

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

HUNDREDTH ON

PUBLIC ACCOUNTS

(2023-26)

HUNDREDTH REPORT

(Presented on 28th January, 2026)



SECRETARIAT OF THE KERALA LEGISLATURE

THIRUVANANTHAPURAM

2026

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2023-2026)**

HUNDREDTH REPORT

on

**Action Taken by Government on the Recommendations
contained in the Twentieth Report
of the Committee on Public Accounts (2006-08)**

CONTENTS

Page

Composition of the Committee :

Introduction :

Report :

Appendices:

Summary of Main Conclusion/Recommendation

Annexure: Annexure - I

COMMITTEE ON PUBLIC ACCOUNTS

(2023-2026)

COMPOSITION

Chairperson :

Shri. Sunny Joseph

Members :

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Shri. M. V. Govindan Master

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Shri. C. H. Kunhambu

Shri. Mathew T. Thomas

Shri. M. Rajagopalan

Shri. P. S. Supal

Shri. Thomas K. Thomas

Shri. K. N. Unnikrishnan

Shri. M. Vincent

Legislature Secretariat

Dr. N. Krishna Kumar, Secretary.

Shri. Selvarajan P.S. , Joint Secretary.

Shri. Jomy K. Joseph, Deputy Secretary.

Smt. Beena O.M., Under Secretary.

INTRODUCTION

I, the Chairperson, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Hundredth Report on Action Taken by Government on the Recommendations contained in the Twentieth Report of the Committee on Public Accounts (2006-08).

The Committee considered and finalised this Report at the meeting held on 20th January 2026

Thiruvananthapuram
28th January , 2026



SUNNY JOSEPH

*Chairperson,
Committee on Public Accounts.*

REPORT

This report deals with the Action Taken by the Government on the recommendations contained in the Twentieth Report of the Committee on Public Accounts (2006-2008).

The Twentieth Report of the Committee on Public Accounts (2006-08) was presented to the House on 10th July 2007. The report contained sixteen recommendations relating to Fisheries & Ports Department. The Report was forwarded to Government on 25.07.2007 seeking the Statements of Action on the recommendations contained in the Report and the final reply was received on 11.10.2023.

The Committee examined the Statements of Action Taken received from the Government at its meetings held on 08.12.2010, 15.05.2013, 30.10.2013, 23.07.2014, 29.10.2014, 18.02.2015, 30.11.2016 18.07.2018, 31.10.2018, , 18.09.2019, 29.12.2023. The Committee was not satisfied with the Action Taken by Government on the recommendations in Para Nos. 11 & 12, 33 & 34, 36, 37, 38, 39 and decided to pursue further. These recommendations, reply furnished there on 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 the Government. Such recommendations of the Committee and the Action Taken by Government are included in Chapter II of this report.

CHAPTER - I

RECOMMENDATIONS IN RESPECT OF WHICH ACTION TAKEN BY GOVERNMENT ARE NOT SATISFACTORY AND WHICH REQUIRE REITERATION.

PORT DEPARTMENT

Recommendation

(SI No.4, Para No. 11)

1.1 The Committee understand that even though steps were taken by the Government to recover the loss of ₹38.6 lakh from M/s. Gear Transmission Private Limited, Madras, the recovery proceedings could not be carried out since the whereabouts of the company were not traceable. It is understood that since huge amount is involved in the case, the Home Department had been approached to conduct a detailed enquiry of the firm and to furnish report to the Ports Department. [The Committee would like to point out that the firm had filed an OP in the Hon. High Court of Kerala against the recovery proceedings in 1995 and till 05.02.1998, the date on which the Government had furnished the reply to the Committee, no decision on the OP had been taken. Hence it could be assumed that the firm was in existence for at least name sake till 1998.]

Recommendation

[Sl.No. 5, Paragraph No. 12]

1.2 The Committee urges the Home Department to expedite the enquiry and to find out the whereabouts of the firm and its owners so that RR proceedings could be taken against the firm and the amount lost to Government could be recovered from them. The Committee recommends that the Department being primarily responsible for the recovery, the Port Department should get the enquiry done at the earliest. The result of the enquiry and the subsequent action taken by the Department to realise the money should be intimated to the Committee.

Action Taken

1.3 As the boat supplied by the firms brought to the Kerala Shore for inspection on 18.12.1991 revealed the fact that the boats were not constructed in accordance with the specifications approved by Government. Government as per G.O(Ms).17/93/F/&PD dated 28.05.93 terminated the contract with the firm and also accorded sanction to initiate Revenue Recovery Proceedings against M/s. Gear Transmission, Madras to recover ₹38.60 lakh being the stage payments already paid to them. But the firm obtained stay order against the Revenue Recovery Proceedings in OP. No.7258/95 of Hon'ble High Court. The OP was finally dismissed in July 2002, also vacating the stay.

1.4 Accordingly action was initiated to recover ₹38.60 lakh by way of Revenue Recovery and District Collector, Chennai was intimated accordingly. But Tahsildar, Mambalam, Guindy has informed that on enquiry he could not find a firm in the name of M/s.Gear Transmission (P) Ltd., Chennai. Therefore Government instructed the Director of Ports to report the details of the case to Police so as to conduct a detailed enquiry to find out the whereabouts of the firm; Accordingly a complaint was lodged by Director of Ports with the Circle Inspector Museum Police Station, Thiruvananthapuram. The Circle Inspector of Police, Museum Police Station informed the Director of Ports as per his letter dated 25.04.2005, that for tracing the present whereabouts of the firm there is no need of registering a Police Case and further informed that enquiry can be made at the level of Port Department and necessary Police assistance will be rendered as and when required. In the above circumstances, Government in Port Department observed that the firm M/s. Gear Transmission which owes ₹38.60 lakh to Government might even have changed the name and may be doing their business in some other name and owner's whereabouts is essential to proceed further to recover the loss caused to Government. So far there was no information to the Port Department on the whereabouts of the firm and observed that the case is a clear cheating and

intervention of State Police Department is necessary for finding out the whereabouts of the firm, and addressed the Principal Secretary (Home) Department requesting to make necessary arrangements for conducting an enquiry into the matter, Vide Note dated 29.07.2005. In reply to the above note after conducting investigation the Home Department informed that (vide reply dated 02.09.2008) no company by name M/S. Gear Transmission is functioning at T.Nagar, Chennai city and the whereabouts of the owner is not known.

Recommendation

(SL. No. 14, Paragraph No. 39)

1.5 The Committee understands that the firm involved in the case of FRP Speed Boat Munrothuruthu is the same firm M/s. Gear Transmission, Madras which is involved in the supply of FRP Boats at Neendakara, and Beypore pointed out in Para 3.19 of AR 1993-94. The Committee therefore, recommends to link this case with that pointed out in Para 3.19 (1993-94) and take further action. The results of action taken should be intimated to the Committee.

Action Taken

1.6 The Government had accorded Administrative sanction for the procurement of two numbers of FRP Boats – for Neendakara and Baypore Ports each costing of ₹45 Lakh – as per G.O. (Ms) 32/87/F&PD dated 11.08.87 and later, as per G.O.(Ms) 50/89/F&PD dated 02.12.89, it was ordered to construct only one FRP Boat and modified orders issued. The above FRP Speed Boat purchased from M/s. Gear Transmission (Pvt.) Ltd., was named as "Manrothuruthu" and its total estimated cost was ₹40.00 lakh. Orders issued by Government for procurement of two barges was modified to procure only one barge due to paucity of funds for the time being.

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/654 dated 07.02.2011]

[Considered on 15.05.2013]

Further Recommendation

1.7 The Committee asked whether any action was initiated as required in para No. 11, 12, 39* of the 20th Report. The Director of Ports informed the Committee that Government had accorded sanction to initiate revenue recovery proceeding against M/s. Gear Transmission(P) Ltd., Chennai. Accordingly action was initiated to recover the amount but on the enquiry they could not find out the firm so far. The Director of ports also informed that steps were taken to find out the firm with the help of the Tamil Nadu Maritime Board.

Action Taken

1.8 Action was initiated by the Director of Ports to recover ₹38.60 lakhs through Revenue Recovery from M/s. Gear Transmission (P) Ltd, Chennai and District Collector, Chennai was intimated accordingly. But Tahsildar, Mambalam Guindy after enquiry has reported that he could not locate a firm by the name of M/s. Gear Transmission (P) Ltd, Chennai. Government instructed the Director of Ports to report the details of the case to the police so as to conduct a detailed enquiry to find out the whereabouts of the firm. The Home Department informed that no company by name M/s. Gear Transmission has been functioning at T. Nagar, Chennai city and the whereabouts of the owner is not known. Subsequently the Port Department initiated disciplinary action against the delinquent officers (1) Capt. P. K. Ramachandran Nair, Former Director of Port (Rtd) and (2) Sri. N. Mohanachandran Nair, CME (Rtd) which was finalised as per G.O(Rt).No.99/08/F&PD dated 13.02.2008. A civil Suit was also filed to recover an amount of ₹38.60 Lakh from delinquent officers as liability. The officers did not remit the amount. The recovery of loss sustained to government in connection with the supply of FRP speedboat by M/s. Gear

* The firm involved in the case detailed in para 39 is also M/s Gear Transmission Pvt. Ltd

Transmission from the officers Capt. P. K. Ramachandran Nair and Sri Mohanachandran Nair, Two OS bearing numbers 116/10 and 1234/10 were filed before the Hon. Subordinate judge court of Thiruvananthapuram by the Port Department. At present both these cases were disposed.

1.9 In the mean time, the first delinquent officer Capt. P. K. Ramachandran Nair, Former Director of Ports expired on 10.06.2016. The Government Pleader, Thiruvananthapuram directed the Director of Port to call for the details of movable and immovable properties of survivors of the Late Capt. P. K. Ramachandran Nair (Former Director of Ports) with the help of Revenue Authorities. Further communication is awaited from Village Officer, Thycaud, Thiruvananthapuram, which will be expedited.

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/300 dated 22.11.2018]

[Considered on 18.09.2019]

Further Recommendation

1.10 The Committee directed to furnish the details of the present position of the disciplinary action taken against the delinquent officials including Shri. N. Mohanana Chandran Nair (Rtd CME) in connection with the loss sustained to Government due to supply of FRP speed boat by M/s. Gear Transmissions (P) Ltd.

Action Taken

1.11 ഇറമുഖ വകുപ്പിന്റെ എഫ്.ആർ.പി. സ്റ്റീഡ് ബോട്ട് വിതരണം ചെയ്യുന്നതായി ബന്ധപ്പെട്ട് M/s. Gears Transmission (P) Ltd, Chennai എന്ന സ്ഥാപനം വരുത്തിയ നഷ്ടം ശ്രീ. എൻ. മോഹനചന്ദ്രൻ നായർ (Rtd CME) ഉൾപ്പെടെ ബന്ധപ്പെട്ട ഉദ്യോഗസ്ഥരിൽ നിന്നും ഈടാക്കുന്നതിന് തീരുമാനിക്കുകയും അതിനായി സിവിൽ സൂട്ട് ഫയൽ ചെയ്യുന്നതിന് ഇറമുഖ വകുപ്പ് ഡയറക്ടറെ ചുമതലപ്പെടുത്തുകയും ചെയ്തുകൊണ്ട് 12.06.2009-ലെ സ.ഉ.(എം.എസ്).39/09/മതുവ പ്രകാരം ഉത്തരവായിരുന്നു.

1.12 ബഹു. അഡീഷണൽ സബ് കോടതി II, തിരുവനന്തപുരം മുൻപാകെ ഫയൽ ചെയ്യപ്പെട്ടിരുന്ന OS. No.116/2010 കേസിൽ, മതിയായ അവസരം നൽകിയിട്ടും പരാതിക്കാരന്റെ ഹാജരാകലോ പ്രാതിനിധ്യമോ ഉണ്ടാകാത്തതിനാലും എതിർ കക്ഷിക്കെതിരെ സമൻസ് അയയ്ക്കുന്നതിനുള്ള നടപടികൾ സ്വീകരിക്കാത്തതിനാലും ബഹു. കോടതി 10.06.2016-ന് പ്രസ്തുത സിവിൽ സ്യൂട്ട് dismiss ചെയ്തിട്ടുള്ളതാകുന്നു. O.S.No.1234/2010 കേസിൽ, ഫയൽ ചെയ്ത സ്യൂട്ട് മെമ്മോ പരാതിക്കാരൻ പിൻവലിച്ചതിനാലാണ് ബഹു. കോടതി 03.01.2013-ന് പ്രസ്തുത സിവിൽ സ്യൂട്ട് dismiss ചെയ്തിട്ടുള്ളത്. ടി കേസുകളിൽ Restoration Petition ഫയൽ ചെയ്യുന്നതിനുള്ള statutory limitation period കഴിഞ്ഞിട്ടുള്ളതിനാൽ Restoration Petition വിജയകരമായി ഫയൽ ചെയ്യുന്നതിനുള്ള സാധ്യത വിരളമാണെന്ന് നിയമ വകുപ്പ് അറിയിച്ചിട്ടുണ്ട്. ആയതിനാൽ യഥാസമയം കോടതിയിൽ ഹാജരാകാതിരുന്ന ഗവൺമെന്റ് പ്ലീഡർമാരിൽ നിന്നും സർക്കാർ നഷ്ടം സിവിൽ സ്യൂട്ട് വഴി ഈടാക്കുന്നതിന് ആവശ്യമായ തുടർനടപടികൾ സ്വീകരിക്കുന്നതിനായി നിയമ വകുപ്പിന് ഫയൽ കൈമാറിയിട്ടുണ്ട്.

[മത്സ്യബന്ധന തുറമുഖ (ഡി) വകുപ്പിന്റെ 11.10.2023-ലെ ഡി11/184/2019/മ.തു.വ നമ്പർ കത്ത്]

[29.12.2023-ലെ യോഗം പരിഗണിച്ചു].

Further Recommendation

1.13 The Committee noticed that the file related to the case had been handed over to the Law Department to take further necessary action to recover the loss sustained to Government through Civil Suit from the Government pleaders who did not appear before the court on time. Therefore the Committee directed that the report regarding the action taken against the aforementioned Government Pleaders should be furnished at the earliest.

Recommendation

[Sl No. 8, Paragraph No. 33]

1.14 The Committee observes that the Port Department had entrusted the work on the construction of a new hull for the tug Jalasree without ascertaining the conditions of the engines by technical experts. Had the poor condition of the engines and gear boxes been assessed beforehand, the newly built hull would not have been left in the open to rot and rust for nearly 8 years from 1998 onwards. The Committee understand that the repair and renovation of the tug Jalasree was undertaken as part of the ongoing developmental projects at Beypore Port. The sanction for the construction of a new hull was given in October 1995. But till date ie, even after 11 years the tug has not been made sea worthy. The Committee is concerned about the lack of foresight and planning on the part of the Department which had caused inordinate delay in completion of the tug. The Committee observes that if such inordinate delays are caused in the completion of individual components of a project, it would drag on the whole project thereby causing huge escalation in project cost.

Action Taken

1.15 During first week of January, 2002 the Technical Committee evaluated the offer received for the supply of new engines and gear boxes for the Tug Jalasree. The engines and gear boxes offered by M/s. Sunitha Diesel Sales and services was considered for purchase. One of the technical Committee members representing the Indian Register of Shipping sought some technical details from M/s Sunitha Diesel Sales and Services. The firm was asked to clarify the same. M/s SILK, the contractor who constructs the vessel also raised some doubts about the size of the engine, the availability of space to accommodate the engines, the starting system etc. In this regard many discussions/clarifications were made with the supplier. At last the M/s Sunitha Diesel Sales and Services claimed additional charges for supplying

the engines with necessary IRS norms (type approval). Since all clarification clearance required was technically important, the details were collected directly from the manufactures of the engine, the supplier. This was a time consuming process and it took more than six months for a final decision. Finally in July, 2002 it was decided to re-tender for the procurement of engine and gear boxes, because M/s Sunitha Diesel Sales and Services claimed an additional amount for supplying the engines and gear boxes with IRS type approval vide re-tender Notice dated 12.07.2002. Tenders were invited for supply of engines and gear boxes. Last date for submission of tenders was 08.08.2002. After scrutiny of the offers received by Technical Committee tenders were asked to submit the required technical clarification/details. During the process of technical evaluation of the offers received in re-tender, the IRS vide their letter dated 10.12.2002 reported that the condition of the newly constructed hull is not satisfactory to accommodate the engines under consideration. They have also reported that the offers submitted have deviation from the Department's technical specification. In view of the report from Indian Register of Shipping during 4/2003 the Director of Port arranged for thickness gauging of the hull and structure. The gauging was arranged departmentally, and the result of gauging was discussed with IRS. While discussing the matter with Indian Register of Shipping on 07.06.2003, they insisted to carryout the gauging work under the supervision of IRS (due to tight schedule of M/s. Indian Register of Shipping, it was very difficult to get appointment with M/s. Indian Register of Shipping).

1.16 During 7/2003 the department instructed M/s SILK to carryout the thickness gauging. M/s Indian Register of Shipping was requested to witness the gauging. Even after repeated requests from the Department the M/s SILK did not arrange the thickness gauging. At that juncture, on 23.03.2004 the department requested Indian Register of Shipping to suggest a name of a firm who can be engaged for gauging work considering the corrosion in plate and

structures in July, 2004. The Department enquired with Indian Register of Shipping the possibilities for installing lower capacity engines (193 HP) and gear boxes. The technical details of the engines were also collected and submitted to M/s IRS for their suggestion/opinion after the receipt of the technical specification on 22.06.2004. Director of Ports received a letter from Indian Register of Shipping requesting the survey request in the prescribed proforma and the duly filled survey request was submitted to IRS on 26.08.2004. Further clarification asked by Indian Register of Shipping were also submitted.

1.17 As per the directions of the Indian Register of Shipping, the thickness guaging was entrusted with M/s Aries Marine and Engineering Services on 02.08.2004. The thickness guaging was to be witnessed by Indian Register of Shipping. Due to the inconvenience of Indian Register of Shipping, the guaging work could be carried out only on 05.01.2005. Even though Port Department requested the opinion of installing lower capacity (193 HP) engines in July 2004 and repeated reminders were sent from the Department M/s. Indian Register of Shipping opinion intimating that the proposal for installing lower capacity engines (193 HP) appears to be satisfactory was received only on 10.01.2005. Vide this Department (Director of Ports) Tender Notice dated 14.01.2005 this Department invited offers for the supply of 193 hp engines and gearboxes. The tenders were opened on 18.02.2005. The offers received were scrutinised and the details were forwarded to M/s Indian Register of Shipping for their opinion. Vide letter dated 15.06.2005 M/s Indian Register of Shipping asked certian clarifications. This was replied to Indian Register of Shipping on 02.07.2005. Vide letter dated 15.07.2005 M/s. Indian Register of Shipping informed that the engines to be installed requires NOX emission norms. The NOX emission norms prescribed as per Annexure VI Regulation 13 of MARPOL are to be satisfied for engine power output of more than 130KW built on or after 1st January, 2000 and installed on vessels

covered under M.S.Act.

1.18 M/s TVS who offered Ashok Leyland ALM 680 TC engine (193 HP) was asked to confirm the NOX emission norms. Since this norms being a technical matter to be clarified by the manufacturer of the engines. M/s TVS took up the matter with M/s Ashok Leyland, the manufacturer of the engines and after a long time vide letter dated 03.11.2005, M/s TVS informed that their principal M/s Ashok Leyland is in a position to supply the 680 TC Marine Engine (193 HP) with Indian Register of Shipping type approval (NOX emission). However they needed 6 months from the date of receipt of order. Vide this Department letter dated 30.01.2006 we requested M/s TVS to extend the validity period of their offer and to intimate the lowest rate for the supply of engines.

1.19 Vide letter dated 24.02.06 this Department requested to convene the DPC and to issue necessary orders for procuring the engines (193 hp) and gearboxes. Vide GO(Rt)No. 350/06/F&P dated: 29.07.2006 Government accorded Administrative Sanction for procurement of 193 hp engines.

1.20 This was intimated to M/s TVS and asked them to intimate the status of the Indian Register of Shipping approval of the engines. Vide letter dated 30.10.2006, TVS intimated that the approval procedure might take two to three weeks time.

1.21 Vide letter dated 22.01.2007, M/s TV സമിതി (2006-08) യുടെ 20-ാം മത് S intimated that the IRS type approval is under process and would be completed before end of March 2007. Vide letter dated 07.08.2007, M/s TVS informed that the process for approval of engines were under way, and they were not able to confirm the date for the issue of IRS approval. As an option they request to consider 172 BHP engine which were already having type approval from IRS. Vide this Department letter dated 14.09.2007, this matter was taken up with the Indian Register of Shipping and requested their advice

in installing ALM 680 engines developing 172 BHP (Price offer for the engines were also obtained from TVS) Department's Engineers-in Charge was deputed to Kochi for following up matter with Indian Register of Shipping.

1.22 Vide letter dated 15.01.2008, Indian Register of Shipping intimated that they had no objection for installing ALM 680 engines. However they requested to submit a revised survey request in form SRF REV-5, which was to be prepared by M/s SILK (contractor) Vide this Department letter dated 04.02.2008 this matter was intimated to the Contractor and requested to submit the revised survey request. Even though this Department reminded repeatedly, M/s. SILK did not submit this request to Indian Register of Shipping. Hence the procurement of new hull for Tug Jalasree is pending to be materialized.

Recommendation

[SI No. 9, Paragraph No. 34]

1.23 The Committee therefore recommends that technical expertise be obtained wherever needed and while executing projects proper planning should be done so that the individual components are completed within the time frame.

Action Taken

1.24 Government sanction for the procurement of the higher capacity engines was given on 15.05.01. 1st Tender for the supply of the engines was invited on 23.06.2001. This was cancelled because the firm who quoted the lowest rate claimed extra amount for supplying the engines with IRS approval. Re-tender was made during 12.07.2002. During 12/02 Indian Register of Shipping intimated the poor condition of the hull already completed. Then gauging of the hull plate and structure were made and after this it was decided to provide lower capacity engine i.e., ALM 680 TC marine engine developing 193 hp. Confirmation in this regard from Indian Register of Shipping was obtained only on 10.01.2005. Tenders were invited on

14.01.05, for the supply of these type engines (193 hp) and the acceptable offer was from TVS. When this Department approached Indian Register of Shipping for acceptance of this engines vide letter dated 12.09.2005 they informed the necessity of NOX emission norms for the Indian Register of Shipping type approval. Even though they promised to issue the type approval of engine, TVS failed to submit the documents. As an option Department decided to install 172 BHP engine for which Indian Register of Shipping type approval is available. Vide letter dated 15.01.2008, Indian Register of Shipping agreed to install this type engine and instructed to submit a revised survey request, which was to be submitted by M/s. SILK. So far M/s. SILK has not submitted the survey request.

[Paragraphs 33 & 34 - Ref No. Report (Civil)/PAC)/53-39/2006-08/ XX/373, dated 20.12.2011]

[Considered on 29.10.2014 & 18.07.2018]

Further Recommendation

1.25 The Committee viewed that, if there had been proper planning and foresight while executing this project, enormous loss occurred by the Government could have been avoided. It also expressed its displeasure in the irresponsible manner of handling the public money and recommended to fix the liability to the officials who were in charge and to take disciplinary action against them.

Recommendation

(Sl. No.11, Paragraph No.36)

1.26 The Committee desires to know whether the loss sustained by Government in the construction of 250 tonne barge had been recovered from M/s Western Marine Engineering (WME), Kochi and whether the firm had been black listed.

Action Taken

1.27 The 250 tonne barge's construction by M/s Western Marine Engineering, Kochi is still not completed and therefore supply not effected by M/s Western Marine Engineering Kochi. Hence the contract has terminated and demand notice for remitting back to the Department a sum of ₹1,32,75,186/-which was paid to the firm for construction and supply of the Barge was issued. One months time was allowed for remittance of the amount. But the firm did not effect payment. Hence RR Proceedings are not being initiated against the firm.

[Ref No. Report (Civil/PAC)/53-39/2006-08/XX/373/ dated 20.12.2011]

Excerpts from the discussion of the Committee on 29.10.2014

1.28 The Director, Ports Department informed the Committee that though the department had paid an advance amount of ₹56 lakh for the construction of barge, the company demanded more as advance. But the department rejected the demand and the company refused to state construction. In that situation the department terminated the contact and initiated RR proceedings to realize the amount. The company approached the court challenging the department's. The court ordered the company to repay the amount in two installments. Following the court order, the company remitted an amount of ₹60.46 lakh out of the total due amounted to ₹1.32 crore including interest. The balance amount of ₹72.23 lakh is yet to be recovered because the company obtains stay order from the court.

Further Recommendation

1.29 The Committee directed to furnish the action taken by Government to vacate stay order and recommended to recover the balance amount of ₹72.35 lakh from M/s Western Marine Engineering, Kochi out of the total loss of ₹1.32 crore sustained by Government in the construction of 250 tonne barge.

[considered on 18.07.2018]

Recommendation

(Sl. No.12, Paragraph No.37)

1.30 In the case of construction of 600HP tug entrusted to M/s Delta Marine Works, Kochi, the Committee would like to know whether the Port Department had taken possession of the tug and shifted it to any other yard for completing the construction works. The Committee also desires to be informed of the recovery of the damages suffered by the Government due to the non fulfillment of the contractual obligation by the firm.

Action Taken

1.31 The Port Department did not take possession of the 600hp Tug constructed by M/s Delta Marine Works. The contract with M/s Delta Marine Works was already terminated. Before removing the vessel from the premises of the Contractor, the present assets and liabilities in respect to this contract, losses if any sustained by the Government amount required for making the vessel seaworthy etc are to be ascertained. For assessing the amount required for making the vessel seaworthy the assessment is entrusted with M/s Indian Register of shipping. Indian Register for shipping requested the full co-operation from M/s Delta Marine Works, but they are not co-operating with Indian Register of Shipping. Hence the assessment is not yet materialised. If we forcefully enter into the Vessel that may effect adversely and arise dispute with the contractor. The Government have ordered Vigilance Enquiry for unearthing the irregularities involved in the matter.

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/373/, dated 29.10.2014]

[Considered on 29.10.2024].

Excerpts from the discussion of the Committee on 29.10.2014

1.32 The Director, Ports Department informed that the government had ordered a vigilance probe into the irregularities involved in the matter and the report was submitted on December 2013. The vigilance reported that loss

should be recovered from M/s Delta Marine Works, Kochi through legal proceedings. In the light of the vigilance enquiry report the department had started RR proceedings to recover the amount but the company obtained a stay order from the court. The department has decided to take legal measures to vacate the stay order. So the matter was communicated to Advocate General.

Further Recommendation

1.33 The Committee directed to furnish the present position of this case and recommended that urgent steps must be taken to recover the loss sustained by Government in the construction of 600 HP tug from M/s Delta Marine Works.

[considered on 18.07.2018]

Recommendation

(SI No.13 Paragraph No 38)

1.34 The Committee desires to be informed whether the works on two barges, one tug and one diesel generator still pending with SILK had been completed and handed over to the Department.

Action Taken

1.35 The work undertaken by SILK are:

1. Construction of new hull for tug Jalasree.
2. Construction of 150 T Water Barge.
3. Supply of Diesel Generator

There is pendency of only one barge (150 T Barge) and not two barges as mentioned in the recommendations.

1.36 1. Construction of tug Jalasree

Government accorded Administrative sanction for the procurement of 2 numbers 600 HP engines vide G.O.(Rt) 2009/2001/F&PD dated 15/05/2001 .accordingly tenders were invited in june 2001 with date of

opening on 06.10.2001. Government constituted a technical committee for evaluating the tender in December 2001. During first week of January, 2002 the technical Committee evaluated the offer received for the supply of new engines and gear boxes for the Tug Jalasree. The engines and gear boxes offered by M/s Sunitha Diesel Sales and Services was considered for purchase. One of the technical committee members represented by the IRS sought some technical details from the firm. The firm was asked to clarify the same. M/s SILK, contractor who constructs the vessel also raised some doubts about the size of the engine, the availability of space to accommodate the engine, the starting system etc. In this regard many discussions/clarifications were made with the supplier. At last the M/s Sunitha Diesel Sales and Services claimed additional charges for supplying with engines with IRS norms (type approval). Since all clarifications clearance required was technically important, the details were collected directly from the manufactures of the engine through the supplier. This was a time consuming process and it took six months for a final decision. Finally in July 2002 it was decided to re tender for the procurement of engine and gear box, because the M/s Sunitha Diesel Sales and services claimed an additional amount for supplying the engines and gear box with IRS type approval Tender notice for supply of engines and gear boxes was invited on 12.07.2002. Last date of submission of tender was 08.08.2002. After scrutiny of offers by the technical committee, tenderers were asked to submit the required technical clarification/details. During the process of technical evaluation of the offer received in re-tender, M/s IRS vide their letter dated 10.12.2002 reported that the condition of the newly constructed hull is not satisfactory to accommodate the engines under consideration. They have also required that the offers submitted have deviation from the departments technical specification. As per the direction of 04/2003 the Director of Port arranged for thickness gauging of the hull and structure. The gauging was arranged departmentally, and the result of gauging

was discussed with IRS. They insisted to carry out the gauging under the supervision of IRS. Due to tight schedule of IRS it was difficult to get appointment with IRS. During 7/2003 the department instructed M/s SILK to carry out the thickness gauging. M/s IRS was requested to witness the gauging. Even after the repeated request from the department the M/s SILK has not arranged the thickness gauging. In that juncture of 23.03.2004 the department requested IRS to suggest the name of a firm who can be engaged for gauging work considering the corrosions in plate and structure in July, 2004. The department enquired IRS the possibility of reinstalling lower capacity engines (193 HP) and gear boxes. The technical details of the engines were also collected and submitted to M/s IRS for their suggestion/opinion. After submitting the technical specification on 22.06.2004, Director of Ports received a letter from IRS requesting the survey details in the prescribed performa. Duly filled survey request was submitted to IRS on 26.08.2004. Further clarification required by IRS also submitted.

1.37 As per the directions of the IRS, the thickness gauging was entrusted with M/s Aris Marine and Engineering services on 02.08.2004. The thickness gauging was to be witnessed by IRS. Due to the inconvenience of IRS, the gauging work could be carried out only on 05.01.2005. The Director of Ports sought the opinion of IRS on installing lower capacity (193 HP) engines on July 2004. The approval from IRS was received on 10.01.2005. The Director of Ports invited tender for 193 HP engine and gearbox on 14.01.2005. The tender were opened on 18.02.2006. The tender received were scrutinised and the details were send to M/s. IRS for their opinion. On 15.06.2005 the IRS asked certain clarifications. Reply given on 02.07.2005. On 15.07.2005 the IRS informed that the engine to be installed requires NOX emission norms. The NOX emission norms prescribed as per annex VI regulations 13 of MARPOL are to be satisfied for engine power output of more than 130 KW built on or after 1st January, 2000 and installed on vessels covered under

M.S.Act. Accordingly, M/s. TVS who offered Ashok Leyland ALM 680 (193 HP) was asked to conform the NOX emission norms. Since this norms being a technical matter to be clarified by the manufacturer of the engine. M/s TVS took up the matter with M/s Ashok Leyland and on 03.11.2005 they have informed that the manufacturer could supply the 680 TC Marine Engine (193 HP) with IRS approval (NOX emission). However they need 6 months from the date of receipt of order. On 30.01.2006 the Director of Ports requested M/s TVS to extend the validity period of their offer and to intimate the lowest rate for supply of engines.

1.38 As per GO(Rt) No. 350/06/F&P dated: 29.07.2006 government have issued revised Administrative Sanction for completing the construction work of Tug Jalasree including the purchase of two numbers of 193 hp Engines and Gear boxes at an estimated cost of ₹81.5 lakh (Rupees Eighty one lakhs and fifty thousand only), meeting the expenditure under the head of account '5051-80-800-98'-Augmentation of workshops and Stores organization and also ratified the action of Director of Ports in having invited revised tenders for 2 numbers of 193 HP engines and gear boxes in anticipation of government sanction. The details of the government sanction was intimated to M/s TVS and they were requested to intimate the status of IRS approval for the engines. As per letter dated 30.10.2006 they have informed that the approval procedure will take a further two to three weeks time. Further on 22.01.2007 M/s TVS has informed that the IRS type approval is under process and it would be completed before end of March 2007. On 07.08.2007, M/s TVS informed that the process of approval for engines are under process and they could not confirm the date for issue of IRS approval. As an option they suggested the 172 BHP engine which already have IRS approval. As per letter dated 14.09.2007 the Director of Ports has requested the IRS to offer advice in installing ALM 680 engine developing 172 BHP. Price offer from M/s TVS also obtained. In response the IRS has informed that they have no objection

in installing ALM 680 engine. However they have requested to submit a revised survey request from SRF REV-5, which is to be prepared by M/s SILK contractor. As per letter dated 04.02.2008 the Director of Ports has requested M/s SILK to submit revised survey request. Even though the Director of Ports reminded M/s SILK has not submitted the revised survey request to IRS. Hence the procurement of Tug Jalasree is pending with M/s SILK.

1.39 Delay in getting IRS approval for the proposed engine and finally the delay in furnishing revised survey request by M/s. SILK lead to delay in completion of the project. Director of Ports is in touch with M/s. SILK for furnishing the revised survey report by them to IRS

2. Construction of 150 T Water Barge.

1.40 The Port Department had placed a supply order for the design, construction and supply of one 150 ton water barge with the Azheekkal unit of M/s. SILK ,a Kerala Government company in March 1996. The vessel was due for delivery on 31.07.1997. Of the total cost of ₹62.73 lakh for the barge ₹51,85,074/- was paid to the company. After erection of engines and gear boxes from the middle of 2001 onwards, no progress was noticed in the construction work of the barge. The last payment had been released to the firm (₹4,80,324/-) during the middle of 2004. If the partly constructed water barge was kept unattended, this may have resulted in very heavy loss to Government. In a meeting held by Principal Secretary (Ports) on 23.02.2005, the Managing Director, SILK informed that an acute financial problem is being faced by the firm and that it was the reason for the delay as M/s. SILK has no working capital. It was informed that this situation was caused due to the encashment of bank Guarantee of ₹19,52,700/- furnished by the firm as the earlier work of supply of 200 HP and 300 HP Tugs was delayed. The Managing Director, SILK had informed that if the above Bank Guarantee

could be reimbursed to the firm, the work of the vessel, 150 Ton Barge, could be completed.

1.41 In this connection, it is submitted that it was earlier reported to the PAC and Legislature Secretariat, while answering to Para 3.1 contained in the Report of Comptroller and Auditor General of India for the year ended 31.03.94 that the loss of ₹23,22,000/- occurred to Government due to delay in the supply of 200 HP tug and 300 HP Tug mentioned above was compensated by encashing Bank Guarantee of ₹19,52,700/- and the balance penalty of ₹3,69,300/- has been deducted from the balance 10% due to M/s. SILK. Thus the full penalty of ₹23,22,000/- has been recovered from M/s. SILK, Azhikkal and Legislature Secretariat was informed accordingly.

1.42 The matter of reimbursement of Bank Guarantee enabling the SILK to strengthen their Working Capital position to complete the construction of 150 Ton Barge was taken up with the Finance Department. On the basis of decision taken in the meeting held by Principal Secretary (Ports) with the concerned on 13.01.2009, that department has now agreed to release the invoked bank guarantee of ₹19,52,700/- considering the current financial crisis of M/s. SILK, (a Kerala Government Company) subject to the condition that if the company does not complete the current work within 4 months, the amount involved in bank guarantee will again be resumed from them.

As agreed to by the Finance Department, Government proposed to waive ₹19,52,700/- to M/s SILK so as to complete the work of 150 Ton Barge within 4 months.

1.43 Public Accounts Committee may kindly agree with the proposal considering the particular situation in the matter. It may kindly be noted that more than 75% of the total cost of the 150 ton water barge was already paid to M/s. SILK and the vessel is now idling in the yard of M/s. SILK due to acute financial stringency on the part of M/s. SILK to complete the vessel and this

results in heavy loss to Government.

1.44 The 250-tonne Barge's construction by M/s. Western Marine Engineering, Kochi is still not completed and therefore supply not effected by M/s. Western Marine Engineering, Kochi. Hence the contract was terminated and Demand Notice for remitting back to the Department a sum of ₹1,32,75,186/- which was paid to the firm for construction and supply of the Barge was issued. One month's time was allowed for remittance of the amount. But the firm did not effect payment. Hence RR proceedings are being initiated against the firm.

1.45 3. Diesel Generator

Diesel Generator is not pending with M/s SILK now. The same is in the possession of Ports Department.

A diesel Genset was procured for fitting onboard Tug Padmasree. This could not be done due to technical incompatibility such as faulty electrical wiring and other installation. Huge expenditure was expected for retro fitting the Vessel for the purpose. Now it is proposed to install the Genset at a Port. A decision will be soon taken according to necessity for such a service in working ports.

[Ref No. Report (Civil/PAC)/53-39/2006-08/XX/447, dated 10.11.2010]

[Considered on 08.12.2010]

Further Recommendation

1.46 As far as the construction of Tug 'Jalasree' is concerned, the Committee observed that the Fisheries and Port Department committed delay of 13 months to open the Tender. Besides this, the total implementation of the Tug is yet to be achieved. The Committee opined that the action of the department in the matter is very much irresponsible and that chances of serious corruption could not be ruled out. Hence the Committee recommended for an urgent Police Vigilance enquiry on the issue.

Regarding the construction of 150 T water barge, the Committee recommended to waive Bank Guarantee of ₹19,52,700 to M/S SILK.

CHAPTER - II

RECOMMENDATIONS WHICH THE COMMITTEE DOES NOT DESIRE TO PURSUE IN THE LIGHT OF REPLIES FURNISHED BY GOVERNMENT.

PORT DEPARTMENT

Recommendation

(SI No.1, Para No. 6)

2.1 The Committee points out that Capt. P. K. Ramachandran Nair, Director of Ports and Shri. N. Mohanachandran Nair, Chief Mechanical Engineer of Ports who were in charge of the construction of the barges are primarily responsible for the loss of ₹1.73 lakh on account of deviation from the Departmental specifications and ₹21.32 lakh on account of reduction in life of the barges attributable to the use of plates with reduced thickness. It is evident that these officers had connived with the officials of the Department of Ship Technology of the Cochin University (DESCON) in issuing erroneous fitness certificate to the barges. The Committee finds that the sanction for the construction of barges was given in 1987, the construction was completed in 1989 and 95% of the payment was made in 1990. The defects in the construction of the barges had been noticed on putting them in to operation. The audit observation regarding the loss in the construction of the barges had been made in the Report of Comptroller and Auditor General of India for the year 1993-94 (Civil) which was presented to the House on 31.03.1995. Still at the meeting of the Committee held on 17.05.2005 the Secretary to Government, Ports Department could state that only an order for a formal enquiry had been issued in the matter. In a case where Government had incurred a loss of nearly ₹25 lakh no action had been taken so far. The passive attitude of the Government in bringing to book the delinquent officers and to

make good the loss suffered by the Government in cases of such wilful and deceitful action by the officers responsible is rather surprising

Action Taken

2.2 Government had accorded administrative sanction in August 1987 for the procurement of the three 200 tonne self propelled barges in question for the Ports Department and the orders for the construction and supply of barges were placed in March 1988 with the firm M/s. Jacob Machine Tools, Thiruvananthapuram who offered the lowest rate. The construction of the barges was completed in between December 1989 and August 1990 and a total payment of 95 per cent of the price was paid to the firm. As pointed out in the recommendation of PAC the defect noticed when the barges were put to use was that their construction did not confirm to departmental specifications. The main deviations were spacing of frames at larger intervals than the stipulated ones, reduction in the required thickness of 8mm of the side plates by 2 mms and non provision of rest room for crews as specified. The loss assessed by the Department and loss caused to Government on account the deviation was ₹1.73 lakh and the loss assessed on account of the reduction in life is ₹21.32 lakh. Government explored the possibility of recovering the loss caused to Government and as per GO (Ms) 39/09/F&PD dated 12.06.2009 ordered that the whole loss caused to Government in the case of procurement and construction of 3 self-propelled barges of 200 tonne capacity to the Port Department, ₹23.05 lakh as revealed in the Report of Public Accounts Committee 2006-08 will be recovered from Capt. P. K. Ramachandran Nair, Director of Ports (Retd) and Shri. N. Mohanachandran Nair, Chief Mechanical Engineer, (Retd) Port Department by filing Civil Suits against them. Government also order that the Director of Ports will take further action for filing the Civil Suits, for recovery of loss as ordered by Government. A copy of the G.O(Ms) 39/09/F&PD dated 12.06.2009 is enclosed as Annexure

[Annexure I] Shri. P. K. Ramachandran Nair has filed WP(c) No.36146/09 in the Hight Court against the orders issued by Government and the same is pending.

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/654 dated February 2011]
[Considered on 15.05.2013]

Recommendation

(Sl. No.2, Paragraph No.7)

2.3 The Committee also finds that the fitness certificate has to be obtained from the Mercantile Marine Department of Government of India. The DESCON was entrusted with the supervision of the construction of barges because the MMD had expressed their inability to supervise the work. But it is seen that no formal agreement was made by the Government of Kerala with DESCON and that the cell attached to DESCON and especially Dr. Pyarelal was entrusted with the work without proper authorisation. It was Dr. Pyarelal who issued the 2nd and 3rd stage fitness certificates. Hence Dr. Pyarelal is also responsible for the loss suffered by the Government. The Committee understands from the evidence tendered before them that Dr. Pyarelal had undertaken the work without the permission or official recommendation of DESCON. The Committee, therefore, recommends that even if Dr. Pyarelal is on foreign employment his lien would be there in Cochin University and hence a proper enquiry should be conducted on the issue and the Cochin University should be asked to proceed against him.

[Ref No. Report (Civil/PAC)/53-39/2006-08/XX/659 dated February 2011]
[Considered on 15.05.2013]

Action Taken

2.4 As recommended by the Committee the matter of conducting enquiry against Dr. Pyarelal for the issuance of 2nd and 3rd Stage fitness certificate erroneously was taken up with the Higher Education Department in

Government as the DESCON, CUSAT, is under the Administrative Control of that Department. The Higher Education Department in Government in turn look up the matter with CUSAT. It is informed that the Syndicate of CUSAT held on 21.02.2009 considered along with the recommendations of the standing committees of the Syndicate on Finance and Purchase and Staff and Establishment, the Report of the Committee on Public Accounts 2006-08, and the request of Higher Education Department in Government to conduct a detailed enquiry in to the allegations against Dr. Pyarelal, Reader, the Department of Ship Technology in connection with the issuance of False fitness certificate by DESCON as recommended by PAC. The Syndicate resolved to conduct enquiry in this matter and to appoint Dr. Jose T. Manjooran, Former Pro-Vice Chancellor of M.G.University, Kottayam as the Enquiry Commission. Order No. AD D3/2874/97 dated 19.03.2009 in this regard is enclosed at [Annexure-II]. Further report in the matter being awaited and report to the Committee on receipt of the same.

[Ref No: No report(civil) PAC/53-39/2006-08/XX/654 dated 07.02.2011]

Having not satisfied with the explanations furnished in the Action Taken Statement, the Committee met on 15.05.2013 and decided to take evidence from the Registrar, CUSAT.

[Excerpts from the discussion of the Committee on 30.10.2013 in the Conference Hall, Collectorate, Ernakulam]

2.5 The Committee inquired about the details regarding the issuance of 2nd & 3rd stage fitness certificate erroneously for the barges supplied due to which government had incurred a huge loss of ₹25 lakh. Dr. A. Ramachandran, Registrar, CUSAT explained that the University appointed Prof. Jose T. Manjooran as Enquiry Commissioner to look into the allegation against Dr. S.K.Pyarelal. In the final report which was furnished on 01.11.2011, it was reported that the Commission could not reach the conclusion that Dr. Pyarelal

was guilty of the allegations for the various reasons which were specifically mentioned in the report.

He added that certificate of fitness was issued by Dr. Dileep K. Krishnan and Dr. K. Roby in the name and seal of DESCON, who were the predecessors of Dr. S.K. Pyarelal before DESCON virtually withdrawn as the Inspection Agency. Final certificate were given by Dr. S.K. Pyarelal and acted in his independent capacity.

The Committee decided to discuss the subject after studying Enquiry Report in detail.

Enquiry Commission Report (Annexure III) was considered and approved in the meeting held on Committee on 18.07.2018.

Recommendation

[Sl.No. 3, Paragraph No.8]

2.6 The Committee recommends that action be taken against the former Director of Ports Captain P. K. Ramachandran Nair and former Chief Mechanical Engineer Shri. N. Mohanachandran Nair and the amount lost to Government be recovered from them. The Committee desires to be informed of the action taken without any further delay.

Action Taken

2.7 As per GO (MS) 39/09/F&PD dated 12.06.2009 it has been ordered that the loss caused to Government in the case of procurement and construction of 3 self-propelled barges of 200 Tonne capacity to the Port Department from M/s. JMT Ltd, including ₹23.05 lakh as revealed in the Report of PAC 2006-08 will be recovered from Capt. P.K. Ramachandran Nair and Sri. N. Mohanachandran Nair. It was also ordered that Director of Ports will take further action for filing civil suit for recovery of loss and further report is being awaited.

[Ref No – Report (Civil/PAC/53-39/2006-08/XX/654, dated February 2011)]
(Considered on 15.05.2013)

Recommendation

[Sl.No. 6, Paragraph No. 13]

2.8 The Committee is given to understand that the officers involved in this case also are Capt. P.K. Ramachandran Nair and Shri. N. Mohanachandran Nair. The Committee suspects that in this case also the officers had connived with the firm to cheat the Government. The Committee understand from the evidence given by the Secretary, Ports Department that a departmental enquiry was conducted in the case and a recommendation to recover ₹41 lakh from the personal assets of these officers towards the loss sustained by the Government has been forwarded to Government. But yet no decision regarding the same has been taken. The Committee therefore recommends that Government should file a civil suit against the two officers for releasing the loss caused to the Government due to the connivance of these officers with the contractor firm in cheating Government.

Action Taken

2.9 The Departmental Disciplinary Action initiated against the delinquent officers (1) Capt. P.K. Ramachandran Nair, Former Director of Ports (Retd) Shri. N. Mohanachandran Nair, Chief Mechanical Engineer (Retd) was finalised by Government as per GO (MS) No. 99/08/F&PD dated 13.02.08. [Annexure III] During the Departmental enquiry it was found that the total loss caused to Government in ₹38.60 lakh. However, in the case of Stage payments II, III, IV and V made to the contractor firm were made on the basis of IRS recommendation and so these payments were in conformity to the agreement conditions. It was found that defective payments were seen made by the delinquent officers in the case of following stage payments.

Stage I - Bank Guarantee was not insisted : ₹ 4.00 lakh

Stage VI – No completion certificate by

	Chief Mechanical Engineer only signed the bill for making payment	: ₹ 8.00 lakh
Stage VIII -	Made Payments eventhough the test proceed negative	: ₹ 2.60 lakh

		₹ 14.60 lakh

2.10 The vessel was manufactured in 1992 and is lying at Beypore Port since then and the vessel was in much deteriorated condition. Government decided to compensate the loss sustained to Government by recovering the amount of Stage Payment (I, VI & VII) made against the agreement conditions from Capt. P. K. Ramachandran Nair and Sri. N. Mohanachandran Nair. It has been decided to recover ₹14,60,000/- from P. K. Ramachandran Nair Director of Ports (Retd) and Sri. N. Mohanachandran Nair, Chief Mechanical Engineer (Retd) equally. The liability fixed against the above officers are as follows:

Liability of Capt. P. K. Ramachandran Nair

(including security deposit of ₹2 lakhs

which was not invoked in time) -- ₹ 9,30,000/-

Liability of Sri. N. Mohanachandran Nair -- ₹ 7,30,000/-

2.11 Government have directed the officers to remit the above respective amounts to Government exchequer within one month from the date of receipt of a copy of this GO failing which the Director of Ports will take immediate action to file Civil Suit for recovery of loss as detailed above from them being the loss sustained to Government. Subsequently Director of Ports has informed that Civil Suit has been filed as ordered by Government as the Officers did not remit the amount to the State exchequer. Capt. P. K.

Ramachandran Nair, has filed WP(c) No. 36146/09 in the Hon'ble HC against the above Order and the same is pending.

[Committee approved on 15.05.2013]

Recommendation

[Sl No. 7, Paragraph No. 15]

2.12 The Committee learns that even though the two tugs are in the state of functioning they are not put in service at these ports. Therefore the Committee recommends to put these vessels into service for the shipping and rescue operation at these two ports and wants to know the present state of affairs of the operation of these vessels at these ports.

Action Taken

2.13 Port Department have four tugs for shipping and rescue operations. Of the four, three of them Viz Chaliyar, Zamorian and Azhikkal are attached to Beypore port and the fourth one, Viz Padmasree, is attached to Kollam Port. All the three Tugs attached to Beypore Port are put into operational and the Tug Padmasree attached to Kollam port is undergoing repairs.

[Considered on 23.07.2014]

Recommendation

[Sl No. 10, Paragraph No. 35]

2.14 The Committee understands that lack of expertise on the part of the Port Department is causing much hindrance to the maintenance, repair and construction of boats, barges and tugs. The Committee therefore recommends that all the works relating to building, maintenance and repair of the sea-going vessels under the control of Port Department should be entrusted to the Kerala State Inland Navigation Corporation Ltd. a pioneer in the field.

Action Taken

2.15 As stated earlier, lack of expertise is not the reason for the delay in

constructing the Tug. As described in Para 8.33, the unexpected circumstances lead to the delay. The Department is not lacking in technical expertise to maintain vessels, since the Department has Master Mariners, Naval Architect, Mechanical Engineers and Marine Engineers. In any situation that warrants the technical expertise which is beyond what is available in the Department, the services of Indian Register of shipping and MMD are obtained. The maintenance work of the vessels handed over to M/s KSINC in all possible cases after duly following the tender procedures.

[Ref No. Report (Civil/PAC)53-39/2006-08/XX/373/ dated 20.12.2011]

[Considered on 29.10.2014]

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/300, dated 22.11.2018]

[Considered approved on 18.09.2019]

Recommendation

(Sl. No. 15 Paragraph No. 40)

2.16 The Committee understands that the sale of "Coles" mobile crane was held up due to the delay in getting clearance from Finance Department. The Committee observes that delaying auction of corrodible items would only lead to depreciation in value and hence the Finance Department should take a decision in the case of auction of the mobile crane with immediate effect. The Committee finds that the Administrative Departments were empowered to dispose of obsolete items if the quoted value is above 25% of the book value. Only Finance Department had the power to sanction auction with quoted value below 25% of Book value. The Committee finds that this stipulation is causing much delay in auctioning of obsolete and outmoded machinery and other items. The Committee therefore recommends that the relevant rules be amended granting powers to the Administrative Department to auction off obsolete and outmoded items with quoted value upto 50% below book value if the bidder is Government companies and 25% below book value if the bidder

is private party.

Action Taken

2.17 As per G.O.(Rt) 330/08/F&PD dated 24.05.2008 sanction was accorded for the sale of Coles Mobile Crane for an amount of ₹5,20,000/-. Accordingly, an amount of ₹5,20,000/- towards the sale of Coles Mobile Crane (1,30,000/- on 25.03.2008 + 3,90,000/- on 16.07.2008) had been remitted to the Sub treasury, Kozhikode under the Head of Account 1051-80-800-96-1-Misc. An amount of ₹20,800/- as VAT had also remitted to the Office of the District Commercial Taxes Department, Kozhikode on 16.07.2008.

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/854, dated 05.04.2016]

[Considered on 30.11.2016]

Further Recommendation

2.18 The Committee insisted the Department to inform within two months, the steps taken for amendment of the relevant rules as recommended by the Committee earlier.

Action Taken

2.19 Government constituted a committee under the chairmanship of Chief Secretary to review the progress of disposal of confiscated/seized vehicles on a monthly basis. The above committee recommended that the service of MSTC Ltd, a Government of India PSU, would facilitate speedy disposal of confiscated vehicles and that the competitive/transparent bidding in the auction of usable of scrap vehicles or material would earn more revenue. Accordingly, as per G.O.(Ms) 550/14/Fin dated 15.12.2014, sanction/permission has been accorded to Government Departments to use the service of MSTC Ltd for e-auction of usable scrap vehicles/materials for a period of

three years and enter into common agreement/MoU with the above company.
A copy of the Government Order is also enclosed for reference.(Annexure 1)

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/104 dated, 27.06.2018]

[Considered on 31.10.2018]

Recommendation

(Sl. No. 16 Paragraph No. 41)

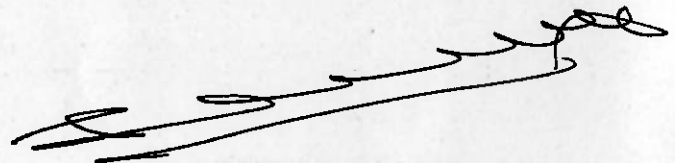
2.20 The Committee observes that the retention of the lathe would not serve any purpose as the Tug Ilmenite had been disposed off. The Committee therefore, recommends that the lathe should be disposed off with the approval of the Technical committee.

Action Taken

2.21 Quotation for the disposal of laith machine was reinvited on 08.07.2014. The highest amount received in the quotation was ₹11,600/- and was decided to accept the quotation. Accordingly the DD for ₹11,600/- and ₹580/- (VAT) had been remitted to the District treasury, Kollam on 05.08.2014 under the Head of Account 1051-80-800-96-Misc-01-Port Department and relevant head of account of Taxes Department.

[Ref No. Report (Civil)/PAC/53-39/2006-08/XX/497, dated 27.11.2014]

[Considered on 18.02.2015]



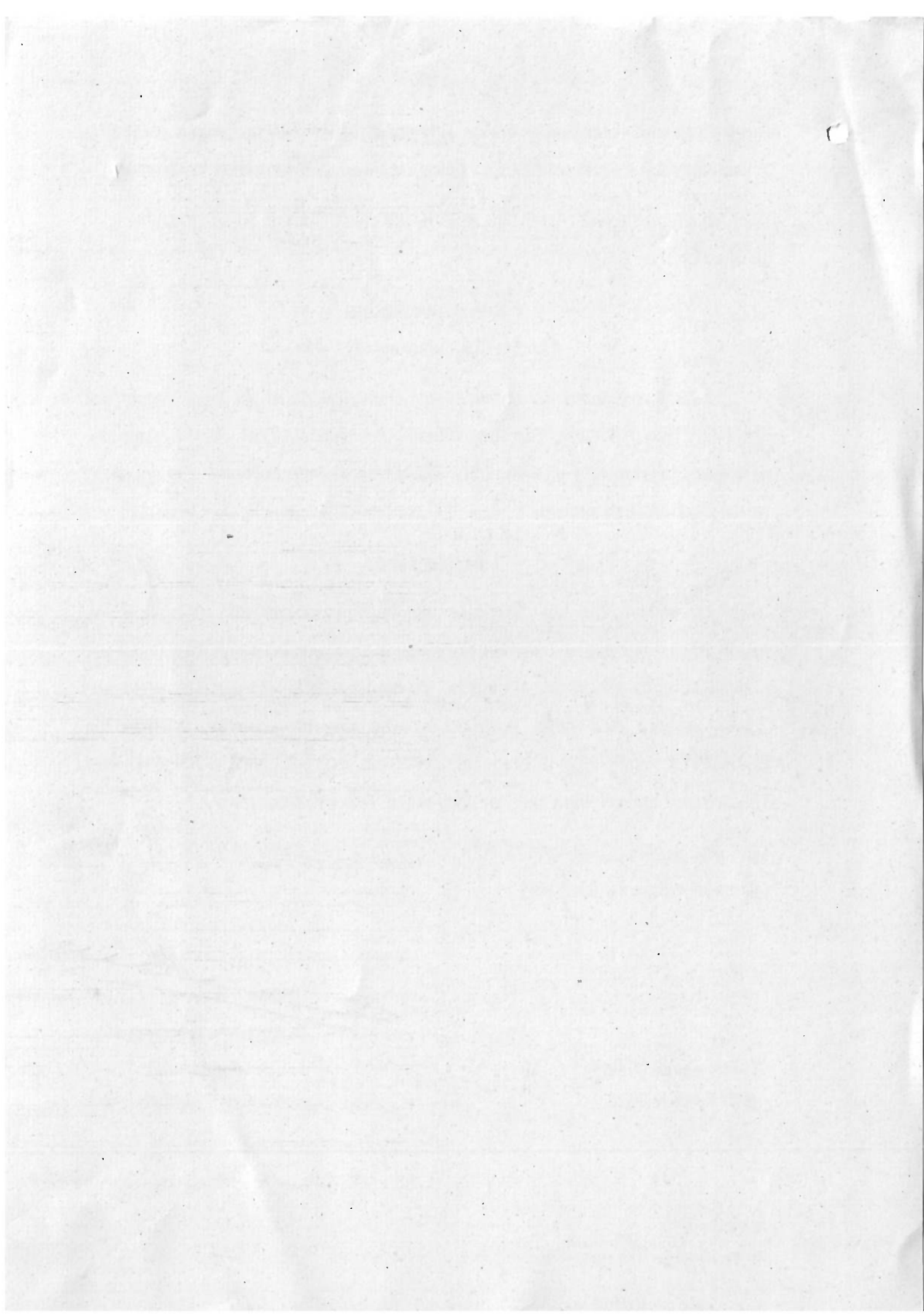
SUNNY JOSEPH

Chairperson,

Committee on Public Accounts.

Thiruvananthapuram

28th January 2026.



GOVERNMENT OF KERALA

Abstract

FINANCE DEPARTMENT-ADOPTION OF E-AUCTION PLATFORM FOR SALE OF
CONFISCATED/SEIZED VEHICLES/SCRAPS IN GOVERNMENT DEPARTMENTS-UTILISING
THE SERVICE OF THE MSTC LIMITED-SANCTION ACCORDED-ORDERS ISSUED

FINANCE (EXPENDITURE B) DEPARTMENT

G.O.(MS) No. 550/2014/Fin

Dated, Thiruvananthapuram, 15/12/2014

Read : 1. G.O.(MS) No. 223/12/Fin dated 17/04/2012

2. G.O.(Rt) No. 5740/13/Fin dated 11/07/2013

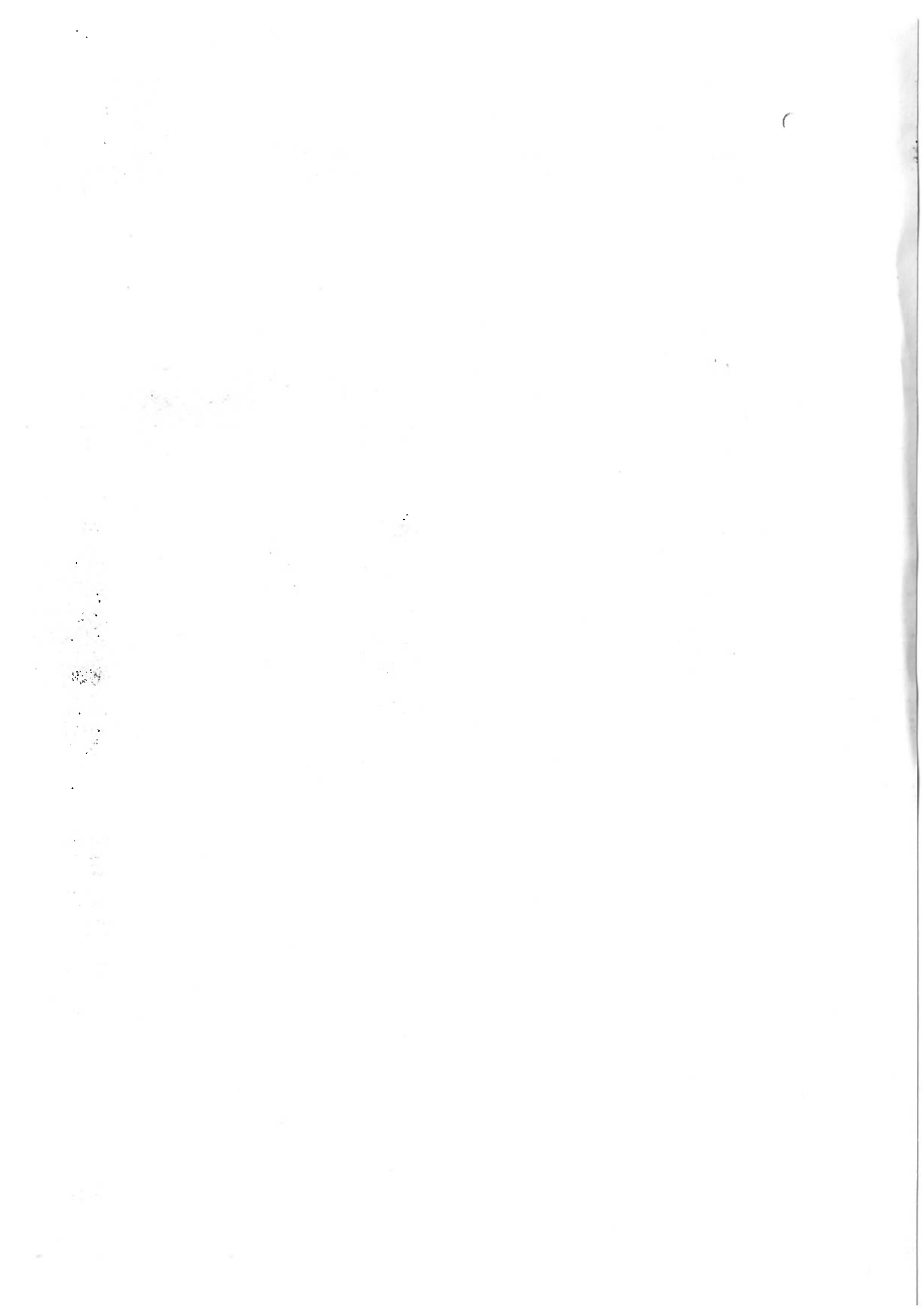
ORDER

1. As per Government order cited (1) above, Government constituted a Committee under the Chairmanship of Chief Secretary to review the progress of disposal of confiscated/seized vehicles on a monthly basis. The revised guidelines for fixing the fair value of seized/confiscated vehicles have been laid down in G.O. read (2) above.

2. The above Committee recommended that the service of the MSTC Limited a Government of India PSU, would facilitate speedy disposal of confiscated vehicles and that the competitive/transparent bidding in the auction of usable or scrap vehicles or materials would earn more revenue.

3. Government having examined the matter in detail are pleased to accord sanction/permission to Government Departments to use the services of the MSTC Limited for e-auction of usable or scrap vehicles/materials for a period of three years and enter into a common agreement/MoU with the above company.

4. The concerned/individual Departments have to register separately to avail the service of the MSTC Limited after fixing the fair value of the vehicles/materials as stipulated in G.O. 2nd cited. The MSTC Limited will charge a service charge @ 3% for sale through e-tender cum e-auction which will be calculated on the basis of actual/final sale value realised excluding duties and taxes. The service charge payable to MSTC Limited shall be recovered by MSTC Limited from the sale proceeds realised from the buyer and the balance sale value will be forwarded to Government of Kerala.

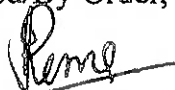


5. The participating Departments can visit www.mstcecommerce.com for referring the terms and conditions, agreement thereof.

By order of the Governor,
RAJESH KUMAR SINHA,
Secretary (Finance-Expenditure).

To

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram
The Principal Accountant General (A&E), Kerala, Thiruvananthapuram
The Principal Accountant General (G&SSA) Kerala,
Thiruvananthapuram
The Accountant General (E&RSA), Thiruvananthapuram
All Departments in the Secretariat
All Additional Chief Secretaries/Principal Secretaries/Secretaries/Special
Secretaries to Government
All District Collectors
All Head of Departments
The Private Secretary to Chief Minister
The Private Secretary to all Ministers
The Private Secretary to Leader of Opposition/Chief Whip
The Additional Secretary to Chief Secretary
The Branch Manager, MSTC Limited, Bangalore
The Director of Public Relations
The Director of Treasuries, Thiruvananthapuram
✓ The Nodal Officer, www.finance.kerala.gov.in
Stock File/Office Copy.

Forwarded/By Order,

Section Officer.