



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2014-2016)**

SEVENTY FIRST REPORT
(Presented on 23rd March, 2015)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM

2015

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2014-2016)**

SEVENTY FIRST REPORT

On

**The Action Taken by Government on the Recommendations contained in
the Sixty Second Report of the Committee on Public Undertakings
(2008-11) relating to Kerala State Horticultural Products
Development Corporation Limited based on the
Report of the Comptroller and Auditor
General of India for the year ended
31st March, 2004 (Commercial)**

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Shri P. S. Selvarajan, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2014-2016) having been authorised by the Committee to present the Report on their behalf, present this Seventy First Report on the Action Taken by Government on the recommendations contained in the Sixty Second Report of the Committee on Public Undertakings (2008-11) on the working of the Kerala State Horticultural Products Development Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2004 (Commercial).

The Statement of Action Taken by the Government included in this Report was considered by the Committee constituted for the year (2014-16).

This Report was considered and approved by the Committee at the meeting held on 11-2-2015.

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

Thiruvananthapuram,
23rd March, 2015.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.

REPORT

The Report deals with the Action Taken by Government on the recommendation contained in the Sixty Second Report of the Committee on Public Undertakings (2008-11) relating to Kerala State Horticultural Products Development Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2004 (Commercial).

The Sixty Second Report of the Committee on Public Undertakings (2008-11) was presented to the House on 25th February, 2009. The Report contained only one recommendation and the Government furnished reply to this recommendation. The Committee (2014-16) considered the reply received from the Government at its meeting held on 6-8-2014 and accepted the reply to the recommendation with remarks. The recommendation, its reply furnished by Government and the remarks of the committee are included in this Report.

REPLY FURNISHED BY GOVERNMENT WHICH HAS BEEN ACCEPTED
BY THE COMMITTEE WITH REMARKS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/ Recommendation</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	4	Agriculture	<p>The Committee expresses surprise over the fact that before setting up cold storage at Munnar and Eruthiampathy, the Corporation had not conducted a feasibility study of the project regarding cost of procurement of produce and cost of transportation arising from locational disadvantage which resulted in non productive investment of ₹ 61.22 lakh. Without conducting a proper cost benefit analysis, the Company entrusted work of both the cold storages to Kerala Agricultural University, who completed the work in 2001 at a cost of ₹ 61.22 lakh. But due to technical defects in the design</p>	<p>With regard to the availability of Vegetables, there was always been a wide gap between demand and production. In the case of cool season vegetables like Potato, Cabbage, Cauliflower, etc. this gap is more wide. Cool season vegetables are generally produced in high ranges viz. Idukki and Wayanad. Because of the tenancy system and financial structure of the farming community, the quantity produced would not fetch reasonable price to them. Seasonality of production creates another hurdle. When the cool season vegetables are produced in bulk, in the absence of adequate storage facility, the poor farmer will be forced to sell them out at the prevailing price, which will always be less than the production cost. This pathetic situation of the farmers is exploited by the middlemen of neighbouring States viz. Tamil Nadu and Karnataka who play a vital role in the marketing. News items often appeared in those days in leading dailies regarding the foul play of the middlemen denying fair price to the farmers. During the harvest</p>

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(1)	(2)	(3)	(4)	(5)
			<p>of the cold storages, the temperature in the cold storage varied from one portion to another, rendering both the cold storages idle. Till date the Company has not been able to utilize the storages for any purpose, except the Storage at Munnar for short spells during the Onam season of the years 2001 and 2002. Thus Government funds worth ` 61.22 lakh and the subsequent interest on it was lost due to serious lapses on the part of the Company. By proper utilization, the Company, could in fact have utilized the funds for providing relief to the farmers by purchasing their produce at reasonable rates and could help in preventing price rise of fruits and vegetables by making them available at its</p>	<p>season, the vegetables were purchased in bulk by the middlemen of neighbouring States and re-transmitted to the vegetable merchants of Kerala at exorbitant rates.</p> <p>In the above circumstances, Government have decided to intervene in the market in such a way that the farmer is benefited even when there is bulk production. As the only solution was to provide adequate storage facility, during April 1999, the then Hon'ble Minister for Agriculture has directed the "Horticorp" to initiate urgent action for setting up cold storages at Munnar and Eruthiampathy by July 1999. Accordingly, the project was entrusted with the Kerala Agricultural University as a deposit work. The construction of the cold storage was completed by December 1999 and was formally inaugurated by Shri Krishnan Kaniampambal, then Minister for Agriculture on 10-1-2000.</p> <p>In this connection, it is submitted that the cold storage showed certain technical problems from the very inception and the same could not be made use of. Even though, Kerala Agricultural University was contacted, the</p>

(1)	(2)	(3)	(4)	(5)
			<p>outlets at reasonable rates. The Committee therefore recommends that action be taken against those responsible for implementing the project without proper study and also to take steps to recover the loss suffered by the Company.</p>	<p>defects could not be rectified. An amount of ₹ 12,21,755 is still due to Kerala Agricultural University and the 'Horticorp' has not yet released the payment.</p> <p>The cold storage project is seen to have been set-up in an urgent manner. This might be the reason for not conducting feasibility study before installation. The Corporation had acted only as per the orders of the then Minister and it is unable to pinpoint anybody in particular as responsible for the hasty setting up of the cold storage.</p> <p>The present cold storage building cannot in any way be utilized by the Corporation. After the re-constitution of the Board of Directors, decision will be taken on the future course of action regarding the utilization of the cold storage.</p>

Remarks:—The Committee recommends to modify the reply given by Government in such a way that the words “the cold storage was implemented as per the directions of the then minister for Agriculture” may be dropped and to pinpoint the officials responsible for the hasty implementation of the project without proper feasibility study. The Committee would like to be informed whether any further action is taken to utilize the cold storage effectively.

Thiruvananthapuram,
23rd March, 2015.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.

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