



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2019-2021)**

HUNDRED AND FIRST REPORT
(Presented on 13th November, 2019)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2019**

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2019-2021)**

HUNDRED AND FIRST REPORT

On

**The Action Taken by Government on the recommendations contained
in the Ninth Report of the Committee on Public Undertakings
(2016-2019) relating to Autokast Limited, based on the
Report of the Comptroller and Auditor General
of India for the year ended 31-3-2012
(Commercial)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2019-2021)

COMPOSITION

Chairman :

Shri C. Divakaran.

Members :

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri S. Rajendran

Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

Shri M. Ummer

Shri P. Unni.

Legislature Secretariat :

Shri S. V. Unnikrishnan Nair, Secretary

Shri K. Suresh Kumar, Joint Secretary

Shri Harish G., Deputy Secretary

Smt. Reji D. O., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Hundred and First Report on the action taken by Government on the recommendations contained in the Ninth Report of the Committee on Public Undertakings (2016-2019) relating to Autokast Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2012 (Commercial).

The statement of action taken by the Government included in this report was considered by the Committee constituted for the year (2019-2021).

This Report was considered and approved by the Committee at the meeting held on 27-8-2019.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit), Kerala and Secretary, Industries Department in the examination of the statements included in this Report.

Thiruvananthapuram,
27th August, 2019.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT

The Report deals with the action taken by the Government on the recommendations contained in the Ninth Report of the Committee on Public Undertakings (2016-2019) relating to Autokast Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2012 (Commercial).

The Ninth report of the Committee on Public Undertakings (2016-2019) was presented in the House on 8-11-2016. The report contained three recommendations and the Government furnished replies to all the recommendations. The Committee (2019-2021) considered the replies received from the Government at its meeting held on 15-5-2019.

The Committee accepted the reply to the recommendations in para Nos. 8 and 9 without any remarks. These recommendations and their replies form Chapter I of the Report.

The Committee accepted the reply to the recommendation in para No. 10 with remarks. The recommendation and the reply furnished thereon by Government and the remarks of the Committee form Chapter II of the Report.

CHAPTER I

REPLY 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	8	Industries	The Committee expresses its displeasure over the frequent changes in Managing Directors which adversely affects the functioning of the Company. The Committee observes that the company has been continuously incurring losses during the 5 year period ending March 2011 as the scarcity of skilled labourers, raw materials and out dated engineering methods are affecting the productivity of the company. The	As per the Articles of Association of Public Sector Undertakings, the appointment of Chief Executives/Managing Director's of PSUs are vested with Government. Presently the appointment is made from a selection list prepared by RIAB. Subject to the administrative convenience, the Managing Directors of the PSUs may be changed.

(1)	(2)	(3)	(4)	(5)
			<p>Committee dissatisfied with the prolonged use of old and worn out machinery which is resulting in high power consumption. The Committee therefore recommends to install the new plant with latest technology as early as possible.</p>	<p>Action has already been taken to increase the productivity of the Company by appointing 151 skilled labourers in different sections, acquiring more raw materials and using modern engineering methods. The concern of the Committee regarding high power consumption has been well taken care of in 2012 itself by commissioning medium frequency induction furnace, of 5 + 3 Ton capacity which is being helped the Company to manufacture GI, SGI and steel castings in the existing production line with the financial support from Government. With this, the power consumption has been reduced from 2000 Kwh to</p>

(1)	(2)	(3)	(4)	(5)
				<p>1450 Kwh per Kg of castings. Company is also proposing technology upgradation for existing mains Frequency (50 Hz) Induction Furnace by replacing the yoke and coil of the 35 years old furnace to improve the power consumption. The fund for this was sanctioned in the last working group meeting. By improving the power factor by adding capacitor banks company achieved drastic reduction in power consumption. For the reduction of power bill, the production was not planned between peak hours (6 pm to 10 pm). One latest technology Arc Furnace was also proposed and sanctioned in the last working group of the Government to improve the productivity in steel casting line.</p>

(1)	(2)	(3)	(4)	(5)
2	9	Industries	<p>It has come to the notice of the Committee that, as of now, the Company lacks adequate skilled labourers. Because of this, the Company employs unskilled labourers and this has marred the labour productivity to a greater extent. The Committee, therefore, recommends that the company should utilize the services of skilled permanent labourers instead of unskilled temporary labourers.</p>	<p>Corrective actions have already been taken by appointing 151 skilled labourers in different sections such as Moulding, Melting and Pattern Shop, Fetting etc. during 2014-15 while the unskilled is to be appointed in the areas of Fetting, Grinding and Material Transhipment. Hence the productivity is improved subsequently.</p>

CHAPTER II

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

Sl. No	Para. No.	Department Concerned	Conclusions/Recommendations	Action taken by Government
(1)	(2)	(3)	(4)	(5)
1	10	Industries	It is observed that the scarcity of raw materials has been a pernicious matter affecting the Company. It is evident that the company is paying an exorbitant cost towards raw materials, since the procurement of it is made on credit. The Committee, therefore opines that the Government should lend unequivocal support to the company in procuring raw materials at a reasonable cost by keeping away the foregoing transaction on credit.	The scarcity of working capital is the only reason for the low stock of raw material and the same is due to the lack of working capital support from Banks and Financial Institutions as the company is still under BIFR. Once the working capital is ensured through cast credit mechanism from Banks, this problem can be solved.

Remarks : The Committee understand that the Autokast Limited Company has been working at a great loss since the last forty years. The Committee is of the view that the Company will not have the need to depend on anyone if the loss of the Company had been converted to equity shares. The Committee recommends that the Industries Department take urgent necessary steps to convert their loss to equity share.

Thiruvananthapuram,
27th August, 2019.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

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