

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

ON

**PUBLIC UNDERTAKINGS
(2016-2019)**

SIXTY SECOND REPORT

(Presented on 24.01.2018)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2018

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

ON

**PUBLIC UNDERTAKINGS
(2016-2019)**

SIXTY SECOND
..... **REPORT**

On

The Action Taken by Government on the recommendations contained in the
Sixty Second Report of the Committee on Public Undertakings (2014-2016)
relating to Kerala Agro Machinery Corporation Limited based on the
Report of the Comptroller and Auditor General of India
for the year ended 31st March 2009 (Commercial)

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COMMITTEE ON PUBLIC UNDERTAKINGS (2016-2019)

Composition

Chairman:

Shri. C. Divakaran

Members:

Shri. T.A. Ahammed Kabeer

Shri. K.B. Ganesh Kumar

Shri. C. Krishnan

Shri. S. Rajendran

Shri. Thiruvanchoor Radhakrishnan

Shri. P.T.A. Rahim

Shri. Raju Abraham

Shri. Sunny Joseph

Shri. C.F. Thomas

Shri. P. Unni

Legislature Secretariat:

Shri. V.K. Babu Prakash, Secretary

Shri. Mathewkkutty. G., Joint Secretary

Shri. P.B. Suresh Kumar, Deputy Secretary

Smt. Deepa. V., Under Secretary

INTRODUCTION

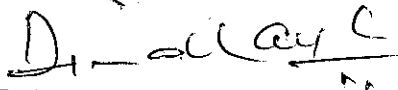
I, the Chairman, Committee on Public Undertakings (2016-19) having been authorised by the Committee to present the Report on their behalf, present this ~~62nd~~ ^{Sixty Second} Report on the Action Taken by Government on the recommendations contained in the Sixty Second Report of the Committee on Public Undertakings (2014-16) on the working of Kerala Agro Machinery Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2009 (Commercial).

The statements of Action Taken by the Government included in this report was considered by the Committee constituted for the year (2016-19) at its meeting held on 31-05-2017.

This Report was considered and approved by the Committee at its meeting held on 17-01-2018.

The Committee place on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala during the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,
17/01/2018.


C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the Sixty Second Report of the Committee on Public Undertakings (2014-16) relating to Kerala Agro Machinery Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2009 (Commercial).

The Sixty Second Report of the Committee on Public Undertakings (2014-2016) was presented to the House on 11th December, 2014.

The Report contained two recommendations in para numbers 2 and 3 and the Government furnished Action Taken Statements to both of them on 15-11-2016.

The Committee at its meeting held on 31-05-2017 accepted these Action Taken Statements without remarks. These recommendations and their replies furnished by the Government are included in this Report.

REPLIES FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH HAS BEEN ACCEPTED BY THE COMMITTEE WITHOUT REMARKS

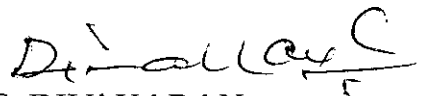
Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations	Action taken by the Government
(1)	(2)	(3)	(4)	(5)
1	2	Agriculture Department	The Committee is forced to suspect an illicit nexus between the officials of the Corporation and the buyers of power tillers which prompted the officials of the Corporation to levy Sales Tax at concessional rate despite knowing the fact that it was rescinded by KVAT Act. The Committee is much displeased to find that the supine attitude of the Corporation has resulted in the cash loss of ₹3.72 crore. The Committee directs to be furnished with a detailed report with a depiction on the loss suffered by the Corporation due to the imprudent decision of the Corporation to levy Sales Tax at concessional rate.	Kerala Agro Machinery Corporation is selling various agricultural machineries at most competitive price to small and marginal farmers all over India. The major sales are outside Kerala and products are sold to farmers under various subsidy schemes through State owned agro Industries Corporations. Their major dealers are state owned Agro Industries Corporations like West Bengal Agro Industries Corporation, Tamil Nadu Agro Industries Corporation, Tripura Horticulture Corporation, Assam & Orissa Agro Industries Corporations and like organizations which in turn distribute the machineries to farmers at subsidized rate. The subsidy sales prices (which includes various taxes, freight/insurance charges) have to be presubmitted and got approved and cannot be altered during the pendency of the scheme and in such case any variation in sales tax or even price will

(1)	(2)	(3)	(4)	(5)
				have to be born by the supplier. As a policy, when company is charging only nominal profit (less than 5%) on its various products, it was practically difficult to pass on the additional CST of 2-3% either to dealers (mainly government agencies)/farmers. Moreover an untimely escalation in price may result in loss of goodwill and the customers may opt for other agencies. It was this aspect which led the company to move the Government for reinstatement of concessional CST and the Government therefore restored the concession.
2	3	Agriculture Department	The Committee recommends that officials of the Corporation should take earnest efforts to keep abreast with the changes introduced in the tax structure from time to time, so that such lapses can be avoided in future.	With regard to the recommendation of the Committee, the Managing Director has assured that all care will be taken to ensure timely updation and compliance of all instructions/revisions in tax structure.

Place : Thiruvananthapuram,

Date : 17-01-2018.

FCBI/SPUC /1-1-2018


C. DIVAKARAN,
Chairman,

Committee on Public Undertakings.