



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

24

FIFTY NINTH REPORT
(Presented on 11th December, 2014)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014**

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

FIFTY NINTH REPORT

On

**The Action Taken by Government on the Recommendations contained
in the Sixtieth Report of the Committee on Public Undertakings
(2008-11) relating to Plantation Corporation of Kerala Limited
based on the Report of the Comptroller and Auditor
General of India for the year ended on
31st March, 2003 (Commercial)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2014-2016)

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Shri P. S. Selvarajan, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Fifty Ninth Report on the Action Taken by Government on the recommendations contained in the Sixtieth Report of the Committee on Public Undertakings (2008-11) on the working of the Plantation Corporation of Kerala Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2003 (Commercial).

The Statements of Action Taken by the Government included in this Report were considered by the Committee constituted for the year (2011-14).

This Report was considered and approved by the Committee at the meeting held on 3-9-2014.

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

K. N. A. KHADER,

Chairman,

Committee on Public Undertakings.

Thiruvananthapuram,
11th December, 2014.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the Sixtieth Report of the Committee on Public Undertakings (2008-11) relating to Plantation Corporation of Kerala Ltd. based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2003 (Commercial) which was laid on the Table of the House on 25-2-2009.

The Sixtieth Report of Committee contained four recommendations. The Government have furnished replies to all these recommendations. The Committee (2011-14) considered the replies at its meeting held on 12-2-2014.

The Committee accepted the replies to recommendation Nos. 2 (6), 3 (7), 4 (8) without any remarks. These recommendations and their replies form Chapter I of this Report.

The Committee accepted the reply to the recommendation No. 1 (2) with remarks. This recommendation, Government reply and remarks of the Committee form Chapter II of this Report.

CHAPTER I

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

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Recommendations/ Conclusions</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
2	6	Agriculture	<p>The Committee expresses surprise over the fact that though the activity of crepe milling of scrap in the latex factory of the company was discontinued in April 1997, the company had delayed for four years in taking a decision to reduce the contracted load of power from 500 KVA to 300 KVA. Thus it incurred a wasteful expenditure of ₹ 19.57 lakh by paying for the energy it did not use. The Committee concludes that the amount could have been saved if the Company had taken prompt action. The Committee recommends that disciplinary action should</p>	<p>Company decided to stop the milling of Rubber scrap with effect from April 1997 presuming that Rubber Stamp milling work will be resumed. On this account at this stage no application was given to KSEB for re-fixing the contract demand. Subsequently, when it was decided that crepe mill would not restart, the formal application was given to KSEB on July 2001.</p> <p>On a constant follow-up it was informed from the KSEB office that the action will be taken as early as possible. However, the KSEB finally reduced contract demand from 500 KVA to 300 KVA in February 2003. Plantation Corporation of Kerala has given a legal notice on 1st August, 2003 to KSEB for the refund of the excess amount paid ₹ 7,69,500 for the period from July 2001-February 2003.</p> <p>As this was a dispute between two Public Sector undertakings the matter was first brought before the notice of Agriculture</p>

(1)	(2)	(3)	(4)	(5)
			<p>be taken against those culpable and that company should implement measures to avoid such instances in future. The Committee wishes to be informed of the steps taken in the matter.</p>	<p>Production Commissioner. The issue of refund of excess amount of electricity charges to Plantation Corporation of Kerala Limited from KSEB was also taken up with the Power Department in Government.</p> <p>It may be noted that Plantation Corporation of Kerala has taken necessary action to reduce the connected load in time. Also they have taken steps to claim the loss, from KSEB for which they alone are responsible. In the above circumstances, further action in this para may be dropped.</p>
3	7	Agriculture	<p>The Committee also desires to know whether the crepe milling machine has been disposed off and whether the excess amount of electricity charges of ₹ 7,69,500 paid from July 2001 to February 2003, due to delay on the part of KSEB in reducing the contract demand has been refunded.</p>	<p>Out of the 10 Machines, 3 were sold. A new Cenex Factory at Kodumon Estate is commissioned in this year. The old Factory building and other facilities is being used for some other projects like sheet making, Scrap Rubber processing, etc. Then remaining Crepe Milling Machines is also used for such activities. The file No. 36838/PU1/05/AD dealing with the issue of refund of excess amount of electricity charges to PCKL from KSEB was transferred to the Power Department for necessary action on 30-10-2009.</p>

(1)	(2)	(3)	(4)	(5)
4	8	Agriculture	The Committee note with concern that Government was not seriously viewed the audit objections pointed out by C &AG and no effort has been taken to obtain explanation for the lapses. The Committee recommends that due importance should be given to audit objection and necessary explanation should be furnished in time.	The recommendation of the Committee is duly noted and utmost care will be taken to furnish explanations in time.

CHAPTER II

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

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Recommendations/ Conclusions</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	2	Agriculture	<p>The Committee finds that the company had implemented the farm tourism project without making a proper study and without basic information of the Forest Conservation Act which stipulates that prior sanction of Government of India is required for using any portion of the forest land for non-forest purposes. The company approached the Government of India for sanction only in April 2000 even though the decision to implement the Farm Tourism Project was taken in December 1997. As a result the company suffered interest loss of ₹ 32.24 lakh on its investment of ₹ 20.08 crore on the</p>	<p>The Plantation Corporation of Kerala Limited (PCK) thought about diversification programme at a juncture when the price of Rubber started falling and the Corporation run into debt consequent to globalization and liberalization of Indian economy. Hence the Company decided to explore all avenues to generate more income.</p> <p>One such area of diversification was promotion of Eco-friendly Farm Tourism, utilizing the vast area available with Plantation Corporation of Kerala. The 262nd meeting of the Board held on 4-12-1997 approved the proposal to implement the Farm Tourism project by converting the existing available building in division 'D' Vettilappara Estate with the bare minimum repairing and modifying investment of ₹ 50 lakh and the works of the project was started in 10-12-1998. The project was envisaged by repairing and modifying the existing Buildings. Subsequently, the</p>

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project for the period from February 2001 to August 2003. The Committee also finds that though Audit pointed out the objection in 2003, Government have neither obtained an explanation from the company for taking up the project without Government sanction nor taken any action against those responsible for the loss. The Committee recommends that disciplinary action be taken against those responsible for the loss and to inform the Committee of the steps taken.

viability of expansion of the project on commercial basis was planned by making additional structures and facilities and a new project with a project cost of ₹ 2,52,75,000 approved in the 273rd Board meeting on 1-10-1999. The PCK obtained the Stage-I sanction of Government of India in accordance with Section 2 of Forest Conservation Act, 1980 vide reference F (C) A/II-21/KER/MIS/3147 on 27-12-2000 from the Ministry of Environment and Forest subject to the condition that:

(1) The non-forest land of 6.00 ha identified for compensatory afforestation shall be transferred and mutated in favour of Forest Department.

(2) The Cost of raising compensatory afforestation of 6.00 ha. of non-forest land shall be recovered from user agency.

(3) After receipt of the Compliance report on the above condition, final approval will be accorded and forest land should not be used for running the project prior to the issue of final approval.

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Subject to the above conditions, the Corporation completed the project in the year 2001 and commissioned on 7-1-2001, but commercial operation of the project could not be taken for want of Stage-II sanction required from the Government of India. Though the PCK had applied for the sanction in time, delay occurred in obtaining sanction from Central Government. The delay in getting Stage-II permission was mostly due to the objection raised by a NGO, Nature Lovers Movement, Trissur. It took more than 2 years to complete the administrative formalities, by clearing the objections raised by the NGO. There was no delay at any stage on the part of PCK in implementation of the project and the delay due to the above reason was unanticipated.

Meanwhile Government vide G.O. (Ms.) No. 98/2001/AD dated 28-3-2001 have sanctioned the Farm Tourism Project.

By a constant follow-up at different levels Stage-II clearance for Farm Tourism Project was finally obtained on 23rd September, 2005 and

(1)	(2)	(3)	(4)	(5)																												
				<p>Plantation Valley was put to Commercial Operation in November 2005 itself.</p> <p>The operations of Plantation Valley Farm Resort is running smoothly over the years achieving the results as envisaged in the initial project and also shows an increasing trend in the total revenue.</p> <p>Total Revenue for the financial year (Nov. 2005-March 2006)</p> <table> <tr> <td>2005-06 .. ₹</td> <td>3.98</td> <td>lakh</td> <td></td> </tr> <tr> <td>2006-07 .. ₹</td> <td>15.22</td> <td>lakh</td> <td></td> </tr> <tr> <td>2007-08 .. ₹</td> <td>29.13</td> <td>lakh</td> <td></td> </tr> <tr> <td>2008-09 .. ₹</td> <td>48.98</td> <td>lakh</td> <td></td> </tr> <tr> <td>2009-10 .. ₹</td> <td>39.39</td> <td>lakh</td> <td></td> </tr> <tr> <td>2010-11 .. ₹</td> <td>37.68</td> <td>lakh</td> <td></td> </tr> <tr> <td>2011-12 .. ₹</td> <td>49.85</td> <td>lakh</td> <td></td> </tr> </table> <p>The Project was started and completed as a model farm tourism project, only with good intention of diversification and also to bring financial gain to PCK when the core area of operation of the Company was in a declining stage. Now the Plantation Valley is very famous and have established its name in the Ecotourism projects.</p> <p>After being successful in the implementation of a Project that is entirely different from the routine Plantation Operations and successfully carried out the Project through</p>	2005-06 .. ₹	3.98	lakh		2006-07 .. ₹	15.22	lakh		2007-08 .. ₹	29.13	lakh		2008-09 .. ₹	48.98	lakh		2009-10 .. ₹	39.39	lakh		2010-11 .. ₹	37.68	lakh		2011-12 .. ₹	49.85	lakh	
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(1)	(2)	(3)	(4)	(5)
				<p>the years, the blockades in implementing the project as scheduled was beyond the control of the Corporation, Government find that no wilful delay or lapses have occurred which led to the loss pointed out by the Committee. Hence, considering the above aspects, the objections, pertaining to this para may be dropped.</p>

Remarks : The Committee opines that the decision of the Corporation to implement the Farm Tourist Project in the forest area without obtaining prior sanction from the Central Government was a serious lapse on the part of the Corporation and that the Corporation should take necessary precautions not to repeat the same mistakes in its future activities.

Thiruvananthapuram,
11th December, 2014.

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