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FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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

FIFTH REPORT
(Presented on 1-2-2023)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2023

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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

FIFTH REPORT

On

**The action taken by Government on the Recommendations contained in the
Twenty fourth Report of the Committee on Public Undertakings (2016-19)
relating to Kerala State Construction Corporation Limited, based
on the Report of the Comptroller and Auditor General of
India for the year ended on 31st March 2005**

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COMMITTEE ON PUBLIC UNDERTAKINGS

(2021-2023)

COMPOSITION

Chairman :

Shri E. Chandrasekharan.

Members :

Shri A. P. Anilkumar

Shri Anwar Sadath

Shri K .B. Ganesh Kumar

Shri T. V. Ibrahim

Shri P. Mammikutty

Shri K. P. Mohanan

Shri D. K. Murali

Shri P. Nandakumar

Shri Kadakampally Surendran

Shri P. Ubaidulla.

Legislature Secretariat :

Shri A. M. Basheer, Secretary

Shri Thrideep K. G., Joint Secretary

Smt. Jayasree M., Deputy Secretary

Shri Mohanan O., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2021-23) having been authorised by the Committee to present the Report on their behalf, present this Fifth Report on the Action Taken by Government on the Recommendations contained in the Twenty Fourth Report of the Committee on Public Undertakings (2016-19) relating to Kerala State Construction Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2005.

The Statement of Action Taken by the Government included in this Report was considered by the Committee at its meetings held on 17-5-2018 and 23-11-2021.

This Report was considered and approved by the Committee at its meeting held on 27-12-2022.

The Committee place on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala, officials of Public Works Department and Kerala State Construction Corporation Limited who were present during the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,
1st February 2023.

E. CHANDRASEKHARAN,
Chairman,
Committee on Public Undertakings.

REPORT

This Report deals with the action taken by the Government on the recommendations contained in the Twenty fourth Report of the Committee on Public Undertakings (2016-19) relating to Kerala State Construction Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2005.

The Twenty fourth Report of the Committee on Public Undertakings (2016-19) was presented to the House on 9th March 2017. The Report contained two recommendations and the Government furnished replies to these recommendations.

The Committee considered the replies received from the Government at its meetings held on 17-5-2018 and 23-11-2021, in the presence of officials of Public Works Department and Kerala State Construction Corporation Limited.

The Committee accepted the reply to the recommendation in Para No. 13 without remarks. This recommendation and the reply furnished by the Government forms Chapter I of this Report.

The Committee accepted the reply to the recommendation in Para No. 12 with remarks. This recommendation, the reply furnished by the Government and remarks of the Committee forms Chapter II of this Report.

CHAPTER-I

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

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations	Action Taken by the Government
(1)	(2)	(3)	(4)	(5)
1	13	Public Works Department	The Committee observes that the technical resources of the company in the execution of work are poor in quality. The Committee therefore suggests that the company should seek to obtain advanced technical expertise along with modern machinery as part of a rejuvenation process.	During the last 5 years KSCC have completed many of the public works got awarded from the PWD through public tenders even though the number of works awarded to KSCC were much higher. The turnover of the company during 2006-07 was Rs. 2253.32 lakh which was increased to Rs. 62928.21 lakh in the year 2015-16 and KSCC was starting to book cumulative profit from the year 2013-14 onwards. Now the company started to conduct monthly review meeting on regular basis for the close monitoring of the works and as a result of effective measures taken by the company the

(1)	(2)	(3)	(4)	(5)
				<p>number of the long pending works are reduced to the minimum. It is also relevant that few works were completed well ahead of the agreed period of completion. However, based on the recommendation of the Committee on Public Undertakings, the Company is taking steps to procure the latest and modern machinery for the construction, improve the quality of service delivered to the public, adopt Project Evaluation Review Technique for monitoring the work etc and intending to implement a proposal for rejuvenating the company with the permission of the Government.</p>

CHAPTER-II

REPLY FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATION OF THE COMMITTEE WHICH HAS BEEN ACCEPTED BY THE COMMITTEE WITH REMARKS

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations	Action Taken by the Government
(1)	(2)	(3)	(4)	(5)
1	12	Public Works Department	The Committee is saddened to note that by acting just as a passive agent, the Company terminated the work for Rs.18 crore which resulted in a net loss of Rs. 8.29 crore. It is also bewildering that Rs.76 lakh spent towards the already completed work could not be realised since the works were terminated at the risk and cost of the company. The Committee, in this situation recommends that the Company should completely do away with the prevailing practice of subletting works to sub-contractors forthwith.	The department of PWD from 25-5-2016 onwards stopped all Subletting work and KSCC has been made as Special Purpose Vehicle (SPV) of KIIFB. The 192 th Board meeting held on 13 th March 2019 decided to consider the implementation of direct execution system after improving the financial position and suitable staff Strength of Company so as to compete with the other firms in the construction field.

The Committee considered the reply in the presence of officials of Public Works Department and Kerala State Construction Corporation Limited and enquired whether the decision of the Board meeting on 13-3-2019 has been implemented. The Managing Director of Kerala State Construction Corporation Limited informed the Committee that the decision has not yet been implemented since the financial position of the Company has not improved and the matter of direct execution of works has been included in the agenda of the next Board meeting. The Committee offered the remarks below after considering the MD's reply.

Remarks:

The Committee directs to furnish a detailed report about the implementation of the direct execution of works by the Corporation on the basis of the Board meeting.

Thiruvananthapuram,
1st February 2023.

E. CHANDRASEKHARAN,
Chairman,
Committee on Public Undertakings.