



**FIFTEENTH KERALA LEGISLATIVE ASSEMBLY**

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

**FIFTY SECOND REPORT**  
(Presented on 21<sup>st</sup> March, 2025)

SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM

2025

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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

**FIFTY SECOND REPORT**

On

**The Action taken by Government on the Recommendations  
contained in the Hundred and Seventh Report of the Committee  
on Public Undertakings (2014-2016) relating to  
Kerala State Electricity Board, based on the Report of the  
Comptroller and Auditor General of India  
for the year ended on 31<sup>st</sup> March 2007.**

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COMMITTEE ON PUBLIC UNDERTAKINGS

(2023-2026)

**COMPOSITION**

*Chairperson:*

Shri E. Chandrasekharan.

*Members:*

Shri A. P. Anil Kumar

Shri Anwar Sadath

Shri Ahammad Devarkovil

Shri T. V. Ibrahim

Shri P. Mammikutty

Shri K. P. Mohanan

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Shri P. Nandakumar

Shri Kadakampally Surendran

Shri P. Ubaidulla

*Legislature Secretariat:*

Dr. N. Krishna Kumar, Secretary

Shri Venugopal R., Joint Secretary

Shri Anil Kumar B., Deputy Secretary

Shri Mohanan O., Under Secretary.

## INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2023-2026) having been authorised by the Committee to present the Report on their behalf, present this Fifty Second Report on the Action Taken by Government on the Recommendations contained in the Hundred and Seventh Report of the Committee on Public Undertakings (2014-2016) relating to Kerala State Electricity Board based on the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2007.

The Statement of Action Taken by the Government included in this Report was considered by the Committee at its meeting held on 6-9-2022 and 19-9-2024.

This Report was considered and approved by the Committee at its meeting held on 18-3-2025.

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

Thiruvananthapuram,  
21<sup>st</sup> March, 2025.

E. CHANDRASEKHARAN,  
*Chairperson,*  
*Committee on Public Undertakings.*

## **REPORT**

This Report deals with the action taken by the Government on the recommendations contained in the 107th Report of the Committee on Public Undertakings (2014-2016) relating to Kerala State Electricity Board based on the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2007.

The Hundred and Seventh Report of the Committee on Public Undertakings (2014-2016) was presented to the House on 18<sup>th</sup> February 2016. The Report contained Five recommendations and the Government furnished replies to all these recommendations.

The Committee examined the statement of Action Taken received from the Government on Para 10, 11, 12, 13 and 14 in its meeting held on 6-9-2022. The Committee accepted the replies on recommendations in Para No. 11, 12, 13, 14 and sought additional information on the vetting remarks of Accountant General on Para No 10. After considering the additional information, the Committee accepted the reply on Para No. 10 without remarks in its meeting held on 19-9-2024. These recommendations, additional information sought by the Committee and the replies furnished by the Government form Chapter I of this Report.

## CHAPTER - I

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

Sl. No.	Para No.	Conclusions/Recommendations	Action taken Report
1	2	3	4
1	10	<p>The Committee is distressed to note that the Board made the payment of ₹1.92 crore to the contractor of Kuttiyadi Additional Extension Scheme Project for the lumpsum civil works without taking measurement and amending the bid documents despite knowing the direction of the Chief Engineer to pay an amount of ₹55 lakh for the construction done in an area of 637 Sq.m. only.</p>	<p>As per proforma of the tender documents all the items of work under “Infrastructure works and construction on facilities” were provided with provision for lumpsum quoting only where payment can be made on the basis of measured progress of works as per the Addendum issued before finalisation of tender. Proforma of Bill of quantities were not given for Infrastructure works and construction facilities. Hence it is not necessary to record detailed measurements of each item of any lumpsum item of work under "Infrastructure works and construction facilities". For "Main Civil works" only monthly payments as per measurements were insisted. (See Annexures IA, IB, IC &amp; ID). The copy of M- Book showing the measurements is attached as Annexure IE.</p>

			<p>Regarding amendment of bid documents it may kindly be noted that at the time of invitation of Pre Qualification Bids, stage payments were proposed for making interim payments of lumpsum items. But during bidding process it was found that making interim payments based on the proportionate progress of the lumpsum quoted works would be more reliable and hence it was included in addendum No. 1 (See Annexure-2).</p> <p>Addendum No.1 for the bid documents were issued to the qualified bidders on 15-2-2000 well before the opening of price bid on 17-4-2000. Agreement for the work was executed on 10-11-2003. No subsequent amendment was made after opening of the tender.</p> <p>The direction of the Board vide letter dated 21-6-2004 to pay an amount of C55 lakh for the construction done in an area of 637 sq.m. is against CC I &amp; II only. It may please be noted that as requested by the contractor, the Board had allotted 4100m<sup>2</sup> land for the construction of Contractor's camp, workshop, offices etc. (See Annexure-3). As per the assumption taken in the field 3075sq.m. of construction can be done in this allotted area. Thus the amount admissible as per CC I &amp; II was calculated as follows:-</p>
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1	2	3	4
			<p><u>637</u> x 279.20 = 57.83 lakh against 3075</p> <p>which only <b>₹55 lakh</b> was released at that time.</p> <p>(Where ₹279.20 lakh was the amount quoted by the contractor for the construction of camp, workshop, staff colony etc.) (see Annexure 4)</p> <p>The contractor had constructed temporary buildings having an area of 3520 sq.m. and percentage payments were made through various part bills according to the progress of completion of the construction of contractor's camp, Offices, stores, workshop etc. assessed by the field officers during execution.</p> <p>The Contractor had completed construction of contractor's camp, offices, stores, workshop etc. by November 2005 (CC 17 &amp; part) but the full payment was made by February 2007 (CC32 and part) only, that was for ensuring the commencement of work of all the component structures of the project.</p> <p>The measurement of 637 Sq.m was for the construction made up to March 2004 (CC I &amp; II) only. The contractor completed 3529m<sup>2</sup> (100%) construction of the contractor's camp,</p>

			<p>offices, stores, workshops etc. by 11/2005 in the allotted 4100sq.m. land But KSEBL restricted payment within the agreed amount only.</p> <p><u>Vetting Remarks of AG</u></p> <p>There was no supporting documents for corresponding measurement in M-Book as per DB Note dated 20-3-2007.</p>
		<p><u>Additional information sought by the Committee on Para No. 10</u></p> <p>Not satisfied with the reply furnished on Para 10, Committee wants to furnish supportive documents for corresponding measurement in M-Book as per DB Note dated 20-3-2007.</p>	<p><u>Statement of Action taken</u></p> <p>The following supporting documents for corresponding measurement in M-Book as per DB Note dated 20/03/2007 are enclosed herewith.</p> <ol style="list-style-type: none"> <li>1. Progressive Invoice – RB -32</li> <li>2. Infrastructure Facilities Planned and Mobilized as on 31-1-2004.</li> <li>3. Infrastructure Facilities Planned and Mobilized as on 29-2-2004.</li> <li>4. Progressive Invoice – RB-17</li> <li>5. DB Note</li> <li>6. Modifications of bid documents (Addendum No. 1)</li> <li>7. B.O. No 2849/99(TC5-1598/99) dated 21/12/1999.</li> </ol>

1	2	3	4
2	11	<p>The committee observes that as per the notings in the measurement book, there was no proof for the completion of construction. Taking over certificate of the completed construction was also not furnished by the Assistant Engineer or Assistant Executive Engineer even though it was asked to do so. From the above facts, the Committee concludes that the Board unduly favoured the contractor of Kuttiyadi Additional Extension Scheme Project.</p>	<p>The measurement of contractor's camp, offices etc. had been entered in the Measurement Book in Percentage basis for each payment up to 100%. The above percentage was arrived from the details of construction and its area submitted by the contractor as annexure to each interim valuation certificate. The area of construction as per annexure 4 is converted to percentage, based on the total area to be constructed and entered in the M-Book and both annexure and M-Book were submitted along with each part bill.</p> <p>The details entered in the measurement book for the construction made by the contractor and the percentage of payments made for various part bill against construction of contractor's camp, offices, store, workshops etc. are attached as <u>Annexure-5</u>.</p> <p>The term contractor's camp in the schedule signifying that the same was for the purpose of the contractor for facilitating the execution of civil part of the work. No building for KSEB's use was stated in the agreement. It was clearly mentioned in clause 7.4-Accommodation that KSEB did not require any residential buildings or offices for their staff and land will be given for</p>

			<p>constructing quarters/dormitories for accommodating the staff and workers of the contractor.(see Annexure-6) It may also be noted that this project work is only an addition to an existing power station with sufficient infrastructure facilities like staff quarters, roads, etc. Hence the proforma of schedule of this project was prepared by including works that are necessary for execution of this project work only. The drawings submitted by the contractor (Vol. VII of the Agreement) for “Infrastructure work and construction facilities” clearly distinguish the same as temporary structures. The same has been accepted and agreed by the Board without any objection . Further in Vol. V, technical Specifications as per clause 1.1.2-Scope of work, the same is grouped under temporary work. No permanent residential and Non-residential buildings are shown under scope of works (see Annexure-7). In Addition to the above, all the communications and documents have clearly distinguished the “main civil works from infrastructure work and construction facilities”. It is clear from all the above that the Board treated the same as temporary items and is to be cleared as per “ Clearance of site” conditions (see Annexure-8). Hence there is no need of taking over those temporary buildings.</p>
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1	2	3	4
			<p>Board constituted a Technical Committee for examining the eligibility and admissibility of various claims and regarding the payments made to M/s. L&amp;T towards Infrastructure works and construction facilities. The Technical Committee examined each and every clause of General conditions of contract of the Agreement and concluded that the claims were made only in accordance with the provisions in the agreement.</p>
3	12	<p>The committee is not satisfied with the explanations of the witness claiming the availability of documents for the construction done in 3075 Sq.m. Land and the claim is irrelevant as the construction had already been demolished. Therefore the committee wanted to be furnished with the details of the demolished construction, payment done in the matter and also the details of the Project Manager and the Director of the concerned project.</p>	<p>As the constructions under item (4) of “Infrastructure and Construction facilities” were temporary works and are to be cleared as per “Clearance of site” condition in the Agreement by the contractor, upon completion of the project work for facilitating the construction activities of Kakkayam SHEP, the then Project Manager instructed the contractor to remove all the temporary works (see Annexure-9). Since those temporary buildings were intended exclusively for the execution of the project by the contractor under the head “Infrastructure works and Construction facilities” and since those buildings were temporary and they were dismantled for the implementation of the Kakkayam SHEP, there was no need to take over them.</p> <p>The Technical Committee constituted vide order dated 7-12-2016 also concluded that the claims were made only in accordance with the Agreement provisions.</p>

4	13	<p>The Committee learns that an amount of ₹228 lakh fixed as liability of the company by the Vigilance and Anti Corruption Bureau has not been recovered so far. The committee agrees with the opinion of the Accountant General that the Company may not remit the amount as per the recovery notice and the matter may end up as a court case that the Company can produce the evidence that they had done the construction. Therefore the Committee directs to take action against the persons who are found guilty on the enquiry of Vigilance and Anti Corruption Bureau and directs to furnish the details of action taken in the matter.</p>	<p>Regarding the vigilance case, it may kindly be noted that the officials of the Vigilance and Anti-Corruption Bureau (V&amp;ACB) were not against making payment of various temporary buildings under the head “Infrastructure works and construction facilities”. Their only dispute was with regard to the rate at which payments were made. Since no bill of quantities of these works was available in the agreement, they estimated the cost for constructing temporary buildings with a plinth area of 3075 sq.m. based on the PWD schedule of rates prevailing at the time of execution of these works and deducted the total cost of construction thus arrived from the total amount paid as per Addendum I of the agreement and arrived at a loss of ₹228.79 lakh.</p> <p>The Director, V&amp;ACB has submitted the enquiry report to the government recommending to take action against the Board officials and to recover the loss from the contractor. The Committee on Public Undertakings (CoPU) (2014-2016) in its meeting held on 18-2-2015 also directed the Board to initiate action against the serving Board employees. On recommendation of Government, KSEBL initiated disciplinary proceedings vide BO(CMD)No.453/2015(GPCI/59(A)/03 dated, Thiruvananthapuram 23-2-2015 against the serving Board employees.</p>
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1	2	3	4
			<p>Both VACB and KSEBL did not register case against the delinquents as there were no hard evidence in support for the registration of the case or disciplinary action. The enquiry officer reported that the initial stage itself there was an objection and also a complaint with regard to preparation and payment of bills. Hence a committee was constituted for enquiry and it was found that the method of payment prepared by the field officers was in order. Thus the enquiry revealed that the Assistant Engineer and Assistant Executive Engineer discharged their duties according to the instruction of higher officials and as per the provisions in the agreement while taking measurements and proposing the payments. Hence it was found that the amount of ₹228.79 lakhs which the Vigilance found as excess payments to the contractor cannot be attributed to both of them and hence be acquitted of from their charges.</p>

1	2	3	4
5	14	<b>The committee also recommends that, since the stay order issued by the Hon'ble High Court has been expired on 5-6-2015, the Board should take urgent step to recover the excess payment of ₹228.79 lakh made to M/s. L&amp;T Company and the action taken in this regard should be intimated to the Committee within one month.</b>	M/s. L&T filed a writ petition against the encashment of Bank Guarantee amounting to ₹2.69 Cr. The Hon'ble High Court granted stay for the same and the case is pending disposal. M/s. L&T has extended the validity of Bank Guarantee amounting to ₹2.69 Cr up to 15-9-2017.

Thiruvananthapuram,  
21-3-2025.

**E.CHANDRASEKHARAN**  
*Chairperson,*  
*Committee on Public Undertakings.*



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