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TWELFTH KERALA LEGISLATIVE ASSEMBLY

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

FIFTY SECOND REPORT

(Presented on 17th March, 2008)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM,
2008

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On

**Action taken by Government on the Recommendations contained
in the Seventy Third Report of the Committee on
Public Accounts (1998-2000)**

311/2008.

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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 Fifty Second Report on Action Taken by Government on the Recommendations contained in the Seventy Third Report of the Committee on Public Accounts (1998-2000).

The Committee considered and finalised this Report at the meeting held on 11-3-2008.

Thiruvananthapuram,
17th March, 2008.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the action taken by Government on the recommendations contained in the 73rd Report of the Committee on Public Accounts (1998-2000).

The Seventy Third Report of the Committee on Public Accounts (1998-2000) was presented to the House on 13th July 1999. The report contained sixteen recommendations relating to Agriculture (Animal Husbandry) Department. Government were addressed to furnish the statements of action taken on the recommendations contained in the Report on 26th July 1999 and the final replies were received on 30th August 2005.

The Committee examined the statements at its meeting held on 6-3-2006.

The Committee was not satisfied with the action taken by Government on recommendation Nos. 4, 7, 11, 12 and 14 (Para Nos. 16, 19, 28, 29 and 34) and decided to pursue it further. The recommendations, its replies thereon and further recommendations of the Committee are included in Chapter I of this Report.

The Committee decided not to pursue further action for the remaining recommendations, in the light of the replies furnished by Government. Those recommendations and their replies are included in Chapter II of this Report.

CHAPTER I

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

AGRICULTURE (AHG) DEPARTMENT

Recommendation

(Sl. No. 4 Para No. 16)

1.1 The Committee find no justification in the functioning of the Central Veterinary Stores, Thrissur without valid drug licence for a decade violating the provisions of the Drug Licences Act. The Committee disapprove the lethargic attitude of the department which have not initiated any action against the officials who were bound to secure the drug licences for the Veterinary Store. The Committee therefore urge that disciplinary action should be initiated against the officers responsible for this lapse and that it should be ensured that the drug licence for the 3 Central Veterinary Stores are renewed regularly.

Action Taken

1. 2 No lethargic attitude of the department as alleged in the recommendation of the Committee has happened. Drug licence had been renewed upto 1996-97 for the three Central Veterinary Stores. Necessary documents along with fee have been submitted to the Asst. Drugs Controller, for licence renewal upto 31-12-2000. Certificate has not been received till date.

Further Recommendation

1. 3 The explanation given by the Government was not acceptable to the Committee. The Committee recommend that action should be taken to renew the drug licence of the three Central Veterinary Stores regularly according to the provision, in the Central Act. The Committee also reiterate its recommendation that action should be taken against the officers for the lapse in not securing / renewing valid licences.

Recommendation

(Sl. No. 7 Para No. 19)

1. 4 The Committee desired that the following details required by the Committee at the time of examination of the Audit Para should be furnished at the earliest.

- (a) Detailed year-wise /centre-wise reports on the number of cattles given vaccination under the scheme for control of Livestock Disease of national importance;
- (b) Balance of doses at the end of each year;
- (c) Total expenditure incurred under the scheme in each year and the total number of Vaccinating Centres at that time.

Action Taken

1. 5 The details of utilization of ear tag purchased and distributed are included as appendix II .

Further Recommendations

1. 6 The Committee noted that the details of utilisation of ear-tag purchased and distributed are not appended to the SOAT even though it is stated that the details are appended. Hence the Committee desires to get the details at the earliest.

Recommendation

(Sl. No. 11, Para No. 28)

1. 7 The Committee came to know that the firm period in the tender notification form for the supply of feed ingredients originally shown as 31-8-1991

was changed as 30-6-1992 by 'somebody' in the Directorate of Animal Husbandry Department without any knowledge of the rules contained in the Stores Purchase Manual. The Committee also understand that, the Secretary to Government, Animal Husbandry Department had written a letter to the Accountant General on 31-1-1995 revealing that somebody in the Directorate had manipulated the manuscript copy of the tender notification. The Committee observe that the correction in the tender documents which is favourable to the contractor resulted in irregularities and loss to the tune of Rs. 10 lakhs on account of purchase of feed from other sources and payment of wages to labourers retained in the idling feed mixing plant. The Committee express their dissatisfaction over the negative attitude of the Department in initiating any action against the officers responsible for the manipulation. The Committee strongly recommend to fix responsibility on the persons for such serious irregularities and to take stringent action against them so as to avoid recurrence of such instances in future.

Action Taken

1. 8 There was no negative attitude as alleged in the report, from the part of the Department. The Department has taken earnest efforts to locate the persons. From top to bottom there were seven individuals including the then Director of Animal Husbandry who were handling the file. From among the persons, locating the culprit was hardly possible.

Further Recommendation

1. 9 The Committee opines that in a clear case where department officials had connivance with the culprits action was delayed and the whole exercise of the Committee was rendered useless. The Committee decides to close the para with the observation that the passive attitude of the Department in taking action against those responsible for manipulation is condemnable and most despicable.

Recommendation

(Sl. No. 12 Para No. 29)

1. 10 During evidence, the Secretary Animal Husbandry Department informed the Committee that all files related to this issue were kept in the office of the Advocate General in connection with the vigilance case about the subsequent insertion of a letter from the contractor. The Committee express strong displeasure over the action of the witness, who had failed to submit a detailed report of this issue within one month as promised before the Committee and desire to be intimated about the progress of the pending vigilance case. The Committee also wanted the report to be submitted before the Committee within one month.

Action taken

1. 11 The ARC for the supply of feed ingredients for a period of one year was awarded to M/s Anantharajappa & Co. Mysore with effect from 5-8-1991. But the contractor failed to effect supplies and later claimed that the rates offered by him was only upto 30-6-1991. The contract period as per tender notification was from 1-7-1991 to 30-6-1992 and hence the contractor's claim was false. The firm cannot participate in a tender for ARC with rates valid upto 30-6-1991 while the contract period of the ARC was from 1-7-1991 to 30-6-1992 as per tender notification. The contractor, made the above false claim on the strength of a letter which, the department suspected, to be inserted, later with the connivance of somebody in the Directorate of Animal Husbandry. If the letter was originally submitted along with tender, the tender could have been rejected outright.

1. 12 There was seven officers from the then Director of Animal Husbandry to the then section clerk and hence it was not possible to find out who had helped the contractor in inserting the letter at a later date.

1. 13 Moreover, it may be noted that the loss sustained to Government due to the untimely and illegal withdrawal of the contractor has been quantified (Rs. 10.01 Lakh) and a portion (Rs. 4,37,873.80) has already been realized by adjusting the same against the dues to the contractor on account of the pending payments of the previous contract.

1. 14 The OP No. 10524/94 has been disposed by the Hon'ble High Court of Kerala on 8-3-2003, after verifying all records regarding the tender, by upholding the basic right of the Government as per tender provisions to recover the loss suffered in this regard from the contractor. Accordingly action is in progress to effect recovery of the balance portion ie, Rs. 5,63,219.20 from the contractor through Revenue Recovery.

1. 15 Since the legal stand of the department to realize the total loss from the contractor has not been weakened or affected in any manner by the above mentioned malpractice of insertion of a letter in the tender, the department has decided not to proceed with any enquiry to locate the person responsible which was practically impossible.

Further Recommendation

1. 16 The Committee recommends that the Department should never repeat such instances and decided to drop further action on the recommendation.

Recommendation

(Sl. No. 14 Para No. 34)

1. 17 The Committee understand that the Government ordered in 8/90 to transfer 17.54 hectares of land from the District Livestock Farm Kudappanakunnu, to the Kerala State Poultry Development Corporation for establishing a poultry complex. This also included 5 acres of land occupied by the Regional Poultry Farm, at Kudappanakunnu situated adjacent to the District Poultry Farm. In June 1991 the MD, KSPDC requested Government to transfer the Regional Poultry Farm, together with its employees to the Corporation by November 1991 so that they can start functioning. Soon the Regional Poultry Farm stopped functioning and was kept ready for transfer of its staff to the KSPDC. However the Corporation was reluctant in absorbing the existing staff of the Regional Poultry Farm on the basis of a work study conducted by IMG.

Action Taken

1. 18 In June 1991 the MD, KSPDC requested Government to transfer Regional Poultry Farm Kudappanakunnu together with its employees to the Corporation by November 1991. Having studied the proposal Government decided to reduce the activities in the farm. But subsequently the Corporation was found reluctant in absorbing the existing staff of the Regional Poultry Farm and they withdrew the offer.

Further Recommendation

1. 19 The Committee wants to know the present position of the land and the staff of the Regional Poultry Farm, Kudappanakunnu.

CHAPTER II

**Recommendations which the Committee does not desire to
pursue in the light of the replies furnished
by Government**

AGRICULTURE (AHG) DEPARTMENT

Recommendation

(Sl. No. 1 Para No. 13)

2. 1 The Committee note that physical verification of 3 Central Veterinary Stores located at Thiruvananthapuram, Thrissur and Kozhikode was not conducted at regular intervals. The Committee urge that arrangement in the Department should be made in such a manner to conduct the physical verification of the three Central Veterinary Stores at regular intervals effectively. The progress achieved in the annual

physical verification of stores and the latest stock position in three Central Veterinary Stores shall be reported to the Committee.

Action Taken

2.2 Annual Physical verification of the three Veterinary Central Stores at Thiruvananthapuram, Thrissur and Kozhikode have been made. The verification upto 31-3-2004 has been completed.

Recommendation

(Sl. Nos. 2 & 3 Para Nos. 14 & 15)

2.3 The most disappointing fact noticed by the Committee during evidence was that the reserve limit of the stock to be maintained by each Central Veterinary Store has not been prescribed by Government. The Committee expressed strong dissatisfaction over the reply of witness that the fact came to his notice only very recently and opined that there had been several occasions for the Secretary to come across this fact even before the presentation of the Audit Report in 1987. The witness assured before the Committee that the reserve limit would be fixed within a period of 1 ½ months. The Committee urge that action taken in this regard should be intimated to the Committee.

Action Taken

2.4 As recommended by the PAC, Government as per GO. (Rt.) No. 517/05/AD dated 2-4-2005 fixed the total reserve limit of stock of medicines costing Rs. 45,64,719 for the three Central Veterinary Stores at Thiruvananthapuram, Thrissur and Kozhikode.

Recommendation

(Sl. No. 5 Para No. 17)

2.5 The Committee note that there is heavy shortage of medicines in the Veterinary Stores in each year. The Committee also understand that budget provision never matched with the requirement of Veterinary medicines. Moreover the Committee noted that the formalities of purchases are completed only at the fag end of each year. The Committee recommended that the formalities of purchases should be completed well in advance so that orders can be placed sufficiently early to meet the demand for each financial year.

Action Taken

2.6 It is a fact that the actual requirement of medicines exceeds the budget provision. This is obviously due to enhanced price and additional requirement of medicine. However, this is adjusted subsequently by supplementary demands. In

future proper care shall be taken to match the purchase within the budget provision. As regards the formalities of purchase, necessary directions have been issued to the Departmental Officers.

Recommendation

(Sl. No. 6 Para No. 18)

2.7 The Committee find that there were serious flaws in the purchase of 5 lakhs of plastic ear-tags in lump at a cost of Rs. 32.89 lakhs for the scheme "Control of livestock diseases of national importance". The Committee reasonably doubt that the Department might have procured 5 lakhs doses of vaccine and spoiled it. The Committee desire that responsibility should be fixed for making bulk purchase without estimating actual requirements and that action should be taken to realise the loss to prevent recurrence of such instances in future.

Action taken

2.8 5,28,900 nos. of ear-tags were purchased during 1983-84 and 1984-85. 5,63,017 vaccinations were performed during 1983-84 to 1987-88. Hence all the ear-tags purchased before 1987-88 have been utilized by 28-2-1998. In this connection, it may be noted that ear tags are not perishable even though they were purchased during 1983-84, and all the ear-tags have been fully utilised by 28-2-1998. It may also be noted that five lakhs doses of vaccine had not been purchased along with the ear-tags. Hence the vaccines were not spoiled as doubted in the PAC recommendation.

Recommendation

(Sl. No. 8 Para No. 20)

2.9 The Committee observe that out of 60 refrigerators purchased for use in Livestock Disease Control Units, 19 were defective when taken to stock and were kept idle for the last decade. The department did not make any earnest effort to get it replaced or repaired by the firm which supplied the refrigerators. The very purpose of purchasing the refrigerators could not therefore be achieved in the Control units. The investment of Rs.3.03 Lakhs on the procurement of refrigerators had consequently remained unfruitful. The Committee recommend to take legal action against the firm which supplied defective refrigerators and for not repairing them as directed by DGS & D. The Committee also desire to be furnished with the copy of the letter requesting DGS&D not to effect payment to the company since the refrigerators were found to be defective.

Action Taken

2. 10 Supply order for 60 numbers 310 litres Zenith refrigerators with table top domestic type were placed with M/s Fodders Loyed Corporation Private Limited Madras, Vide No. GI-43346/85/Animal Husbandry Department dated 19-1-1986 with destination Punalur Railway Station. The first batch of 20 numbers was supplied and received on 23-8-1986, the second batch of 10 numbers on 30-12-1986 and the third batch of 30 numbers on 12-1-1987.

2. 11 Out of 60 numbers received 2 numbers from the first batch and 23 from the third batch were found to be defective. The matter was taken up with the firm and the Director General of Supplies and Disposals, New Delhi and the defective refrigerators were repaired to satisfactory working order by the firm.

Recommendation

(Sl No. 9 Para No. 21)

2. 12 The Committee notice that the five X-ray units for the Government Veterinary Poly Clinics were purchased without any foresight and planning. The Committee also expressed their displeasure for not arranging facilities for the better utilization of X-ray equipments. The Committee observe that it was quite deplorable that these X-ray units remained idle for many years and could not be put to use or disposed off. The Committee also urge the Government to dispose off the out modelled X-ray units remaining idle for many years.

Action Taken

2. 13 The X-ray unit belonging to Kozhikode district has been got repaired and is in working condition. The units belonging to the District Veterinary Centre, Alappuzha, District Veterinary Centre, Kottayam and Veterinary Poly Clinic, Kunnankulam have been donated to Model Engineering College, Thrikkakara, ITI Etumannur and Model Engineering College, Ernakulam respectively for study purpose. As regards the X-ray units belonging to the Veterinary Poly Clinic, Chittoor the Director of Animal Husbandry has been directed to issue necessary orders for the condemnation of the unit.

Recommendation

(Sl. No. 10 Para No. 24)

2. 14 The establishment of a milk chilling plant Marangattupally sanctioned by Government during 1981, could not be completed even after a decade due to non-completion of civil works and timely supply of machinery. Due to the inordinate delay in the execution of the plant the cost of the plant originally estimated to Rs. 20 lakhs had gone upto Rs. 46.25 lakhs. The Committee understand that the Dairy Development Department has drawn up the scheme without any advance planning.

Had there been proper planning, changes effected in the scope of the work, additional works etc., could have been avoided. It is a classic example for lack of co-ordination between the implementing agency and work executing Department. The Committee fail to understand why the Government did not take any penal action against the responsible officers for not ascertaining the whereabouts of the firm which had already supplied 80% of machinery and equipments and also for lack of follow up action on the side of implementing department for completion of civil works within the time limit. The Committee view with grave concern the callous way in which the schemes were sanctioned and implemented by Departments without proper co-ordination resulting in wastage of public money. The Committee recommend that responsibility should be fixed for the lapses in the execution of civil works, erection of machinery and desire that action taken thereon be intimated to the Committee.

Action Taken

2. 15 Sanction for the establishment of a Milk Chilling Plant at Marangattupally was given in 1981. But the acquisition of land was completed only in December, 1982.

2. 16 Administrative sanction for construction of building was given in September, 1984. The work started around mid 1985, as the project report had to be revised. The original design of the plant had undergone change several times during the course of work. That was one of the main reasons for the delay in execution of the plant. Procedural delay due to the administrative set up of the Public Works Department was another major reason. Financial constraints and non availability of construction materials and sufficient water for conducting hydraulic test of Ice Bank Tank had also contributed to the delay. It is very difficult to put the responsibility on any officer, as it was a combination of various factors that led to the delay in completing the work. Delay may be condoned.

Recommendation

(Sl. No. 13 Para No. 30)

2. 17 The Committee notice that a sum of Rs. 5.63 lakhs had been ordered to be realised from the original contractor under provision of Revenue Recovery Act. Further developments in the recovery of dues may also be reported to the Committee.

Action Taken

2. 18 M/s Anandarajappa and Co. Mysore facing a revenue recovery to the tune of Rs. 5.63 lakhs vide G.O. (Rt.) No.1143/96/AD dated 7-8-1996 and vide judgment in O.P. No.10524 of 1994 has filed a writ appeal (No.1075 of 2003) challenging the Judgment. The statement of facts on the above writ appeal, has already been furnished to AG, Ernakulam. R.R. proceedings can be resumed as and when the writ appeal is disposed, the action for which can be hastened through Advocate General.

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Recommendation

(Sl. No. 15 Para No. 35)

2. 19 The Committee feel that the decision of the Government to transfer the land and properties valued at Rs. 96.72 lakhs as Government's share contribution and to stop the activities of the Farm forthwith was untimely. The Department could have acted in a more prudent manner and the decision to stop the functioning of the Farm should have been taken only after settling the issues concerning the labourers.

Action Taken

2. 20 The decision of the then Government vide G.O.(Ms.) 209/90/AD dated 7-8-1990 was to hand over the land, building and other properties of the Regional Poultry Farm, Kudappanakunnu along with the employees to K.S.P.D.C. for setting up a poultry complex there. As per the above G.O. the Managing Director K.S.P.D.C. has requested to transfer the institution with effect from 1-11-1991. Accordingly all the activities of the farm were stopped with effect from 1-11-1991 as per request of the M.D., K.S.P.D.C. But later based on a study undertaken by the IMG, the K.S.P.D.C. has retracted from their earlier commitment to absorb the employees along with the farm. Instead the K.S.P.D.C. has constructed separate buildings adjacent to the RPF in the land assigned for them and started functioning of their own. The RPF could not have stopped functioning if the Managing Director, K.S.P.D.C. had not requested to hand over the farms with effect from 1-11-1991.

Recommendation

(Sl. No. 16 Para No. 36)

2. 21 The Committee recommend that responsibility should be fixed and action taken against those responsible for the untimely decision which caused loss to Government to the tune of Rs. 14.31 lakhs towards wages paid to the idling labourers for the period from November 1991 to July 1992.

Action Taken

2. 22 The loss sustained to Government was due to the breach of promise committed by the Kerala State Poultry Development Corporation, Thiruvananthapuram.

Thiruvananthapuram,
17th March, 2008.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

APPENDIX I

Summary of Main Conclusions/Recommendations

<i>Sl.No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	1. 3	Agriculture (AHG) Department	The explanation given by the Government was not acceptable to the Committee. The Committee recommends that action should be taken to renew the drug licence of the three Central Veterinary Stores regularly according to the provision, in the Central Act. The Committee also reiterate its recommendation that action should be taken against the officers for the lapse in not securing / renewing valid licences.
2	1. 6	”	The Committee noted that the details of utilisation of ear-tag purchased and distributed are not appended to the SOAT even though it is stated that the details are appended. Hence the Committee desires to get the details at the earliest.
3	1. 9	”	The Committee opine that in a clear case where department officials had connivance with the culprits action was delayed and the whole exercise of the Committee was rendered useless. The Committee decides to close the para with the observation that the passive attitude of the Department in taking action against those responsible for manipulation is condemnable and most despicable.
4	1. 16	”	The Committee recommend that the Department should never repeat such instances and decides to drop further action on the recommendation.
5	1. 19	”	The Committee wants to know the present position of the land and the staff of the Regional Poultry Farm, Kudappanakkunnu.