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FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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

EIGHTH REPORT
(Presented on 1st February, 2023)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM

2023

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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

EIGHTH REPORT

On

**The Action Taken by Government on the recommendations
contained in the Hundred and Third Report of the
Committee on Public Undertakings (2019-2021)
relating to Kerala Industrial Infrastructure
development Corporation (KINFRA),
based on the Report of the Comptroller
and Auditor General of India for
the year ended on 31st
March 2006**

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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 (2021-2023) having been authorised by the Committee to present the Report on their behalf, present this Eighth Report on the Action Taken by Government on the Recommendations contained in the Hundred and Third Report of the Committee on Public Undertakings (2019-2021) relating to Kerala Industrial Infrastructure Development Corporation (KINFRA), based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006.

The Statement of Action Taken by the Government included in this Report was considered by the Committee at its meeting held on 16-6-2022.

This report was considered and approved by the Committee at its meeting held on 10-1-2023.

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,
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 Hundred and Third report of the Committee on Public Undertakings (2019-2021) relating to Kerala Industrial Infrastructure Development Corporation (KINFRA), based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006.

The Hundred and Third Report of the Committee on Public Undertakings (2019-2021) was presented to the House on 13th November, 2019.

The Report contained eleven recommendations and the Government furnished replies to all these recommendations.

The Committee (2021-2023) considered and approved the replies received from the Government at its meeting held on 16-6-2022.

The Committee accepted the replies to all the recommendations without remarks. These recommendations and the replies furnished by the Government form Chapter I of this Report.

CHAPTER – I

REPLIES FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE 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	1	Industries Department	The Committee observes that KINFRA fails to achieve the goals of industrial policy of the State and recommends to take effective steps for the development and upgradation of infrastructure of the State by optimum utilization of its resources .	KINFRA has taken effective steps to utilise all lands acquired. The occupancy level of the land in various KINFRA Parks has touched 98 %. The occupancy level of built up space constructed has been arrived to 73 %. (Annexure -1) KINFRA has also formulated policy for identification of the land based on parameters. A District Industrial Site Selection Committee with GM- District Industries Centre (DIC) as Chairman and representatives from KINFRA, KSIDC and SIDCO, was also constituted by the Govt. to have effective mechanism for land identification. (Annexure -2)

2	2	Industries Department	The Committee observes with concern that the 200 acres of land handed over to HAL in 2005 is remaining futile till date without any developmental activities. The Committee voices strongly that the land allotted to HAL should be taken over from them and utilized it for other projects.	Out of the 200 acres of land allotted to HAL, a central PSU under Ministry of Defence, Govt. of India, they have utilised 40 % of the land. As per the policy of the Central PSU's, the land utilisation will be in a phased manner.
3	3	Industries Department	The Committee notes that KINFRA has no definite policy for purchase/ acquisition of land. KINFRA purchase/acquire land merely on the basis of availability. The Committee recommends to make proper planning and formulate definite marketing strategy before acquiring of lands for creation of infrastructure.	KINFRA has also formulated policy for identification of the land based on parameters. A District Industrial Site Selection Committee with GM-District Industries Centre (DIC) as Chairman and representatives from KINFRA, KSIDC and SIDCO, was also constituted by the Govt. in each District to identify the land, study the feasibility based on the infrastructure like power, water accessibility etc.
4	4	Industries Department	The Committee observes that IT parks were not established in suitable areas like Kochi where infrastructure and raw materials can be acquired easily. The Committee recommends to establish IT Parks in suitable places. The Committee reminds that selecting land and development of parks by creating infrastructure should be based on needs and in consonance with the industrial policy of Government.	KINFRA is focussing on the development of infrastructure for the sector specific/General Industries in the State. The infrastructure development relating to IT sector is co ordinated by the Kerala State IT Infrastructure Ltd, the Nodal agency under IT Dept.

(1)	(2)	(3)	(4)	(5)
5	5	Industries Department	<p>The Committee finds that the corporation does not undertake any feasibility study or adequate planning for the establishment of an Integrated Industrial Township in Kochi. The Committee observes that inadequate delay and procedural lapses on the part of the officials concerned had led to the situation of the Integrated Industrial Township project becoming a failure. The Committee strongly recommends that inordinate delay and procedural lapses should be avoided by issuing in proper time eviction notices to Companies which remain inert. The Committee recommends to take suitable measures to expedite the eviction of inactive companies so that profitable projects could be initiated in that place, and inform details.</p>	<p>KINFRA had set up a Hi-Tech Park in Kalamasserry in 243 acres of land. Based on Master Plan, KINFRA has allotted land to various Industrial units. Currently there are 41 nos. of units operating in the Park. KINFRA has incorporated necessary clauses in the agreement which permits an investor to commence the activities in the land allotted to them. In case of the non compliance of the Terms and Conditions of the agreement, KINFRA is empowered to revoke the relevant clauses in the agreement, issue reminders and can resume the land. This is being followed by KINFRA on case - to - case basis to resume such lands where no activities have taken place.</p>
6	6	Industries Department	<p>The Committee wants to be furnished with a detailed report on the land acquisition process at Kunnamthanam which was abandoned by KSIDC spending Rs.87.31 lakh. The Committee desires to be informed of the present status of the land.</p>	<p>The 38.41 acres land in Kunnamthanam was originally transferred from DIC. Later KINFRA developed the infrastructure facilities like power, water, roads etc. Currently the land is allotted to 31 no. of units in Industrial Park, Kunnamthanam. Currently an extent of 3.2 acres of land available in Kunnamthanam, for which KINFRA is receiving enquiries.</p>

7	7	Industries Department	<p>The Committee notices that the corporation paid Rs.7 crore as enhanced compensation to the land owners for a total area of 971.10 acres of land acquired by KINFRA, and wants to know whether the amount paid has now been recovered from the entrepreneurs who were allotted land during the period April 1998 to March 2006. The Committee demands to be furnished with a detailed report in this regard.</p>	<p>Detailed statement is enclosed as Annexure -3 As per the statement furnished as Annexure - 3, balance amount of additional enhanced compensation recoverable from the entrepreneurs comes to Rs.32.10 Crore and the amount recovered by KINFRA from the entrepreneurs is Rs.3.80 Crore.</p> <p>Committee may please note that even though there is a provision in the lease agreement entitling KINFRA to claim the enhanced compensation to the land owners from the lessee (entrepreneurs), the entrepreneurs raised disputes in the matter and filed writ petition before the Hon'ble High Court. In a decision dated 27/11/2017 against petition filed by two entrepreneurs who were allotted industrial plots at KINFRA Small Industries Park (KSIP) Thiruvananthapuram (Menamkulam), the Hon'ble High Court held that written demand shall be made to each of the petitioner, showing the basis of the demand. It was also made clear that the judgment of the court does not restrict any demand being raised on the basis of any subsequent enhancement, when made by Courts and court disposed of all the petitioners.</p> <p>Petition filed by 12 more entrepreneurs are still pending for final order.</p>
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(1)	(2)	(3)	(4)	(5)
8	8	Industries Department	The Committee accuses KINFRA for acquiring land in large scale without conducting feasibility study for each industry. The Committee strongly recommends that the functions of KINFRA should be implemented in a scientific manner and site selection should be carried out in a time bound manner taking into account the quality of land and circumstances for flourishing an industry in the area. The Committee also recommends to frame a separate wing for examining these aspects.	KINFRA has also formulated policy for identification of the land based on parameters. A District Industrial Site Selection Committee with GM- District Industries Centre (DIC) as Chairman and representatives from KINFRA, KSIDC and SIDCO, was also constituted by the Govt. in each District to identify the land, study the feasibility based on the infrastructure like power, water accessibility etc. The Committee is to submit the report and based on the report, Govt. will take a final decision. (Annexure - 2)
9	9	Industries Department	The Committee recommends that acquisition of new land should be effected only after completing the infrastructure facilities and allotment of already acquired land. The Committee urges to take earnest efforts on the part of KINFRA in this regard by avoiding inordinate delay.	KINFRA so far had acquired 3196.43 acres of land in various Districts of Kerala. These land parcels were developed with basic infrastructure facilities like power, water, roads etc. Out of this, the occupancy level is 99.89%. The new land acquisition is initiated based on the utilisation of the land acquired. KINFRA is following the policy of the land identification based on the report of the District Industrial Site Selection Committee

				with GM- District Industries Centre (DIC) as Chairman and representatives from KINFRA, KSIDC and SIDCO in each District. The Committee study the feasibility based on parameters like power, water, accessibility as well as the potential for investment.
10	10	Industries Department	The Committee find that KINFRA has no effective control over the joint venture companies formed by them to bring in capital and administer projects. The Committee recommends that the funds received for various projects should be productively utilized by KINFRA for the intended purpose. The Committee insists that necessary provisions for this should be included in the agreement with the joint venture companies for the proper control and proper evaluation of the monetary matters.	<p>KINFRA has formed six joint venture (JV) companies viz . M/s. Western India KINFRA Ltd., M/s. Rubber Park India Pvt. Ltd., M/s. Marine Products Infrastructure Development Corporation Pvt. Ltd., M/s. ICICI-KINFRA Ltd., M/s CARE Keralam Ltd and Kottayam Port and Container Terminal Pvt. Ltd. The purpose of forming joint venture companies is to support specific industries / infrastructure and thereby to attract entrepreneurs to the state of Kerala.</p> <ul style="list-style-type: none"> • Both Western India Kinfra Ltd and M/s Rubber Park India Ltd (JV between KINFRA and Rubber Board) are doing excellent job and even declared dividend during the last two financial years. • M/S. ICICI-KINFRA Ltd is no more in existence and the company has been struck off by ROC. As

(1)	(2)	(3)	(4)	(5)
				<p>recommended by the committee, necessary provision has also been made in the books of KINFRA.</p> <ul style="list-style-type: none"> • M/s. Marine Products Infrastructure Development Corporation Pvt. Ltd. (MIDCON) is a JV formed by The Marine Products Export Development Authority (MPEDA) and KINFRA (50:50) for the purpose of providing financial and technical assistance to marine and seafood industrial units in Kerala. The purpose for which the Company was formed is served and is still assisting industries engaged in the manufacture and export of Marine Products. • CARE KERALAM (Confederation for Ayurvedic Renaissance Keralam Ltd) is a Public limited company established in 2011 supported by Govt. of India, Department of AYUSH under scheme for development of AYUSH Clusters. The company is promoted by stakeholders of Ayurveda Industries

				<p>of Kerala, with equity partnership of Govt. of Kerala through KINFRA (Kerala Industrial Infrastructure Development Corporation).</p> <ul style="list-style-type: none">• Kottayam Port and Container Terminal Pvt. Ltd is conceptualised and implemented as an export promotion initiative to facilitate the promotion of exports from hinterlands of Idukki, Pathanamthitta and Kottayam Districts. It is the first and only Inland Container Depot (ICD) in Kerala and the only multi mode Inland Container Depot (ICD) in India which uses road and waterway for transportation of containers. This is an export promotion facility and successful in meeting the objective. The number of containers handled by the Port is increasing year by year and number of persons using the facility is also increasing.
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(1)	(2)	(3)	(4)	(5)
				<p>The 83rd Board of KINFRA dated 19-11-2020 have decided to set up an investment committee for the evaluation of business proposals in which KINFRA's investment is essential. All future investments by KINFRA in the form of JVs by bringing capital investments are now onwards going to be reviewed by the committee and as recommended more productivity will be ensured by this.</p>
11	11	Industries Department	<p>The Committee recommends to strengthen the internal control and audit system of the Corporation for its effective and smooth functioning.</p>	<p>Internal control of the corporation has been strengthened by appointing a reputed Chartered Accountants firms to conduct internal audit. M/s Varma and Varma Chartered Accountants are presently the internal auditor for the Corporation. The Board of KINFRA also constituted an Audit Committee with Chairman KSEB, Secretary Finance Resources (GoK), Chief Town Planner as members. The committee review the Auditor's report and recommend the report to Board for final approval.</p>

				Corporation has also strengthened its Fixed Assets verification area by appointing a Chartered Accountant firm. Entire assets across the industrial parks are now numbered (with Bar Code) and a certified Fixed Asset register is maintaining for future verification.
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Thiruvananthapuram,
1st February, 2023.

E. CHANDRASEKHARAN,
Chairman,
Committee on Public Undertakings.

KINFRA PARKS OCCUPANCY LEVEL

KINFRA Land	
Total land acquired by KINFRA	3196.43 acres
Total land allotted	3193.23 acres
Level of occupancy	99.89%

Standard Design Factory (ready to occupy space)	
Total Area in Sq. Ft	1,249,529.01 Sq.Ft
Allotted Area	9,044,08.87 Sq.Ft
Balance Area	3,45,120.14 Sq. Ft
Level of Occupancy	73%



31 May 2017

Annexure-2
55882

GOVERNMENT OF KERALA

Abstract

Industries Department-Procedures for Identifying and Allotting Land by Entities under the Industries Department - Orders issued.

INDUSTRIES (G) DEPARTMENT

G.O.(Rt) No.732/2017/ID

Dated, Thiruvananthapuram, 24/05/2017

ORDER

It has come to notice that sufficient care and scrutiny has not been taken in identifying land for industrial development in some cases. Urgent measures are required to be put in place to prevent recurrence. The following directions are therefore issued for immediate implementation in supersession of all orders hitherto in the matter.

1. All industrial land development agencies under this Department shall endeavour to select only lands acceptable to industrialists for acquisition and development. At least 75% of the land acquired shall be allotable. Such lands should not fall in ecologically sensitive areas. Water and power availability, or in the absence thereof, possibility of developing these facilities at reasonable cost should be ensured. The land selected should be acceptable in terms of proximity to National /State Highways, with roads wide enough to permit container trailers to travel, or with possibility of acquiring land for the purpose without public opposition in case wide enough roads need to be developed.
2. A District Industrial Site Selection Committee with the following members is hereby constituted for proposing new lands for acquisition and development as Industrial Estates: General Manager, Directorate of Industries and Commerce, (Chairman), the representative of KINFRA, KSIDC, and SIDCO. KINFRA shall be the convenor of the Committee.
3. The District Industrial Site Selection Committee shall inspect and render a report on the feasibility of acquiring any new plot for industrial purpose for any entity under the Industries Department in terms of these guidelines. A feasibility report signed by Chairman and Convener shall be forwarded to Industries Department in Government for further processing. Such reports shall be considered by this Department. Cases found suitable by this Department shall thereafter be pursued with the Revenue Department.
4. In the typical case, development agencies shall ensure that there is not more than a 5-6 year period from the take over of land to its allotment. To facilitate this, strict timelines should be followed for land acquisition, utility development and land allotment, as under.

Time Frame	
For Land Acquisition/by Negotiation	1.5 year
For Utility Development	2 years
For Full Allotment	2 years

Deviations from this time frame may be permitted in specific cases if a sufficiently convincing reasoning is adduced by the agency involved, and recommended by the District Industrial Land Committee.

5. Ordinarily, lands shall be allotted only after recovering all costs incurred by the agency. Where necessary, the infrastructure shall be developed in phases and the anticipated cost shall be loaded in the land pricing. So only those plots where at least 80% of the allottable land can be allotted within 3 years of development, shall be taken up for acquisition. The cost of land, including its acquisition and development cost, should be attractive enough to potential allottees, and the agency should be able to justify all future proposals on the basis of commitments as per the following format:

Item	In Rs
Cost of Acquiring Land	
Cost of Developing Land – power supply, water supply, drainage, roads, boundary fencing, effluent and sewage treatment plants, signages	
Average Cost of the Land (per acre)	
Assuming 75% is allottable, Cost of Allottable Land (per acre)	
Whether all the Allotable Land can be Allotted within 2 years after Development at the above rate	

6. The District Industrial Site Selection Committee shall vet proposals of District Mini Industrial Estate Cooperative Societies also; however, action for acquiring the land shall be sanctioned at the level of the GM, DIC on receipt of a positive recommendation of the District Industrial Land Committee.

7. The District Industrial Site Selection Committee shall also vet proposals for setting up Private Industrial Estates and submit recommendations to Government.

8. A District Industrial Land Allotment Committee with the following is hereby constituted for the purpose of considering applications for land and finalising allotments: GM, DIC (Chairman), representatives of KINFRA, KSIDC, SIDCO, KFC and Lead Bank Manager. KINFRA shall be the convenor of the Committee.

- a. This Committee shall scrutinise applications and make allotments for land belonging to all entities under the Industries Dept
- b. The Committee shall dispose off applications within 45 days of receipt.
- c. The allottees shall continue to be governed by the terms and conditions of the respective entity.
- d. All allotments upto 10 acres shall be done at the District level by the agency concerned on the basis of recommendations of this Committee.
- e. Applicants for land may apply either to the agency or to the GM, DIC. KINFRA will create an online portal, and from 1.7.2017, only online applications for land will be accepted.
- f. The Committee shall invite applications for allotment of plots and built up area through the website as well as through media releases.
- g. The allotments shall be on the basis of size of investment, employment opportunities, and ability to invest.
- h. The Committee may meet as often as required to make allotments. The quorum for a meeting shall be four.
- i. The Committee may also screen applicants and maintain a waiting list where demand exceeds supply; however, the validity of such a list shall be for only one year.

9. Appeals against any decision of the Committee shall lie to the Industries Secretary. However, such appeals shall be filed within one month of receipt of the decision of the Committee.
10. However, allotments of land in respect of District Mini Industrial Estate Cooperative Societies and Private Industrial Estates shall be outside the purview of the Committee.
11. Allotments of 10 acres and more in Industrial Estates of entities under this Dept. shall be considered by a State Industrial Land Allotment Committee headed by Industries Secretary and comprising DIC, MD, KSIDC, MD, KINFRA, MD, SIDCO, MD, KFC and Convenor, SLBC. Applications shall be filed to KINFRA.
12. The fee for applying for allotment of land to the District Industrial Land Allotment Committee shall be Rs.5,000 + taxes and to the State Industrial Land Allotment Committee shall be Rs.10,000 + taxes.
13. The DIC and KINFRA together shall maintain a data base of all industrial land in the State. For this purpose the term 'industrial land' shall refer to not only lands comprised in existing industrial estates, by whatever name called, under the different entities, but also land acquired by the State under the Land Acquisition Act for private companies, Central and state PSUs and land purchased by Industrial Cooperative Societies. The objective shall be to take over these lands and convert them into industrial estates under KINFRA in case the entity for which the land was acquired, becomes defunct. The data shall be collected by DIC and handed over to KINFRA for maintenance. Maps of all industrial lands shall be digitised.
14. DIC and KINFRA shall monitor activity in the Industrial Estates of the various entities and maintain a data base. The Committee at Para 6 shall examine whether a unit that is defunct can be revived. In case the Committee finds that the unit is beyond revival, the land/ built up space shall be resumed after due process.

(By Order of the Governor)

PAUL ANTONY,

Additional Chief Secretary to Government.

To

- The Director of Industries & Commerce, Thiruvananthapuram.
- The Managing Director, Kerala State Industrial Development Corporation Limited (KSIDC), Thiruvananthapuram.
- The Managing Director, KINFRA, Thiruvananthapuram
- The Managing Director, SIDCO, Thiruvananthapuram
- The Managing Director, Kerala Financial Corporation, Thiruvananthapuram
- The Convenor, State Level Banker's Committee, Thiruvananthapuram.
- The Principal Accountant General (Audit), Thiruvananthapuram.
- The Accountant General (A&E) / Audit, Kerala, Thiruvananthapuram.
- Finance Department
- Revenue Department
- The Director, Information & Public Relations Department
(for publishing in the official website)
- Stock File / Office Copy

Forwarded/By Order



Section Officer

Annexure -3**Additional compensation receivable, received and outstanding as on 31.03.2020**

Sl.No	Name of the park	Amount receivable	Amount received	Balance amount outstanding
		Addl LAR comp	Addl LAR comp	Addl LAR comp
1	KSIP - TRIVANDRUM (Phase I)	21,46,727	13,75,573	7,71,154
2	KSIP - TRIVANDRUM (Phase II)	3,99,33,608	4,67,291	3,94,66,317
3	KSIP - TRIVANDRUM (Phase III)	51,33,012	5,22,605	46,10,407
4	KIAP - TRIVANDRUM	3,18,08,873	1,56,79,882	1,61,28,991
5	KIAP- TRIVANDRUM (Phase IV & V)	5,40,84,122		5,40,84,122
6	KSIP - Thalassery	1,34,37,947	26,81,884	1,07,56,063
7	KSIP - Kasargod	20,33,974	13,80,448	6,53,526
8	KSIP- Adoor Phase I	45,77,748	9,69,038	36,08,710
9	KSIP- Adoor Phase II & III	1,00,55,400		1,00,55,400
10	KSIP - Adoor Phase IV	30,55,975		30,55,975
11	KSIP - Adoor Phase V	5,57,46,363		5,57,46,363
12	KSIP Kunnamthanam Phase I	2,21,41,512	2,02,640	2,19,38,872
13	KSIP Kunnamthanam Phase II	1,28,18,495		1,28,18,495
14	IIT Palakkad	3,49,65,797	1,41,57,677	2,08,08,120
15	KEPIP (Ernakulam)	6,72,22,084	6,45,483	6,65,76,601
	Total	35,91,61,637	3,80,82,521	32,10,79,116