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FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2021-2023)**

THIRTY FIRST REPORT
(Presented on 9th February, 2023)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2023**

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ON
PUBLIC ACCOUNTS
(2021-2023)**

THIRTY FIRST REPORT

On

**Action Taken by Government on the Recommendations contained
in the One Hundred and Forty Third Report of
the Committee on Public Accounts (2008-2011)**

CONTENTS

	<i>Page</i>
Composition of the Committee	.. v
Introduction	.. vii
Report	.. 1
Appendix :	
Summary of Main Conclusions/Recommendations	.. 21

COMMITTEE ON PUBLIC ACCOUNTS

(2021-2023)

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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 Thirty First Report on Action Taken by Government on the Recommendations contained in the One Hundred and Forty Third Report of the Committee on public Accounts (2008-2011).

The Committee considered and finalised this Report at the meeting held on 4th January, 2023.

Thiruvananthapuram,
9th February, 2023.

SUNNY JOSEPH,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the Action Taken by the Government on the recommendations contained in the 143rd Report of the Committee on Public Accounts (2008-2011).

The 143rd Report of the Committee on Public Accounts (2008-2011) was presented in the House on 23rd February 2011. The Report contained 23 recommendations relating to Local Self Government and Industries Departments. The report was forwarded to Government on 24-2-2011 seeking the Statements of Action on the recommendations contained in the Report and the final reply was received on 12-4-2016.

The Committee examined the Statements of Action Taken received from the Government at its meetings held on 1-8-2012, 27-8-2013, 18-2-2015 and 30-11-2016. The Committee was not satisfied with the action taken by the Department on the recommendation contained in paragraph 140. This recommendation, reply furnished thereon and further recommendation of the Committee are included in Chapter I of this Report. The Committee decided not to pursue action on the remaining recommendations, in the light of the replies furnished by the Government. Such recommendations/comments and their replies are incorporated in the Chapter II of this Report.

CHAPTER – I

RECOMMENDATIONS IN RESPECT OF WHICH ACTION TAKEN BY GOVERNMENT ARE NOT SATISFACTORY AND WHICH REQUIRE REITERATION

INDUSTRIES DEPARTMENT

Recommendation

(Sl. No. 19, Para No. 140)

1.1 The Committee notes with concern that the Department failed in computing the cost of Industrial Development Plots/Area from time to time during the period from 1993 to 2003 due to which recoveries of plot from allottees could not be effected. The officials had no answer to the query from the Committee as to why action was not taken against the Director of the DIC who failed in carrying

out this task. The Committee was even more disgusted to note that the Department did not maintain any registers for keeping track of repayment of 492 allottees in Kottayam DIC. Making matters worse, the findings of the Committee was met with stoic silence from the witnesses. Totally disappointed at the system which was thrown out of gear, the Committee opines that it is high time the Department rolled up its sleeves to deter such unpardonable precedents and streamline the administration of the Industries Department.

Action Taken

1.2 Valuation of Industrial land in Industrial Development Area/Industrial Development Plot (IDA/IDP) was last revised in the year 2003. The land allotment is being done at District Industries Centre level and General Manager, District Industries Centre is fully competent and duty bound to fix the land value as per the land allotment rules. As and when the land allotment is done, General Manager, District Industries Centre charge the updated land value, approved by Director of Industries & Commerce. The land value is arrived at as per clause – 13 in Government Order No. G.O(Ms) 297/70/ID dated 24-8-1970. The General Manager, District Industries Centre maintains a land Allotment Register in which the land value charged and collected are entered. As and when the General Manager, District Industries Centre refix the land value, the same is forwarded to Director of Industries and Commerce for approval. Then General Manager, District Industries Center charges the updated land value as and when the allotment is done. It may also be noted that most of the land in Development Area/Development Plot have already been allotted. Now most of the allotment is by way of resumption and r allotment. In such cases, the land value has already been collected from the original allottee. Hence, the findings that recoveries of plot from allottees could not be effected is not correct. Director of Industries & Commerce had issued circular authorizing all General Managers of District Industries Center to update the land value of Industrial Development Area/Industrial Development Plot under their administrative control every year. The General Manager, District Industries Centre, Kottayam maintains the register of land allottees in Kottayam District.

In the light of the above explanation, observation in this para may be dropped.

Further Recommendation

1.3 The Committee directed the Department to furnish the district wise details of land value collection during 1993-2003 and thereafter and the details on how many times the land value got revised. The Committee also wanted to know on what criteria the revision of land value is being done.

CHAPTER – II

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES FURNISHED BY THE GOVERNMENT

LOCAL SELF GOVERNMENT DEPARTMENT

Recommendation

(Sl. No. 1, Para No. 13)

2.1 The Committee understands that the proposal for the construction of a six storeyed office - cum - commercial complex, as part of a remunerative project by Thrissur Urban Development Authority approved by Government on April 1993 could not be fully completed even in the year 2004 mainly because of improper planning and failure in the supply of materials by Department, as a result of which the contractor was unable to complete the work in time. The Committee expresses utmost displeasure over the avoidable and undue delay that happened in handing over departmental materials for a work entrusted in April 1993 due to which even the basic works progressed in excruciatingly slow pace and the estimated cost of Rs.91 lakh at the beginning mounted to Rs.2.2 crore with a tender excess of 133%. Even though the witness came up with reasons which caused delay in the form of lagging and dragging of various tender processes, the Committee discards it and holds the Department fully responsible in not formulating a clear cut schedule for the time bound implementation of the project.

Action Taken

2.2 Agreement for construction of Sakthan Arcade building was signed in May 1993. This was owned by the former Thrissur Urban Development Authority and now its ownership is with Thrissur Municipal Corporation. The construction

was expected to be completed in 1995. The work was awarded at an estimated cost of ₹21 lakhs as per 1990 schedule of rates. This project was mainly financed by a loan from KURDFC. The Authority could not supply departmental materials due to the delay in obtaining loan. Aggrieved by the inability on the part of the Authority in supplying materials for the work, the contractor claimed 70% tender excess for completing the work. The executive committee had discussed this matter with the contractor and it was agreed to allow 40% tender excess subject to approval of Government. Government had issued sanction for allowing tender excess vide G.O.(Rt) No. 3470/2000/LSGD dated: 25-8-2000. In the meanwhile contractor had stopped the work due to non-payment of bills. Balance civil works were commenced in 10/2000 on obtaining sanction for tender excess and the building was formally inaugurated on 1-12-2002.

2.3 Delay in completing civil work had resulted in delay in the completion of electrical works also. The original estimate of ₹ 15.4 lakhs was later revised to ₹33.20 lakhs and sanction obtained from Chief Engineer. 12 rooms were handed over to the lessees on 23-9-2002 after completing the electrification works while the 1st and 2nd floors were partially completed.

2.4 There are 53 rooms (shops) in 1st and 2nd floor of the building, 3rd, 4th and 5th floors consist of office halls having approximate area of 5500 s.ft. Tender procedures were adopted nine times for allotting the vacant spaces. As a result of these measures 47 out of 53 rooms have already been allotted. Tender for allotting 4 rooms (S-19, S-20, S-25 and S-31) has been accepted by the council in its meeting held on 06/1/11 and allotment letters have been issued. Vacant space in the 4th floor which was earlier allotted to District Insurance office has been retendered as the same was not occupied. Tender formalities for allotting the vacant space in 5th floor has been completed. The Secretary has reported that corporation is collecting 4 lakhs in every months towards licence fee and in addition to this an amount equivalent to 6 months licence fee is collected towards security deposit. The secretary reported that all possible steps were taken by the Corporation to make this project successful.

Recommendation

(Sl. No. 2, Para No. 24)

2.5 The Committee finds that even though the Government decided to restructure the Kerala State Rural Development Board into a financing institution by repealing the Kerala State Rural Development Board Act, 1971 and to redeploy the engineering staff of the Board it was not done even in July 2003. More over, the delay of two years that happened in repealing the Act itself after it got passed in the year 2000 makes the situation worse and reveals the slackness shown by the officials in executing important Government decisions. Even though the witness laid down many impediments that delayed the redeployment procedure of the Engineering Wing, the Committee is not fully satisfied and remarks that the Department failed in evaluating the volume of work undertaken while doing decentralization and planning as the Board did not have proportionate work considering the number of engineers who got deployed.

Recommendation

(Sl. No.3, Para No. 25)

2.6 The Committee feels preposterous on the contradicting replies provided by the Department during witness examination and to the one provided earlier with respect to the number of staff required for work as well as sitting idle during 2002 to 2004. The Committee warns the Department to be more proactive rather than more placid in executing orders with respect to redeployment of higher ranked officials so that money is not drained out the public exchequer in the name of idle wages. The Committee also urges the officials to do away with the usual lethargic mentality shown towards important matters to avoid similar instances in future.

Action Taken of Paras 24 & 25

2.7 Government through Act 16 of 2000 enacted the Kerala Decentralization of Powers Act 2000 in which among other things incorporated the provision to repeal the KSRDB Act 1971 under section 36(2). Thereafter Government vide notification No. 37017/2001/LSGD dated: 21-7-2003 was repealed the KSRDB Act 1971 with effect from 21-7-2003 and taken over the assets and liabilities of

KSRDB. Government as per G.O. (MS) No. 152/2002/LSGD dated 16-9-2002 ordered to discontinue the Engineering Wing from PWD attached to KSRDB and reverted back 189 posts to PWD. Further Government as per G.O.(P) No.160/2006/LSGD dated: 7-7-2006 issued detailed orders to the deployment of KSRDB staff, payment of pension and transfer of assets and liabilities etc. Final transfer of the assets and liabilities is yet to be carried out.

2.8 In the PAC report vide para 24 remarked that the Department failed in evaluating the volume of work undertaken while doing decentralization and planning as the Board did not have proportionate work considering the number of engineers who got deployed. In this connection it may be noted that as recommended by the first State Finance Commission Government decided to restructure the Board as a Financial Institution and accordingly directed the Board vide Government letter No. 30551/L1/92/LAD dated: 29-6-1996 not to take up any new work. But Government ordered to discontinue the Engineering Wing and reverted the staff to PWD on 16-9-2002 and abolished the KSRDB only on 21-7-2003. KSRDB had been functioning as a statutory body and also a funding agency to undertake remunerative development schemes in Grama Panchayaths such as construction of Shopping Centre, Market Stall etc. As such several steps were taken to end its functioning. Therefore it is opined that the delay occurred in the wind up of Engineering Wing and in evaluating the volume of work after the stoppage of and non-entrustment of work is not a wilful negligence but only a nominal delay to complete the administrative process to end the functioning of a statutory financial body.

Recommendation

(Sl. No.4, Para No. 36)

2.9 The Committee concludes that the Department failed in the proper implementation of the provisions of the Travancore Cochin Town Planning Act and Rules due to which the local bodies escaped from paying centage contribution to Development Authorities (DAs), thus adversely affecting the developmental

activities taken up by the Authorities. The Committee is disappointed to note the lack of interest shown by the Department in effective realisation of the contribution despite the Accountant General vividly pointing out the issues. Even though the officials raised many practical difficulties in implementing the Act as well as financial constraints, the Committee considers it as non-sustainable as it affects the annual budget preparation of Development authorities. The Committee warns the officials from becoming silent spectators there by allowing the arrears due to local bodies to get accrued without being adjusted.

Action Taken

2.10 Failure on the part of LSGIs in remitting centage charges payable Development authorities has resulted in cumulating in huge to arrears. A meeting of the LSGI representatives and representative of DAs was convened at Government level on 11/11/09 to sort out the issue and suggest remedial measures. Many Municipal Chairperson and Grama Panchayat Presidents objected the realisation of arrears as they feared that it will adversely affect the functioning of the LSGI. It was agreed to remit the amount payable for 2009-10 during that years itself and to give necessary directions to all concerned to this effect.

Recommendation

(Sl. No.5, Para No. 37)

2.11 The Committee strictly directs the department for the timely realisation of centage contribution on charges and strongly recommends that any dues should be paid statutorily without fail in the current Financial Year itself else the Department should adopt measures for the recovery of the same within the financial year.

Action Taken

2.12 If the Local Self Government Institutions fail to pay the centage charges the amount can be deducted from the General Purpose Grant of LSGIs.

INDUSTRIES DEPARTMENT

Recommendation

(Sl. No.6, Para No. 127)

2.13 Based on the audit observation and witness examination the Committee feels that the internal control mechanism in Industries Department is more or less dysfunctional, apparently beyond repair mainly because the officials designated for work are not properly supervising and auditing the jobs at the respective stages. The Committee notes that the Industries Department also failed in properly sending Budget Estimates relating to Plan and Non Plan funds on time, on top of that huge amounts were kept unspent as well. The Committee deplors the pathetic monitoring mechanism of the Department which failed in evaluating many live schemes and keeping registers and accounts. Even though the officials of the Department claimed to have bettered revenue and expenditure positions lately, the Committee is not ready to agree with the same because the statistics showed that savings during the time of audit (2003-04) and at present happened to be the same.

Recommendation

(Sl.No.7, Para No.128)

2.14 The Committee strictly urges the Department to send Budget proposals on time and to ensure that accurate data is sent based on actual requirements. The committee wants the internal checking mechanism of the Department to pull up their socks and manage the expenditure side scrupulously

Action Taken of Paras 127 & 128

2.15 Expenditure and implementation of plan schemes were reviewed in the monthly Plan Review Conference.

2.16 The Director of industries & Commerce reported that the allotment under Non Plan heads are issued to the sub offices with strict scrutiny of the requirement reported by the sub offices and registers are maintained for monitoring the expenditure.

Recommendation

(Sl.No.8, Para No.129)

2.17 The Committee harrowingly notes that the Department could not exercise effective control over the expenditure due to which the monthly expenditure statements were never sent from subordinate offices to the Government. The Committee is surprised to note that the Director and District Officers responsible for this task were blissfully unaware of this situation and condemns such a pathetic scenario. Though the officials tried to establish otherwise with arguments, the Committee incredulously objects those because all the test checked stations were found sans expenditure/liability forms like KB-12 and KB-13, proper registers and if at all any registers were kept, the entries were missing too. The Committee also criticises the lackadaisical approach adopted by the officials in properly responding to the queries of the Accountant General as and when it is notified.

Action Taken

2.18 At present registers of expenditure are maintained in the District Industries Centres and the General Manager of District Industries Centres are furnishing expenditure/liability in form KBM - 12 to the Directorate. The registers for Plan and Non - plan Heads are maintained separately in the Directorate.

Recommendation

(Sl.No.9, Para No.130)

2.19 Eventhough Committee wanted the Department officials to submit the up-to-date abstract of form KBM-12 and other registers before them, it was not done. The Committee admonishes this irreverence and urges to take action against the officials responsible for the lapse. The Committee also sees that Department failed to monitor and forecast monthly ceiling of expenditure which ought to have been done under any circumstances. The Department's defiance of Financial Code and its Rules coupled with the silence from the witnesses when enquired about the reason for the lapse becomes highly unsettling for the Committee. The Committee warns the officials not to create such a scenario in future and urges them to act with prudence in financial matters.

Action Taken

2.20 Now a days monthly expenditure forecast and monthly ceiling is not existing. The abstract and registers maintained in KBM-12 should be submitted for verification of the Committee.

Recommendation

(Sl. No.10, Para No.131)

2.21 The Committee is distressed to note that Contingent Advances amounting to more than Rs.3 crore from the year 1994 onwards were lying unsettled. Eventhough the officials admitted that the General Manager, District Industries Centre and the Administrative Assistant in the Directorate were the culprits behind the unjustifiable delay who made a mockery of the provisions of the Financial Code, the Department seemed in no mood to take any action against them but to confine it to just a warning, not to repeat the same in future. On further pursuance for taking action against the delinquents, the Committee is shocked to hear the response from the officials that everything did not go by book and hence there was practical difficulty in going ahead with taking stringent actions. The Committee feels pathetic on the contention and indifference of the witnesses and strictly recommends that stringent action should willy-nilly be taken against the erring officials. The Committee had even insisted to submit a written report about their actions during deliberation which was not complied with. Condemning the indifference exhibited by the officials, the Committee insists to take action against all who were responsible for not furnishing the required details.

Action Taken

2.22 The Contingent Advance Register is maintained properly in the Directorate of Industries and Commerce and most of the advances drawn during the mentioned period has already been settled in time. Immediate action is being taken for settling advance of rupees 4000 drawn as per proceedings No. TC/T4/11534/09(1), dated 22-7-2009, C. B. No.71/09 which is the only bill has to be settled for last five years. The advances have been settled immediately on receipt of the settlement proceedings of the related advances along with the original bills and vouchers.

2.23 Government have now directed the Director of Industries & Commerce to settle all the advance as stipulated in provision of KFC.

Recommendation

(Sl. No.11, Para No.132)

2.24 The Committee scornfully notes that the Demand Draft drawn for payment were retained undelivered for 15 to 60 days which the officials euphemistically admitted. Criticising such delays which causes many hardships to the recipients, the Committee stresses the need of a more precise checking mechanism which streamlines the DD distribution process.

Action Taken

2.25 Corrective measures have already been taken to avoid such delay in distribution of demand drafts to recipients concerned by giving proper information to collect the DD as early as possible.

Recommendation

(Sl. No.12, Para No.133)

2.26 Much to the discomfort of the Committee, the DIC, Kasargod had kept TR 5 Receipt Books way in excess of actual requirement flouting all Rules in the Treasury Code. Making matters worse for the Committee was the flimsy and baseless explanation put forward by the Department heads backing their unlawful act. Lamenting the inaction on the part of the officials allowing the defaulters go scot-free despite the Comptroller and Auditor General clearly pointing out the mistake, the Committee recommends that the person responsible be brought to book at the earliest.

Action Taken

2.27 Last receipt of the TR5 books in District Industries Centre, Kasargod was on 31-5-2002 raising the stock to seventy six numbers. Out of this thirty five books was surrendered to the District Form Office. At present, only nineteen unused TR5 receipt books are kept in District Industries Centre, Kasargod, which could not be surrendered due to affixing of the office seal and page No. and the receipts which was pointed out by the District Form Officer.

Recommendation

(Sl. No.13, Para No.134)

2.28 The Committee is disappointed to see that the irregularities have even crept into the proper management of Cash Books with the personal and physical inspection of the same as prescribed in Rules not happening in month ends. Raising serious apprehensions about the financial management of the Industries Department which went haywire, the Committee ridicules the customary lethargy exhibited by the officials who turned a deaf ear towards the remarks of the Accountant General about the poor inspection methodology adopted by them. The Committee recommends that corrective measures be taken with immediate effect and action be taken against the officials for dereliction of their duty in rectifying the mistakes on time. The Committee also chides the inaction on the part of the Department officials in not doing physical verification of cash even in the Directorate and recommends that this be done at the end of every month by the concerned officials as this job cannot be delegated.

Action Taken

2.29 At present the personal and physical verification of cash book is being done at the end of each month, as prescribed in rules. Strict direction, has been given to the concerned officials to avoid such lapses in future.

Recommendation

(Sl. No.14, Para No.135)

2.30 The Committee had asked the officials of the Industries Department to submit to them a copy of the DCB statement prepared in the Directorate. Though the Senior Finance Officer agreed to the demand of the Committee during witness examination, it was not complied with. The Committee deplors this act of the officials and urges to take action against the officer(s) responsible for the lapse.

Recommendation

(Sl. No. 15, Para No. 136)

2.31 The Committee detects serious anomalies in the preparation of DCB statements especially in the districts of Kasaragod, Kottayam and Ernakulam where the prepared statements were either improper or incomplete. The Committee notes

that loan factor was also not taken care of as there was variance in the closing balance of the previous month with the opening balance of the succeeding month and expresses utmost displeasure over such inexcusable errors. The Committee is vexed at the hesitancy exhibited by Department heads in punishing the delinquents who committed a glaring mistake in the form of the mismatch between opening and closing balances. The Committee recommends to take strict action against the person(s) responsible for the lapse and urges the Directorate staff to up the ante as it was they who failed in conducting timely monitoring that caused such big mistakes to happen.

Action Taken of Paras 135 & 136

2.32 DCB statement as on 31-3-2011 has already been received from all the District Industries Centres. There is a difference between the collection and balance under some heads in the report submitted by certain General Managers and the matter has been brought to the notice of them and strict direction have been issued to furnish the rectified DCB statement. Maximum effort is being taken to avoid the repetition of serious errors pointed out by the Committee. The officers responsible for such errors may be excused as it happened without deliberation.

Recommendation

(Sl.No. 16, Para No. 137)

2.33 The Committee finds serious maladies in the loan disbursement system to PSUs and its recovery procedures as there was considerable delay from the part of the Department in fixing terms and conditions for the loans due to which no recovery could be made from any loanees. While the department officials laid down facts and reasons regarding the difficulties in loan recovery from PSUs due to their poor financial background as well as about relaxing terms and conditions and converting some into equity shares, the Committee remarks that the issue there was about the Department's failure in fixing the condition itself which is an incredibly irresponsible one. Expressing utmost resentment at the lack of commitment shown which caused delay of upto 7 years in fixing terms and conditions while disbursing loans, the Committee warns the officials to do away with the customary lethargy and slackness

exhibited in carrying out their responsibilities. The Committee also directs the Industries Department to decide for themselves the necessary conditions and relaxations to suit each PSU such as whether it is a revival package, restructuring package or winding up package.

Action Taken

2.34 At present the terms and conditions for loans are fixed without any delay. In other cases immediately after release of loan the proposal for fixing terms and conditions are forwarded to Government. Further more, in majority of cases, terms and conditions are mentioned in the release order itself. Government is taking action to fix the terms and conditions of all loan to sanctioned PSUs.

Recommendation

(Sl. No.17, Para No.138)

2.35 The Committee observes that there was delay of 3 to 48 months in disbursing off subsidy claims during 1999-04 along various DICs test checked. The Committee also rejects the explanation of the officials that lack of budget allocation due to paucity of funds caused the delay and opines that instead it was the dilly-dallying of files within DICs which caused the problem. The Committee remarks that officials of DIC did not properly conduct inspections as a result they failed to detect defects in application in the initial stages itself. The Committee adds that even if there is paucity of funds allocated, the Department could go ahead and re-appropriate from a different Head of account as always permitted by the Finance (Exp) Department.

Action Taken

2.36 Based on the observation of the Public Accounts Committee strict instructions/guidelines were issued to all General Managers of District Industries Centres not to accept incomplete applications for State Investment Subsidy. Henceforth only perfect/pucca applications in all respect will be accepted so that delay in rectifying the defects can be avoided. The budget provision during each year is not sufficient to satisfy the requirement. Maximum effort will be made to get more funds so that pendency can be reduced.

Recommendation

(Sl. No.18, Para No.139)

2.37 The Committee is not too pleased with the functioning of the State Level Monitoring Committee constituted for the implementation of Prime Minister's Rozgar Yojana (PMRY) Scheme which hardly met since its inception in the year 1993. The Committee is bewildered at the response of the officials that there was no need of such a Committee since the scheme got discontinued in the year 2008, rather than explaining why the said Committee did not function. Criticizing the petulant remarks of the witnesses, the Committee warns the officials to concentrate on their assigned duties rather than tinkering with the Government's policies and decisions. Eventhough the Committee had asked for a report regarding the number of meeting held by the State Level Committee, it was not obliged with. Deploring this negligent act, the Committee urges the Department to take action against the delinquent who failed to comply with the directions of the Committee.

Action Taken

2.38 State Level Monitoring Committee on PMRY Scheme met only two times after its inception. However, the functioning and progress of the Scheme had been reviewed in the quarterly SLBC meetings and monthly Plan Review meetings chaired by the Director of Industries and Commerce. In addition, at the District Level, the implementation of the Scheme was reviewed at the DLRC meetings chaired by the District Collector and in the BLBC meetings. The General Managers District Industries Centres also reviewed the progress of the PMRY Scheme in their monthly Plan Review meetings.

2.39 From its inception in 1993-94 till its closure in 2007-08, the achievements under PMRY Scheme in the State were more than targeted.

2.40 The flaws observed by the Committee will not be repeated in future and the observation is noted for future guidance.

Recommendations

(Sl. No.20, Para No.141)

2.41 The Committee is annoyed to note that the irregularities have plagued into the One Time Settlement Scheme as well with the Department giving 100% exemption in six cases amounting to Rs. 1.47 lakh where the loanee had no certificate stating he/she had not possessed separate property. The Department's inaction in reprimanding the culprit who allowed such an act akin to financial misappropriation to go uncaught, worsens the situation. The Committee recommends the Department to take action against the General Manager who gave cent percent exemption in Kasaragod DIC when only 50% was the eligible and approved one.

Action taken

2.42 The reply to the sanction of OTS under Margin Money as Loan sanctioned by General Manager, District Industries Centre, Kasaragod mentioned in the para furnished as follows :

2.43 1) M/s. Daniel Fertilizers, Manjeswaram:- Loan amounting Rs. 36,400 and Rs. 50,000 were sanctioned in the year February 1992 and March 1993 respectively. The due date for repayment of principal amount was 3-5-1996 and 30-6-1997 respectively. The unit was taken over by KFC in the year 1999.

2.44 First loan comes under appendix I(d) and the second loan comes under appendix II (d) of the Government Order. (More than 5 years but less than 10 years category).

2.45 The General Manager, DIC, Kasaragod granted full exemption of interest and penal interest based on the physical verification report of the Assistant District Officer that:

(a) The Unit is not working for the last several years and hence KFC has taken over the same under RR action.

(b) The Proprietrix is staying at Mangalore along with her father after the death of her husband who was taking care of the affairs of the unit.

(c) She has no landed property in Kasaragod district.

2.46 As there are no industrial or other assets to clear the dues, the action of the General Manager, DIC, Kasaragod in granting exemption for the interest and penal interest is in order.

2.47 2) M/s. Bright Star Engineering:- Loan amounting Rs.4,800 was sanctioned in the year June 1988. Due date of repayment of principal amount was 29-10-1992. This comes under appendix 1(b) of the Government Order (More than 10 years old case).

2.48 The General Manager, DIC, Kasaragod has sanctioned full exemption based on the report of the Industries Extension Officer, Manjeswar who after physical verification reported that the unit is not in existence for the last 10 years and there are no industrial assets other than a residential house. The action of the General Manager is in order.

2.49 3) M/s. Bharath Wood Industries:- Loan amounting Rs. 15,000 sanctioned during March 1982. Due date of principal amount was 30-6-1986. The unit is not in existence since 1998. This comes under the more than 10 year old category. The building in which the unit was functioning was given to the Kollampady Kisar Jama-ath Masjid.

2.50 The General Manager has reported that the loanee has no other assets other than his residential house. Hence he was granted full exemption as per Appendix 1(d) of the Government Order is exemption of interest and penal interest. The action of the General Manager is in order.

2.51 4) M/s. Asar Soft Drinks:- Loan amounting Rs.17,500 was sanctioned during May 1986. Due date of principal amount was 22-8-1990. The case comes under more than 10 year old category. The benefit of exemption was granted on the basis of the report of the Industries Extension Officer, Manjeswar, who conducted physical verification. As per the report of the IEO the unit was transferred/sold in the year 1997. There is no other asset other than his residential house. The action of the General Manager in granting full exemption is to in order.

2.52 5) M/s. Cresent Coir Products:- Loan amounting Rs.25,751 and Rs.71,249 (Total Rs.97,000) in the year July 1994 and October 1994. Due date for repayment of principal amount was 25-12-1998 and 4-2-1999 respectively. They have applied for full exemption from payment of interest and penal interest directly to Government.

Exemption was granted based on the G.O.(Rt)No.520/03/ID dated 26-5-2003. Accordingly they have remitted the principal amount in lump on 27-3-2003 and settled the loan amount.

2.53 6) M/s. Costal Bakery and Confectionary Kadambar:- Loan amounting Rs.17,000 sanctioned in the year February 1991. Due date for repayment of principal amount was 9-9-1995. The unit was taken over by KFC in the year 1995 and disposed in 2003 through public auction. The case is more than five years but less than ten years and eligible for exemption of interest and penal interest as per appendix 2(d) of the Government Order. Since there are no other assets to realize the loan amount, the General Manager granted full exemption of interest and penal interest.

2.54 Based on the above clarifications the recommendation of the Committee to take action against General Manager DIC, Kasaragod may be dropped.

Recommendation

(Sl. No.21, Para No.142)

2.55 The Committee strictly recommends to take action against the Director, Industries & Commerce Department for keeping Government money (Rs.50 lakh) outside Government account in connection with establishing a mini industrial estate in Thiruvaly Panchayat, Malappuram District and orders the officials to recover the liability of Rs.14.07 lakh from the Director towards interest during 1st April 2001 to 24th October 2002.

Action Taken

2.56 An amount of Rs.50 lakhs had been sanctioned vide order No. G.O. (Rt)No.188/2001/ID dated 20-2-2001 and deposited in the account of Mini Industrial Estate Co-operative Society Limited, Malappuram during April 2001. Director of Industries and Commerce was requested to obtain permission from Government to open a TP A/c, to deposit the amount in Treasury. But the permission was not received despite request and the Director of Industries & Commerce directed to refund the amount with interest to Government account. In the light of the direction General Manager, District Industries Centre, Malappuram had refunded the amount

with interest accrued there on upto 24-10-2002 to the District Treasury, Malappuram vide Chalan No.2074 and 2075 as under

Towards Principal Rs.50,00,000

Towards Interest Rs.5,41,744

2.57 Meanwhile the Director of Industries and Commerce appraised the Government the fact that the fund was originally drawn on 31-3-2001, in order to avoid the lapse of funds and kept in the account of MIE Co-operative Society Limited, which is in the administrative control of General Manager, DIC, Malappuram. Admitting these facts the Government directed to remit back the amount to Government account as per letter No. 5581/L2/02/Fin dated 25-10-2002.

2.58 In fact the amount was refunded to the Government account 24-10-2002 itself even before receiving the above direction from Government.

2.59 Considering the above facts the Government in Industries and Finance Departments were convinced on the ground and hence the levy interest @ 18% was not insisted. Hence the audit objection may be dropped.

Recommendation

(Sl. No.22, Para No.143)

2.60 The Committee infers that the Internal Control Mechanism of the Industries Department is in complete disarray and urges the Department to take all efforts to bring it back to normalcy. Taking a cue from the observations and inputs of the Secretary, Finance (Expenditure) Department, the Committee directs the officials to send the Inspection Reports properly as per the check list prepared by the Finance Department within the month of July. Lamenting the poor control of the Department over financial matters, the Committee expresses its displeasure over the lapse on the part of the department in initiating any action against officials or seek explanation from them who failed to perform their duties.

Recommendation

(Sl. No.23, Para No.144)

2.61 The Committee views the Industries Department showed irresponsibility and indifference towards financial matters and lacked sobriety and restraint when it comes to executing orders and observations of the Accountant General.

Action Taken of Paras 143 & 144

2.62 Internal Audit Wing has been constituted in the Directorate of Industries and Commerce consisting one Junior Superintendent and three clerks under the control of Senior Finance Officer, and conducting audit in the District Industries Centres and Taluk Industries Offices regularly. The Internal Audit has been conducted in accordance with the "Hand book of guidelines on Internal Audit" issued by the Finance (IAC) Department in the year 2008. The Inspection Reports are send properly to the Finance Department as prescribed in the check list.

2.63 Strict directions were given to all officers to abide rules and regulations while handling financial matters and proper response towards the orders and observations of the Accountant General. Maximum effort is being taken to avoid serious lapses pointed out by the Committee in future. The officers responsible for such errors may be excused.

Thiruvananthapuram,
9th February, 2023.

SUNNY JOSEPH,
Chairman,
Committee on Public Accounts.

APPENDIX

Summary of Main Conclusions / Recommendations

Sl. No.	Para No.	Department concerned	Conclusions / Recommendations
1	1.3	Industries	The Committee directed the Department to furnish the district wise details of land value collection during 1993-2003 and thereafter and the details on how many times the land value got revised. The Committee also wanted to know on what criteria the revision of land value is being done.
