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FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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

SIXTH REPORT
(Presented on 1-2-2023)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM

2023

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**COMMITTEE
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(2021-2023)**

SIXTH REPORT

On

**The action taken by Government on the Recommendations contained in the
Thirty Eighth Report of the Committee on Public Undertakings (2016-19)
relating to Seven PSUs, based on the Report of the Comptroller and
Auditor General of India for the year ended on 31st March 2011**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2021-2023)

COMPOSITION

Chairman:

Shri E. Chandrasekharan

Members:

Shri A. P. Anil Kumar

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 Sixth Report on the Action Taken by Government on the Recommendation contained in the Thirty Eighth Report of the Committee on Public Undertakings (2016-19) relating to Seven PSUs, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2011.

The Statement of Action Taken by the Government included in this Report was considered by the Committee at its meeting held on 29-9-2021.

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, in the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,
1-2-2023.

E. CHANDRASEKHARAN,
Chairman,
Committee on Public Undertakings.

REPORT

This Report deals with the action taken by Government on the recommendation contained in the Thirty Eighth Report of the Committee on Public Undertakings (2016-19) relating to Seven PSUs, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2011.

The Thirty Eighth Report of the Committee on Public Undertakings (2016-19) was presented to the House on 18th May 2017. The Report contained only one recommendation and the Government furnished replies to this recommendation.

The Committee considered the replies received from the Government at its meeting held on 29-9-2021.

The Committee accepted the replies to the recommendation in Para No. 3 with remarks. This recommendation and the replies furnished by the Government forms Chapter I of this Report.

CHAPTER – I

REPLIES 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	3	Industries	The Committee opines that the excess contribution to Provident Fund resulted in an irregular payment which reveals the inefficient administration of the Corporation. Therefore the Committee directs that all EPF contributions should only be in consonance with the existing statutory rules and orders.	<u>Kerala Automobiles Limited</u> Kerala Automobiles Limited was established on 1984, for the production of Three Wheeler Vehicles. During that period, the salary of the employees was less than 6000 rupees. The PF contribution and collection used to be deducted from the whole salary including D.A. Now the PF fund is limited to 15,000 rupees. Subsequently the salary was increased, but due to the privileging practice, PF amount is deducted from the full salary. As per PF rule para 26(6) of PF scheme in respect of establishments having a staff

				<p>strength of 20 or more personnel are engaged in an industry noticed, under section 6 of Act 12 % of basic pay DA, cash value of food concession and relating advances, if any, subject to a maximum Rs.15,000 per month. In addition to this Voluntary higher contributions are also acceptable. In this view the authorities of Kerala Automobiles Limited deducted 12 % of Basic and DA from employee and same amount from employer, as EPF contribution.</p> <p>Withdrawal of existing practice of paying contribution to EPF to the all regular employees without the salary ceiling will create unrest among employees and Trade Unions, which in turn may adversely affect production in the organization. Moreover it may lead to disputes between the Trade Union and Management.</p> <p><u>Travancore Cochin chemicals Ltd.</u></p> <p>The Company has been providing employer's contribution at the rates specified by EPFO from time to time towards Provident</p>
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(1)	(2)	(3)	(4)	(5)
				<p>Fund on the full salary (basic pay plus dearness allowance) without considering the minimum salary fixed by them (presently it is 15000) from the very beginning. The Company strictly continue and to follow the same practice of making contribution to the PF at full salary for the existing employees and restrict the PF as per the limit for the new recruits from 1-4-2014 onwards vide G.O. (Ms) No.52/16/ID dated 2-3-2016. Reverting back of paying contribution as per the limit of ₹15000 p.m. from the present system of paying the contribution towards PF on full salary will create labour unrest and strain the good industrial climate inside the Company, besides legal litigation against the management and the government since the employees are enjoying the benefits since long. The EPF & MP Act specifies the minimum salary on which the employees contribution is to be provided; but it does not refrain the Company from paying the contribution on the actual salary.</p>

				<p><u>Keltron and it's Subsidiary Companies.</u> Kerala State Electronics Development Corporation is paying contribution to the EPF scheme to all regular employees without any salary ceiling from the starting of the Corporation and is being followed till date. Withdrawal of an existing benefit will cause discontent among employees and will have adverse effect on the activities of the Corporation.</p>
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Remarks:-

The Committee expresses its displeasure over different replies furnished by the department for the same recommendation and opines that a unified reply should have been submitted by the Department of Industries. The Committee recommends that the EPF share for the new appointments shall only be in accordance with the statutory rules or the ceiling fixed under the Act.

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Thiruvananthapuram,
1-2-2023.

E. CHANDRASEKHARAN,
Chairman,
Committee on Public Undertakings.