



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2011-2014)**

NINTH REPORT

(Presented on 21st June, 2012)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2012

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**On
The action taken by Government on the Recommendations contained in the
Fifty Eighth Report of the Committee on Public Undertakings (2001-2004)
relating to State Farming Corporation of Kerala Limited based
on the Report of the Comptroller and Auditor General of India
for the year ended 31st March 1999 (Commercial)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2011-2014)

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„ R. Radhakrishnan Nair, Joint Secretary

„ K. Priyadarsanan, Deputy Secretary

Smt. Lima Francis, 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 Ninth Report on the action taken by Government on the recommendations contained in the Fifty Eighth Report of the Committee on Public Undertakings (2001-04) on the working of the State Farming Corporation of Kerala Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 1999 (Commercial).

The Statement of action taken by the Government included in this Report were considered by the Committee constituted for the year 2008-2011.

This Report was considered and approved by the Committee at the meeting held on 4-1-2012.

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.

Thiruvananthapuram,
21st June, 2012.

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

REPORT

This Report deals with the Action Taken by the Government on the recommendations contained in the Fifty Eighth Report of the Committee on Public Undertakings (2001-04) relating to State Farming Corporation of Kerala Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31-3-1999 (Commercial) which was presented to the House on 20th January, 2004.

The Report contained two recommendations and the Government have furnished replies to both the recommendations. The Committee (2008-2011) considered the replies received at its meeting held on 10-11-2010.

The Committee accepted the reply to the recommendation No. 4(2) without any remarks. This recommendation and the reply furnished thereon by Government form Chapter I of the Report.

The Committee accepted the reply to the recommendations in Para 3 (1) with remarks. This recommendation along with the reply furnished by the Government and the remarks of the Committee form Chapter II of the Report.

CHAPTER I

REPLY FURNISHED BY GOVERNMENT WHICH HAS BEEN
ACCEPTED BY THE COMMITTEE WITHOUT REMARKS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusions/ Recommendations</i>	<i>Action Taken by Government</i>
2	4	Agriculture	The Committee understands that no particular guideline or policy exists in the Company in the matter of sale of scrap rubber. The Committee, therefore recommends that a definite policy be formulated regarding the storage and sale of scrap rubber in the estates of the Company.	There is a specific procedure for disposal of scrap. Since 7/2001 the scrap accumulation of every three or four months is being disposed off by open tender/auction through newspaper advertisement so as to reduce abnormal accumulation. The highest rate obtained in tender/auction will be placed before the Board for approval. At present sale of scrap rubber is effected with the approval of Board.

CHAPTER II

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>Conclusions/ Recommendations</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	3	Agriculture	The Committee finds malafide intention on the part of the officials of the State Farming Corporation in entering into an agreement with Ponnudi Rubbers (Pvt.) Limited for conversion of scrap rubber into crumb rubber without inviting tenders and without specifying the expected quantity and quality of the end-product and recommends that an enquiry be conducted into the case and appropriate action be taken against the officials found responsible. The Committee desires to be informed whether PCK, Kottayam a Public Sector Undertaking had ever been contacted for converting scrap rubber into crumb rubber and also to ascertain the average DRC being obtained by PCK.	As recommended by the Committee the Company conducted an enquiry by appointing Adv. Joykutty as enquiry officer. In the enquiry it was found that Sri K. Sivaprasad, the Managing Director of State Farming Corporation of Kerala Ltd. who entered into agreement with M/s Ponnudi Rubbers Pvt. Limited was responsible for the loss of ₹ 6.24 lakh to the Company. RR proceedings have been initiated against Sri K. Sivaprasad to recover ₹ 6.24 lakh. But he had obtained an interim stay from the Honourable High Court of Kerala against the RR proceedings for four months in WP(C) No. 20322/09. The Hon'ble High Court as per the order dated 19-11-2009, in WP (C)

(1)	(2)	(3)	(4)	(5)
				<p>No. 20322/09 extended the interim stay until further orders. The Company filed Counter Affidavit before the Hon'ble High Court of Kerala in the above WP(C).</p> <p>Conversation of Scrap Rubber into crumb rubber was done by Plantation Corporation of Kerala Limited, Kottayam during 2000-01 and 2001-02. The average DRC realization in 2000-01 was 67.05% and that in 2001-02 was 79.6%. DRC of fresh scrap will be approximately 50-60% and due to passage of time and exposure to sunlight DRC by losing weight will gradually go up to 80%.</p>

Remarks

The Committee wants to know the final position of the revenue recovery proceedings initiated against the officer who had been found responsible for entering into a contract between State Farming Corporation and Ponmudi Rubbers Pvt. Ltd. without following the usual practice. The Committee also desires to be informed of the details in respect of the difference as was mentioned in the reply, regarding percentage of dry rubber content between the years 2000-2001 and 2001-2002.

Thiruvananthapuram,
21st June, 2012.

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