings held on 20-4-1999 and 24-5-2005.

The Committee was not satisfied with the action taken by Government on recommendation Nos. 4 and 6 (Para 19 & 21) and decided to pursue it further. Those recommendations, action taken by Government thereon and further recommendations of the Committee are included in Chapter I of this Report.

The Committee decided not to pursue further action on the remaining recommendations in the light of the replies furnished by Government. Those recommendations and their replies are incorporated in Chapter II of this Report.

CHAPTER I

Recommendations in respect of which the action taken by the Government is not satisfactory and which require reiteration

FINANCE DEPARTMENT

Recommendation

(Sl. No. 4 Para No. 19)

1.1 Even though there are specific instructions that first increment of an employee be sanctioned only after he had joined in S.L.I., the Committee notice that out of 52981 new entrants to Government Service during 1985-86 to 1987-88 S.L.I. Policy had been issued to only 41143 cases. Moreover the number of policies issued during the years 1988-89 to 1990-91 showed a decline. The Committee also find cases where increment was sanctioned to incumbents without being insured. The Committee feel that it would be worth while to bring the new entrants under Insurance Scheme on the date of joining duty itself and deduction of premium made from the first month's salary. The work in this connection should be completed without further delay.

Action Taken

1.2 Government have issued necessary directions to the Drawing and Disbursing Officers for ensuring compulsory enrolment of employees in the scheme. Accordingly, the Drawing and Disbursing Officers should make certificates in the salary bill for the month of April in every year to the effect that all the eligible employees working under them are enrolled in the scheme.

(Circular No. 6/95/Fin. dated 21-3-1995 and Circular No. 40/97/Fin. dated 7-5-1997 furnished by Government are given in Appendices II and III)

Further Recommendation

1.3 The recommendation of the Committee was to enrol the new entrants in service under S. L. I. Scheme on the date of the joining duty itself and to start the deduction of premium from the first month's salary itself. The Committee desires to know whether this recommendation had been accepted by Government and if so what action had been taken. If this recommendation is not acceptable then the reason for not accepting it should be furnished to the Committee.

Recommendation

(Sl. No. 6 Para No. 21)

1.4 The Committee was informed that the two Bradma machine purchased for processing policies were decided to be disposed of through the Controller of Stationery. The Committee notice that a machine with a capacity of 15000 to 20000 was purchased at a time when the department had more than 30000 policies. The possibility of some sinister motives behind the injudicious purchase cannot be rule out. The Committee recommend that Government should investigate and fix responsibility. Department is lethargic in taking action for the sale of the machine even though decision to that effect was taken in 1989. The Committee recommend that the machine should be sold immediately before it being got rusted. The result of the sale may be intimated to the Committee.

Action Taken

1.5 Government have already issued orders to the Controller of Stationery to hand over the machine to the Farm Information Bureau vide G.O.(Rt.) 4074/93/Fin. dated. 14-9-1993. (Appendix IV).

1.6 The Bradma Machine were sold in public auction on 25-7-96 for Rs. 12,300 plus 10% ST. (Copy of Lr.No.10256/A3/98/Sty. dated. 4-6-1998 from the Controller of Stationery furnished by Government is given in Appendix.V)

Further Recommendation

1.7 **The Committee would like to bring to the notice of the Government that reply furnished by them is not at all satisfactory. The recommendation of the Committee was to investigate and fix responsibility upon the person who made the injudicious purchase of Bradma Machines with a sinister motive. While furnishing the action taken statements Government have conveniently forgotten this point. The Committee deplores this attitude of the Government in setting aside the cardinal point of the recommendation while furnishing replies to Committee. The Committee points out that furnishing such evasive and irresponsible reply that also by the Finance Department is shameful. Hence the Committee recommends that the action taken in this regard may be intimated to the Committee without any further delay.**

CHAPTER II

Recommendations which the committee does not desire to pursue in the light of the replies furnished by Government

Recommendation

(Sl. Nos.1 & 2 Para Nos. 16 & 17)

2.1 The Committee note with dismay that though pro-forma Accounts were to be prepared from 1967 onwards they have been prepared from 1983 to 1986 only and its reconciliation had not been done since 1984. The lackadaisical approach of the Department is evident from its remission of work relating to the Pro-forma accounts of the earlier periods from 1967 to 1982. The Committee, therefore recommend that the Pro forma Accounts be prepared and reconciled up to date as a time bound programme and the profitability of Insurance business at the end of 1988-89, 1989-90, 1990-91 and 1991-92 should also be made clear, by streamlining the accounting system on commercial principles suited to the insurance business.

2.2 The Committee was told that there was only two hands in the Department who had passed the Licentiate Examination conducted by the Federation of Insurance. The availability of qualified hands is a pre-requisite for effecting efficiency in the Department. Hence the Committee recommend that personnel in the Accounting branch should be put under the management of those who have passed the technical examinations suited to the Insurance business, which are conducted by approved agencies like the Federation of Insurance.

Action Taken

2.3 The Accounting branch is at present managed by experienced hands, Selected 54 members of the staff of the Department have already been given special training suited to the insurance business through the Institute of Management in Government, Thiruvananthapuram.

[G.O.(Rt.) 4781/96/Fin. dated 30-10-1996 appended as Appendix VI]

Recommendation

(Sl. No. 3 Para No.18)

2.4 The Committee was told that the reason for huge payment of accident insurance is mainly due to the slackness of Government Pleaders in protecting the Government interest in accident claims. If the Government Pleaders take up the case earnestly, the award of Motor Accident Claims

Tribunals could be reduced. Hence the Committee feel that there should be an effective system for feed back of information regarding the results of such cases, the flaws and errors should be critically analysed, and if found necessary, the matter should be taken up with the Law Department.

Action Taken

2.5 In order to make the system effective in MACT cases a Law Officer has been appointed on deputation basis from the Law Department. Government in Law Department have issued necessary instruction to Government Pleaders for the proper defence of the cases. Things have now therefore improved.

[G. O.(Ms.)358/94/Fin. dated 27-5-1994 and Circular No.18897/B3/95/Law dated 16-1-1995 are given in Appendix VII and VIII.]

Recommendation

(Sl. No. 5 Para No. 20)

2.6 Regarding the business interest of the Department in Government Companies in the event of disinvestment the Committee recommend that necessary amendments to rules, as and when necessary should be made to safeguard it.

Action Taken

2.7 As per 36 (1) (a) of General Insurance Business Nationalisation Act 1972, the S. I. Department is empowered to undertake General Insurance Business only if the body of property/Subject matter of insurance has substantial financial interest. In the case of disinvestment, there will not be any financial interest in the body. Therefore Government cannot take any action on the recommendation especially because Insurance is a Central Subject.

(Extract appended as Appendix IX)

ARYADAN MUHAMMED,

Thiruvananthapuram,
October 18, 2006.

*Chairman,
Committee on Public Accounts.*

APPENDIX I

Summary of Main Conclusions/Recommendations

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1.	1.3	Finance	The recommendation of the Committee was to enroll the entrance in service under S.L.I. Scheme on the date of the joining duty itself and to start the deduction of premium from the first month's salary itself. The Committee desires to know whether this recommendation had been accepted by Government and if so what action had been taken. If this recommendation is not acceptable then the reasons for not accepting it should be furnished to the Committee.
2.	1.7	,,	The Committee would like to bring to the notice of the Government that reply furnished by them is not at all satisfactory. The recommendation of the Committee was to investigate and fix responsibility upon the person who made the injudicious purchase of Bradma Machines with a sinister motive. While furnishing the action taken statements Government have conveniently forgotten this point. The Committee deplores this attitude the Government in setting aside the cardinal point of the recommendation while furnishing replies to Committee. The Committee points that furnishing such evasive and irresponsible reply that also by the Finance Department is shameful. Hence the Committee recommends that the action taken in this regard may be intimated to the Committee without any further delay.

APPENDIX II
GOVERNMENT OF KERALA
Finance (Establishment D) Department
CIRCULAR

No. 6/95/Fin

Dated, Thiruvananthapuram, 21st March, 1995.

Sub :—Kerala State Insurance Department—Compulsory enrolment of employees in State Life Insurance Scheme in compliance with KSR provisions—Instrcutions—Issued.

It has come to the notice of Government that some Drawing and Disbursing Officers are not taking effective steps to enrol all the eligible officers of thier office in State Life Insurance to whom the schemes compulsory. It is brought to the notice of all concerned that as per provisions in Rule 22 A Part I, KSR, every person who enters Government Service on or after 19-8-1976 shall, within one year, he enrolled in State Life Insurance and shall continue till he ceases to be in service. First increment will be granted to an officer only if he becomes a subscriber. But many instances have come to notice wherein the employees have not been enrolled in the scheme in time. Government would like to emphasis that in such cases the responsibility will be fixed on the drawing and disbursing officer and appropriate action taken against him for such lapses, in future.

2. All drawing and disbursing officers are therefore directed to furnish a certificate in the salary bill for the month of April of every financial year as follows :

“Certified that all the employees working in this office to whom the State Life Insurance Scheme is compulsory as per provisions in Rule 22A Part I, KSR have been enrolled under the scheme”.

3. Officers of the Kerala State Insurance Department will be deputed to heads of offices to check whether compulsory Insurance has been done in every office. They will also collect details of number of officers who have not insured themselves as required and will submit a report to the Secretary to Government,

Finance Department through the Director of Insurance every month. The visits of officers to the offices will take place during the period 15-4-1995 to 15-6-1995.

4. Necessary amendment to the relevant provisions in KSR will be issued separately.

K. M. CHANDRASEKHAR,
Finance Secretary.

To

The Accountant General (A & E/Audit), Kerala, Thiruvananthapuram.
All Heads of Departments and Offices
All Departments and Sections of the Secretariat (including Law & Finance)
The Registrar of High Court, Ernakulam (with C. L.)
The Registrar, University of Kerala, Cochin, Claiicut (with C. L.)
The Registrar, Mahatma Gandhi University, Kottayam (with C. L.)
The Registrar, Agricultural University, Mannuthy, Thrissur (with C. L.)
The Advocate General, Ernakulam (with C. L.)
The Secretary, Kerala Public Service Commission, Thiruvananthapuram (with C. L.)
The Secretary, Vigilance Commission (with C. L.)
The Secretary Kerala State Electricity Board, Thiruvananthapuram.
The Commissioner and Secretary, Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries and Under Secretaries to Government.
The Secretary to Governor.
The Private Secretary to Chief Minister and other Ministers.
The Private Secretary to the Leader of Opposition
The Under Secretary to Chief Secretary
The Stock file.

APPENDIX III

GOVERNMENT OF KERALA

Finance (Establishment D) Department

CIRCULAR

No. 40/97/Fin.

Dated, Thiruvananthapuram, 7th May, 1997.

Sub :—SLI Scheme—Compulsory enrolment of employees in the Scheme—Instructions—Issued.

- Ref. :—1. G.. O.(P) No.479/82/Fin. dated 25-8-1982.
 2. G. O. (P) No. 32/83/Fin. dated 12-1-1983.
 3. Circular No. 6/95/Fin. dated 21-3-1995.*

As per the provisions contained in rule 22A, Part I Kerala Service Rules the State Government Employees who have entered service on or after 19-8-1976 should compulsorily enrol in the State Life Insurance Scheme. Such employees should also take additional policies when they cross one pay range to the next higher range, from time to time. In the Government order read as 1st paper above, Government ordered that every officer who entered service on or after 19-8-1976 should be a subscriber to SLI prior to the granting of the first increment to him. In the G. O. read as 2nd paper, Government further ordered that in the case of employees who have already been sanctioned increment by the time the Government Order dated, 25-8-1982 was issued, their next increment should be withheld unless they become subscribers to SLI. In the Circular read as 3rd paper, all Drawing and Disbursing Officers were directed to furnish a certificate in the salary bill for the month of April of every financial year to the effect that all the employees working in their office to whom the SLI Scheme is compulsory have been enrolled under the scheme.

2. In spite of the directions issued by Government from time to time for the effective implementation of the SLI Scheme, certain Heads of Departments/ Offices do not pay adequate attention to implement the statutory provisions in Kerala Service Rules. Instances have also come to the notice of Government wherein certain Heads of Departments are even recommending proposals to exempt the employees from joining the scheme for various reasons. This is a matter of great concern and cannot be allowed to do so in future because it is the bounden duty and responsibility of the Heads of Departments Offices and 1004/2006.

Drawing and Disbursing Officers to implement Statutory Provisions in Kerala Service Rules by enrolling the eligible employees working under them to the SLI Scheme.

3. In the circumstances Government issue the following instructions for the strict compliance of all concerned :

- (i) The employees those who have entered Government Service on or after 19-8-1976 and have not enrolled in the SLI scheme so far as per rule 22A Part I, KSRs, are directed to enroll themselves in the SLI Scheme forthwith.
- (ii) The subscriber those who are eligible to take additional policies but still have not taken additional policies, should immediately take additional policies as per, the existing slab rate given below :—

<i>Pay range</i>	<i>Rate of subscription</i>
	<i>Rs.</i>
Basic pay upto Rs. 1200	50
1201 to 2500	80
2501 to 4000	120
4001 and above	150

4. All Heads of Departments/Offices and Drawing and Disbursing Officers are requested to bring the above Circular instructions to the notice of the employees working under them and also those who are working on deputation to other institutions for strict compliance and to enroll them in the SLI Scheme as per the Statutory Provisions in rule 22A, Part I KSRs. Any lapse on the part of the officers will be viewed seriously and action will be taken against them.

5. The Treasury Officers are directed to watch the salary bills and wherever the non-compliance of the above directions are noticed, the salary of

the respective employees and the Drawing and Disbursing Officer should be withheld until they comply with the above instructions.

P. V. BHASKARAN NAIR,

Additional Secretary (Finance)

To

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram
The Accountant General (Accounts and Entitlements), Kerala,
Thiruvananthapuram
All Heads of Departments and Offices
All Departments (all sections) of the Secretariat
The Secretary, Kerala Public Service Commission.(with C.L.)
The Registrar, University of Kerala, Cochin, Calicut (with C.L.)
The Registrar, Mahatma Gandhi University, Kottayam (with C.L.)
The Registrar, Kerala Agricultural University, Thrissur (with C.L.)
The Secretary, Kerala State Electricity Board, (with C.L.)
The General Manager, Kerala State Road Transport Corporation (with C.L.)
The Registrar of High Court, Ernakulam (with C.L)
The Joint Secretary to Chief Secretary
All Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries
and Under Secretaries to Government
The Secretary to Governor
The Private Secretary to Chief Minister and other Ministers.
The Private Secretaries to the Leader of Opposition and Government Chief
Whip
The Director of Public Relations, Thiruvananthapuram.

APPENDIX IV

കേരള സർക്കാർ

സംഗ്രഹം

ഇൻഷ്യറിംഗ് വകുപ്പിൽ ഉണ്ടായിരുന്ന ബെഡ് പ്രിൻ്റിംഗ് മെഷീൻ ഉപയോഗ
യോഗ്യമാക്കി ഫാം ഇൻഫർമേഷൻ ബിൽസിപ്പലിന്
നൽകുന്നതിന് ഭൂഷനി കൺട്രോളിൽ ചുമതലപ്പെടുത്താൻ
അനുമതി നൽകിക്കൊണ്ട് ഉത്തരവാക്കുന്നു.

യന്ന (എസ്.ഡി.) വകുപ്പ്

ജി. ഓ. (ആർഡി.) നം. 4074/93/യന്ന.

തിരുവനന്തപുരം, 1993 സെപ്റ്റംബർ, 14

- പരാമർശം :
1. 17-2-93-ലെ ഭൂഷനി കൺട്രോളുടെ ജി2-11700/93 എന്ന ക്രത്ത്.
 2. 23-6-93-ലെ ഫാം ഇൻഫർമേഷൻ ബിൽസിപ്പലിന് നൽകാൻ ഭൂഷനി കൺട്രോളിൽ
5300 / 90 - 00 നമ്പർ ക്രത്ത്

ഉത്തരവ്

പരാമർശിച്ച ക്രത്തിൽ റൈറ്റേർട്ടു ചെയ്തിരിക്കുന്ന കണക്കുകളുടെ അടിസ്ഥാനത്തിൽ
ഇൻഷ്യറിംഗ് വകുപ്പിൽ ഉണ്ടായിരുന്ന ബെഡ് പ്രിൻ്റിംഗ് മെഷീൻ ഉപയോഗയോഗ്യമാക്കി
ഫാം ഇൻഫർമേഷൻ ബിൽസിപ്പലിന് നൽകാൻ ഭൂഷനി കൺട്രോളിൽ നൽകുന്നതിന്
ചുമതലപ്പെടുത്തിക്കൊണ്ട് ഉത്തരവ് പൂരിപ്പെടുവിക്കുന്നു.

ഗവർണ്ണറുടെ ഉത്തരവിൽ പ്രകാരം,

എ. യു. വിമല,
ഡയപ്പുക്കി സെക്രട്ടറി.

അക്കൗണ്ടന്റ് ജനറൽ എ ആന്റ് ഇ/ആധിക്ര കേരള, തിരുവനന്തപുരം.

പ്രിൻസിപ്പൽ ആന്റ് ഓഫീസർ, ഫാം ഇൻഫർമേഷൻ ബിൽസിപ്പലിന്,
തിരുവനന്തപുരം

കൺട്രോളർ, ഭൂഷനി ഓഫീസ്, തിരുവനന്തപുരം
ഡായക്ടർ, ഇൻഷ്യറിംഗ് വകുപ്പ്, തിരുവനന്തപുരം.

APPENDIX V

GOVERNMENT OF KERALA

No. 10256/A3/98/Sty.

Phone : 445637
550584
446874Fax : 0471-446874
Thiruvananthapuram- 695 033
Dated, 4-6-1998.

From

The Controller of Stationery.

To

The Director of Insurance,
Trivandrum.

Sir,

*Sub :—Stationery Department—Details of Bradma Machines forwarding
of— Regarding.**Ref :—Your letter No. Ins/Estt/A3-7512/93 dated, 2-6-1998.*The Bradma Machines in question were sold in Public auction on 25-7-1996
for Rs. 12,300 plus 10% ST.

Yours Faithfully,

N. AYYAPPAN,
Controller of Stationery.

APPENDIX VI

GOVERNMENT OF KERALA
Abstract

KERALA STATE INSURANCE DEPARTMENT—ESTABLISHMENT—SPECIAL TRAINING
PROGRAMME ON INSURANCE SUBJECT AT IMG, THIRUVANANTHAPURAM,
NOTIFICATION—SANCTIONED—ORDERS ISSUED.

FINANCE (ESTABLISHMENT D) DEPARTMENT

G.O. (Rt.) No. 4781/96/Fin. *Dated, Thiruvananthapuram, 30th October 1996.*

Read :—Lr. No. Ins/Estt.A3/13850/95 dt. 18-9-1996 from the Director of Insurance, Thiruvananthapuram.

ORDER

In the letter read above the Director of Insurance has requested sanction for nominate 54 number of staff of the department for the special training programme to be conducted for a period of 20 days from 4-11-1996 to 8-11-1996 to 22-11-1996, 9-12-1996 to 13-12-1996 and 26-12-1996 to 31-12-1996 by the IMG Thiruvananthapuram.

2. After examining the proposal in detail, Government are pleased to accord sanction to nominate 54 number of staff of Kerala State Insurance Department, in 2 batches consisting of 27 participants each for 10 days in two modules of 5 days each, to be conducted at IMG, Thiruvananthapuram, from 4-11-1996 to 8-11-1996, 18-11-1996 to 22-11-1996, 9-12-1996 to 13-12-1996 and 26-12-1996 to 31-12-1996.

3. The expenditure on account of the training will be debited under the head of account “2335-60-110-99-05 (4) on Other items”.

By order of the Governor,

K. ABDUL AZEES,
Deputy Secretary (Fin.)

To

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.
The Accountant General (A&E), Thiruvananthapuram.
The Director of Insurance, Thiruvananthapuram.
The Director, IMG, Thiruvananthapuram.
The Stock File/Office Copy.

APPENDIX VII
GOVERNMENT OF KERALA
Abstract

ESTABLISHMENT—KERALA STATE INSURANCE DEPARTMENT—CREATION OF
A POST OF LAW OFFICER IN KERALA STATE INSURANCE DEPARTMENT—
SANCTIONED—ORDERS ISSUED

FINANCE (ESTABLISHMENT) (D) DEPARTMENT

G.O. (Ms.) No. 358/94/Fin. *Dated, Thiruvananthapuram, 27th May, 1994.*

*Read :—Lr. No. Ins/Estt.A3/26877/93 dated 3-6-93 and 10-12-93 from the
Director of Insurance, Thiruvananthapuram.*

ORDER

In the circumstances stated by the Director of Insurance in his letter cited, Government are pleased to accord sanction for the creation of one post of Law Officer in Kerala State Insurance Department in the Rank of an Under Secretary on Rs. 2500-4000 and Rs. 200 as special pay for a period of one year at the First Instance in relaxation of economy orders.

2. Sanction is also accorded for the deputation of an officer from the Law Department to fill up the post of Law Officer in Kerala State Insurance Department under the usual terms and conditions of Deputation from one Government Department to another without deputation allowance.

3. The Expenditure in this regard will be met from the need of account “2335-60-110-99-SID”.

By order of the Governor,

A. U. VIMALA,
Deputy Secretary (Finance).

To

The Accountant General A&E/Audit, Kerala, Thiruvananthapuram
The Law Department/Kerala State Insurance Department
The Director of Insurance, Thiruvananthapuram.
The District Treasury Officer, Thiruvananthapuram.
The Stock file/Office Copy.

APPENDIX VIII
 GOVERNMENT OF KERALA
Law (Inspection Wing) Department
 CIRCULAR

No. 18897/B3/94/Law. *Dated, Thiruvananthapuram, 16th January 1995.*

Sub :—OP (MV) Cases—instructions—Reg.

- Read :—1. Ins/Estt.A3/42000/94 dated, 16-8-1994 of the Director of Insurance.*
- 2. Circular No. 5146/B3/93/Law dated. 26-7-1993.*

The Director of Insurance has brought to the notice of the Govt. that Govt. Pleaders are not paying attention to safeguard the interest of the Govt./Depts. Before MACTS, WC Courts etc. inspite of repeated requests through Dist. Collectars. As a result instances are very common that court passed awards ex parte which causes heavy loss to Govt. It is also very common that the concerned department come to know about the award only on receipt of notice from the execution court.

All Govt. Pleaders are therefore directed to be vigilant in conducting cases effectively before the MACT, WC courts etc. and take steps to obtain the copy of the award and forward the same to the officers concerned with his legal opinion sufficiently early before the appeal period.

K. BALAKRISHNAN PILLAI,

Deputy Secretary.

To

All Districts Govt. Pleader and Addl. Govt. Pleaders.

The Director of Insurance, Thiruvananthapuram.

Finance (Estt. B) Department.

Stock File.

APPENDIX IX
Extract
GENERAL INSURANCE BUSINESS (NATIONALISATION)
ACT, 1972

32. *Indemnity.*— Every officer of the Central Government and every officer or other employee of the Corporation and of any acquiring company shall be indemnified by the Central Government or the Corporation or the acquiring Company, as the case may be, against all losses and expenses incurred by him in, or in relation to the discharge of his duties under this Act except such as have been caused by his own wilful act or default.

33. *Dissolution of Corporation and acquiring companies.*—No provisions of law relating to the winding up of the Companies shall apply to the Corporation or to an acquiring company, and neither the Corporation nor any such company shall be placed in liquidation save by order of the Central Government and in such manner as it may direct.

Comment

The Court can merely interpret the section; it cannot rewrite, re-cast or re-design the section.¹

34. *Reference to existing insurer in other laws.*—Any reference to an existing insurer in any law other than this Act or any contract or other instrument shall, in so far as it relates to an acquiring company, be construed as a reference to that company.

35. *Application of Insurance Act.*— Subject to such exceptions, restrictions and limitations, if any, as the Central Government may, by notification, specify in this behalf, the Insurance Act shall apply to or in relation to the Corporation and every acquiring company as if the Corporation or the acquiring company, as the case may be, were an insurer carrying on general insurance business within the meaning of that Act.

2. [35-A, *Deduction of income tax not to be made on interest or dividend payable to the Corporation, etc.*—Notwithstanding anything contained in Sec. 193 or Sec. 194 of the Income Tax Act, 1961 (43 of 1961), no deduction of income tax shall be made on any interest or dividend payable to the Corporation or to any of the four new companies formed by virtue of the schemes framed under sub-section (1) of Sec. 16 in respect of any securities or shares owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest.]

36. *Exemptions.*—(1) Nothing contained in this Act shall apply in relation to,— (a) any general insurance business carried on by a State Government to the extent to which such insurance relates to properties belonging to it or undertakings owned wholly or mainly by the State Government or to properties belonging to semi-Government bodies, or any board or body corporate established by the State Government under any statute or any industrial or commercial undertaking in which the State Government has substantial financial interest whether as shareholder, leader or guarantor.

(b) any general insurance business not falling within Cl (a) which has been carried on by a State Government before the Commencement of this Act, to the extent to which it is necessary to allow such business to run off :

Provided that nothing contained in this clause shall be deemed to authorise the State Government to issue any new policies.

(c) any insurer whose business is voluntarily wound up or is being wound up by a court;

(d) the insurance business carried on by the Calcutta Hospital and Nursing Home Benefits Association Limited;

(e) The insurance business carried on by the Export Credit Guarantee Corporation Limited and the Deposit Insurance Corporation established under Sec.3 of the Deposit Insurance Corporation Act, 1961 (47 of 1961);