

**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

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

**FOURTH REPORT**

(Presented on 26th September, 2006)



SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2006

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**On**

**Action taken by Government on the Recommendations contained  
in the Ninety Sixth Report of the Committee  
on Public Accounts (1989-1991)**

997/2006.

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COMMITTEE ON PUBLIC ACCOUNTS (2006-2008)

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## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the Fourth Report on Action Taken by Government on the Recommendations contained in the Ninety Sixth Report of the Committee on Public Accounts (1989-1991)

The Committee considered and finalised this report at the meeting held on 30th August, 2006.

Thiruvananthapuram,  
26th September, 2006.

ARYADAN MUHAMMED,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

This Report deals with the action taken by Government on the recommendations contained in the Ninety Sixth Report of the Committee on Public Accounts (1989-1991).

The 96th Report of the Committee on Public Accounts (1989-1991) was presented to the House on March 20, 1991 and it contained 41 recommendations relating to Industries Department. Government were addressed to furnish the statement of action taken on the recommendations contained in the report on 10th April, 1991 and the final replies were received from Government on 29-9-2004.

The Committee examined the statements at its meetings held on 22-1-1997, 8-10-1997, 17-6-1998, 20-4-1999, 8-12-1999, 20-8-2003, 28-6-2005 and took evidence from the officers on 17-9-2003. The Committee made further recommendation on Sl. No. 1 (Para No. 51). The recommendation, its reply and the further recommendation are given in Chapter I of the Report. In the light of the replies furnished and the evidence tendered before the Committee, the Committee decided not to pursue further action on the other recommendations. Those recommendations and the Statements of Action Taken by Government thereon are incorporated in Chapter II of the report.

## CHAPTER I

**Recommendations in respect of which action taken by Government  
is not satisfactory and which requires reiteration**

## INDUSTRIES DEPARTMENT

**Recommendation***Sl. No. 1 (Para No. 51)*

Small Scale Industries have a key role to play in the industrial development of our country. Small Scale Industries have many advantages like low investment, high potential for employment generation, diversification of industrial base, dispersal of industries in rural and semi rural areas etc. Rapid industrialisation of the State is essential both for increasing income and for solving unemployment problems among the educated. Committee find that in spite of several favourable factors such as developed basic infrastructure, vast natural resources, better communication facilities, wide net work of transport and well educated and trained work force, the performance of SSI Sector is not satisfactory.

**Action Taken**

Rate of growth of industrial sector during the last five years before 1991-'92 was recorded as 5%. The rate of growth of small industrial sector was satisfactory when compared to the previous years. The Government was making concerted efforts to develop the basic infrastructure by establishing growth centres, new Development Plots, Development Areas, Industrial Parks and other infrastructure facilities such as power generation plants in the State. As a result of this and of maximum tapping of natural resources and completion of power generation stations, now the rate has become 7.5%. By introducing packages of assistances and new schemes such as power tariff concessions, single window clearance systems, the growth rate has improved as stated above.

**Further Recommendation**

**The Committee desired to get a detailed report regarding the total number of Industrial Units commissioned out of the 8000 Small Scale Industrial Units registered during the period from 1991-92 to 1995-96, total number of Industrial Units wound up and the total number of persons who lost their employment due to winding up of these Industrial Units.**

**Supplementary Action Taken**

The small Scale Industrial Units registered during the period from 1991-92 to 1995-96 is approximately 80,000. Out of this 9,085 Industrial Units had been wound up and 35,159 persons have lost their employment due to the winding up of the above said units.

**Further Recommendation**

The Committee recommends that the statistics furnished by the Industries department should be taken as a bench mark and a continuous monitoring system should be evolved to monitor the working of the Small Scale Industrial Units, based on the economic census.

## CHAPTER II

**Recommendations which the Committee does not desire to pursue  
in the light of the replies furnished by Government****Recommendation***Sl. No. 2 (Para No. 52)*

The Committee find that the system of registration of small scale industries is not fool proof. Sufficient pre-investment studies or market surveys are not conducted before setting up of these industries. Adequate attention is also not seen given to the selection of location of these industries.

**Action Taken**

Industrial Potential Surveys are frequently conducted by the Government with the help of consultancy organisations, management organisations and financial institutions. The feasible and viable projects were identified and disseminated generally to the public through the field Officers. But the market surveys on individual projects are to be conducted by the entrepreneurs concerned.

**Recommendation***Sl. No. 3 (Para No. 53)*

The Committee find that in the case of SSI Units, lack of funds, marketing problems, shortage of raw materials, managerial and labour problems and poor technical know-how are attributed as the major causes for the sickness of the SSI Units. The plan outlays made in the successive five year plans were meagre for the industrial sector especially in the case of small scale industry. Since small scale industries have high employment potential they should be encouraged by giving major share of allocation out of annual plans.

**Action Taken**

The recommendations of the Committee is noted for guidance. Necessary direction has been given to the Director of Industries and Commerce to take note of the recommendations while formulating plan proposals as per Government letter No.27978/B2/98/ID. dated 4-12-1998.

**Recommendation***Sl. No. 4 (Para No. 54)*

The main objective behind setting up of District Industries Centres was to provide all necessary services/support under a single roof to small and medium entrepreneurs. But the present picture reveals that the DICs. have not been able to achieve this objective fully. It is seen that there is no competent

machinery in the DICs to study and evaluate the market trend and viability of each project and prepare project reports accordingly. No technical expertise is available with the District Industries Centres at present. The Committee find that the failure of most of the S.S.I. Units started with the help of District Industries Centres was due to lack of proper follow-up action on the part of the District Industries Centres in matters relating to technological support, availability of raw materials, infrastructural facilities and marketing facilities. The Committee therefore recommend that there should be an effective system to prepare viable project reports.

The Committee also recommend that the representative of the Small Industries Development Bank should also be associated with the processing of each project report. Before giving clearance to each project, the banks should exercise their full expertise in assessing the viability of the projects. At any rate once the project report is cleared and the scheme is sanctioned the working capital should not be denied. The Committee find that in many cases the working capital provided by the banks seem to be inadequate. So the Committee are of the view that the financing Banks should extend a much more sympathetic attitude to the small/medium entrepreneur. Lack of co-ordination between the District Industries Centres, the financing institutions and the entrepreneurs is one among the reason which contribute to the failure of S.S.I. Units. The Committee therefore, recommend that the District Industries Centres should take initiative to establish co-ordination between the financial institutions, the entrepreneurs and themselves. Marketing of the products of S.S.I. Units is one of the main problems faced by the entrepreneurs. The Committee are, therefore, of the opinion that a centralised agency be established to pool and market the products of S.S.I. Units thereby creating facilities for consortium marketing.

#### **Action Taken**

The clearance required for starting S.S.I. Units vary from unit to unit, they have to approach many Departments for getting clearance before starting production. So also for getting sanction for financial assistance they have to approach various Institutions. This multi-functional activities made it very difficult to achieve all the objectives as envisaged in the set up of District Industries Centres. Now this objective is being achieved with the introduction of Green Channel Counters in all District Industries Centres with District Collector as Chairman and other District Officers as Members, as envisaged in the new industrial policy. The District Industries Centres have been supplied with so many project profiles from Development Commissioner (SSI) and other technical agencies. District Industrial Potential Surveys are also being prepared to identify industries that can be started in the District based on its resources

and necessity. These project ideas are made available for reference to prospective entrepreneurs and when a particular project is identified by an entrepreneur, the District Industries Centre will provide all assistance for preparing detailed project report and technical appraisal report as required by Banks and other financial institutions. Marketing facilities in the form of price preference for Government purchase and reservation of certain items produced by S.S.I. Units for exclusive purchase by Government Departments and organisations are being extended to S.S.I. Units.

As regards the recommendation to involve Small Industries Development Bank of India for the processing of each project report, it may be noted that it is not a practical proposal as the Bank is not equipped to do such a course of action. However project appraisals are being made in conformity with the guidelines issued by SIDBI from time to time. The Committee like Block Level Bankers Committee, District Level Bankers Committee and State Level Bankers Committee provide ample opportunity to discuss and take appropriate action from Block level to State level on matters relating to Bank finance and other matters connected therewith. Kerala State Small Industries Development Corporation is the present agency to give marketing support for the products of S.S.I. Units. Their activities are proposed to be enlarged to provide marketing support for the SSI Units in a big way. So also for raw materials supply.

The Department has now launched an intensive Industrialisation Programme to start 25000 units over a period of two years under the direct supervision of District Collectors. Under this programme, the Department will provide all assistance to start industries by way of expediting clearance, licenses, disbursement of loan by financial institutions, providing necessary infrastructural facilities, and timely follow-up action at every stage.

#### **Recommendation**

*Sl. No. 5 (Para No. 55)*

The Committee find that the announcement of incentives are not followed by necessary budget provision. The Committee urge that there should be necessary budget provision.

#### **Action Taken**

This observation had been made in the context of the audit findings upto 1984-'85 that certain claims could not be disbursed for want of funds and the information furnished to audit that only Rs.90 lakhs had been provided in the budget against Rs.295 lakhs required. Therefore based on the observation of

PAC adequate funds had been provided in subsequent years, as may be seen from details below :

The details of budget provisions under SIS for the period from 1991-92 to 1996-97 and expenditure incurred are as follows :

**State Investment Subsidy**

<i>Period</i>	<i>Budget Provision</i>		<i>Expenditure</i>	
	<i>SSI</i>	<i>L &amp; M</i>	<i>SSI</i>	<i>L &amp; M</i>
1992-'93	1950	500	1409.65	523.44
1993-'94	1200	500	1162.5	500
1994-'95	1000	500	1060.90	500
1995-'96	1042	500	2009.15	100
1996-'97	1030	500	1400 *	500

**Recommendation**

*Sl. No. 6 (Para No. 56)*

The Committee understand that adequate attention is not given to the selection of appropriate technologies. Many units turned sick because of the obsolete technology used by them. Technological upgradation is essential for the success of SSI Units in the State. The Committee urge that the tendency of promoting projects with poor and obsolete technology should be discouraged. The entrepreneurs should be given training on latest developments in the technological field taking place both in India and abroad.

**Action Taken**

Action has already been taken for improving training with latest developments in technological field. The entrepreneurs are given training by the KITCO, CMD, Rubber Board etc. on latest developments in the technological field. It is not found necessary to give training abroad because of the financial difficulties of the State Government.

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\* Additional fund was made available.

In order to impart knowledge on new appropriate technologies and to develop managerial skill technology clinics and Entrepreneurship development programmes are arranged through KITCO, CMD etc. Thus during 1995-96, 31 technology clinics, 28 ED Programmes and 97 awareness camps were conducted spending Rs. 30 lakhs and during 1996-97, 20 ED Programmes, 155 Awareness Programme and 20 technology clinics were conducted, spending Rs. 105 lakhs.

#### **Recommendation**

*Sl. No. 7 (Para No. 57)*

The Committee find that one of the reasons for the closure of small scale units is non-availability of raw materials. Raw materials are not allotted in sufficient quantity to SSI units. Committee urged that special facilities should be provided for procurement of raw materials. Effective steps should be taken to prevent the industrial sickness consequent on the non-availability of raw materials.

#### **Action Taken**

Kerala SIDCO is the agency for procurement and distribution of raw materials to SSI units in the State. SIDCO has raw material depots in every district and a well organised set up under their raw material Division at Cochin. As stated in the Industrial policy statement of the Government, SIDCO is to concentrate exclusively to provision of raw materials to SSI units and marketing of their products.

#### **Recommendation**

*Sl. No. 8 (Para No. 58)*

The Committee understand that there are certain entrepreneur who are deliberately trying to make their units sick and then come forward with applications for assistance to start new units either in their own name or in the name of others so as to avail themselves the concessions. Such deliberate attempts should be discouraged and it should be ensured that the assistance given to sick units goes only to the eligible sick units.

**Action Taken**

The General Managers of District Industries Centres have been directed to give special attention in respect of sick units and to ensure that the assistance is given only to deserving sick units.

**Recommendation**

*Sl. No. 9 (Para No. 59)*

The Committee find that if a unit functions well there is a tendency among the entrepreneurs to start units of the same nature resulting in an unhealthy competition in the marketing field. It adversely affects the growth of that industry. Managerial inefficiency has been responsible for the sickness of the units. Hence a system should be evolved for assessing the managerial ability and efficiency of the entrepreneurs. Government should take a fresh look at the various problems faced by small scale units in order to protect the interest of the people working in them. Government should come out with a liberal proposal to deal with the sick units and allow concessions to them wherever necessary.

**Action Taken**

At present there is no restriction in starting units of the same nature. To increase efficiency of the entrepreneurs, the Department is conducting Entrepreneurs Development Programmes (EDPs) regularly, where the entrepreneurs are given exposure to various managerial aspects of running SSI Units.

**Recommendation**

*Sl. No. 10 (Para No. 60)*

One of the important objectives of small scale industries is generation of employment. But the Committee find that during 1982-83 to 1984-85 the generation of employment was low with reference to the targets fixed. The Committee urge that Government should give due importance to the quality, productivity and employment potential while organising small scale units.

**Action Taken**

All out efforts are being made for motivating the entrepreneurs to establish SSI Units and to provide employment to the unemployed. The target

is fixed accordingly in later years and units are set up giving importance to quality, productivity and employment. Statistical data of achievement from 1990-91 to 1995-96 is given below :

<i>Year</i>	<i>No. of Units</i>	<i>Employment</i>
1990-91	8847	42881
1991-92	10918	52797
1992-93	11411	50606
1993-94	14533	60945
1994-95	15836	73618
1995-96	16903	71775

#### **Recommendation**

##### *Sl. No. 11 (Para No. 61)*

The Committee are of the view that the reasons for unsatisfactory growth of SSI Units are the unfavourable industrial environments prevailing in the State and lack of adequate number of entrepreneurs within the State. The Committee urge that the State should provide infrastructural facilities and create a proper environment. The entrepreneurs should be given sufficient assistance and incentives so as to attract them to the State to start new industries.

#### **Action Taken**

Consequent on the announcement of new Industrial Policy, so many concessions have been offered to attract entrepreneurs from within the State and outside the State by evolving simplified procedures for expediting license and dispensing with all unnecessary licenses and clearances. The Government also provide better industrial relations to create a conducive atmosphere for starting industries by restricting undesirable labour practices like claims from sons of the soil and displaced persons, stoppage of work during the first five years etc. With a view to giving more infrastructural facilities, an Industrial Infrastructural Development Corporation has also been set up.

### **Supplementary Statement of Action Taken**

With regard to unfavourable industrial environment referred to by the Committee, Government have since declared a New Industrial Policy on 23-9-1991 and have launched an intensive Industrialisation Programme on 1-2-1993 to set up 30,000 SSI Units in the next two years. As a part of this procedures and rules are being simplified and delegation of powers to the General Managers in the District Industries Centres have been increased considerably. The procedure for getting local body license and other clearances have also been simplified and amendment have been effected to the rules governing those matters. A State Industries Development Committee and 14 District Industries Development Committees and Green Channel Counters have been set up in the districts to speed up the issue of licenses to the entrepreneurs and to involve all Departments in the process of industrialisation. The police have also been given appropriate instructions to intervene in unlawful incidents involving labour in factory premises. As a result of all these measures the investment climate in the State has improved and the number of SSI Units has grown dramatically. The number of SSI units since 1987-88 has doubled in the State and the figure of registered SSI Units in Kerala has touched one lakh in January 1994.

The Government has also created a statutory Corporation called Kerala Industrial Infrastructure Development Corporation to provide Infrastructural facilities. The District Mini Industrial Estate Co-operative Societies are also being revitalised.

Regarding incentives, the Industrial Policy of 23-9-1991 has increased incentives for industrial investment in Kerala by enhancing the rate of investment subsidy from 5% to 15% and raising the duration of tax exemption for new units from 5 to 7 years. The incentive package now offered by Kerala for SSI Units is comparable to the incentives offered by other States in India.

### **Supplementary details obtained**

Copies of the following Government Orders/directions are appended as Appendices I to V.

1. G O.(Ms)No. 161/94/ID. dated 29-7-1994.
2. G O. (Rt.) No. 3064/94/LBR dated 31-12-1994.
3. G O. (P) 163/95/H&FWD dated 6-5-1995.
4. Letter No. CML/46-2/95 dated 2-11-1995 of the Department of Telecommunications.
5. Letter No. 41236/J2/95/ID dated 28-12-1995.

**Recommendation**

*Sl. No. 12 (Para No. 62)*

The Committee find that a large number of units are becoming sick every year. Rehabilitation of sick units should be given due importance. Government should take special attention and advise the District Industrial Units to take earnest attempts to revive the Sick Industrial Units. The Committee urge that a rehabilitation fund should be created for the revival of sick units.

**Action Taken**

Government propose to take certain new measures for the rehabilitation of sick small scale units. For this purpose there have been a number of discussions with financial institutions and other agencies for recasting the rehabilitation schemes. Kerala Industrial, Technical and Consultancy Organisation (KITCO) has been asked to examine the matter in detail and give recommendations.

**Recommendation**

*Sl. No. 13 (Para No. 63)*

The Committee find that scheme launched by Government in 1975 to establish 1000 Mini Industrial Estates for starting 10,000 new industrial units over a period of four years from 1975-76 to 1978-79 could not achieve the desired objective. When the scheme was discontinued in 1979, it was possible to establish only 110 Mini Industrial Estates. Out of the 1104 sheds available 1098 sheds have been allotted, Six sheds yet to be allotted, 4 at Malappuram and 2 at Kottayam. The Committee urge that steps should be taken to allot these sheds to new entrepreneurs. Out of 1098 sheds already allotted 544 units are working and 308 units are dormant. There are 39 sheds vacant in the Industrial estates. The Committee urge that efforts should be made to revive the dormant units. The department should make further efforts to see that none of the sheds remain vacant as sizable amount of state's revenue was spent for the construction of these sheds.

**Action Taken**

A special drive has been launched to revitalise the Mini Industrial Estate Co-operative Societies. The rules have been simplified and made uniform for all the eleven District Societies. As a result of the collection drive launched, Rs. 51 lakhs was collected during the calendar year 1993 from the defaulters to the District Mini Industrial Estate Co-operative Societies. Arrangements have been made for giving title to the shed owners who have cleared all the

dues in 5 societies. Regular monthly review meetings are held in the Directorate to review the position of these societies now. Wherever possible, the dormant units in the Mini Industrial Estates are being revived. Sheds have been resumed from the shed owners who are incapable of running units. 26 of the 64 sheds so resumed have since been reallocated to new units. The 6 sheds noted at the time of review to be unallotted in Malappuram and Kottayam have since been allotted.

#### **Supplementary Action Taken**

Out of the 110 MIEs established by 1979 the first set of 36 MIEs were under the administrative control of SIDCO and 74 MIEs were administered by the DMIECs,

No. of sheds in the first 36 MIEs is 393, out of which 56 sheds are vacant at present due to various reasons. Among the 337 units, 308 are working and 29 numbers are dormant. SIDCO is being assisted by the Department for the maintenance of the estates. Joint efforts are being made for allotting the vacant sheds to deserving entrepreneurs and to revive units which are dormant.

All DMIECs except Kollam and Thiruvananthapuram have cleared the dues to KSCS.

Arrangements have been made for giving title to the shed owners who have cleared the dues. Title deeds have accordingly been given to 13 units in Kozhikode District, one in Kannur District and six in Ernakulam District.

Out of the 754 sheds with the MIECS 574 are occupied by working units, 106 are dormant, 32 vacant. Units in the 42 sheds reallocated are taking steps to start functioning. The six sheds observed as unallotted at the time of review have since been allotted. At present in Kottayam and Malappuram Districts none of the sheds are vacant.

#### **Recommendation**

*Sl. No. 14 (Para No. 64)*

The Committee find that the land acquired for the establishment of development plots in many of the Districts were not distributed to the entrepreneurs. Plots were usually allotted on completion of development works. In many cases development works were not completed. The Committee also find that even preliminary steps were not taken to set up industries in the plots already allotted. Some plots identified were not suitable for setting up of industries. Infrastructural facilities were not provided for the establishment of industrial units in the plots allotted. There are 134 units which have not started

working. The Committee observe that delay in providing basic amenities like water supply, electricity etc. result in delay in achieving the main objective of the scheme. The Committee recommend that steps should be taken to ensure basic facilities like suitable land, availability of water, electricity etc. before the establishment of development plots. The plots should be established in suitable places after careful identification of the needs in those areas and after pre-investment surveys. Steps should also be taken to resume the plot kept unutilised by the allottees and to reallot them to prospective entrepreneurs.

#### **Action Taken**

The department is giving more attention to the establishment of Development plots and Development areas. Simplification of rules in the matter are under process. The deligation of powers to the Director of Industries and Commerce for giving administrative sanction for development works has been enhanced to Rs.10 lakhs with provision to give administrative sanction even in cases with tender excess of upto 35%. Copy of G.O. (P) 100/93/ID., dated 11-8-1993 is given as Appendix VII.

District level Committee under the Chairmanship of the District Collector have been set up with the involvement of all acquisition and development of industrial areas. The position of utilisation is being closely watched by the General Manager and the same is reviewed at the monthly conference held at the Directorate. In the last 9 months 58.238 acres was resumed by the Government.

#### **Recommendation**

*Sl. No. 15 (Para No. 65)*

The Committee find that a sum of Rs. 35,72,891 was overdue as on 31st July 1989 for recovery from the allottees. The Committee urge that steps should be taken to recover the amount over due from the allottees.

#### **Action Taken**

A special drive has since been launched for collection of arrears to the District Mini Industrial Estate Co-operative Societies. In the Calendar year 1993 Rs. 51 lakhs was collected by the 11 new DMIECS from the defaulters for remittance to the Kerala State Co-operative Bank which had financed the setting up of the Mini Industrial Estates. The balance due from the said DMIECs now stands at Rs. 2.53 crores. The societies have already filed 197 arbitration cases against defaulters, which are under adjudication. The position is now reviewed every month at the Directorate.

### **Supplementary Action Taken**

A special drive has been launched for collection of arrears to DMIECs. It is reported that against the dues of Rs. 35,72,891 as on 31-7-1989 in respect of DMIECs, all DMIECs except Kollam have cleared the dues.

An amount of Rs. 42.63 lakhs has been collected from 4/1996 to 11/1996 against a demand of 157.35 lakhs.

An amount of Rs. 5,40,971.61 has been collected during 12/1996 and 1/1997 and the balance to be collected is Rs. 1,59,79,818.

The societies have already filed 221 arbitration cases of which 60 cases had already been awarded and 27 cases have been recommended for Revenue Recovery action.

The position of demand and collection of dues as well as the allotment of sheds are reviewed every month at Directorate.

### **Recommendation**

*Sl. No. 16 (Para No. 66)*

According to the norms prescribed by the Government for identification of land for industrial purpose, the land should be outside Corporation/Municipal areas and there should be sufficient scope for future development. The Committee was informed that the Development plots proposed to be set up at Tirur in Malappuram District was within the Municipal area and there was resistance from the residents of the adjoining private land and hence the department decided to drop the matter on 17-3-1987. This proposal to establish a development plot in Malappuram District was made in 1977. At that time Tirur was already a Municipality. The Committee enquired whether this fact was not known at the time of making proposal to establish the development plot. The Committee expressed dissatisfaction over the circumstances which led to the decision to drop the proposal after 10 years.

### **Action Taken**

It may be noted that there are no norms prohibiting the setting up of industrial development areas in the State within the Corporation or Municipal limit. The proposal for setting up a Development plot in Tirur in Malappuram District had to be dropped because of public opposition to the proposal and not because of the fact that the proposed estate came within Municipal limits. A District Level Committee under the Chairmanship of the District Collector has now been set up to systematise the selection of plots for setting up industrial development areas and it is hoped that the unfortunate situation at Tirur in Malappuram will not be repeated.

**Recommendation***Sl. No. 17 (Para No. 67)*

The main objective of setting up of District Industries Centres is to provide all services required by small scale industries under one roof. The Committee find that D.I.C. buildings have been completed and occupied only in 7 Districts. In Ernakulam and Kottayam Districts, suitable sites for the buildings have not yet been identified. In Wayanad District the estimate for the building, has not been prepared. The Committee find that there was considerable delay in the construction of buildings. There was also delay in identifying and acquiring suitable land for the buildings. The Committee urge that steps should be taken to get possession of suitable land for the Construction of buildings for the DICs in Ernakulam and Kottayam District without further delay. The Committee also urge that earnest efforts should be made to complete the buildings in the remaining Districts and to provide sufficient funds for their construction.

**Action Taken**

<i>DICs</i>	<i>Present Position</i>
Thiruvananthapuram	Completed
Kollam	Completed
Kottayam	Land has not been identified as suitable land is not available. Efforts are being made to identify a suitable site.
Ernakulam	Construction work entrusted to contractor. 43 cents in Survey No. 324/IN in Kakkanad Village, Kanayannoor Taluk, Ernakulam District has been obtained through the District Collector by transfer as per G.O.(Ms.)706/90/RD/TVM dated 26-11-1990 at free of cost.
Pathanamthitta	The building has already been completed and will be inaugurated soon.
Alappuzha	Completed. Regarding additional floor of DIC, Alappuzha, structural works have been completed at roof level and works are in progress.

Thrissur	Completed. The structural works of additional floor have been completed at roof level and works are in progress.
Wayanad	The building has been completed but for electrification and will be inaugurated within 2 months
Kozhikode	Completed
Kannur	Completed
Kasaragod	Completed
Idukki	Completed except certain minor items of electrification. The building is expected to be inaugurated within a month.
Malappuram	Completed
Palakkad	Completed.

### **Recommendation**

*(Sl. No. 18 Para No. 68)*

The Committee find that there was delay in Commissioning many of the Industrial units consequent on the delay in disbursing Central Investment Subsidy. The Committee urge that special efforts should be taken to pay Central Investment Subsidy to small scale units in time so as to implement massive rural industrialisation programme.

### **Action Taken**

Central Investment Subsidy was discontinued on 30-9-1988. However in G.O.(Rt)No. 941/92/ID. dated 24-9-1992 (Appendix VIII). Government ordered that subsidy @10% will be disbursed to all pending cases registered before 30-9-1998. Necessary funds for this purpose have also been provided in the Budget. An amount of Rs. 11.17 crores was due to Kerala from Government of India by way of re-imburement of Central Investment Subsidy.

In pursuance of the Supreme Court decision on Civil Appeal No.6240 the Director of Industries and Commerce forwarded the claims of units to Government of India for disbursement of the sanctioned amount. Thereupon Government of India have sanctioned release of Rs. 11,11,75,582 to Director of Industries & Commerce directing to disburse the amount to the Industrialists in

accordance with para (8) of the Central outright grant of Subsidy Scheme, 1971 as amended from time to time. Government had ordered to disburse Central Investment Subsidy in all pending cases, except Hotel Industry at the rates enjoyed by the units in the backward districts. Thus General Managers of District Industries Centres were directed to disburse the amount by meeting the expenditure from the allotment given for State Investment Subsidy and amounts have been disbursed to eligible units. Consequent on the Supreme Court order on 5-12-1995, Government of India reimbursed major portion of the claims.

#### **Recommendation**

*(Sl. No. 19 Para No. 69)*

The Committee find that an amount of Rs.82,050 was paid as Central Investment Subsidy to the Mini Industrial Co-operative Society, Alappuzha. But, the society was not eligible for the Central Subsidy as it had obtained land free of cost for starting an industrial unit. Though explanation was called for from the officer who paid inadmissible Central Investment Subsidy to the Society, it is seen that no action has been taken against the officer. It is explained that they might have acted in good faith with a view to implementing massive rural industrialisation programme of Government in a better way in moving application for Central Investment Subsidy/in recommending applications/in sanctioning application. The Committee are not satisfied with the explanation. The Committee urge that urgent steps should be taken to recover the inadmissible amount paid to the Society. Action should be taken against the Officers responsible for the grant of inadmissible subsidy. The action taken in this regard should be intimated to the Committee at the earliest.

#### **Action Taken**

The Alleppey MIEC's has already refunded Rs. 42,005 against the inadmissible subsidy received by the Society. The Officer responsible for granting inadmissible subsidy went on leave from 19-4-1982 and not rejoined in the District Industries Centre, Alleppey. The date of superannuation of the officer was 30-11-1984. For the explanation called for, he submitted a satisfactory reply and hence further action was not pursued by the Department. The Director of Industries and Commerce is taking further action to recover the balance amount due from the Society.

#### **Further Recommendation**

Committee desired to know whether the balance amount due from the Society had been recovered.

**Supplementary Action Taken**

The excess amount of Central Investment Subsidy was recovered in 10 instalments. The last instalment for an amount of Rs. 8403 was remitted on 20-11-2002.

**Recommendation**

*(Sl. No. 20 Para No. 70)*

The Committee recommend that stringent action should be taken against those units which are not furnishing audited annual statements of accounts, balance sheet and proforma report to the Director of Industries and Commerce regularly.

**Action Taken**

The General Managers have already been directed in Circular No.FB3/35821/89 dated 27-12-1990 to take stringent action against the units which are not furnishing audited statement of accounts. Pursuant to the issuance of the Circular instructions, the Department detected 62 cases in which the Subsidy was misutilised. These units were directed to refund the subsidy received by them. So far, an amount of Rs. 2,74,016 has been realised. Steps are also being taken in other cases for realising the amount.

**Recommendation**

*(Sl.No. 21 Para No. 71)*

The Committee find that shortage of funds was one of the reasons for the delay in disbursing State Investment Subsidy. It adversely affects the development of small-scale industries in the State. The Committee urge that sufficient funds should be provided in the budget so as to provide State Investment Subsidy to eligible units. The Committee also recommend that the department should devise suitable machinery in the DIC to monitor the functioning of small-scale industries, which received assistance for a period of five years.

**Action Taken**

At present there is no shortage of funds for granting State Investment Subsidy to eligible units. There is no application pending for want of funds. As regards monitoring the functioning of Small Scale Industries the Manager (Credit) in the District Industries Centres have been entrusted with the work of collecting the statement of accounts from units and to initiate action against defaulting units.

**Recommendation**

*(Sl.No. 22 Para No. 72)*

The Committee find that the State Government Subsidy was paid to six ineligible units. The Committee want to know whether action has been taken to recover the inadmissible amount paid to these units.

**Action Taken**

M/s. Hotel Ambadi, Kollam has remitted Rs. 12,915 against the inadmissible subsidy received by them. In the case of Matha Institute of Service and Training, Ernakulam, registered notices had been issued. But the party has not turned up to remit back the amount. Hence the matter is being referred to revenue recovery.

M/s. Bharathkumar, Ernakulam have not yet refunded the amount even after issue of registered notice to them. So a time bound final notice was issued to the party.

In the case of M/s. Enjayee Spices it is reported that the Unit has refunded on 27-11-1997 the excess amount paid to it.

In the case of Udupi Anand Bhavan, Ernakulam a judgment had been passed by the Hon'ble High Court of Kerala (OP No. 3327 of 88) in which the petitioner was allowed to make representation in the matter and a decision is reserved with Director of Industries and Commerce. As such unit filed a representation to Director of Industries and Commerce, the Director of Industries and Commerce directed the unit to repay the excess amount of Rs. 25,535 with 5% interest there on forthwith. Challenging the direction party filed an OP (OP No. 16407 of 1993 C) in the High Court and High Court stayed the recovery of amount from the party. The OP is pending.

**Further Recommendation**

The Committee wanted to know the present position of the RR proceedings to recover the inadmissible subsidy given to Matha Institute of service & Training, Ernakulam, and the latest position of the OP pending in the High Court in the case of Udupi Ananda Bhavan.

**Supplementary Action Taken**

RR requisition has been issued for the recovery of Rs. 12,394 from M/s. Matha Institute of Service and Training, Ernakulam and Rs. 25,535 from M/s. Udupi Ananda Bhavan respectively. The full amount has been recovered from M/s. Udupi Ananda Bhavan.

**Recommendation***(Sl.No. 23 Para No. 73)*

The Committee find that margin money loans were not disbursed in time due to paucity of funds. As delay in sanction and disbursement of loan will in turn delay the commissioning of the units, the department should take effective steps to provide adequate funds in the Budget. The Committee also urge that necessary steps should be taken to disburse margin money loans to small scale units for the years 1987-88, 1988-89 and for the subsequent years.

**Action Taken**

There is no delay in sanctioning the Margin Money Loans to the eligible units. Sufficient funds are provided in the budget for granting the loan to the units. At present there are no cases pending for want of funds.

**Recommendation***(Sl.No. 24 Para No. 74)*

The Committee find that the objective of entrepreneurial development programme is to alleviate the problems of unemployment among the educated by providing Stipendiary training and granting interest free loans to successful trainees for starting SSI units. The Committee urge that the department should take effective steps to intensify the Entrepreneurial Training Programme for the development of SSI in the State. The entrepreneurs should also be given training on new projects and technologies.

**Action Taken**

The District Industries Centres are arranging various entrepreneurial Training Programmes with the help of KITCO, CMD, Rubber Board, SISI etc. The training now being given is based on latest development in technologies, which helps to set up projects with modern technologies.

**Recommendation***(Sl.No. 25 Para No. 75)*

Though according to rules, share participation assistance was admissible only if more than 90 per cent of the members of the society are workers engaged in the industry, the Committee find that assistance was given to 24 Societies contrary to rules. The Committee is not satisfied with the reply furnished by the witness that if such a strict interpretation of the rule is adopted no society will get share participation assistance. The Committee observe that if the Department find the rule with such interpretation impracticable, then the rule should be got amended suitably so as to cope with the needs of the trade.

### **Action Taken**

An Industrial Co-operative Society is defined as per rule 2(a) of the Rule for the Share Participation in Industrial Co-operative Societies [G.O. (Ms.)No. 237/76/ID dated 25-10-1976 - Appendix -IX] as a Co-operative Society registered under Kerala Co-operative Societies Act, 1969 in which more than 90% of the members are workers engaged in the Industry and would share profit. Rule 17 of the Kerala Co-operative Societies Act, 1969 prescribes that “In a society formed exclusively for the benefit of persons engaged in any particular industry, no person other than an actual worker in the industry shall be admitted in any case in excess of 10 per cent of the total number of members in the Society”. As per rule 2(a) of the rules framed for Managerial and Technical assistance to Industrial Co-operative Societies [G.O.(Ms.) No. 256/79/ID dated 29-6-1979 given as Appendix X] Industrial Co-operative Society is defined as a Co-operative Society registered as Small Scale Industries or Cottage Industrial Co-operative Society other than Coir and Handloom under the Kerala Co-operative Societies Act in which not less than 90% of the members are engaged in the Industry and would share the profit.

Based on the above definition an Industrial Co-operative Society is bound to give employment to 90% of its members. Except traditional Industries like Handloom and Coir, most of the SSI Societies are using machine power rather than manpower. Therefore, it is not practicable to provide employment to 90% of the total number of members/promoters in an Industrial Co-operative (other than Coir and Handloom) especially during the initial stage of starting function. The reduction of the minimum number of individuals required for the registration of an Industrial Co-operative Society from 25 to 10 vide G.O.(Ms.) No. 197/86/ID dated 6-8-1986 as Appendix X has not solved the problem of providing employment to 90% members.

In regard to the amendment to the Rules, the matter is being considered separately in file No. 21295/B1/93/ID dated 2-11-1993 which has been forwarded to the Finance Department on 2-11-1993.

### **Supplementary Action Taken**

Government have revised the rules for Government share Participation to the Industrial Co-operative Societies so as to cope with the needs of the trade as per G.O.(Ms.)No. 66/94/ID dated 17-3-1994 and amended as per G.O.(Ms.) No. 188/94/ID dated 15-10-1994 - Appendices XII and XIII respectively.

**Recommendation**

*(Sl. No. 26 Para No. 76)*

The Committee are distressed to note that the Harijan Welfare Industrial Co-operative Societies have not so far purchased land for the construction of buildings. If the land was acquired at the time of starting of these Societies, considerable amount of money could have been saved at that time. The Committee also find that most of the Societies are working in rented buildings. The Committee urge that urgent steps should be taken to purchase land for the Societies and to construct buildings for those Societies which do not have their own land and buildings. The Committee also urge that effective steps should be taken to give training to the Harijans on new trades and to create more employment opportunities.

**Action Taken**

The General Managers of District Industries Centres have been informed of the contents of the report of the Committee and they have been directed to take earnest and effective steps to purchase land and to construct buildings for those Societies which are working in rented buildings. They have also been directed to organise more training programmes for the benefit of Harijan Entrepreneurs.

**Recommendation**

*(Sl. No. 27 Para No. 77)*

The Committee find that Government Ceramic Service Centre, Mangattuparamba was commissioned in 1966. The Management of the centre was transferred to SIDCO. The Unit was not economically viable and incurred loss right from its inception. The Committee observed that it is a serious lapse on the part of the department to continue the centre for over 18 years till transfer to Kerala Clays and Ceramic Limited while it was not serving the purpose for which it was established and also incurred losses.

**Action Taken**

The Government Ceramic Service Centre, Mangattuparamba was commissioned in 1966. As per Government Order (Ms.) No. 608/ID dated 16-8-1963 (as Appendix XIV), the management of the unit had been entrusted to SIDCO subject to certain conditions. By GO. (Ms.) No. 136/71/ID dated 26-3-1971 (as Appendix XV) a managerial remuneration of Rs. 1,200 per month with effect from 1-8-1966 was also sanctioned to SIDCO. As the unit became sick, as per the directions of Director of Industries and Commerce, a study was conducted

by SISI, Thrissur who prepared a revitalisation report and recommended to purchase additional machineries for the unit and suggested that the centre may be run either exclusively by Government or completely by SIDCO. Based on the report SIDCO purchased machineries worth Rs. 1,15,963.14. It is reported that there was wide disparity between the wages drawn by the workers of the production units of SIDCO and the Centre which resulted in frequent agitation in the unit and this in turn seriously affected the smooth functioning. The wage revision applicable to the employees of SIDCO were not made applicable to the employees of the Ceramic Unit. On 13-6-1983, the Board of SIDCO took a decision not to absorb and liability on pay revision to the employees of the unit and to request Government to take back the unit. Later as per G.O. (Ms.) No. 168/85/ID. dated 30-7-1985 (as Appendix XVI) the management of the Ceramic Centre was transferred from SIDCO to Kerala Clays and Ceramic products Limited, subject to the conditions stipulated therein. The delay in transferring the unit was due to administrative reasons.

Regarding the continuance of the Centre for over 18 years despite the heavy loss incurred in running the unit, no records are available to explain the reasons thereof.

#### **Further recommendation**

The Committee were not satisfied by the reply received from Government and observed that the present position of the Centre has not been explained in the reply and desired to be furnished with the latest position. The Committee also observed that the contention of the Government that records are not available at present to explain the reason for the continuance of the centre for over 18 years despite the heavy loss incurred by the unit is not at all tenable. The Committee strongly condemned the delay on the part of the Government to furnish a reply to the recommendation of the Committee's report which was forwarded to Government as early in 1991 and also for the destruction of relevant records before furnishing replies to the Committee.

#### **Supplementary Action Taken**

Government vide order G.O.(MS) No. 168/85/ID dated 30-7-1985 transferred the management of Government Ceramic Service Centre (GCSC) from SIDCO to KCCP with effect from 1-8-1985 and vide order G.O. (Ms.) No. 20/95/ID dated 20-2-1995 transferred the GCSC with all the assets and liabilities to KCCP with effect from 1-4-1995.

As this unit was incurring heavy loss since its inception, activities of GCSC was temporarily suspended with effect from 20-11-1995 by transferring all the employees to another brick unit of the company at Kannapuram. Only 2

employees joined for duty out of 17 workers. Government, vide letter No. 42822/H2/96/ID dated 26-3-1997 accorded sanction for implementing the voluntary retirement scheme for the employees of GCSC and based on the same company terminated 12 employees by paying compensation of Rs. 8.28 lakh which includes gratuity payment.

For revival of Mangattuparamba unit, company submitted a project to manufacture once fired glazed wall and floor tiles with a capital expenditure of Rs. 11 crores.

As it was noticed that the setting up of the project for manufacture of once fired glazed wall and floor tiles will take considerable time, company prepared a small project for production of refractory bricks with a capital expenditure of Rs. 30 lakhs. On the first stage, Company undertook the repair of the existing kiln and machinery and purchased a friction crew press for Rs. 1.96 lakhs to improve the quality of bricks and started production during 1999-2000. But meantime the demand for refractory bricks come down considerably due to market recessions.

The brief working result of the Unit from 1980-81 to 2001-02 and 1-4-2002 to 31-1-2003 furnished by Government is given in Appendix XVII.

During the year 2002-03 the loss incurred by the unit had come down considerably and it is expected to run the unit profitably from the year 2003-04 onwards.

#### **Additional details**

Regarding the present position of the Government Ceramic Service Centre, Mangattuparamba, the Committee understood that the unit was linked with Kerala Clays and Ceramic Limited and that out of the 17 employees 15 had retired under VRS and company was making profit.

#### **Recommendation**

*(Sl. No. 28 Para No. 78)*

The Committee urge that a detailed report regarding the non implementation of a project for the manufacture of power capacitors should be furnished since it incurred heavy loss to Government. The Committee would like to know whether the Scooters Kerala Limited, Alappuzha had repaid the advance sanctioned to the society with interest. The Committee also desire to know whether the present scheme of manufacture of Power Transformers/Fly Back Transformers, Deflection Yoke etc., required for TV with tie-up arrangement with M/s. Kanji Precisions has been implemented and the stipend grant has been fully utilised.

### **Action Taken**

The original scheme of the Power Capacitors and Allied Products Industrial Co-operative Society Limited, Shoranur was to manufacture power Capacitors. The scheme was dropped as the Government of India rejected it. Then a scheme for manufacture of T.V. Tuners for black and white Television was prepared and it was approved by the Director of Industries and Commerce on a tie-up arrangement with M/s British Physical Laboratories, Palakkad. But this scheme also was abandoned as M/s. B.P.L. was not willing for financial and technical collaboration. Subsequently in the meeting held in the Chamber of the Hon'ble Minister for Industries on 7-12-1998 it was decided to manufacture Power Transformer, Fly Back Transformers, Deflection yoke etc. for television on tie-up arrangement with M/s. Kanji Precision Works (P) Limited, Chandranagar, Palakkad. M/s. Kanji Precision Works (P) Limited was also not willing to enter into a tie-up agreement with the society, as a result of which this scheme too could not be implemented. The training grant was not utilised as the training was not conducted as the project could not be implemented.

The Society had paid Rs. 17.50 lakhs as advance to M/s. Scooters Kerala Limited, Alappuzha as per G.O. (Ms.) No. 178/87/ID dated 4-12-1987 on condition that it would be returned with interest @ 17.5% before 31-5-1988. But this amount has not been repaid so far due to acute financial crisis of the company. A rehabilitation proposal of the Company is under consideration of Government. The advance will be repaid to M/s. Power Capacitors after revival proposal is sanctioned. Now a new Board of Directors has been constituted for the society. M/s. Metal Industries Limited, Shoranur has agreed to hand over 3.29 acres of land at Lakkidi (Palakkad) to the Society in exchange for land at Shoranur. The Board of Directors is arranging to register the land in the name of the Society. The Board is also taking steps to chalk out a new viable scheme for the society.

### **Recommendation**

*(Sl. No. 29 Para No. 79)*

The Committee find that only 39% of the production target of Handloom cloth for the period 1980-81 to 1984-85 was achieved. The reason for the short fall of production are soaring price of yarn, its scarcity, accumulation of stock and competition from outside the state and from the Mill and Powerloom Sectors. Non-availability of adequate quantity of yarn of the requisite quality is the major problem faced by the Handloom Societies. The increase in the price of yarn and chemicals used as raw materials is another major burden. Though there are mills run by Kerala Textile Corporation, National Textile Corporation

besides mills under the Co-operative Sector, sufficient quantities of yarn are not made available. The Committee suggest that effective steps should be taken by the Mills in the public and Co-operative sectors to produce sufficient quantity of yarn required for the handloom industry. The Committee recommend that Government should provide yarn and other raw materials at reasonable price to the handloom sector for certain period to save the industry and the weavers who depend on it. The apex society and the Handloom Development Corporation should ensure proper and timely distribution of yarn to the weavers. The existing regulations for the production of Hank Yarn should be more rigorously enforced. The Committee also urge that adequate steps should be taken to meet the challenge posed by the Mill Sector and Powerloom Sector to the Handloom industry in the State. Stringent action should be taken against the power loom merchants who sell powerloom fabrics in the label of Handloom. Handloom Weavers should also be encouraged to concentrate on export of high quality items.

#### **Action Taken**

The reasons for not achieving the targetted production are high price of yarn, its scarcity, competition from outside the state, from mill and powerloom sector. To make available adequate yarn at the reasonable price hank yarn subsidy scheme, mill gate scheme, depot operation scheme, transport subsidy scheme etc. were introduced afterwards. Due to the implementation of these schemes substantial progress could be achieved. Hantex was able to increase the value of yarn supplied to societies from Rs. 1 crore in 1990-91 to nearly Rs. 7 crore during the year 1996-97 and substantial progress has also been achieved thereafter. Hantex could increase the sales from Rs. 6 crores in 1990-91 to Rs. 23 crores during the year 2001-02. At present Hantex is doing export business also. There is enforcement cell to inspect the production of power loom to ensure that they are not producing the items reserved for handloom sector. The cell is set up based on the Handloom Reservation Act. The Handloom sector is facing severe competition in the market for selling their products. The Department is taking various steps for the production of attractive value added Handloom cloth through Hantex and Hanveev and Primary Handloom Co-operative Societies so as to compete with Mill and Powerloom Sector Products.

#### **Further details called for**

The Committee wanted to know whether yarn was being supplied to the societies at subsidised rate.

**Supplementary Action Taken**

The Societies are obtained Yarn at the subsidized rate through Hantex, Hanveev and Ernakulam District Cooperative Bank.

The Committee held discussion on 17-9-2003 with the Additional Director, Handlooms and Textiles to get more information on the supply of yarn. The Committee could understand that yarn was being provided at subsidised rate (ie. Rs. 15 per Kg upto 40 Count, Rs. 20 per Kg for 40-80-count and Rs. 25 per Kg for yarn above 80 count. In addition to this a reduction of 15% in excise duty (subsidy) was provided by the Central Government on yarn which was applicable to Handloom workers, Handloom Societies etc. From 2003 onwards entrepreneurs who had a turnover of more than 10 lakhs could directly obtain yarn from NHDC, Hantex, Hanveev or Ernakulam District Co-operative Bank.

**Recommendation**

*(Sl. No. 30 Para No. 80)*

The Committee find that the main problem faced by the Handloom Industry is the accumulation of stock of the products. Even though the State Government allowed rebate for the sale of Handloom cloth large stock of Handloom cloth is being accumulated. The Powerloom Fabrics are sold at a reduced price, which also result in the accumulation of stock of Handloom cloth. The change in the rebate policy of the Central Government also added to the woes of the Handloom Industry. Now rebate are restricted to the festival season only. The workers get some job and certain sales take place during these seasons. Consumers prefer to buy Handloom Cloth when there is rebate facility. The Committee recommend that old rebate system should be reintroduced so as to help the handloom sector and to clear the accumulation of stock.

**Action Taken**

Rebate scheme was implemented in the State with assistance of Government of India. The Government of India have stopped the assistance with effect from 1-4-1989 and introduced a new scheme by name Market Development Assistance. This is 50% Centrally Assisted Scheme. However the State Government continued the rebate scheme. Hantex and Hanveev have taken steps to clear the accumulated stock by allowing special discount with the assistance of the State Government under the stock liquidation scheme. These two organizations have also taken steps to produce fast moving items to curtail a further accumulation of stock.

**Recommendation**

*(Sl. No. 31 Para No. 81)*

The Committee find that the State Government had submitted a scheme with an estimated cost of Rs. 10 crores to the Government of India on 29-12-1988 to regenerate the handloom sector in the State. The Committee would like to know whether the scheme had been got approved and implemented.

**Action Taken**

A project at total cost of Rs. 10 crores for the revitalization of the handloom sector in the State with the assistance of UNDP was forwarded on 29-12-1985. This scheme was not approved by the expert committee which sanctioned various projects submitted under different sectors on all India basis. There is no information that similar projects with UNDP assistance were sanctioned to any other State under handloom.

**Further Recommendation**

The Committee decided to collect the details regarding various schemes existing in handloom sector of other States.

**Supplementary Action Taken**

No handloom project was sanctioned with UNDP assistance in any State.

**Recommendation**

*(Sl. No. 32 Para No. 82)*

The Committee find that in August 1986, Government of India had reserved 22 items of fabrics for exclusive production in handloom sector. The Mill owners have challenged this order in writ petition before the Supreme Court of India. The case is understood to be pending disposal. The Committee was informed that statement of facts have been prepared and forwarded to the standing counsel on 8-9-1989 with a view to implead the State as a party in the suit and to defend the case in the Supreme Court on behalf of the State Government. The Committee would like to know the final outcome of the OP filed in the Supreme Court. The State Government should urge the Government of India to include the Handloom (Reservation of Articles for Production) Act 1985 in the 9th Schedule of the Constitution of India.

**Action Taken**

The Government of India have issued amendments, amending the item No. 8 and 9 of the reserved items vide Government Order 408 F dated 2-6-1999 and SO 405 E dated 25-4-2000 respectively.

**Recommendation***(Sl. No. 33 Para No. 83)*

The Committee urge that Government should take all necessary steps to revitalize the Handloom Industry. The Committee also desire to be furnished with a detailed report on the concrete proposals put forward by the Department to revitalize the Handloom Industry in the State.

**Action Taken**

In line with the recommendation of the Committee the Government with the aim of revitalizing Hantex and Handloom Industry in the State sanctioned the following amounts :

<i>Revitalisation Year</i>	<i>Raw material (Rs. in lakhs)</i>	<i>Bank (Rs. in lakhs)</i>
1992-93	24	25
1993-94	40	40
1994-95	50	34.50
1995-96	90	84.33
1996-97	600	107.00
1997-98	20	111.50
1998-99	60	51.00
1999-2000	98	
2000-01	50	
Total	1032	453.33

Various schemes are implemented through Hantex, Hanveev and Primary Handloom Weavers Co-operative Societies. The Government Share Participation, Project Package Schemes, Margin Money for Destitute Weavers, Integrated Handloom Village Project, Hank Yarn subsidy, Handloom Weavers Insurance, Health Package Schemes are the major schemes implemented during the period 1991-92 to 2000-01. By implementing these schemes, approximately 45,000 weavers working in about 350 Primary Handloom Weavers Co-operative Societies, Hantex and Hanveev were benefited.

**Recommendation**

*(Sl. No. 34 Para No. 84)*

The Committee find that Powerloom units were not functioning properly due to shortage of sizing plants. The Committee urge that steps should be taken to make available the sizing plants so as to produce sufficient beam required for the Powerlooms units.

**Action Taken**

The structure of the 4 Integrated Powerloom Projects with 1000 looms from House-cum-workshed was reduced to work shed pattern with 300 looms per society in a factory type manner with warping sizing plants on backward linkage of the 4 IVPs. The Kottayam Integrated Powerloom has installed 200 looms out of the total 300 looms and started commercial production. The remaining 100 looms are under installation. Balance amount of Rs. 198.30 lakhs is being released to the society. An amount of Rs. 31.88 lakhs has been sanctioned to the society as Margin Money for working capital. The unit will start its production in full swing shortly. Paravur Integrated Powerloom Project has installed all the 300 looms and commissioned with Diesel Generator set. The unit has also installed warping and sizing units. The balance amount of Rs. 190 lakhs will be released shortly and it is expected that the unit can start its commercial production without further delay. Neyyattinkara and Kozhikode units are expected to be completed by March 2003. The Kottayam, Neyyattinkara, Kozhikode project units will have modern processing houses in the next stage.

**Recommendation**

*(Sl. No. 35 Para No. 85)*

The Committee would like to know the latest position regarding the investigation conducted by the CBI on the allegations against the sanctioning of loan to M/s. Kizhakkambalam Textiles. The Committee also want to know what was the amount due to Government and whether the amount has been realized.

**Action Taken**

Department initiated revenue recovery action against the unit.

**Further Recommendation**

The Committee decided to be furnished with the latest position regarding the CBI Investigation on the allegations against the sanctioning of loan to M/s. Kizhakkambalam Textiles.

**Supplementary Action Taken**

An amount of Rs. 12,60,950 was sanctioned and disbursed as Margin Money Loan to 348 individual powerloom units during 1980. The units were later taken over by Kitex Limited. Due to non repayment, RR action was taken against them for Rs. 37,21,250 including interest and penal interest upto 31-3-2001. The unit got stay from the Director of Industries and Commerce, Trivandrum against the RR Action. Meanwhile the RRC was returned by the District Collector, Ernakulam on 5-3-2003 due to stay in the RR Proceedings. On 30-6-2003 a joint meeting with the Director of Industries and Commerce, Trivandrum and the representatives of M/s. Kitex Limited was held. In the meeting they offered to pay Rs. 1000 per unit under OTS.

In the judgement dated 9-6-1992 by the Special Judge (SPE/CBI) II, Ernakulam in case CC No. 10/1989 the court discharged the accused under section 245 Cr. PC of the offences charge sheeted against them by the CBI. The Managing Director of M/s. Kitex Ltd. Sri. M. C. Jacob was the third accused in this case. Against this an appeal was filed before the Hon'ble High Court of Kerala. In the judgment dated 3-8-2000 in Cr. P.C. 809/1992 the Honourable High Court of Kerala dismissed the case confirming the order of discharge delivered by the Special Judgement (SPE/CBI) II, Ernakulam.

During the witness examination held on 17-9-2003 the Principal Secretary, Industries Department informed the Committee that the High Court had rejected the appeal filed by CBI against M/s. Kizhakkambalam Textiles. He added that if the suggestion of one time settlement of loan was approved by the Finance Department, the amount of Rs. 348 x 1000 could be collected.

**Recommendation**

*(Sl. No. 36 Para No. 86)*

The Committee observe that there is no proportion between the production and employment provided in the Coir Co-operative Sector during the period 1980-85. The Committee recommend that in future the Coir Co-operative Societies should calculate the employment generated on the basis of the number of mandays achieved instead of reckoning the number of workers provided with employment.

**Action Taken**

The recommendation has been implemented from the Co-op. year 1989-90 onwards. In addition to the number of persons actually given work in the Society, the number of days worked is also collected and from this the actual number of mandays achieved is also obtained.

**Recommendation**

*(Sl. No. 37 Para No. 87)*

The Committee find that Coir Co-operatives are unable to provide continuous employment to the workers due to non-availability of raw husks. The reason for the non-achievement of production target was also the non-availability of sufficient quantity of husks. The unnecessary controls on the Industry have created an artificial scarcity of the raw materials. The Committee urge that Government should take urgent steps to make available sufficient quantity of husks at reasonable price to Coir Co-operative Societies. Government should adopt a suitable system which could get the maximum collection of husk.

**Action Taken**

To make available adequate quantity of husks at reasonable price to Coir Societies, Government have introduced the three point levy system from 1988 and the same is strictly enforced. Moreover, Government are planning to establish defibering mills in the Northern Districts and to make available the fibre produced in scarcity areas to provide more work.

**Recommendation**

*(Sl. No. 38 Para No. 88)*

In order to increase the production, modernisation of the looms is highly necessary. The Committee recommend that Government should take steps to modernise the Coir Industry so as to increase the production and to improve the quality of yarn. This will also help to compete with the International market.

**Action Taken**

The State Planning Board had constituted a Special Task Force on Coir Industry to study the present plight of the Industry and to suggest concrete measures for the upliftment of the Industry. The Task Force has submitted its report to Government in June 1990 and the Government have approved the report, with certain modifications. The Task Force in its report has made certain recommendations to mechanise the Coir Industry and action is being taken to implement the recommendations one by one.

**Supplementary Action Taken**

Based on the recommendation of the Special Task Force on Coir Industry an "Integrated Coir Development Project" for setting up of 100 defibering mills in Northern Districts of Kerala, introducing 20,000 motorised spinning ratts in co-operative sector and training of 25,000 traditional spinners to use motorised

spinning ratts with the financial support of Government of India and the National Co-operative Development Corporation has been prepared and submitted on 26-10-1991 vide letter No. 40967/E2/91/ID to Government of India and N.C.D.C. for approval.

The Special Task Force has also recommended the reorganisation of the existing coir co-operative societies after a detailed study. Accordingly Government have appointed a special officer and a high power committee for this purpose.

As recommended by the Special Task Force, the three point levy system in the 7 Northern Districts of Thrissur, Palakkad, Malappuram, Kozhikode, Wayanad, Kannur, Kasaragode was suspended for a period of one year from 16-10-1991.

Action is being taken to implement the other recommendations in the Special Task Force Report.

#### **Recommendation**

*(Sl. No. 39 Para No. 89)*

The Committee understand that COIRFED and Coir Corporation are not functioning well in the export field. They find it difficult to compete with the private parties. The Private Exporters sell the Coir Products at a lesser price to the foreign buyers. Hence the foreign buyers are unwilling to purchase Coir Products at the minimum export price fixed by the Federation. The Committee urge that Government should change their policy so that the COIRFED and Kerala State Coir Corporation limited can compete with the Private Exporters.

#### **Action Taken**

The floor price of Coir Products is fixed by the Government of India. Hence the matter is being taken up with the Government of India.

#### **Recommendation**

*(Sl. No. 40 Para No. 90)*

The Committee recommend that Government should give instructions to all Departments in the State to purchase Coir Products required for their use only from the Coirfed.

#### **Action Taken**

As per G.O. (Rt.) No. 1273/90/ID. dated 12-11-1990 (Appendix–XVIII) Government have issued direction to all Government Departments and Public Sector Undertakings to purchase Coir and Coir Products from the “COIRFED” Coir Corporation, Mats and Mattings Societies and Foam Mattings (India) Limited without inviting quotations/tenders upto 31-3-1992.

**Recommendation**

*(Sl. No. 41 Para No. 91)*

The Committee also urge the Government to ensure that assistance intended to the Primary Coir Co-operative Societies reach the proper destination.

**Action Taken**

The Departmental Officers are closely watching the proper utilisation of financial assistance given to the Coir Societies.

ARYADAN MUHAMMED,

*Chairman,*

*Committee on Public Accounts.*

Thiruvananthapuram,  
26th September 2006.

## APPENDIX I

**Summary of Main Conclusion/Recommendation**

<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)
1.5	Industries	The Committee recommends that the statistics furnished by the Industries Department should be taken as a bench mark and a continuous monitoring system should be evolved to monitor the working of the Small Scale Industrial Units based on the economic census.

## APPENDIX II

## GOVERNMENT OF KERALA

**Abstract**

INDUSTRIES—SIMPLIFICATION OF PROCEDURES FOR ISSUE OF VARIOUS CLEARANCES  
FOR INDUSTRIAL UNITS—FURTHER ORDERS ISSUED

## INDUSTRIES (J) DEPARTMENT

G. O. (Ms.) No. 161/94/ID.

*Dated, Thiruvananthapuram, 29th July,  
1994.*

*Read :— G.O. (Ms.) No. 13/92/ID. dated, 22-1-1992.*

## ORDER

As per the G.O. read above Government have issued orders specifying amendments to be effected in various rules, statutes etc., with a view to simplify procedure for industrial licencing. The position was reviewed in a high level meeting. It is felt in order to make the system of issue of licences and clearances to industrial units more effective, further simplification of procedures are required. Following proposals for simplification of procedures for industrial licencing are therefore approved in principle.

1. All non-polluting industries using less than 5 HP will be exempted from local body licencing ; they will however continue to pay the requisite licence fees to the local body concerned.

2. Local bodies will dispose of the applications for industrial licence within 30 days from the date of receipt of such application if no consultation with other Departments is involved and within 45 days where such consultation is involved. If no decision is taken within the time limit mentioned above, it will be deemed that the licence is issued.

3. Appeals against the decision of the local bodies on licence application will lie to the Green Channel Courter.

4. The validity of the factory licence will be for a period of 5 years from the date of its issues.

5. No reference to the Town Planing Department is required in respect of buildings proposed to be constructed for SSI/SSSBE units employing less than 10 workers with the aid of power and 20 workers without the aid of power if the unit is certified by the Green Channel Counter as non-polluting.

6. No reference to the Town Planning Department is required in respect of Industrial units employing more than 10/20 workers with/without the aid of power, provided that :

- (a) The unit has a fixed capital income of less than Rs. 25 lakh ;
- (b) The unit is certified as non-polluting by the Green Channel Counter ;
- (c) The Green Channel Counter has certified that the proposed building satisfies following conditions regarding site suitability and minimum set back ;

(i) *Site Suitability*

A minimum distance as shown below has been maintained from the following instructions :

Educational institutions	-	25	Metres
Hospitals	-	30	„
Religious-cum-worship buildings	-	25	„
Tanks and Channels	-	10	„

(ii) *Setback*

Minimum setback as shown below have been maintained :

Minimum front open space	3	Metres
Minimum side open space on each side	3	„
Minimum rear open space	3	„

For sites abutting National Highways and State Highways the front minimum setback of the building shall be 7 metres.

7. The stipulation regarding maximum coverage ratio, maximum floor area ratio and the minimum distance from other structures for all industrial units will be amended as follows :

- (i) Maximum coverage ratio - 70% (from 40%)
- (ii) Maximum floor area ratio - 2 (from 1.2)
- (iii) Distance from structures  
3 metres on all sides (from existing 7.5, 3 and 7.5m)

The Departments concerned will take steps for bringing out necessary amendment, to the Statutes and rules concerned in accordance with this order.

Government also order that no permission is required for converting land from cultivation of food crops into areas for industrial use. It is also ordered that the relaxation in Kerala Land Utilisation Order will be applicable to factories as well as house plots. The Agriculture Department will take steps for amending the Kerala Land Utilisation Order 1997 for this purpose.

The State Government have already introduced a unified application format for obtaining registration/licence/clearances from local bodies and Government Departments/agencies. This does not, however, serve any useful purpose because licence fees are still to be remitted to different departments and local bodies. Government are therefore pleased to order that all registration fees payable by an industrial unit to all the concerned Departments and local bodies will be remitted under a single head of account. The Director of Industries and Commerce will forward necessary proposal for creating a separate head of account for this purpose.

By order of the Governor,

V. RAJAGOPALAN,  
*Secretary.*

To

The Director of Industries and Commerce, Thiruvananthapuram.

All District Collectors.

**KERALA GAZETTE**  
**EXTRAORDINARY**  
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## GOVERNMENT OF KERALA

**Labour and Rehabilitation (B) Department**

## NOTIFICATION

G. O. (Rt.) No. 3064/94/LBR. *Dated, Thiruvananthapuram, 31st December 1994*

S.R.O. No. 6/95.—In exercise of the powers conferred by section 6 and 112 of the Factories Act, 1948 (Central Act 63 of 1948) the Government of Kerala hereby make the following rules further to amend the Kerala Factories Rules, 1957, the same having been previously published under Notification G. O. (Rt.) No. 2121/94/LBR dated 3rd September, 1994 in the Kerala Gazette Extraordinary No. 1031 dated 28th September, 1994 as required by sub section (1) 115 of the said Act, namely:—

## RULES

1. *Short title and Commencement.*—(I) These rules may be called the Kerala Factories (Amendment) Rules, 1994.
2. They shall come into force at once.
3. *Amendment of Rule.*—In the Kerala Factories Rules, 1957, after sub-rules (4) rule, 7th following provision shall be added, namely :—

“Provided that the Chief Inspector or the Inspector notified by the Government in this behalf may renew the licence for more than one year but not exceeding five years at a stretch if an application to that effect is filed along with required fee”.

By order of the Governor,

V. KRISHNAMURTHY,  
*Commissioner and Secretary to Government.*

APPENDIX IV

GOVERNMENT OF KERALA

**Abstract**

AUGMENTATION OF RESOURCES OF THE STATE LEVY OF LICENCE FEE FOR  
THE NEW ESTABLISHMENT—ORDERS ISSUED

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HEALTH AND FAMILY WELFARE (G) DEPARTMENT

G. O. (P) 163/95/H & FWD.      *Dated, Thiruvananthapuram, 6th May 1995.*

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ORDER

Government are pleased to order that licence fee at all the following rate will levied from the new applicants for the issue of NOC by the District Medical Officer for the establishment of Industrial Units in the State.

- |                         |   |         |
|-------------------------|---|---------|
| (a) SSI Unit            | : | Rs. 25  |
| (b) Other than SSI Unit | : | Rs. 100 |

By order of the Governor,

GOPALAKRISHNA PILLAI,  
*Secretary (Health).*

## APPENDIX V

## DEPARTMENT OF TELECOMMUNICATIONS

No. CML/46-2/95

2-11-1995.

*Sub* :—Industries—District Industries Development Committee priority for telephone connection to SSI, Tiny units reg.

*Ref* :—Your letter No. TC/T1/18688/95 dated 1-9-1995.

Kindly refer to your letter cited above. Now DOT, New Delhi in their letter No. 2-32/93-PHA dated 20-9-1995, it has been decided to allow the facility of registration of telephone under Non. OYT-Spl. category to all the permanent units under the following categories :

- (i) Tiny enterprises (Tiny)
- (ii) SS Ancillary Industrial undertakings (ANC)
- (iii) Small Scale Service and Business Enterprises (SSSBE)
- (iv) Export Oriented Units (EOU)
- (v) Small Scale Industrial undertakings (SSI)

This instruction has been circulated to all heads of SSAs.

(Sd.)

M. N. SUKUMARAN,  
*Asst. Director (CML),*  
*For CGMT, Trivandrum-33.*

## APPENDIX VI

## GOVERNMENT OF KERALA

**Industries (J) Department**

No. 41236/J2/95/ID.

*Dated, Thiruvananthapuram 28th December, 1995.**Sub :—100% Export Oriented Units—Clearance—Expediting of.**Ref:— D. O. letter No. 13(34)/95-EP dated 7-12-1995 from the Additional Secretary, Ministry of Commerce, Government of India.*

As per the D. O. letter cited the Additional Secretary to Government of India has pointed out that the 100% Export Oriented Units are eligible to duty free purchase of capital goods, raw material, components and consumables etc. and that income tax to benefit for a period of 5 years during the first years of operation and reimbursement of Central Sales Tax are also admissible to them. It is also pointed out that these units are entitled to set a Green Card from concerned Development Commissioner, Export Processing Zone with a view to getting priority treatment in dealing with various departments of Central and State Governments. The Additional Secretary informs that inspite of the Green Cards most of the export Oriented Units are not getting priority treatments.

I am to request you to see that due priority is given to Export Oriented Units on production of Green Cards issued by the concerned Development Commissioners.

S. CHANDRIKA DEVI,

*Under Secretary,**for Commr. and Secy. to Govt.*

APPENDIX VII  
GOVERNMENT OF KERALA

**Abstract**

ESTABLISHMENT—INDUSTRIES DEPARTMENT—ENHANCED/ADDITIONAL DELEGATION  
OF POWERS TO THE DIRECTOR OF INDUSTRIES AND COMMERCE AND THE  
GENERAL MANAGER, DISTRICT INDUSTRIES CENTRES—  
RECOMMENDATIONS OF THE EMPOWERED  
ACCEPTED—ORDERS ISSUED

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INDUSTRIES (A) DEPARTMENT

G. O. (P) No. 100/93/ID.      *Dated, Thiruvananthapuram, 11th August, 1993.*

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*Read* :— 1. G. O. (Ms.) No. 27/90/P&ARD dated, 17-8-1990.

2. G. O. (P) No. 5/92/ID dated 10-1-1992.

ORDER

Government are pleased to order delegation of enhanced/additional powers as detailed in the annexure, to the Director of Industries and Commerce, General Manager, District Industries Centres, and the District Level Committee with immediate effect.

By order of the Governor,

K. M. CHANDRASEKHAR,  
*Secretary to Government.*

To

The Director of Industries and Commerce, Thiruvananthapuram. etc.

## ANNEXURE

**Delegation of enhanced/additional powers to the Director of Industries  
and Commerce and the General Manager, District Industries  
Centres and District Level Committee**

I. *Director of Industries and Commerce*

The Director of Industries and Commerce is delegated with powers :

1. To accord administrative sanction for original work upto Rs. 10 lakhs (Rupees Ten lakhs only)
2. To sanction purchase of books and periodicals for the use of the Department if the expenditure will be covered by provisions in the budget and subject to the conditions in KFC. Vol. II.
3. To sanction non-recurring contingent expenditure upto Rs. 20,000 (Rupees Twenty thousand only) in each case observing general rules provided there is budget provisions.
4. To sanction printing of forms locally at a cost not exceeding Rs. 10,000 (Rupees Ten thousand only) at a time provided that rate should not be above the rates prescribed by the Superintendent of Government Presses.
5. To sanction refund of amount subject to a limit of Rs. 5000 (Rupees five thousand only) in each case according to financial rules and Special Rules for Special items framed by Government.
6. To sanction refreshment charge at the rate of Rs. 5 (Rupees five only) per head subject to a maximum of Rs. 300 (Rupees three hundred only) on each occasion.
7. To accord sanction for tender excess upto 35% over estimate in the case of works estimated costs of which Rs. 10 lakhs (Rupees Ten lakhs only) or less with out reference to construction agency viz. to the Chief Engineer, Public Works Department for reasonability certificate.
8. To sanction repairs of departmental vehicles upto Rs. 25,000 (Rupees Twenty five thousand only) in each case approved workshops subject to Budget provision. Payment of repairs charges exceeding Rs. 1000 (Rupees one thousand only) will continue to be made after scrutiny by the competent authority.

9. To sanction claims upto Rs. 2 lakhs (Rupees Two lakhs only) to satisfy decrees in LAR cases after following due procedure.
10. To sanction deputation of officers for training inside the state subject to general Government Order/instructions issued from time to time.
11. To sanction share participation upto Rs. 2 lakhs (Rupees Two lakhs only) for various schemes approved by Government.

II. *General Manager, District Industries Centres*

The General Manager, District Industries Centre is delegated with powers

1. To sanction share participation upto Rs. 50,000 (Rupees fifty thousand only) for various scheme approved by Government.
2. To sanction grants upto Rs. 25,000 (Rupees Twenty five thousand only)
3. To sanction seed Capital Loan/Margin Money Loan upto Rs. 1,00,000 (Rupees one lakh only).

III. *District Level Committee*

District Level Committee is delegated to sanction amounts upto Rs. 7.5 lakhs (Rupees Seven lakhs and Fifty thousand only) towards the Investment subsidy.

## APPENDIX VIII

## GOVERNMENT OF KERALA

**Abstract**

CENTRAL INVESTMENT SUBSIDY—PAYMENT OF CENTRAL INVESTMENT  
SUBSIDY ARREARS FROM THE FUNDS PROVIDED UNDER STATE  
INVESTMENT SUBSIDY—ORDERS ISSUED

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INDUSTRIES (B) DEPARTMENT

G. O. (Rt.) No. 941/92/ID. *Dated, Thiruvananthapuram, 24th September, 1992.*

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*Read :—*Letter No. FC. F3. 7993/91 dated 8-4-1992 and 19-6-1992 from the  
Director of Industries and Commerce.

## ORDER

In the letter read above, the Director of Industries and Commerce has reported that an approximate amount of Rs. 650 lakhs is required for giving Central Investment Subsidy at the rate of 10% (the rate of State Investment subsidy prevailing when the Central Investment Subsidy scheme was discontinued by the Government of India with effect from 30-9-1988) to all pending Central Investment Subsidy cases.

2. Government have examined the matter in detail and are pleased to order that Central Investment Subsidy at the rate of 10% will be disbursed to all pending cases registered before 30-9-1988.

3. The expenditure on the above account will be met from the head of account '2851-102-78' and '2852-800-93' for 1992-93 set apart for the payment of State Investment Subsidy, subject to the condition that the total investment subsidy payment during the current year including those for clearance of accumulated arrears are contained within the plan provision.

By order of the Governor,

NIVEDITA P. HARAN,  
*Additional Secretary to Government.*

To

The Director of Industries and Commerce  
The General Managers of District Industries Centres  
The Accountant General, Kerala.  
Etc. etc.

GOVERNMENT OF KERALA

**Abstract**

CENTRAL INVESTMENT SUBSIDY ARREARS—DISBURSEMENT FROM THE FUNDS PROVIDED  
UNDER STATE INVESTMENT SUBSIDY— ORDERS ISSUED IN G.O. (Rt.) No. 941/92/ID.  
DATED 24-9-1992—CHANGE IN HEAD OF ACCOUNT—ERRATUM ISSUED

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INDUSTRIES (B) DEPARTMENT

G. O. (Rt.) No. 1016/92/ID. *Dated, Thiruvananthapuram, 17th October, 1992.*

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*Read* :—1. G. O. (Rt.) No. 941/92/ID dated, 24-9-1992.

2. Letter No. FC. F3. 7993/92 dated 7-10-1992 from the Director of Industries and Commerce, Thiruvananthapuram.

ORDER

In the G. O. read above, the Head of Account for the State Investment Subsidy for Large and Medium Industries was erroneously mentioned as '2852-800-93' this will be corrected and read as '2852-80-800-93'.

2. The G. O. read above stands modified to this extent.

By order of the Governor,

NIVEDITA P. HARAN,  
*Additional Secretary to Government.*

To

The Director of Industries and Commerce  
The General Managers of District Industries Centres  
The Accountant General, Kerala.  
Etc. etc.

APPENDIX IX  
GOVERNMENT OF KERALA

**Abstract**

INDUSTRIAL CO-OPERATIVES—RULES FOR THE SHARE PARTICIPATION BY THE  
GOVERNMENT IN INDUSTRIAL CO-OPERATIVE SOCIETIES ENGAGED IN SMALL  
SCALE INDUSTRIES AND RULES FOR PAYMENT OF GRANT TO  
RESERVE FUND OF INDUSTRIAL CO-OPERATIVE  
SOCIETIES—Issued

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INDUSTRIES (F) DEPARTMENT

G. O. (Ms.) No. 237/76/ID. *Dated, Thiruvananthapuram, 25th October, 1976.*

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- Read :—*
1. Letter No. DA 19/A/104(a)/99/3703 dated, 30-3-1976 from the Accountant General, Trivandrum.
  2. Correspondence resting with letter No. D4. 40853/76 dated, 13-4-1976 from the Industries Development Commissioner.

ORDER

Government are pleased to approve the rules appended to this Government order for the share participation by the Government and payment of grant to reserve fund of Industrial Co-operative Societies (other than Handloom and Coir).

By order of the Governor,

N. S. MANNADIAR,  
*Under Secretary.*

To

The Industries Development Commissioner  
The Director of Industries and Commerce  
The Accountant General-this order issues with the concurrence of finance Department  
The Finance Department-*vide* 4796/Ind. & PW/A1/76/Fin. dated, 24-9-1976  
The Registrar of Co-operative Societies  
The Agriculture (Co-operation) Department  
The Development (B) Department  
The Sections of the Industries Department.

**Rules for the Share Participation by the Government in Industrial Co-operative Societies engaged in Small Scale Industries**

1. These rules may be called the Rules for Share participation by the Government in Industrial Co-operative Societies engaged in Small Scale Industries (other than Coir and Handloom).

2. The Government may participate in the share capital structure of Industrial Co-operative Societies engaged in Small Scale Industries under the administrative control of Industries Department. For the purpose of this rules Industrial Co-operative Society is defined as-

- (a) a Co-operative Society Registered under the Co-operative Societies Act in which more than 90% of the members are workers engaged in the Industry and would share the profit.
- (b) a Co-operative Society, Central or apex, in which other primary Industrial Co-operative Societies are members.
- (c) a Co-operative Society in which Small Scale Industries Units are members.
- (d) a Co-operative Society, registered for the purpose of the constructing Mini Industrial Estate and for starting Small Scale Industries with beneficiary entrepreneurs as members.

3. The amount of share participation by Government shall in each case be limited to the amount of share capital collected from individual members subject to a maximum of Rs. 50,000 provided that for purpose of constructing Mini Industrial Estates, the quantum of share participation by Government in such Co-operative Societies shall be decided by Government from time to time.

4. The Industries Development Commissioner/Director of Industries and Commerce will be the authority to sanction share participation upto Rs. 5,000 amount exceeding Rs. 5,000 will be sanctioned by the Government on the recommendation of the Industries Development Commissioner/Director of Industries and Commerce.

5. The Societies to be eligible for share participation shall satisfy the following conditions :—

- (i) The Society shall be one recommended by the concerned District Industries Officer/Deputy Commissioner (S. S. I)
- (ii) The bye-laws of the society should provide a clause for participation in the share capital structure of the society by Government.

- (iii) The bye-laws of the society should provide for collection of thrift fund from the wages payable to the workers/members at the rate not less than 5 per cent. The thrift deposit should be periodically converted into shares of the members.
- (iv) The society should agree for the appointment of a full time paid secretary with the approval of the Registrar of Co-operative Societies.
- (v) The society should not be in default in respect of payment of share capital loan obtained from Government.
- (vi) The society should agree to abide by the terms and conditions regarding share participation as may be prescribed by the Government from time to time.
- (vii) The industrial scheme implemented by the society for which the amount is proposed to be utilised should be a viable one.

6. The Co-operative Society shall not refund any share to the members without the approval of the Industries Development Commissioner/Director of Industries and Commerce as long as Government holds shares in the Society.

7. The shares so contributed by the Government shall be retired after a period of 15 years.

8. The retirement of shares shall be in 15 equal annual instalments commencing from the 15th anniversary of the receipt of share amount from the Government.

9. Notwithstanding anything contained in rule Nos. 7 and 8 the Government are empowered to withdraw the shares taken by Government in the Society at any time.

10. The retirement of shares shall be watched by the respective District officers.

11. Application for share participation should be in form 'A' (in duplicate) appended to these rules and shall be submitted to the District Officer concerned who will after necessary enquiries submit the same to the Industries Development Commissioner/Director of Industries and Commerce.

12. Industries Development Commissioner/Director of Industries and Commerce on receipt of the application will get the same scrutinised and cause further inspection or enquiries if found necessary and sanction the application/ recommend the same to the Government as the case may be.

13. The sanctioned amount shall be drawn by the President of the Society, duly authorised for this purpose by the Board of Directors of the Society, in a Grant-in-aid Bill duly countersigned by the District Officer concerned.

Before the amount is so drawn, the Society along with the President and Committee members/Board of Directors shall execute an agreement in the Form in Appendix B appended.

14. The amount received by the Society shall be deposited in a Savings Bank Account in the nearest Government Treasury in a joint account of the President of the Society and the Deputy Commissioner/District Industries Officer concerned and withdrawals will be allowed on cheques duly countersigned by the Deputy Commissioner/District Industries Officer concerned or officers authorised by him.

15. The committee of the respective Societies shall resolution allotting number of shares specifying the amount in favour of the Government, fully covering the amount disbursed for the purpose within a month of the date of disbursement of the amount failing which Government shall direct the Society to remit an interest at the rate of 5½ % for the amount disbursed for the period from the date of disbursement to the date of allotment of shares, or to refund the whole amount with 5½ % interest. Balance if any should be refunded to Government with immediate effect.

16. The Society shall issue to Industries Development Commissioner/Director of Industries and Commerce the necessary share certificate in the name of Government of Kerala in printed form and furnish credit particulars of the amount to the District officer concerned as well as to the Industries Development Commissioner/Director of Industries and Commerce and in due course send the utilisation certificate to the Accountant General under intimation to the District Officer concerned and the Industries Development Commissioner/Ditrector of Industries and Commerce.

17. The dividend accruing on the share capital contribution shall be remitted to the Treasury within one month after the declaration of the dividend by General Body of the Society.

18. The Managing Committee of the society shall pass a resolution undertaking the above conditions and submit copy along with the application.

19. The Societies in which Government have participated in the share structure shall not take shares in other institutions without the prior approval of the Industries Development Commissioner/Director of Industries and Commerce.

20. The Registrar of the concerned Societies may nominate departmental officers invoking provisions of the Kerala Co-operative Societies Act to the Board of Management of the Society.

21. The amount shall be utilised for construction of factory sheds or Estate procurement of machineries, procurement of know how, for arranging project reports and feasibility report and for purchase of raw materials, payment of wages and creation of movable and immovable assets.

22. The Government may by order and for reasons to be stated exempt any society from any of the provisions contained in these rules.

23. Contribution to share capital shall be subject to Budget provision.

## APPENDIX A

APPLICATION FOR SHARE PARTICIPATION BY THE GOVERNMENT IN  
INDUSTRIES CO-OPERATIVE SOCIETIES ENGAGED IN S.S.I.

1. Name and Address of the Society :
2. Area of operation :
3. Number of Members :
  - (a) Workers :
  - (b) Sympathisers :
4. Authorised capital :
5. Paid up share capital :
  - (a) From Members other than Govt. :
  - (b) From the Govt. :
  - (c) Others :
6. Owned funds :
  - (a) Statutory Reserve fund invested/  
yet to be invested :
  - (b) Other reserves (to be specified)  
excluding depreciation reserves :
7. Maximum borrowing limit :
8. Investments :
  - (a) In Banks :
  - (b) In Government Securities :
  - (c) In other Co-operatives :
  - (d) Land and Buildings :
  - (e) Machinery :
9. Borrowings outstanding :
  - (a) From Government :
  - (b) From others :

10. Capital requirements of funds for implementing the scheme to be financed from share participation :
  - (a) Land and Buildings :
  - (b) Machinery and equipments :
  - (c) Working capital (for 3 months) :
11. Amount of share participation requested for :
12. Working results of the Society for the last 3 years :
13. Copy of last audit certificate and copy of latest tentative balance sheet and profit and loss accounts duly verified and attested by the District Officer concerned. :

We declare that the above statements are correct and true.

*Secretary*

*President*

I do hereby certify that the details given in the application have been verified with records of the Society found correct.

*District Industries Officer/  
Deputy Commissioner (S.I.)*

## APPENDIX B

ARTICLES OF AGREEMENT made this the.....day of .....One thousand nine hundred and seventy.....BETWEEN.....a Society registered under the.....Act and having its registered Office at.....(hereinafter referred to as “the Society”) of the one part and the Governor of Kerala (hereinafter called ‘the Government’) of the other part.

WHEREAS the Society has under the ‘Rules for share participation by the Government in the Industrial Co-operative Societies engaged in the Small Scale Industries (other than Handloom and Coir), (hereinafter called as the Rules which shall form part of this deed as if incorporated herein) applied for contribution of a sum of Rs.....(Rupees.....only) towards share capital of the Society to be utilised for the purpose mentioned in the Rules;

AND WHEREAS the Government/Industries Development Commissioner/the Director of Industries and Commerce have/has in Order No.....dated.....which shall form part of this Agreement as if incorporated herein (hereinafter called the said order) sanctioned the sum of Rs.....(Rupees.....only) as contribution to the share capital of the Society subject to the terms and conditions hereinafter contained and subject to those contained in the ‘Rules’ and in the said Order to which the Society has also agreed;

NOW THESE PRESENTS WITNESS as follows :—

(1) The amount of share participation of Rs.....sanctioned shall be deposited in the nearest Government Treasury in a joint account of the President of the Society and the Deputy Commissioner/District Industries Officer concerned.

(2) The amount so deposited shall be drawn only on cheques countersigned by the Deputy Commissioner/District Officer/or any other Officer authorised by him in that behalf.

(3) The Society shall issue certificates to the Industries Development Commissioner/Director of Industries and Commerce in the name of the Governor of Kerala within a month of receipt of the share capital contribution.

(4) The amount shall be utilised only for the purpose for which it is sanctioned.

(5) The unutilised portion of the amount sanctioned shall be surrendered to Government within the time fixed by the Industries Development Commissioner/Director of Industries and Commerce.

(6) The society shall maintain proper accounts for all transactions and credit particulars of the amount shall be made available for the inspection to District Industries Officer concerned as well as to the Industries Development Commissioner/Director of Industries and Commerce and in due course send utilisation certificate to the Accountant General under intimation to the District Officer concerned and the Industries Development Commissioner/Director of Industries and Commerce.

(7) The Society shall collect thrift fund from the wages payable to the worker members at a rate not/less than 6% and the same shall be periodically converted into the share capital of the members.

(8) The Society shall have a qualified full-time paid Secretary appointed with the approval of the Registrar of Co-operative Societies.

(9) The Society shall repay to the Government the share contribution of Rs.....(Rupees.....) only in fifteen equal annual instalments, the first instalment being payable from the 15th Anniversary of the date of receipt of share capital amount and the subsequent instalments on the corresponding dates of the succeeding years.

(10) Notwithstanding anything herein contained or in the Rules or in the said order or in the bye-law of the Society but subject to the provisions of the Kerala Co-operative Societies Act it shall be open to the Government to withdraw at any time without stating any reason whatsoever the whole or any portion of the Government contribution and the society shall thereupon forthwith refund the amount so withdrawn in a lump.

(11) The liability of the Society under this Agreement shall be co-extensive with that of the members of the Board of Directors/Committee members of the Society who have executed this Agreement for and on behalf of the Society and on their own behalf.

(12) In case of breach of all or any of these conditions the Society shall pay the entire amount due to the Government in a lump at once. It is further agreed that all sums found due to the Government under or by virtue of this Deed shall be recoverable from the Society and its properties movable and immovable and also from the executants of this Agreement and their properties both movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as though such sums are arrears of land revenue and in such other manner as the Government may deem fit.

(13) The Executants hereof on behalf of the Society hereby declare that they have get full power and authority to execute this Agreement as per the resolution No.....duly passed on.....

In witness thereof Shri.....(President and the Board of Directors/Committee Members Sarvashri.....

- (1).....
- (2).....
- (3).....
- (4).....
- (5).....
- (6).....
- (7).....

(Board of Directors/the Committee members whose full address may also be given) for and on behalf of the Society and on their own behalf and Shri.....for and on behalf of the Governor of Kerala have hereunto set their hands and seal of the Society has been affixed on the day month and year first above written.

Signed by :—

Shri.....for and on behalf of the Society and on their own behalf.

- (2) Shri.....
- (3) Shri.....etc..

In the presence of Witnesses :—

- (1) .....
- (2) .....

Signed by Shri.....for and on behalf of the Governor of Kerala

In the presence of Witnesses :—

- (1) .....
- (2) .....

**Rules for the Disbursement of Grant Towards Contribution to Reserve Fund of Industrial Co-operative Societies under the Administrative Control of the Industries Department (other than Handloom and Coir).**

1. These rules may be called the Rules for payment of Grant to Reserve Fund of Industrial Co-operative Societies (other than Handloom and Coir)

2. The Government may sanction grant for contribution towards Reserve Fund of Industrial Co-operative (other than Handloom and Coir) for their revitalisation.

3. Selection of Industrial Co-operatives eligible for contribution towards this special Reserve Fund will be made by the Industries Development Commissioner/Director of Industries and Commerce on the recommendation of the concerned Deputy Commissioner (S.S.I.)/District Industries Officers/Committees appointed by the Government, if any, for the purpose.

4. The Societies eligible for Reserve Fund contribution by the Government shall satisfy the following conditions :—

- (i) Societies shall be under the administrative control of the Industries Development Commissioner/Director of Industries and Commerce.
- (ii) Societies shall be one identified as potentially viable by the Deputy Commissioner (S.S.I.) /District Industries Officer committee constituted, if any and approved by the Director of Industries and Commerce/Industries Development Commissioner.
- (iii) The Bye-laws shall provide for Reserve Fund contribution by the Government.
- (iv) Industrial Co-operative must have collected at least Rs. 5,000 towards share from its individual members.
- (v) Societies which are in default of repayment of Government loans for more than two instalments shall not be eligible for reserve fund contribution.
- (vi) The loss incurred by the Society shall not be owing to misappropriation, mismanagement or misutilisation of funds.

5. Reserve Fund contribution by the Government shall not exceed 50% of the paid up share capital contributed by individual members or Rs. 5,000 whichever is less.

6. Application for Reserve Fund contribution shall be in Form 'A' appended to these Rules.

7. The Society shall submit the application to the Deputy Commissioner (S.S.I.)/District Industries Officer concerned who will cause necessary enquiries to be made and recommend the application to the Industries Development Commissioner/Director of Industries and Commerce.

8. Grant for contribution towards Reserve Fund will be sanctioned by the Industries Development Commissioner/Director of Industries and Commerce on the recommendation of the District Officer.

9. On receipt of sanction from the Industries Development Commissioner/Director of Industries and Commerce, the Deputy Commissioner (S.S.I.)/District Industries Officer will see that the amount is drawn by the President of the Co-operative Society in a Grant-in-Aid bill; duly countersigned by him and the amount deposited in the nearest Government Treasury in a fixed deposit in the name of the Society. The society shall also execute an agreement in form 'B' appended to these Rules, before the amount is drawn by the society.

10. (a) The Board of Directors of the Society shall agree to abide by such terms and conditions governing the grant of contribution towards Reserve Fund as may be prescribed by the Government from time to time.

(b) In the event of liquidation of the Society or dormancy, the duration of which exceeds 3 years, the amount will be repayable to Government without interest.

11. The Board of Director's Committee members of the society shall undertake to abide by the above conditions by a resolution duly adopted and copy of the resolution shall be submitted along with the application,

12. Contribution to the Reseve Fund shall be subject to budget provision.

## FORM A

APPLICATION FOR GOVERNMENT CONTRIBUTION TOWARDS RESERVE  
FUND OF INDUSTRIAL CO-OPERATIVES (OTHER THAN  
HANDLOOM AND COIR)

1. Name and Address of the Society :
2. Area of operation :
3. Number of Members :
  - (a) Workers :
  - (b) Sympathisers :
4. Authorised capital :
5. Paid up share capital :
  - (a) From members other than Government :
  - (b) From Government :
  - (c) Others :
6. Owned funds :
  - (a) Statutory Reserve fund invested/  
yet to be invested :
  - (b) Other reserves (to be specified)  
excluding depreciation reserves :
7. Maximum borrowing limit :
8. Investments :
  - (a) In Banks :
  - (b) In Government Securities :
  - (c) In other Co-operatives :
  - (d) Land and buildings :
  - (e) Machinery :
9. Borrowings outstanding :
  - (i) Form Government :
  - (ii) Form others :

- 10. Capital requirements of funds for implementing the scheme to be financed from share participation :

  - (a) Land and buildings :
  - (b) Machinery and equipments :
  - (c) Working capital (for 3 months) :

- 11. Amount of contribution towards Reserve fund requested :
- 12. Working results of the Society for the last five years :
- 13. Copy of last audit certificate and copy of latest tentative balance sheet and Profit and Loss accounts :

*Secretary*

*President.*

FORM B

ARTICLES OF AGREEMENT made this the.....day of .....One thousand nine hundred and seventy.....BETWEEN.....Society, a Society registered under the.....Act and having its registered Office at.....(hereinafter referred to as “the Society”) of the one part and the Governor of Kerala (hereinafter called ‘the Government’) of the other part.

WHEREAS the Society has under the “Rules for the payment of grant to Reserve Fund of Industrial Co-operative Societies” (other than Handloom and Coir) (hereinafter called the Rules which shall form part of this agreement as if incorporated herein) applied for contribution of a sum of .....(Rupees .....) towards Reserve Fund of the Society to be utilised for the purposes mentioned in the ‘Rules’.

AND WHEREAS the Industries Development Commissioner/ the Director of Industries and Commerce has in Order No.....dated.....which shall form part of this Agreement as if incorporated herein (hereinafter called the said Order) sanctioned a sum of Rs.....(Rupees.....only) as contribution

to the Reserve Fund of the said Society subject to the terms and conditions hereinafter contained and subject to those contained in the Rules and the said Order to which the Society has also agreed .

NOW THESE PRESENTS WITNESS as follows :

1. The amount of reserve fund contribution of Rs.....shall be deposited in the nearest Government Treasury in a fixed deposit in a separate account of the Society.

2. No amount so deposited shall be withdrawn and expended for any purpose without the previous sanction of the Industries Development Commissioner/Director of Industries and Commerce and subject to such conditions that may be prescribed by the Government/Industries Development Commissioner/Director of Industries and Commerce in this behalf under the provisions of the Kerala Co-operative Societies Act and Rules.

3. The Society shall maintain accounts for all transactions and credit particulars of the amount and shall be made available for the inspection by the Industries Development Commissioner/Director of Industries and Commerce and the Deputy Commissioner (S.S.I.)/District Industries Officer or any officer authorised by the Industries Development Commissioner/Director of Industries and Commerce.

4. In the event of liquidation of the Society or dormancy the duration of which exceeds three years the amount shall be repaid to Government on demands.

5. The liability of the Society under this Agreement shall be co-extensive with that of the Borad of Directors/Committee members of the Society who have executed this Agreement for and on behalf of the Society and on their own behalf.

6. In case of breach of all these conditions of Society shall refund the entire amount in a lump at once is further agreed that any sum found due to the Government under or by virtue of this Deed shall be recoverable from Society and its properties movable and immovable and also from the executants of this deed and their properties under provisions of the Revenue Recovery Act for the time being in force as though they are arrears of land revenue or in such other manner as the Government may deem fit.

7. The Executants hereof for and on behalf of the Society hereby declare that they have got full power and authority to execute this Agreement as per the resolution No.....duly passed on.....In witnesses whereof the President Shri.....and the Committee Members Sarvasri.....

- (1).....
- (2).....
- (3).....
- (4).....
- (5)..... [(H.E.) Name and Full address]
- (6).....
- (7).....

for and on behalf of the society and their own behalf and Shri.....for and on behalf of the Governor of Kerala have here unto set their hands and seal of the society has been affixed on the day, month and year first above written.

Signed by :

- (1) Shri.....
- (2) Shri..... (for and on behalf of the Society and on their own behalf)
- (3) Shri.....
- etc.....

in the presence of witnessess :

- (1) .....
- (2) .....

Signed by Shri.....for and on behalf of the Governor of Kerala

In the presence of witnessess :

- (1) .....
- (2) .....

## INDUSTRIES (F) DEPARTMENT

G. O. (Ms.) No. 100/79/ID.

*Dated, Trivandrum 22nd March 1979.*

*Read :—* 1. G. O. (Ms.) 237/76/ID dated 20-10-1976.

2. Letter No. MG/19455/78 dated 29-5-1978 from the Industries Development Commissioner.

## ORDER

Government are pleased to issue the following amendments to the Rules for share participation by Government in Industrial Co-operative Societies engaged in Small Scale Industries (other than Coir and Handloom) issued in the G. O. 1st cited and published in the Kerala Gazette No. 46 dated 23rd November, 1976.

*Rule 2(b) :*

The words 'Central or Apex' occurring in the Rule shall be deleted.

*Rule 3 :*

The word 'twice' shall be inserted between the words 'limited to' and 'the amount'.

*Rule 4 :*

In the said rules Rule 4 shall be revised as follows :

"4. The Director of Industries and Commerce and/Additional Director of Industries and Commerce will be the authority to sanction share participation upto Rs. 50,000. Amount exceeding Rs. 50,000 will be sanctioned by the Government on the recommendation of the Director of Industries and Commerce."

*Rule 5(iii) :*

The following proviso shall be added at the end of sub-rule (iii) to rule 5 :—

"Provided that this sub-rule shall be applicable only in the case of societies defined under Rule 2(a)".

*Rule 6 :*

The following provision shall be added at the end of the Rule:

“Provided that except in respect of Mini Industrial Estate Co-operative Society, sanction is not necessary if the ratio as per Rule 3 is continued to be maintained after the refund”.

*New Rule :*

A new rule shall be added at the end of the Rules as rule 24, viz. “Rule 24”. Rule (3) and (21) shall not be applicable in the case of share participation by way of conversion of loan as contemplated in G. O. (Ms.) 184/76/IL dated 17-8-1976.

The rules will stand modified to the above extent.

By order of the Governor,

M. AHMED HASSAN,  
*Under Secretary.*

To

The Director of Industries and Commerce.

The Accountant General, Trivandrum. This order issues with the concurrence of the Finance Department.

The Finance Department-*vide* No. U.O. 3892/Ind. & PW/A3/78/Fin. dated 9-8-1978.

The Industries ‘B’ and ‘C’ Departments.

APPENDIX X

GOVERNMENT OF KERALA

**Abstract**

INDUSTRIAL CO-OPERATIVES—MANAGERIAL AND TECHNICAL ASSISTANCE TO  
INDUSTRIAL CO-OPERATIVES ENGAGED IN SMALL SCALE INDUSTRIES—  
RULES FOR PAYMENT OF GRANT—REVISED RULES—ISSUED

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INDUSTRIES (F) DEPARTMENT

G. O. (Ms.) No. 256/79/ID.      *Dated, Thiruvananthapuram, 29th June, 1979.*

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- Read* :— 1. G. O. (Ms.) 108/61/ID. dated 1-2-1979.  
2. From the Director of Industries and Commerce, letter No. M5-19457/78 dated 29-5-1978.

ORDER

In supersession of the rules issued in the G. O. cited, Government are pleased to approve the appended rules for payment of grant to Industrial Co-operative Societies, engaged in Small Scale Industries Sector.

By order of the Governor,

P. V. JOSE,  
*Deputy Secretary.*

To

- The Director of Industries and Commerce.  
The Accountant General (This orders issues with the concurrence of the Finance Department.  
The Finance Department (vide No. U.O. 5556/Ind. PW/A3/78/Fin. dated 2-11-1978).  
The Registrar of Co-operative Societies.  
Stock file.

**Rules for Payment of Grant to Co-operative Societies in Small Scale Industries**

1. Sanctioning of the grant by Government to Industries Co-operative Societies engaged in Small Scale Industries under the control of Industries Department will be governed by these rules.

2. For the purpose of these rules Industrial Co-operative Society engaged in Small Scale Industries is defined as:

- (a) a co-operative society registered as Small Scale Industries or Cottage Industrial Co-operative Society other than coir and handloom under the Kerala Co-operative Societies Act in which not less than 90% of the members are engaged in the Industry and would share the profit.
- (b) a co-operative society, central or apex, in which other primary co-operative societies, or other primary co-operative societies and individuals are members.
- (c) a co-operative society in which small scale industrial units or beneficiary entrepreneurs are members.

3. Grant will be given for the following purposes to the extent specified by way of reimbursement:

- (a) to meet the establishment charges of a Paid Secretary of Managing Director and/or Technical Officer/as approved in the scheme or as approved by the General Manager, District Industries Centre for a period of 4 years on a sliding scale, ie. during the first year 100%, during the second year 75%, during the third year 50% and during the fourth year 25%. The appointment should have the approval of the Director of Industries and Commerce/General Manager, District Industries Centre.
- (b) For purchase of machinery, tools and other equipments in special cases, if specifically included in the scheme approved by the Director of Industries and Commerce provided that the maximum amount of grant for the purpose will be limited to 50% of its cost subject to maximum of Rs. 5000.
- (c) To meet 5% of the actual expenditure towards rent paid, subject to a maximum of Rs. 250 p.m. for the first two years.

- (d) For reimbursement of stipend to trainees at Rs. 50% per trainee for a period of six months subject to a maximum of Rs. 1,000 per institution.
  - (e) To meet 50% of the expenditure towards purchase of furniture subject to a maximum of Rs. 2,000.
4. (a) Grant as per rule 3 above is payable only to Societies which are implementing an approved project or which are engaged in industrial production. In the case of societies which are dormant or not working continuously for not more than six months, the sanctioning authority will have the discretion to sanction grant as per rule 3 if he is satisfied that there is scope for revival and successful working of the society.
- (b) The total amount of grant payable as per rules to each Society shall be limited to its paid up share capital.

5. The societies getting grant under these rules will not be eligible for grant for the same purpose from any other source without prior approval of the Director of Industries and Commerce. The grant payable under these rules will be arrived at after deducting grant received if any, for the same purpose from any other source.

6. The application for grant should be submitted in Form 'A' annexed to the General Manager, District Industries Centre. He will scrutinise the same and cause further verification or inspection or enquiries, if found necessary. If he is satisfied himself as to the bonafides and eligibility for the grant applied for, he will forward the application with his recommendation to the Director of Industries and Commerce. Director of Industries and Commerce will be the authority to sanction the grant upto Rs. 5,000. Amount exceeding Rs. 5,000 will be sanctioned by the Government on the recommendation of the Director of Industries and Commerce.

7. On receipt of the Sanction of the grant, the society will draw the amount in a bill in form T.R. 42 duly counter signed by the General Manager, District Industries Centre after executing an agreement in form 'B' appended and after furnishing a simple receipt acknowledging receipt of the amount/bill. The amount of grant shall be deposited by the Society in a Bank in which it is having account or in a Co-operative Bank of Treasury as may be approved by

the General Manager, District Industries Centre, within one week of its receipt. The General Manager while communicating his approval to open accounts with the Bank or Treasury shall inform the Bank or Treasury that payments shall be made only by cheques or withdrawal forms countersigned by him or any person authorised by him on that behalf.

8. An agreement in form 'B' appended to these rule shall be executed by the President/Chairman and all other Committee members or by these Committee members who have been authorised to execute the agreement by a resolution passed by the committee.

9. The General Manager, District Industries Centre will cause to verify within one month of payment of grant as to whether the receipt of the grant amount has been brought into accounts of the society.

10. The Government may depute officers of Industries Department to work as Managers of Industrial Co-operatives on foreign service terms under the direction and control of the Board of Directors of the Societies, for a period of 4 (four) years at a time wherever necessary. The Society should train of its employees to take the place of the deputed officers within the period of deputation.

11. The grant shall be spent within twelve months from the date of payment of the grant for the purposes for which they are sanctioned.

12. Any grant remaining unutilised after twelve months from the day of payment of the grant shall be refunded to the Government within one month after the date of expiry of the said twelve months fixed for the utilisation of the grant and a chalan of remittance for the refund shall be forwarded to the Director of Industries and Commerce.

13. All expenses shall be properly accounted for and be supported by proper vouchers.

14. The Registers, accounts records and stock of the society shall be made available for inspection by the officers of the Industries Department. The accounts of the society shall always be open for audit by the Accountant General, Kerala or Officers authorised by him.

15. In case of misutilisation of any part of the amount of grant, the same shall be recovered in lump with penal interest at 8½ % per annum from the date of withdrawal of the amount from Government till the date of realisation by the Government.

## ANNEXURE I

## FORM A

*(Vide Rule 6)*APPLICATION FOR GRANT TO CO-OPERATIVE SOCIETIES ENGAGED IN  
SMALL SCALE INDUSTRIES ACTIVITIES DURING THE YEAR.....

1. Name and No. of the Society(in full) :
2. Addrss of the Society with Kara/  
Village, Taluk, Post Office and District :
3. Paid up share capital at the end of  
the last Co-operative year :
4. No. of members at the end of the  
last Co-operative year :
5. No. of members engaged in the  
industry at the end of the last  
Co-operative year :
6. A brief description about the present  
activities of the society and the work  
done so far :
7. Quantity of articles manufactured  
and sold by the society during the  
last Co-operative year, and the value  
thereof : Quantity Quantity Quantity  
pur- manu- sold  
chased factured  
Price
8. Whether the accounts were audited  
during the last year and the result  
of the working of the society  
during the last year. Copy of the  
last audit certificate should be  
attached :
9. Profit or loss according to last  
balance sheet :
10. Abstract of receipts and disburse-  
ments for the last Co-operative year :

11. Full details regarding the estimated receipt and expenditure during the current financial year. :
12. Financial aid received from the Government through/different departments during last 3 years with details of expenditure and grant expected from other departments in the current year :
13. Details for the utilisation of the previous grant disbursed from this department. :
14. Refund of excess amount unutilised if any :
15. Purpose of the grant :
16. Amount of grant applied for :
17. Remarks :

#### DECLARATION

I declare that the above statements are correct and true.

*Signature of the President*

Station :

Date :

*Signature of the Secretary*

I do hereby certify that the details given in the application have been verified with records of the society and found correct.

Station :

Date :

*Signature of the General Manager,  
District Industries Centre.*

ANNEXURE

FORM B

(Vide Rule 8)

FORM OF AGREEMENT

ARTICLES OF AGREEMENT MADE THIS THE.....day of  
 .....One thousand nine hundred and  
 .....BETWEEN Shri.....(here enter the full names  
 and address) (both home and official) of the President and all the Committee  
 members of the Co-operative Society) (hereinafter referred to as “the President  
 and Committee Members”) of the one part and the Governor of Kerala  
 (Hereinafter called “the Government”) of the other part.

WHEREAS, the President and Committee Members of the.....  
 Co-operative Society Limited No.....have applied to the  
 Government for a grant of.....to be utilised for the purpose  
 mentioned and described in the schedule hereto:

AND WHEREAS, the Government/the Director of Industries and Commerce,  
 sanctioned a sum of Rs..... as grant to the said Society for the said  
 purpose on the personal responsibility of the President and the Committee  
 Members subject to the terms and conditions hereinafter contained and subject  
 to the observance of the rules and conditions laid down in Government  
 Proceedings No.....dated.....and the President and the Committee  
 Members have agreed to the said terms and conditions.

NOW THESE PRESENTS WITNESS as follows :—

In consideration of the said grant of.....  
 (in words).....The President and the Committee  
 Members agree as follows :—

That the amount of the grant shall be deposited in a Co-operative Bank  
 approved by the Director of Industries and Commerce, Trivandrum or in a  
 Government Treasury within one week from the date of receipt of the amount in  
 the name of the President on behalf of the said society, that no amount shall be  
 drawn and expended without the previous sanction of the General Manager,  
 District Industries Centre, that the amount shall be drawn only on cheques or  
 withdrawal forms countersigned by the General Manager, District Industries  
 Centre of any person authorised by him in that behalf, that the grant shall be  
 utilised only for the purpose mentioned and described in the Schedule annexed

hereto, that any grant remaining unutilised shall be surrendered to Government within one month after the time fixed for the utilisation of the grant ie., before.....that the society shall maintain proper Accounts of all the transactions;

That the records and stocks of the said society shall be made available for the inspection by the Director of Industries and Commerce or by any officer authorised by him in that behalf;

That the President and Committee Member will be jointly and severally responsible for the proper utilisation of the amount of grant ;

That the grant shall be utilised before.....and any portion of grant remaining unspent shall be surrendered to Government;

That a statement or expenditure or the grant amount shall be submitted to the Director of Industries and Commerce before.....

That on breach of any or all these conditions the President and Committee Members will be personally liable for the amount of grant which shall be recoverable from them and their properties, movable and immovable, as arrears of land revenue under the provisions of the Revenue Recovery Act for the time being in force or in such other manner as Government may deem fit.

That these conditions have been accepted by the General Body of the Society by a resolution duly passed on.

SCHEDULE

(Here enter the purpose of the grant)

IN WITNESS WHEREOF the said President Shri..... and the Committee Members Sarvashri..... Shri.....Director of Industries and Commerce for and on behalf of the Governor of Kerala have here unto set their hands and seals on the day and year first above written.

Signed, sealed and delivered by :

(1).....

(2).....

(3) etc. ect.

In the presence of Witnesses :

(1).....

(2).....

Signed by Shri.....Director of Industries and  
Commerce.

In the presence of Witnesses :

(1) .....

(2) .....

**Specimen Receipt Form**

Received from the Director of Industries and Commerce, Trivandrum the  
sum of Rs.....(in words).....being  
the grant sanctioned by Government/the Director of Industries and Commerce in  
their/his order letter No.....

Station :

Date :

*President/Secretary*

APPENDIX XI  
GOVERNMENT OF KERALA  
**Industries (B) Department**

ORDER

G. O. (Ms.) 197/86/ID.

*Dated, Trivandrum, 6th August, 1986.*

**S. R. O. No. 1344/86.**—WHEREAS, under clause (b) of sub section (2) of section 6 of the Kerala Co-operative Societies Act, 1969 (21 of 1969), and under sub-rule (2) of rule 3 of the Kerala Co-operative Societies Rules, 1969, the minimum number of individual applicants required for the registration of a Co-operative Society is twenty-five;

AND WHEREAS, the Committee constituted by Government as per G. O. (Rt.) No. 4/82/ID. dated the 1st January, 1982 has recommended to prescribe the minimum number of individual applicants required for the registration of Small Scale Industrial Co-operative Societies/Handicraft Co-operative Societies (other than Coir and Handloom Societies) as ten ;

AND WHEREAS, for the effective functioning of Small Scale Industrial Co-operative Societies/Handicraft Co-operative Societies (other than Coir and Handloom Societies) it is considered necessary that only such people are allowed to become members for whom suitable employment can be provided in the society;

AND WHEREAS, the Government are satisfied that it is necessary in the public interest to specify in the case of Small Scale Industrial Co-operative Societies and Handicrafts Co-operative Societies (other than Coir and Handloom Co-operative Societies) lesser number of applicants for registration ;

NOW THEREFORE, in exercise of the powers conferred by section 101 of the Kerala Co-operative Societies Act, 1969 (21 of 1969) read with rule 181 of the Kerala Co-operative Societies Rules, 1969, the Government of Kerala hereby direct that the provisions in clause (b) of sub section (2) of section 6 of the said Act and sub-rule (2) of rule 3 of the said rules shall apply to Small Scale Industrial Co-operative Societies/Handicraft Co-operative Societies (other than Coir and Handloom Societies) subject to the modification that :

- (1) for the words “twenty-five” in clause (b) of sub section (2) of section 6 of the said Act the word “ten” shall be substituted ; and
- (2) for the figures “25” in sub-rule (2) of rule 3 of the said Rules, the figures “10” shall be substituted.

By order of the Governor,

M. VIJAYANUNNI,  
*Secretary to Government,  
(Industries).*

### **Explanatory Note**

One of the reasons for the unsuccessful working of Industrial Co-operative Societies (other than Coir and Handloom) as revealed in the survey recently conducted is the unwieldy number of members in each society which is/ far in excess of those who could be gainfully employed by the Society. Unemployed persons, especially educated unemployed persons are lured to become members in an Industrial Society, contributing sizable amount as share, with the sole aim of getting gainful employment in the society. But, in practice, only very few members could be provided with employment. The resulting dissatisfaction and unrest among members create grave problems, adversely affecting both the interests of the Society and public. Societies with investments of around Rs. 50,000 can provide employment to about seven to ten persons only.

In the circumstances stated above, it is necessary that only such people are allowed to become members for whom there exist a suitable job. For this, admission of members is to be restricted and selection made rigorous to suit the needs of the society. The prescribed minimum number of members for the registration of an industrial society is 10 in a number of other States. It would be useful to prescribe a minimum number of 10 persons for the registration of a Small Scale Industrial/Handicraft Co-operative Society (other than Coir and Handloom) in the State instead of the present minimum of 25 persons.

In the circumstance, under section 101 of the Kerala Co-operative Societies Act, 1969 and rule 181 of Kerala Co-operative Societies Rules, 1969 Government are pleased to exempt the Small Scale Industrial/Handicraft Co-operatives (other than Coir and Handloom) in the State from the provisions of sub-section (b) of section 6 of the said Act and sub-rule (2) of Rule 3 of the said Rules, and to prescribe the minimum number of individual applicants as 10 to form a Small Scale Industrial/Handicraft Co-operative Society, each of such persons being a member of a different family.

APPENDIX XII  
GOVERNMENT OF KERALA

**Abstract**

INDUSTRIES—INDUSTRIAL CO-OPERATIVES—RULES FOR SHARE PARTICIPATION BY  
GOVERNMENT IN INDUSTRIAL CO-OPERATIVE SOCIETIES ENGAGED IN SMALL  
SCALE INDUSTRIES (OTHER THAN COIR, HANDLOOM AND  
HANDICRAFTS)—REVISED—ORDERS ISSUED

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INDUSTRIES (B) DEPARTMENT

G. O. (Ms.) No. 66/94/ID. *Dated, Thiruvananthapuram, 17th March, 1994.*

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- Read :—* 1. G. O. (Ms.) No. 237/76/ID. Dated 25-10-1976.  
2. G. O. (Ms.) No. 100/79/ID. Dated 22-3-1979.  
3. G. O. (Ms.) No. 294/80/ID. Dated 27-10-1980.  
4. G. O. (Ms.) No. 285/82/ID. Dated 12-10-1982.  
5. G. O. (Ms.) No. 10/89/ID. Dated 12-1-1989.  
6. G. O. (Ms.) No. 98/90/ID. Dated 7-7-1990.  
7. Lr. No. HC. C3/28433/93 dated 3-8-1993 from the Director of  
Industries and Commerce, Thiruvananthapuram.

ORDER

In supersession of the Rules for Share Participation by Government in Industrial Co-operative Societies engaged in Small Scale Industries (other than Coir, Handloom and Handicrafts) issued in the G. O. read as 1st paper above, and as amended in the G. O.s read as 2nd to 6th papers above, Government are pleased to revise the Rules for Share participation by Government in Industrial Co-operatives engaged in Small Scale Industries (other than Coir, Handloom and Handicrafts) as appended hereto.

By order of the Governor,

E. K. BHARAT BHUSHAN,  
*Special Secretary to Government.*

To

The Director of Industries and Commerce, Thiruvananthapuram.

All General Managers, District Industries Centres.

The Accountant General, (Audit)/(A & E) Kerala, Thiruvananthapuram.  
(This issues with the concurrence of Finance Department)

Finance Department (vide U.O. No. 4522/Ind. and PW. A3/93/Fin.  
dated 1-2-1994)

The Co-operation Department.

All Sections of Industries Department except (PS) & (F)

P. S. to Minister (Industries)

C. A. to Secretary (Industries)

C. A. to Special Secretary (Industries) II

C. A. to Deputy Secretary (Industries) I

S/F O/C.

**Share Participation by Government in Industrial Co-operative Societies engaged in Small Scale Industries (Other than Coir, Handloom and Handicrafts) Rules, 1994.**

1. These rules may be called Share Participation by Government in Industrial Co-operative Societies engaged in Small Scale Industries (other than Coir, Handloom and Handicrafts) Rules, 1994.

2. The Government may participate in the share capital structure of Industrial Co-operative Societies engaged in Small Scale Industries which are registered with the Industries Department.

Industrial Co-operative Societies, for the purpose of these rules, are defined as:—

- (a) A Co-operative Society registered under the Co-operative Societies Act in which 90% of the members are given work in the Co-operative Society and would share the profit.
- (b) A Co-operative Society in which other primary Industrial Co-operative Societies or Small Scale Units are the members or beneficiaries. The No. of members in each Society should be not less than 10.

3. The amount of share participation by Government in each society shall be limited to :

- (1) Four times the amount of share capital collected from individual members subject to the condition that it shall not exceed 40% of the project cost.
- (2) Six time the amount of paid-up share capital subject to the condition that it shall not exceed 60% of the project cost for Women's Co-operative Societies.
- (3) Ten times the amount of share capital collected from members including the amount given as share grant by Government for SC/ST Societies :

Provided further that a ceiling of Rs. 2.5 lakhs per Society shall be applicable for all the Societies. In the Mini Industrial Estate Co-operative Societies the question of share participation shall be decided by Government from time to time.

4. The Industrial Co-operative Societies to be eligible for share participation shall satisfy the following :—

- (a) There should be provision in the bye-law of the Society for share participation by the Government and financing through institutional credit.

- (b) The Society should have a qualified paid Secretary appointed with the approval of its Registrar.
- (c) The Society should not be in default in respect of payment of share capital loan to Government.
- (d) The Society should agree to abide by the terms and conditions regarding share participation as may be prescribed by Government from time to time.
- (e) The Industrial Scheme utilising the share capital amount and institutional credit should be technically feasible and economically viable.
- (f) The Industrial Co-operative Society shall not refund any share to members without the prior approval of its Registrar :

Provided that such approval is not necessary if the ratio as per rule 3 is continued to be maintained after the refund. The amount so drawn shall be deposited in the Bank which is co-financing the Co-operative Society in the Society's account, such accounts being operated jointly by the President and Secretary of the Society.

5. The share so contributed by the Government shall be retired after a period of 15 years and retirement of shares shall be in 10 equal annual instalments commencing from the 15th Anniversary of the receipt of share amount from Government and retirement of share shall be watched by the concerned General Manager, District Industries Centres.

6. The application for share participation should be in form 'A' appended (in duplicate) with relevant enclosures duly signed by the President of the Society and shall be submitted to General Manager, District Industries Centres concerned.

7. The sanctioned amount shall be drawn by the President duly authorities for this purpose by the Board of Directors of the Society in the Bill duly countersigned by the concerned General Manager, District Industries Centre. Prior to this the President and members of Borad of Directors should execute an agreement as to agreeing the conditions of this rule in Form 'B' appended.

8. The amount so drawn shall be deposited in the Bank which is Co-financing the Co-operative Society in the Society's account, such accounts being operated jointly by the President and Secretary of the Society.

9. The Society shall issue to Industries Department necessary share certificate in the name of Government of Kerala within 15 day's and furnish credit particulars of the amount to the concerned Audit Officer as well as to the Registrar. In due course the Society shall send the utilisation certificate to the Accountant General under intimation to General Manager, District Industries Centre.

10. The dividend accruing on the share capital shall be remitted to Treasury within one month after the declaration of the dividend by the General Body of the Society.

11. The Managing Committee of the Society shall pass a resolution undertaking the above conditions and submit copy along with the application. The Societies in which Government have participated in the share structure shall not take share in other institution without prior approval of Government.

12. The amount shall be utilised for only procurement of machinery, know-how, raw-materials, payment of wages, other assets approved by the Registrar.

13. Government may exempt any society from any of the provisions contained in these rules.

## FORM 'A'

**Application for Share-Participation by the Government in Industrial  
Co-operative Societies Engaged in Small Scale Industries**

1. Name and address of the Society :
2. Area of operation :
3. Number of Members :
  - (a) Workers :
  - (b) Sympathisers :
4. Authorised capital :
5. Paid up share capital :
  - (a) From Members other than Government :
  - (b) From the Government :
  - (c) Others :
6. Owned funds :
  - (a) Statutory Reserve fund invested/yet to be invested :
  - (b) Other reserves (to be specified) excluding depreciation reserves :
7. Maximum borrowing limit :
8. Investments :
  - (a) In Banks :
  - (b) In Government Securities :
  - (c) In other Co-operatives :
  - (d) Land and buildings :
  - (e) Machinery :
9. Borrowing outstanding :
  - (i) From Government :
  - (ii) From others :

10. Capital requirements of funds for implementing the scheme to be financed from share participation :
  - (a) Land and buildings :
  - (b) Machinery and equipments :
  - (c) Working capital (for 3 months) :
11. Amount of share participation requested for :
12. Working results of the Society for the last 3 years :
13. Copy of last audit certificate and copy of latest tentative balance sheet and profit and loss accounts duly verified and attested by the District Officer concerned :
14. Whether Government Share Participation has been received earlier. If so, furnish details thereof :

We declare that the above statements are correct and true.

*Secretary*

*President*

I do hereby certify that the details given in the application have been verified with records of the Society and found correct.

*District Industries Officer/*

*Deputy Commissioner (S.I)*

## FORM 'B'

ARTICLES OF AGREEMENT made this the.....day of .....One thousand nine hundred and Ninety.....BETWEEN.....a Society registered under the.....Act and having its registered Office at.....(hereinafter referred to as "the Society") of the one part and the Governor of Kerala (hereinafter called "the Government") of the other part.

WHEREAS the Society has under the "Rules for share participation by the Government in the Industrial Co-operative Societies engaged in Small Scale Industries (other than Coir, Handloom and Handicrafts)" (hereinafter called as the Rules which shall form part of this deed as if incorporated herein) applied for contribution of a sum of Rs.....(Rupees.....only) towards share capital of the Society to be utilised for the purpose mentioned in the Rules ;

AND WHEREAS the Government/the Director of Industries and Commerce/ General Manager, District Industries Centre/has in Order No.....dated.....which shall form part of this Agreement as if incorporated herein (herinafter called the said order) sanctioned the sum of Rs.....(Rupees.....only) as contribution to the share capital of the Society subject to the terms and conditions hereinafter contained and subject to those contained in the 'Rules' and in the said Order to which the Society has also agreed ;

NOW THESE PRESENTS WITNESS as follows :—

(1) The amount of share participation of..... sanctioned shall be deposited in an account in the Bank which co-finances the Society jointly operated by the President and the Secretary of the Society.

(2) The Society shall issue share certificate to the Director of Industries and Commerce in the name of the Governor, Kerala within a month of receipt of the share capital contribution.

(3) The amount shall be utilised only for the purpose for which it is sanctioned.

(4) The unutilised portion of the amounts sanctioned shall be surrendered to Government within the time fixed by the Director of Industries and Commerce.

(5) The Society shall maintain proper accounts for all transactions and

credit particulars of the amount shall be made available for the inspection of District Industries Officer concerned as well as to the Director of Industries and Commerce and in due course send utilisation certificate to the Accountant General under intimation to the District Officer concerned and the Director of Industries and Commerce.

(6) The society shall collect thrift fund from the wages payable to the worker members at a rate not less than 6% and the same shall be periodically converted into the share capital of the members.

(7) The society shall have a qualified full time paid Secretary appointed with the approval of the Registrar.

(8) The society shall repay to the Government the share contribution of Rs.....(Rupees.....only) in ten equal annual instalments, the first instalment being payable from the 15th anniversary of the date of receipt of share capital amount and the subsequent instalments on the corresponding dates of the succeeding years.

(9) Notwithstanding anything herein contained or in the Rules or in the said order or in the bye-laws of the Society but subject to the provisions of the Kerala Co-operative Societies Act it shall be open to the Government to withdraw at any time without stating any reason whatsoever the whole or any portion of the Government contribution and the society shall thereupon forthwith refund the amount so withdrawn in a lump.

(10) The liability of the Society under this Agreement shall be co-extensive with that of the members of the Board of Directors/Committee Members of the Society who have executed this Agreement for and on behalf of the society and on their own behalf.

(11) In case of breach of all or any of these conditions the society shall pay the entire amount due to the Government in a lump at once. It is further agreed that all sums found due to the Government under or by virtue of this Deed shall be recoverable from the Society and its properties movable and immovable and also from the executants of this Agreement and their properties both movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as though such sums are arrears of land revenue and in such other manner as the Government may deem fit.

(12) The Executants hereof on behalf of the Society hereby declare that they have got full power and authority to execute this Agreement as per the resolution No.....duly passed on.....

In witness thereof Shri.....(President) and the Board of Directors/Committee Members

Sarvashri :

- (1).....
- (2).....
- (3).....
- (4).....
- (5).....
- (6).....
- (7).....

(Board of Directors/the Committee Members whose full address may also be given) for and on behalf of the Society and on their own behalf and Shri.....for and on behalf of the Governor of Kerala have hereunto set their hand and seal of the Society has been affixed on the day month and year first above written.

Signed by :

- (1) Shri.....(for and on behalf of the Society and on their own behalf)
- (2) Shri.....
- (3) Shri..... etc.....

In the presence of witnesses :—

- (1) .....
- (2) .....

Signed by Shri.....for and on behalf of the Governor of Kerala

In the presence of witnesses :—

- (1) .....
- (2) .....

## APPENDIX XIII

## GOVERNMENT OF KERALA

**Abstract**

INDUSTRIES—INDUSTRIAL CO-OPERATIVES—RULES FOR SHARE PARTICIPATION BY  
GOVERNMENT IN INDUSTRIAL CO-OPERATIVE SOCIETIES ENGAGED IN SMALL  
SCALE INDUSTRIES (OTHER THAN COIR AND HANDLOOM)—  
AMENDED—ORDERS ISSUED.

## INDUSTRIES (B) DEPARTMENT

G. O. (Ms.) No. 188/94/ID. *Dated, Thiruvananthapuram, 15th October, 1994.*

*Read :—*

1. G. O. (Ms.) No. 69/79/ID. dated, 6-3-1979.
2. G. O. (Ms.) No. 7/92/ID. dated, 16-1-1992.
3. G. O. (Ms.) No. 66/94/ID. dated, 17-3-1994.
4. Lr. No. HC/C1/28433/93 dated 25-3-1994 and 18-6-1994 from the Director of Industries and Commerce, Thiruvananthapuram.

## ORDER

Government are pleased to issue the following amendments to the rules issued in the G. O. read as 3rd paper above.

The rules issued in the G. O. read as 3rd paper above will be called “Share Participation by Government in Industrial Co-operative Societies engaged in Small Scale Industries (other than Coir and Handloom) Rules, 1994”.

The following sub-rules will be added after sub-rule (3) of rule 3.

- (4) Four times the amount of share capital collected from the members for the Central Industrial Co-operative Societies for Beedi Workers.
- (5) Six times the amount of share capital collected from the members for the Kerala State Handicrafts Apex Co-operative Society Ltd. and Thrissur Central Lapidary Co-operative Society Ltd.

The existing proviso below rule 3 will be substituted with the following:

Provided that a ceiling of Rs. 2.50 lakhs per society shall be applicable for

all the above Societies subject to the following :—

- (1) For SC/ST Societies the ceiling will be Rs. 5 lakhs.
- (2) There will be no ceiling in respect of Mini Industrial Co-operative Societies, Kerala State Handicrafts Apex Society Ltd., Thrissur Central Lapidary Co-operative Society Ltd. and Central Industrial Co-operative Societies for Beedi Workers.

The application for Share Participation (Form-A) will be revised as given in Appendix.

This supersedes the rules issued in the G. O. 1st read above as modified in the G. O. read as 3rd paper above.

By order of the Governor,

E. K. BHARAT BHUSHAN,  
*Special Secretary to Government.*

To

The Director of Industries and Commerce, Thiruvananthapuram.

All General Managers, District Industries Centres.

The Accountant General, (Audit)/(A & E), Kerala, Thiruvananthapuram.  
(This issues with the concurrence of Fin. Deptt.)

Finance Department—vide U. O. No. 4516/Ind. & PW. A3/94/Fin. Dt. 31-8-1994.

The Co-operation Department

All Sections of Industries Department except (PS) and (A)

Copy to —C. A. to Secretary (Ind.)

C. A. to Special Secretary (Ind.)

C. A. To Deputy Secretary (Ind.)

S/F & O/C

## APPENDIX

## FORM-A (Revised)

**Application for Share Participation by the Government in Industrial  
and Handicrafts Co-operative Societies Engaged in Small Scale  
Industries and Handicrafts**

1. Name and address of the Society :
2. Area of operation :
3. Number of Members :
  - (a) Workers :
  - (b) Sympathisers :
4. Authorised capital :
5. Paid up share capital :
  - (a) From Members other than Government :
  - (b) From the Government :
  - (c) Others :
6. Owned funds :
  - (a) Statutory Reserve fund  
invested/yet to be invested :
  - (b) Other reserves (to be specified)  
excluding depreciation reserves :
7. Minimum borrowing limit :
8. Investments :
  - (a) In Banks :
  - (b) In Government Securities :
  - (c) In other Co-operatives :
  - (d) Land and buildings :
  - (e) Machinery :

9. Borrowings outstanding :
  - (i) From Government :
  - (ii) From others :
10. Capital requirements of funds for implementing the scheme :
  - (a) Land and buildings :
  - (b) Machinery and equipments :
  - (c) Working capital (for 3 months) :
  - (d) Total :
11. Source of finance :
  - (a) Share collected from members :
  - (b) Government share participation :
  - (c) Bank loan :
  - (d) Other sources (Specify) :
  - (e) Total :
12. Name & address of the Co-financing Bank and amount of assistance agreed by the Bank. (Consent letter to be attached) :
13. Amount of share participation requested for :
14. Working results of the society for the last 3 years :
15. Copy of last audit certificate and copy of latest tentative balance sheet and profit and loss accounts duly verified and attested by the General Manager of the concerned District :

16. Whether Government Share Participation has been received earlier. If so, furnish details thereof :

We declare that the above statements are correct and true.

*Secretary*

*President*

I do hereby certify that the details given in the application have been verified with reference to records of the Society and found correct.

GENERAL MANAGER,  
*District Industries Centre.*

## GOVERNMENT OF KERALA

**Abstract**

SMALL SCALE INDUSTRIES—CERAMIC SERVICE CENTRE MANGATTUPARAMBA—TRANSFER  
TO THE KERALA STATE SMALL INDUSTRIES CORPORATION LTD.—ORDERED

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INDUSTRIES (B) DEPARTMENT

G. O. (Ms.) No. 608/Ind.

*Dated, Trivandrum, 16th August, 1963.*


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*Read :—* Letter No. K7-13495/61 dated 12-1-1963 and 2-3-1963 from the  
Director of Industries and Commerce.

## ORDER

The Director of Industries and Commerce in the letters read above has recommended the transfer of the Ceramic Service Centre, Mangattuparamba to the Kerala State Small Industries Corporation Ltd.

Government have examined the question in detail and are pleased to order the transfer of the above Centre to the Kerala State Small Industries Corporation Ltd. on the following terms and conditions :—

- (i) The Corporation shall run the Centre as a Common Service Facility Centre in which service works required for only Small Scale Industries in the State shall be under-taken ;
- (ii) The entire Plant and machinery, tools, raw materials, products, furniture etc. will be valued at the time of handing over, allowing depreciation at the following rates :

Plant and Machinery and cost of electrical installation including erection.	10% for the period for which machinery has been in production.
---	--

Building	: 22 % as is done in the case of security offered for grant of loan.
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Measuring Tools and other instruments.	: 10% for the period for which they have been in use.
--	---

Small and other consumable tools : This will be valued basing on its serviceability by the concerned Regional Joint Director of Industries and Commerce.

Raw materials : Book value

Products : Actual cost

Furniture : 5% depreciation per annum.

- (iii) No depreciation shall be effected on the value of land ;
- (iv) The Corporation will be considered as the Managing Agency for running the unit. The rate of agency Commission will be decided in consultation with the Corporation.
- (v) Annually the depreciation on the assets will be written down in the books of account maintained at the Centre. At the same time, such depreciation will be reckoned in fixing the rates at which service and production works are undertaken for small scale industrialists, so that the transactions do not result in loss. Interest on capital amount is  $\frac{1}{2}\%$  per annum will also be calculated and this shall also be reflected in the rates charged at the centre.
- (vi) The Corporation shall not handover, remove, sell or add any machinery without the prior sanction of Government.
- (vii) The Corporation shall undertake work orders from in the small scale sector for which they will not charge any profit for themselves. No production work that may affect the timely execution of service works to Small Scale Industries shall be undertaken in the Centre.
- (viii) The existing staff, if any, who are Government servants will be eligible only for their existing scale of pay and they will be eligible to revert to the Industries Department only as and when they become eligible for promotion or when they are recalled (in public interests) to the parent Department and not earlier. Until then they should be retained in the Corporation. Till such time as they join duty in the Industries Department, they will be holding a lien in the posts sanctioned in the Industries Department. The posts in the Industries Department will not however be filled up. Pension and leave contributions should also be taken into account in fixing the amount reimbursable to the Corporation for the purposes of adjustment in accounts.

- (a) The services of those officers if any working in the Centre who have been confirmed in Government service will count as qualifying service for pension though they are paid for by the Corporation.
- (b) The officers permanent and temporary transferred to the Control of the Corporation will be treated as on foreign service without any claim for deputation special pay/allowance.
- (c) The rates of contribution towards leave salary and pension payable on their behalf will be according to the service rules applicable to them.
- (d) The Director of Industries and Commerce will furnish the details of the staff to the Accountant General as per the circular Memorandum No. 42765/Rules F.3/62/Fin. dated 15-9-1962.
- (ix) The funds will be made available to the Corporation every quarter, on the basis of a statement of expenditure for the previous quarter to be furnished by the Corporation. The payment for the first quarter, to begin with, may be made on the basis of requirements. The Corporation shall remit to Government to entire revenues derived from the service centre.
- (x) The Corporation will forward to the Director of Industries monthly progress report on the working of the scheme in the pro forma that will be furnished by the Director of Industries and Commerce.

By order of the Governor,

P. VELUPILLAI,  
*Joint Secretary to Government.*

To

The Director of Industries and Commerce

The Kerala State Small Industries Corporation Ltd., Kawdiar Road,  
Trivandrum etc.

APPENDIX XV  
GOVERNMENT OF KERALA

**Abstract**

INDUSTRIES—CERAMIC SERVICE CENTRE, MANGATTUPARAMBA—TRANSFERRED TO  
KERALA STATE SMALL INDUSTRIES CORPORATION—MANAGERIAL REMUNERATION—  
PROPOSALS—SANCTIONED

INDUSTRIES (B) DEPARTMENT

G. O. (Ms.) No. 136/71/ID. *Dated, Thiruvananthapuram, 26th March, 1971.*

- Read :—*
1. G. O. (Ms.) No. 608/63/ID. Dated, 16-8-1963.
  2. Letter KS.87955/68 dated 12-10-1970 from the Director of Industries and Commerce.

ORDER

In the G. O. first cited Government have sanctioned the transfer of the Ceramic Service Centre, Mangattuparamba to the Kerala State Small Industries Corporation to be run on agency basis, the commission to be fixed later on in consultation with the Corporation. The unit was formerly inaugurated only on 15-8-1966 and no commission was paid to the Corporation for the period prior to inauguration. The Director of Industries and Commerce in his letter cited has recommended payment of agency commission towards managerial remuneration at the rate of Rs. 1,200 p.m. with effect from 1-8-1966. The rate is in conformity with those prescribed for similar units viz. Service Workshop, Ollur and Wood Workshop, Calicut. Sanction is therefore, accorded for payment of agency commission towards managerial remuneration at the rate of Rs. 1200 (Rupees One thousand and two hundred only) with effect from 1-8-1966 to the Corporation for running the Ceramic Service Centre, Mangattuparamba.

2. The expenditure will be debited to “35 (b) VI (ii)F. Ceramic and pottery” in the current year’s budget.

By order of the Governor,  
P. K. CHANRASEKHARAN PILLAI,  
*Under Secretary.*

To

The Director of Industries and Commerce  
The Accountant General (This order issues with the concurrence of the  
Fin. Department.)

## GOVERNMENT OF KERALA

**Abstract**

INDUSTRIES—CERAMIC SERVICE CENTRE, MANGATTUPARAMBA— MANAGEMENT  
 TRANSFERRED TO KERALA CLAYS AND CERAMIC PRODUCTS LIMITED,  
 CANNANORE— ORDER ISSUED

## INDUSTRIES (F) DEPARTMENT

G. O. (Ms.) No. 168/85/ID.

Dated, Thiruvananthapuram, 30th July, 1985.

- Read :—*
1. G. O. (Ms.) No. 608/63/ID. Dated, 16-8-1963.
  2. G. O. (Ms.) No. 136/71/ID. Dated, 26-3-1977.
  3. Letter No. KCCP/GL149/85-86 dated 25-4-1985 from the Managing Director, KC & CP (P) Ltd., Cannanore.
  4. Letter No. TC/T3/48155/84 dated 22-7-1985 from the DIC, Trivandrum.
  5. Letter No. MNF-6182/69 dated 24-7-1985 from the Managing Director, SIDCO, Trivandrum.

## ORDER

The Ceramic Service Centre (Mangattuparamba) is an Industrial Unit of the Industries Department. As per the orders in G. O. first cited this Centre was transferred to SIDCO on the terms and conditions specific therein to run on agency basis. As per the orders in G. O. read as second paper above the agency commission was fixed as Rs. 1200 p.m.

2. Government have been considering a proposal to entrust the ownership of the Ceramic Service Centre (Mangattuparamba) to some Public Sector Undertaking on a permanent basis. The Kerala Clays and Ceramic Products Limited, Cannanore has agreed to take over the above centre. Government have tentatively decided to transfer the Ceramic Service Centre (Mangattuparamba) to Kerala Clays and Ceramic Products Limited, Cannanore. Pending formal transfer of the Ceramic Service Centre (Mangattuparamba) to Kerala Clays and Ceramic Products Limited the management of the Centre is

transferred from SIDCO to Kerala Clays and Ceramic Products Limited, Cannanore on the following terms and conditions :

- (1) The Management of Ceramic Service Centre (Mangattuparamba) will be transferred to Kerala Clays and Ceramic Products with effect from 1-8-1985 pending formal transfer of the centre after valuation of the assets and liabilities.
- (2) The Company shall run the Centre as a Common Service Facility Centre in which service works required for small Scale Industries in the State shall be undertaken and as a production centre for clay based Industries.
- (3) The Managing Commission of Rs. 1,200 p.m. now being paid to the SIDCO will hereafter be payable to the Kerala Clays and Ceramic Products Ltd. The SIDCO will pay the amount and adjust it against amount due from SIDCO to Government.
- (4) The assets and liabilities of the Ceramic Service Centre (Mangattuparamba) will be valued and completed by the Kerala Clays and Ceramic products within one month.
- (5) The Corporation shall undertake work orders from industrialists in the small scale sector for which they will not charge any profit for themselves. No production work that may affect the timely execution of service works to small scale Industries shall be undertaken in the Centre.
- (6) The Kerala Clays and Ceramic Products shall remit to Government the entire revenues derived from the service Centre during the period of their management.
- (7) The Corporation shall not hand over, remove, sell or add any machinery without prior sanction of Government.

3. An agreement will be executed by the Kerala Clays and Ceramic Products Limited at the time of take over listing out the assets handed over to them in a schedule to the agreement. The SIDCO will get the agreement executed and send it to the Director of Industries and Commerce, Trivandrum.

By order of the Governor,

M. VIJAYANUNNI,  
*Special Secretary.*

To

The Director of Industries and Commerce, Trivandrum.

The Managing Director, Kerala Clays and Ceramic Products Ltd.,  
Pappinisseri, Cannanore etc.

KERALA CLAYS AND CERAMIC PRODUCTS LTD., CERAMIC DIVISION,  
MANGATTUPARAMBA

**Details of Working Results**

<i>Year</i>	<i>Sales</i>	<i>Expenditure</i>	<i>Profit/Loss</i>
	<i>(Rs.)</i>	<i>(Rs.)</i>	<i>(Rs.)</i>
Under the Management of SIDCO			
1980-81	01.46	03.23	(-) 02.09
1981-82	00.99	05.50	(-) 04.51
1982-83	00.84	05.27	(-) 04.43
1983-84	00.56	05.21	(-) 04.65
1984-85	02.48	06.43	(-) 03.95
Under the Management of KCCP			
1985-86	01.90	05.85	(-) 03.85
1986-87	02.96	06.39	(-) 03.43
1987-88	03.98	06.38	(-) 02.40
1988-89	04.25	07.24	(-) 02.99
1989-90	03.83	07.33	(-) 03.50
1990-91	04.17	18.21	(-) 04.04
1991-92	06.00	10.70	(-) 04.70
1992-93	05.69	11.61	(-) 05.92
1993-94	04.48	12.12	(-) 07.64
1994-95	05.48	11.31	(-) 05.83
1995-96	04.37	09.68	(-) 05.31
From 20-11-1995 to 2-9-1999	Company suspended the activities of GCSC for revival of the unit		
1999-2000	06.00	08.45	(-) 02.45
2000-01	09.14	11.45	(-) 02.31
2001-02	11.09	14.46	(-) 03.37
2002-03	09.62	09.82	(-) 00.20
(upto 31-1-2003) Provisional			

GOVERNMENT OF KERALA

**Abstract**

COIR INDUSTRY—PURCHASE OF COIR YARN AND COIR PRODUCTS BY GOVERNMENT  
DEPARTMENTS AND PUBLIC SECTOR UNDERTAKINGS WITHOUT INVITING TENDERS/  
QUOTATIONS—EXTENSION OF PERIOD—AMENDMENT—ORDERS ISSUED

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INDUSTRIES (E) DEPARTMENT

G. O. (Rt.) No. 1273/90/ID. Dated, Thiruvananthapuram, 12th November, 1990.

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*Read :—* G. O. (Rt.) No. 1167/90/ID. Dated, 15-10-1990.

ORDER

In modification of the G. O. read above, Government are pleased to order that all the State Government Departments and Public Sector Undertakings may continue to purchase their requirement of Coir yarn and Coir products including rubberised Coir Mattresses and Pillows from Kerala State Coir Corporation Ltd. Kerala State Co-operative Coir Marketing Fedn. Ltd. Foam Mattings (India) Ltd. and Mats and Mattings Co-operative Societies without inviting tenders/quotations for further period of 2 years from 1-4-1990, deleting Small Scale Coir Goods manufacturers within the State from the purview of the order.

The G. O. read above stands modified to the above extent.

By order of the Governor,

K. A. KUTTAN,  
*Joint Secretary.*

To

All Heads of Department and Officers.

The Accountant General (Audit)/(A & E) (This issues with the concurrence of Finance Department and Store Purchase Department.,

All Department (All Section of the Secretariat....etc....etc...)

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