



TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2006-2008)**

TWENTY NINTH REPORT

(Presented on March 21, 2007)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2007

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**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2006-2008)**

TWENTY NINTH REPORT

On

**The action taken by Government on the Recommendations contained in
the Fourty Ninth Report of the Committee on Public Undertakings
(2001-2004) relating to Pharmaceutical Corporation (IM)
Kerala Ltd based on the Report of the Comptroller
and Auditor General of India for the
year ended March 31, 1996
(Commercial)**

375/2007.

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COMPOSITION OF THE
COMMITTEE ON PUBLIC UNDERTAKINGS (2006-2008)

Chairman :

Shri Mankode Radhakrishnan

Members :

Shri P. K. Abdu Rabb

- „ A. A. Azeez
- „ M. Chandran
- „ C. M. Dinesh Mani
- „ K. T. Jaleel
- „ K. K. Jayachandran
- „ P. J. Joseph
- „ K. Kunhiraman
- „ K. Sudhakaran
- „ K. C. Venugopal.

Legislature Secretariat :

DR. N. K. Jayakumar, Secretary

Shri R. Vijayakumar, Joint Secretary

- „ K. Mohanakumar, Deputy Secretary
- „ C. R. Reghunathan Pillai, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2006-2008) having been authorised by the Committee to present the Report on their behalf, present this Twenty Ninth Report on the action taken by Government on the recommendations contained in the 49th Report of the Committee on Public Undertakings (2001-2004) on the working of the Pharmaceutical Corporation (IM) Kerala Ltd. based on the Report of the Comptroller and Auditor General of India for the year ended March 31st, 1996 (Commercial) .

The statement of action taken by the Government included in this Report were considered by the Committee constituted for the year 2006-2008.

This Report was considered and approved by the Committee at the meeting held on 15-3-2007.

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.

MANKODE RADHAKRISHNAN,

Thiruvananthapuram,
21-3-2007.

Chairman,
Committee on Public Undertakings.

REPORT

The Report deals with the action taken by Government on the recommendations contained in the 49th Report of the Committee 2001-2004 relating to the Pharmaceutical Corporation (IM) Kerala Ltd. based on the Report of the Comptroller and Auditor General of India for the year ended March 31, 1996 (Commercial) was presented in the House on 11-8-2003.

The Report contains 3 recommendations. Government furnished replies to all recommendations. The Committee (2006-2008) considered the replies received from Government at its meeting held on 23-8-2006.

The Committee accepted the replies to all recommendations viz. No. 1(5), 2(6) and 3 (7) with remarks. The recommendations of the Committee, the replies of the Government and the remarks of the Committee are given in the succeeding pages of this Report.

**Replies furnished by Government on the recommendations of the Committee which
have 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	5	Health	The Committee is surprised to note that the price of medicines issued by the Company to Government Ayurvedic Institutions is being fixed by Government based on the recommendations of the Director of Indian Systems of Medicine and it was always less than that fixed by the Company for sale to public. This has resulted in short realization of Rs. 183.99 lakhs during the three years from 1992-93 to 1994-95 as pointed out by Accountant General.	Oushadhi appealed Government to revise the selling price. Government have constituted a Committee with Director of Indian Systems of Medicine, Managing Director, Oushadhi and Shri P. P. Jose, Deputy Secretary, Finance Department as members for revision of the selling price of medicine supplied to Government Institutions by Oushadhi vide G.O.(Rt) 3217/03/H&FWD dated 11-11-2003. The Committee recommended that rates of supply of medicines to ISM Department should be revised to the effect that the revised rates shall be 35% less than the existing rates inside Kerala Market rates of Oushadhi medicines ie. the price in force from 23-7-2001. Government have approved the recommendation of the
2	6	,,	In a note submitted to the Committee, it was stated that as per Government Order dated 7-1-1998 the selling price of medicines supplied by Company to Government Ayurveda Institutions was revised as 30% less public selling price.	

3 7

Health

The Committee recommends that in order to safeguard the commercial interests of the Company, it should be given the right to fix price of the products sold in open market as well as to Government institutions.

Committee vide G.O. (Rt)No. 1543/04/H&FWD dated 5-6-2004 with the following conditions:

- (a) The rates for supply of medicines to ISM Department will be revised to the effect that the revised rates shall be 35% less than the existing rates inside Kerala Market rates of Oushadhi medicines, ie. the price in force from 23-7-2001.
- (b) The revised rate will come into force with effect from 1-4-2004 onwards.
- (c) The rates will be in force till a further revision is approved by the Government irrespective of any revision of public selling rates by Oushadhi in future.

It may also be pointed out that the fixing of rates of medicines is done on the basis of the proposal of Managing Director, Oushadhi. Government have given only formal approval after examination of the proposal.

Remarks of the Committee:

The Committee desires to know the present position of the matters contained in the action taken reply furnished by Government.

Thiruvananthapuram,
21-3-2007.

MANKODE RADHAKRISHNAN,
Chairman,
Committee on Public Undertakings.