



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

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

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2019

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On

**KERALA INDUSTRIAL INFRASTRUCTURE DEVELOPMENT
CORPORATION (KINFRA)**

**(Based on the Report of the Comptroller and Auditor General of India
for the year ended 31 March, 2006)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2019-2021)

COMPOSITION OF THE COMMITTEE

Chairman :

Shri C. Divakaran.

Members :

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri S. Rajendran

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Shri Sunny Joseph

Shri C. F. Thomas

Shri M. Ummer

Shri P. Unni.

Legislature Secretariat:

Shri S. V. Unnikrishnan Nair, Secretary

Shri P. B. Suresh Kumar, Joint Secretary

Shri G. Harish, Deputy Secretary

Smt. Reji D. O., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2019-21) having been authorised by the Committee to present the Report on its behalf, present this Hundred and Third Report on 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 relating to the Public Sector Undertakings of the State of Kerala.

The aforesaid Report of the Comptroller and Auditor General of India for the year ended 31st March, 2006, was laid on the Table of the House on 28-3-2007. The consideration of the audit paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the years 2016-2019 at its meeting held on 16-11-2017.

This Report was considered and approved by the Committee (2019-21) at its meeting held on 10-10-2019.

The Committee places on record its appreciation for the assistance rendered to it by the Accountant General (Audit), Kerala in the examination of the audit paragraphs included in this Report.

The Committee wishes to express its thanks to the officials of the Industries Department of the Government Secretariat and Kerala Industrial Infrastructure Development Corporation (KINFRA) for placing the materials and information solicited in connection with the examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government - Industries and Finance Departments and the officials of the Kerala Industrial Infrastructure Development Corporation who appeared for evidence and assisted the Committee by placing their views before it.

C. DIVAKARAN,

Chairman,

Committee on Public Undertakings.

Thiruvananthapuram,
10th October, 2019.

**REPORT
ON
KERALA INDUSTRIAL INFRASTRUCTURE DEVELOPMENT
CORPORATION (KINFRA)**

AUDIT PARAGRAPH

**3.4. (2005-06)
(3.4.1 to 3.4.33)**

Introduction

3.4.1 The Kerala Industrial Infrastructure Development Corporation (Corporation) was set up in February 1993 under the Kerala Industrial Infrastructure Development Act, 1993 (Act) to provide for the establishment of industrial areas, organisation of industrial growth centres and for setting up infrastructural facilities for industries. The main activities of the Corporation are;

- to develop, establish and maintain industrial areas selected by the Government;
- to identify appropriate industrial sites, acquire them and tie-up the required infrastructure facilities like power, water, roads, communications, etc.; and
- to allot the developed plots to entrepreneurs on terms and conditions as may be determined by the Corporation.

The allotment of developed/undeveloped land to prospective entrepreneurs was being made on lease basis for a period of 90 years after collecting lease premium amount and annual lease rent and service charges thereafter.

As on 31 March, 2006, the Corporation had three associate companies* engaged in the business of export promotion, textile apparels and film and video as well as eight Industrial Infrastructure Development Centres (IIDCs). The Corporation also entered into agreement for five Joint Ventures**.

The management of the Corporation vests with a Board of Directors consisting of eleven members with the Chief Secretary to Government of Kerala as

* Kinfra International Apparel Park, Kinfra Film and Video Park and Kinfra Export Promotion Industrial Park.

** Rubber Park India (P) Limited, ICICI-KINFRA Limited, Western India KINFRA Limited, Marine Products Infrastructure Development Corporation Limited, Care KERALAM Limited.

Chairman. The Managing Director is the Chief Executive of the Corporation. There were no members representing professional bodies and financial institutions as contemplated under Section 5 of the Act *ibid*.

Scope of audit

3.4.2 The performance review conducted during January to May 2006 covers the activities of the Corporation in the development of infrastructure for industries during the five years ended 31 March 2006.

Seven IIDCs and three Associate companies and three Joint Venture Companies[@] which had taken up development works for infrastructure and allotment to entrepreneurs were covered in the present study.

Audit Objectives

3.4.3 The objective of the performance review was to examine the role of Corporation in the development of industrial infrastructure in the State with a view to ascertain whether:

- there was a clearly laid down plan for purchase and development of land;
- land procured was developed by establishing infrastructure facilities like roads, power, water supply, communication, etc.;
- the funds received from Central and State Government by way of grants and loans were utilised in an economic, effective and efficient manner;
- land developed was allotted to industrial entrepreneurs and the terms and conditions of lease were conducive to industrial development and lease rent fixed was Optimum;
- there was proper co-ordination of various government departments and agencies to ensure timely and qualitative facilities; and
- the Corporation could ensure availability of adequate infrastructure to the entrepreneurs.

@ IIDCs at Thiruvananthapuram, Muzhuvacuur, Koratty, Malappuram, Wayanad, Thalassery, Kasargod. Associate companies Kinfra International Apparel Park, Kinfra film and Video Park, Kinfra Export Promotion Industrial Park. Joint Venture Companies: ICICI-KINFRA, Western India KINFRA Limited and Marine Products Infrastructure Development Corporation.

Audit Criteria

3.4.4 The Audit Criteria used for assessing the achievement of audit objectives were as follows:

- Industrial policy of the State Government and directives issued relating thereto.
- Targets fixed for selection of areas for development of infrastructure.
- Detailed studies made to establish whether industrial entrepreneurs were willing to acquire the areas if infrastructure development was carried out. Cost efficiency of plots allotted in various industrial parks.
- Performance of industries with regard to working results and employment opportunities created.
- Performance of associate companies particularly with reference to their intended objectives.
- Agreements with Joint Venture Companies and return on such investments.

Audit Methodology

3.4.5 The Audit methodology adopted involved:

- examining the industrial policy of the State Government and ascertaining whether the infrastructure development was in conformity with the policy and directions of the Industries Department/ Ministry;
- scrutiny of Government Orders, minutes of the meetings of the Board of Directors, Project Implementation Committee, Pricing Committee, etc.;
- review of tender files, work contracts, payment vouchers, etc., and scrutiny of records of associate companies and Joint Venture Companies;
- review of documents relating to award of contracts, their execution and norms for provision of facilities, fixation of lease premium, rent of Standard Design Factories and its realisation; and
- review of Progress reports and administrative reports sent to Industries Department/Government.

Audit findings

3.4.6 Audit findings as a result of test check were reported to the Corporation/Government in July 2006 and discussed in the meeting of the Audit Review Committee on Public Sector Enterprises (ARCPSE) held on 4 August 2006, which was attended by the Additional Secretary, Industries Department and Managing Director of the Corporation. The views expressed by the members were taken into consideration while finalising the review.

Audit findings are discussed in the succeeding paragraphs:

Industrial Policy

3.4.7 The State Government announced (1998, 2001 and 2003) the Industrial Policy which provided an overall approach towards development and upgradation of infrastructure to enable optimum utilisation of the State's resources. As per the 1998 policy the Government identified 100 per cent Export Oriented Unit (ECU) and tiny, small, medium or large units in sectors like Information Technology, Tourism, Agro based business including food processing, Readymade garments, Ayurvedic medicines, Mining, marine products, light engineering, bio-technology and rubber based industries as thrust Sectors. Specialised industrial parks with state-of-the-art infrastructure were to be developed for each of the above thrust sectors.

Under the industrial Policy of 2001 and 2003 the Corporation was expected to 'kick start' infrastructure development in the State and to bring about revolutionary changes in the availability of quality infrastructure. The salient features of the policy included:

- Revival of Kerala State Export Promotion Council to cater to the needs of export community.
- Announcement of a new export policy by constituting an Export Promotion Committee with the Corporation as a nodal agency.
- Setting up transparent methods for private participation in infrastructure in public interest.
- Setting up industrial parks for various sectors and groups including women.

- Development of industrial areas under Build, Operate and transfer (BOT) and Build, Own, Operate and Maintain (BOOM) basis.
- Development of road and water transport with private participation.
- Provision of educational and research institutions of international standards related to business/ industry.
- Creation of a separate fund by the Corporation to take up preliminary/ feasibility studies.
- Implementation of the Special Economic Zone (SEZ) policy and establishment of Industrial Development Zones.
- Constant co-ordination with Government of India for ensuring higher central investment in Kerala.

Out of the various activities indicated above, the Corporation had taken up the setting up of industrial parks for Various sectors and groups.

Purchase/Acquisition of Land

3.4.8 For the purpose of establishing industrial parks by providing infrastructural facilities the Corporation had been purchasing/acquiring land. The land acquisition was made through the District Collector and in some cases purchases were made directly from other departments/institutions. The Corporation, however, did not have any definite policy for selection of land for purchase/acquisition with reference to the nature of industries and suitability for creation of infrastructure facilities. The procurement/purchases were being made merely on the basis of availability of land.

During January 1995 to December 2005, the Corporation acquired/purchased 2750.14 acres of land at 17 locations. Annexure 20 gives details of area acquired/purchased, cost of land and cost of development of various industrial Parks. The total cost of 2384.34 acres of land (excluding 240 acres assigned by the State Government free of cost and 125.80 acres for which valuation was yet to be made) was Rs.81.75 crore. The cost of land ranged from Rs.1.13 lakh to Rs. 7.53 lakh per acre depending on the location except the cost of land procured at the rate of Rs.28.01 lakh per acre at Kochi during 2005.

The industrial infrastructure development centres (IIDC) schemes envisaged development of industrial areas with infrastructure facilities within two years. Out of the total area of 1914.98 acres (Annexure 20) of land in 13 industrial parks, development works were undertaken in an area of 1032.52 acres only keeping an area of 882.46 acres without commencing development works. In respect of the balance area of 835.16 acres of land under "Other Parks" development Works were undertaken only in 382.06 acres leaving a balance of 453.10 acres of undeveloped land. This included 164.22 acres of land acquired for a private party as discussed in para 3.4.10 infra.

The deficiencies noticed in the purchase/acquisition of land and its utilisation are discussed in the succeeding paragraphs:

Land assigned for Industrial Township

3.4.9 The Corporation identified an area of 300 acres of land owned by Hindustan Machine Tools Limited in the prime locality at Kochi and submitted (May 1999) its proposals to the State Government for establishment of an Integrated Industrial Township (IIT) through a suitable Joint Venture Partner who was to be identified. The Government, accordingly, assigned and allotted (June 1999) 250 acres of land which was taken over by the Corporation in November 1999. The proposed IIT was to comprise of KINFRA ITPO Exhibition-cum-Convention Centre (40 acres), KINFRA Export Promotion Industrial Park -Free Trade Zone (135 acres) and Hi-tech Park (75 acres). It was noticed during audit that the Corporation had not undertaken any feasibility study for the establishment of an industrial township in the area and no Joint Venture partner could be identified till date (August 2006). Thus, even after the lapse of over five years the Industrial Township had not been started. The only activity undertaken on the land was commencement (April 2005) of civil construction work for a Biotechnology Incubation Centre building in an area of 40 acres. The Corporation thither transferred 10 acres of land to the National Institute of Legal Studies without lease rent for 90 years as directed (August 2005) by the Government. The balance area of 190 acres has been lying idle since November 1999.

The Management stated (July 2006) that several attempts made from June 2000 onwards to find a private sector participant for Hi-Tech Park through the

process of newspaper advertisements were not fruitful since there was no demand for land at that time. The reply indicated that the Corporation had sent the proposal for setting up of an Industrial Township without adequate planning and study.

Acquisition of land for a Private Entrepreneur

3.4.10 On the direction of the State Government, the Corporation entered into (December 1997 and May 2000) an agreement with a private entrepreneur viz. Kannur Power Projects (KPP) to provide land to him for setting up a 500 MW thermal power project by KPP. The Corporation acquired and took possession (July 2000) of an area of 164.22 acres of land in Kannur District at a cost of Rs.3.65 crore. As per the terms of the agreement, the private entrepreneur (KPP) had to bear all the liabilities arising out of acquisition proceedings and also to refund to the Corporation the amount along with the interest at the rate of 16.5 per cent per annum.

Land costing Rs.3.65 crore acquired on behalf of a private entrepreneur had not been utilised and interest due there against amounted to Rs.2.83 crore

Audit scrutiny revealed that KPP did not comply with the terms of the agreement and the land measuring 164.22 acres was kept in the possession of the Corporation. The Corporation paid Rs.3.65 crore towards the cost of land. Besides there were 62 land acquisition reference cases to be decreed by the Court. The total amount due (including interest of Rs.2.83 crore) worked out to Rs.6.48 crore. The Corporation could not take any legal action for the realization of these dues from KPP in the absence of any clause in the agreement to this effect.

The Management stated (July 2006) that the agreement with KPP was still subsisting and hence Corporation cannot unilaterally withdraw from the agreement and cannot make use of the land for any other purpose as this would jeopardize the smooth process of recovery of dues from KPP and that it was seeking the Government's direction for realization of the amount.

The reply is not tenable since no specific provision was included in the agreement with KPP for utilisation of land for some other purposes by the Corporation in case of any default by KPP. Further the Corporation did not have any viable proposals for the utilisation of this land.

Land acquired at Kunnamthanam

3.4.11 The Corporation got transferred (March 2000) an area of 14.48 hectares (37.5 acres) out of 35.48 hectares of land acquired (February 1999) by the State Government at Kunnamthanam, Pathanamthitta District for setting up an Industrial Growth Centre. The Corporation paid Rs.87.31 lakh to the State Government in February 2004 for taking possession of this land. The area had earlier been abandoned (November 1996) by Kerala State Industrial Development Corporation (KSIDC) on the ground that setting up of an Industrial Centre was technically and commercially not viable. Petitions filed by the land owners in the Hon'ble High Court against acquisition proceedings were also pending at the time of transfer. In spite of this, the Corporation got possession (February 2001) of the land and also obtained approval (December 2001) from the Government of India for setting up of an IID Centre at a cost of Rs.5.05 crore. The development works could not be carried out since the land owners obtained stay order from the Hon'ble High Court. The Government of India cancelled (December 2005) the approval for IID Centre at Kunnamthanam.

Decision to set up the IID centre which was not technically and commercially suitable resulted in blocking up of Rs.87.31 lakh

Since the land had been abandoned by KSIDC, the Corporation was aware of the unsuitability of the location for IID centre even prior to taking over the land. The decision of the Corporation to set up IID centre in a location which was not technically and commercially suitable resulted in non-establishment of an industrial park and blocking up funds to the extent of Rs.87.31 lakh spent for land acquisition.

The Management stated (April 2006) that the Hon'ble Supreme Court had finally decided (December 2005) the cases against acquisition, in favour of the Corporation and the development work of the park had begun (April 2006). Since GOI assistance was available only for one year as per the scheme, the Corporation proposed to meet the expenditure from the State Government's share of assistance.

Payment of enhanced compensation

3.4.12 As per the license agreement/lease deed (Clause 3) the premium payable by an individual entrepreneur would be enhanced proportionately if

additional compensation had to be paid as a result of any court order pursuant to provisions of Land Acquisition Act. The land owners (1029 nos.) of eight centres* had filed (April 2000 to March 2006) cases before the Court's claiming enhanced compensation for a total area of 1971.10 acres of land.

The Corporation failed to demand and recover from entrepreneurs enhanced compensation of Rs.seven crore paid to land owners towards cost of land.

The Corporation paid Rs.seven crore in respect of 380 cases settled and 649 cases were still (April 2006) pending in various courts. In Spite of specific terms and conditions to this effect in the license agreements and lease deeds, the Corporation had not demanded the proportionate share of enhanced compensation from the industrial entrepreneurs who were allotted land during the period April 1998 to March 2006.

The Management stated (July 2006) that they propose to recover enhanced compensation by fixing the cut off period as 31 March 2006 and then periodically till complete cases were finally disposed of. It was, however, noticed in audit that the Corporation had not claimed (July 2006) the enhanced compensation even after the proposed cut off date.

Allotment of Land

3.4.13 The Corporation framed (December 1993) rules and regulations as per Sections 49 and 50 of the Kerala Industrial Infrastructure Development Act, 1993 which are pending approval of the State Government (August 2006). Further, as per section 50 of the KIID Act 1993, the Corporation framed (February 1996) Land Disposal Regulations to deal with matters relating to allotment of land and the same were still (August 2006) pending approval from the State Government. The land at the industrial parks of the Corporation is to be allotted on lease for a period of 90 years under these Regulations. The State Government constituted (May 1999) the Pricing Committee and Land Allotment Committee for dealing with fixation of lease premium and allotment of land for each area. During April 1998 to March 2006, the Corporation allotted an area of 408.76 acres of land in 238 cases. Licence agreements were executed in 191 cases for an area of 170.59 acres in 10

* KIAP/IDC, Trivandrum; KEPF, Emakulam; IIDC, Thalassery; IIDC, Kasargod; IIT, Palakkad; IIDC, Adoor; Kannur Power Project, Kannur and Rubber Park, Irappanam.

Industrial parks and 52nd entrepreneurs had executed lease deed for a total area of 165.02 acres in nine industrial parks.

The deficiencies noticed in the allotment of land and execution of lease agreements/ deeds are discussed below:

Delay in execution of licence agreements/lease deeds

3.4.14 Land Disposal Regulations provide for allotment of land to the entrepreneurs within 30 days of application followed by execution of a licence agreement within 15 days thereafter on payment of a minimum of 50 per cent of lease premium amount. The entrepreneurs have to execute a lease deed within two years from the date of licence agreement upon payment of full lease premium and commencement of commercial production.

Audit scrutiny disclosed the following:

- Of the 238 cases where allotment letters were issued during April 1998 to March 2006, licence agreements were executed within the prescribed period of 15 days in 28 cases only. The delay in executing licence agreements in the other cases ranged between two and 1348 days involving amounts ranging between Rs.0.22 lakh and Rs.82.84 lakh.
- Of the 191 cases in which licence agreements had been executed, the lease deeds were executed in 45 cases only. A test check of 35 cases out of these 45 cases revealed that in 21 cases lease deeds were executed within the prescribed period of two years, while in the remaining 14 cases, the delay ranged from one month to 35 months.
- In respect of 55 cases involving an area of 59.53 acres of land as on 31 March 2006, the mandatory period of two years from the date of licence agreement had already expired but no lease deed had been executed so far, even after delays ranging between one month to 84 months after expiry of the two year period. An amount of Rs.1.64 crore (lease premium Rs.1.46 crore and interest Rs.18 lakh) was outstanding from the parties. No action was taken by the Corporation to revoke the agreement and to restore the land after forfeiting the EMD as per Clauses 5 and 7 of the licence agreement.

* Includes seven cases where direct lease deed (without licence agreement) has been executed for an area of 118.98 acres.

Deviations from the provisions of Land Disposal Regulations

3.4.15 The Corporation deviated from the provisions of Land Disposal Regulations in adhering to the period prescribed for allotment of land, execution of licence agreement/ lease deed, etc. The deviations resulted in undue favour to the entrepreneurs and cases of loss by way of interest on lease premium as suffered by the Corporation are discussed in succeeding paragraphs:

Allotment to Kairali Group

3.4.16 The Corporation acquired (1999-2002) 340 acres of land near Walayar in Palakkad district (cost Rs.7.61 crore) for setting up an industrial township as per orders (October 1998) of the State Government. Out of this an area of 79.40 acres of land was allotted (November 2002 and February 2003) to Kairali Herbal Cures (P) Limited (KHC) on lease for a period of 90 years to set up a full fledged herbal cure centre, at a total lease premium of Rs.2.41 crore. The lease deed was executed in May 2005.

Deviating from the Land Disposal Regulations, the Corporation allowed instalment facility over a period of two years for payment of premium without entering into licence agreement resulting in loss of interest amounting to Rs.39.09 lakh and extension of undue favour to the party.

Delay in collection of lease premium amount in time entailed interest loss

Further land measuring 98.80 acres was allotted (June 2005) to another firm [Kairali Heritage Centre (P) Limited] of the same group. This firm paid (August 2005) only the EMD (Rs.25.61 lakh) and the lease premium of Rs.2.31 crore has not been paid so far (June 2006). The delay in receipt of lease premium entailed loss of interest of Rs.17.22 lakh for the period August 2005 to March 2006 since licence agreement was not executed.

The Management stated (July 2006) that the execution of agreement might be dispensed with if the Corporation decided to grant a direct lease. The reply is not tenable since the Corporation collected the lease premium over a period of two years in instalments without reckoning the appreciation accrued in the value of land.

Loss due to non-execution of licence agreement

3.4.17 KINFRA Small Industries Park (KSIP), Thalassery allotted (March 2001) five acres of developed land at a lease premium of Rs.13.25 lakh per acre to Rubco Sales International (RUBCO) for setting up a canvass shoe manufacturing unit. RUBCO remitted (December 2001) Rs.44.75 lakh. Instead of adjusting the amount against 50 per cent lease premium payable for five acres of land allotted, Rs.39.75 lakh was adjusted against full lease premium for three acres of land, EMD for balance two acres of land (Rs.2.65 lakh) and EMD for 1.61 acres of land in respect of their sister concern Rubco Huat Woods (Rs.2.35 lakh). The lease deed was executed (December 2001) for three acres of land only.

Delay in intimating allotment and adjustment of full lease premium against lease value of a portion of the land allotted resulted to interest loss of Rs.61.29 lakh.

Audit scrutiny revealed that as against the prescribed time limit of 45 days there was delay of 18 months from May 2000 to December 2001 in intimating the allotment of land to RUBCO and for execution of licence agreement. Since the Corporation could charge interest only after execution of licence agreement the delay entailed loss of Rs.22 lakh by way of interest for the period from June 2000 to December 2001.

In respect of the balance two acres of land allotted to RUBCO and 1.605 acres to Rubco Huat Woods, the interest loss on the balance aggregate lease amount of Rs.47.63 lakh, arising from non-execution of lease agreement, worked out to Rs.39.29 lakh for the period up to March 2006.

Undue favour to an entrepreneur

3.4.18 KINFRA Export Promotion Industrial Park (KEPIP) allotted (July to December 2000) 8.513 acres of land to Kerafibretex International Private Limited (KF) for setting up a PVC Coir manufacturing unit. KF executed (January 2001 to April 2002) the licence agreement and lease deed (May 2005) after paying (March 2004) the full lease premium. Due to delay in execution of licence agreement beyond the prescribed period of 15 days from the date of allotment, the Corporation lost Rs.4.28 lakh as interest on the balance premium from the date of down payment (July 2000/January and February 2002) of 50 per cent lease premium to the date (January 2001/April 2002) of licence agreement. Further, the

Corporation had to waive aggregate interest amount of Rs.11.33 lakh payable by KF during the period from January 2001 to March 2004 on account of failure to provide power supply in time (Rs.2.21 lakh) and undue concession by way of non-levy of interest (Rs.9.121lakh) on full lease premium deviating from the normal practice.

The Management stated (July 2006) that KF could be provided power only in April 2001 due to delay in commissioning of sub-station and KP being a major exporter, the Corporation could persuade prospective investor to come to KEPIP. The reply is not tenable since the loss due to waiver of interest totalling Rs.15.62 lakh was incurred in violation of the terms and conditions of Land Disposal Regulations.

Allotment of standard design factories

3.4.19 Since there were no allottees for the land developed by the Corporation at the KINFRA International Apparel Park (KIAP) the Corporation constructed (December 1999) three Standard Design Factories (SDF) each with a plinth area of 17500 sq. feet at a total cost of Rs.4.09 crore. The entire facility was let out (May 2002) to Leela International Limited, Mumbai (LIL).

Based on negotiation conducted with LIL, the then Managing Director recommended (February 2002) to Government a lease rent of Rs.1.81 per sq.ft. per month for the first two years with 12 per cent increase every two years thereafter till tenth year. The basis of fixation of this rate was, however, not available. These rates were approved (April 2002) by the Government.

Undue concession granted to a private group resulted in loss of revenue of Rs.90.86 lakh.

Audit scrutiny revealed that the Pricing Committee being the designated authority had fixed (March 2002) the rent at Rs.2.95 per sq. feet per month during the first two years with 12 per cent increase every two years and Rs.4.79 per square feet per month in the ninth and tenth year and thereafter Rs.17.42 per square feet per month till the 30th year so as to recover the actual capital cost of Rs.4.09 crore in 30 years. The Corporation, however, did not enhance the rent to Rs.2.95 per sq.ft. but continued to charge at the rate of Rs.1.81 per sq.ft. The undue

concession granted to LIL resulted in revenue loss of Rs.27.36 lakh to the Corporation till April 2006 and a future loss of Rs.63.50 lakh up to April 2012.

The Management stated (July 2006) that there were no takers for SDFs in the Apparel Park. As a result of a one to one meeting and regular interaction Leela Group was persuaded and got the rate revised by the Government. The reply is not tenable since the Corporation had not made any study regarding viability for establishment of an Apparel Park in this area and construction of SDF was undertaken outside the scope of function of creation of Infrastructure when it was not viable.

Delay in providing infrastructure facilities

Construction of 33/11 KV Substation

KINFRA incurred avoidable expenditure of Rs.62.80 lakh on construction of sub-station due to improper estimation of power requirement.

3.4.20 KINFRA Techno Industrial Park (KTIP) at Kakkanchery, Malappuram (unit of the Corporation) estimated (November 1995) its power requirement as 4 MVA at 11 KV and applied to Kerala State Electricity Board for providing supply through two 11 KV feeders. The estimates for power requirements were changed too frequently and the Corporation finally availed (August 2003) 3 MVA power through 'Looping in and Looping out' arrangement from 33 KV line after constructing (February 2003) a substation in the park at a cost of Rs.62.80 lakh.

Audit scrutiny revealed the following:

- The guidelines issued for setting up IIDC with access to adequate source of power was not complied with in this case resulting in delayed implementation of the project for more than seven years.
- In Corporation's other parks, except KEPIP, Kochi (an electricity licensee) the required power at 2MVA to 5 MVA was obtained at 11 KV. The decision to change power requirement from 11 KV to 33 KV was without any valid ground. In the absence of proper study on the rating of power requirement, KINFRA incurred extra expenditure of Rs.62.80 lakh on the construction of the 33/11 KV substation.

The Management stated (July 2006) that they obtained power at 33 KV because of the urgency to provide the same to entrepreneurs who had already been allotted land and obtaining power at 11 KV would have taken around three and a half years. The reply is not tenable in view of the fact that the power requirement at the required rating could have been obtained at 11 KV directly from the Chelari substation, two kilometers away, commissioned in October 2002 well before the completion of the substation of KINFRA and energisation of the park in August 2003. The present requirement of the park is 0.75 MVA only. The expenditure of Rs.62.80 lakh necessitated due to improper estimation of power requirement was avoidable.

Failure to first identify adequate water availability for an Industrial Park

3.4.21 The Corporation decided (March 1995) to locate the Kinfra Techno Industrial Park (KTIP) in 70 acres of land in Malappuram district. The park comprised of a food zone in 60 acres of land and water availability was one of the primary requirements for functioning of the zone. The project report for the park identified the water requirement of the park at five million litres per day (MLD) which was to be met from the ground water source available by incurring expenditure of Rs.two crore.

During implementation of the project the actual ground water availability was found to be only 0.5 MLD and an alternate location at Kadalundi river basin was identified (1997) at a distance of 13 km from the Park. This scheme also fell through due to social and political problems. The source of water was finally identified (November 2003) at Chaliyar river 17.50 km away. The contract for new external water supply scheme had been awarded (July 2005) at Rs.7.62 crore and the work was in progress (June 2006). The total expenditure incurred on water supply arrangements as on 31 March 2006 amounted to Rs.6.09 crore.

In connection with the provision of water supply for the park, the Corporation had entrusted (October 2002) the construction, commissioning and maintenance of a water treatment plant (WTP) to Shriram Engineering and Construction Company Limited, Chennai (SEC). This plant completed (September 2004) at a total cost of Rs.1.25 crore was lying idle. The failure of the Corporation in identifying adequate sources resulted in undue delay in providing basic

infrastructure facility for water supply. Due to this entrepreneurs had to resort to alternate sources of water for their requirements.

Water Supply Scheme for Mazhuvannur

3.4.22 The Pre-feasibility/Project Report of KINFRA Small Industries Park (KSIP), Mazhuvannur provided that the water requirements would be met from ground water sources. Eventhough, the Corporation constructed (May 2002) two bore wells and four open wells at a total cost of Rs.33.27 lakh, sufficient water was not available. Consequently for availing separate water connection the Corporation paid (July 2005) Rs.49 lakh to Kerala Water Authority and the work was in progress (April 2006). The construction of an external water supply scheme for KSIP at an estimated cost of Rs.1 crore was also being considered (July 2006).

Thus, failure of the Corporation to identify proper water supply sources resulted in not providing infrastructure facility of water to the entrepreneurs in the park.

The Management stated (July 2006) that it was not possible to estimate the water requirement in any park in initial stages since the details of the units being established are not known. The reply is not tenable since the feasibility study shows that the entire requirement of water was available from ground water sources. Lack of planning and strategy in conceiving and implementing the projects by the management resulted in excessive project cost which was subsidised by the Government.

Avoidable/extra expenditure providing infrastructure facilities

3.4.23 The Corporation incurred avoidable/extra expenditure in providing infrastructure facilities as discussed in following paragraphs:

Delay in getting KSEB Licensee status

3.4.24 On the basis of the decision taken (July 1998) at the instance of the Chairman, KSEB, the Corporation submitted (January 2000) an application for licensee status for power distribution at KINFRA Export Promotion Industrial Park (KEPIP). A 110 KV sub-station was constructed (August 2000) and 110KV double circuit lines were drawn at a total cost of Rs.seven crore. Even though a draft

licence agreement was prepared and forwarded (April 2000) to the State Government by the Chief Electrical Inspectorate, no formal orders were issued. In the meantime, Kerala State Electricity Board took over (February 2001) the power distribution system and operation of the substation. The Board, however, insisted on payment of operation and maintenance expenditure by KEPIP even though as per provisions [Clause 19 (e)] of regulations relating to the Conditions of Supply of Electrical Energy issued by KSEB under Section 79 (j) of the Electricity (Supply) Act 1948, such charges were to be borne by the Board from the date of take over of distribution system.

Subsequently, the Government declared (May 2003) KEPIP as an Electricity Licensee. KSEB allowed (July 2003) licensee status and handed over (January 2004) the power distribution system to the Corporation. The operation and maintenance charges of Rs.28.48 lakh were paid to KSEB up to January 2004.

The delay of four years (January 2000 to January 2004) in getting licensee status and the unnecessary payment of Rs.28.48 lakh indicated lack of coordination among the Corporation, KSEB and the State Government in the project implementation process despite the fact that the Principal Secretary to State Government was the Chairman of the Corporation and Chairman, KSEB a member in the Board of Directors of the Corporation.

The Management stated (July 2006) that Kerala State Electricity Board refused (February 2001) to grant licensee status and further there was undue delay on the part of the Government in issuing orders. The reply is not tenable since the Corporation was aware of the fact that Kerala State Electricity Board was not the authority to grant licensee status and the Board of Kinfra consisted of Chairman, Kerala State Electricity Board and Chief Secretary to the Government as directors.

Loss of energy

<p>There was abnormal distribution losses valued at Rs.35.70 lakh.</p>	<p>3.4.25 During 24 months from January 2004 to December 2005, KEPIP, as electricity licensee, purchased 412.15 lakh units of power from KSEB and sold 397.29 lakh units to industrial consumers. Own consumption of the Corporation was 1.13 lakh units. The difference of 13.73 lakh units</p>
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between quantity purchased and quantity sold/consumed represented energy loss, which varied between 0.51 per cent and 7.27 per cent per month. At the purchase rate of Rs.260 per unit the loss worked out to Rs.35.70 lakh.

The Management (July 2006) attributed it as a 'technical loss' in the nature of Transmission and Distribution Loss. However, KEPIP had not analysed the reasons for the abnormal variance in loss from 0.51 to 7.27 per cent per month reckoning the fact that energy was being distributed to units within the park itself.

Development at Industrial Infrastructure Development Centres (IICs)

3.4.26 The Government of India launched an Integrated Infrastructure Development Scheme in March 1994 for small scale industries in rural and backward areas with the following objectives:

- Promotion of cluster of small scale and tiny units with a view to create employment opportunities and develop exports.
- Promotion of stronger linkages between agriculture and industry.
- Providing common service facilities and technological backup services in the selected centres.
- Creation of infrastructural facilities like power, water, communication, etc., in the industrial areas.

The scheme was included in the eighth five year plan proposals. The salient features of the scheme were as under:

- The Government of India and Small Industries Development Bank of India (SIDBI) would contribute to each centre an amount not exceeding Rs.five crore in the ratio 2:3 and cost in excess of Rs.five crore per centre would be met by the State Government.
- The State Government would provide necessary land for the centres the cost of which was to be recovered from the project authorities.
- SIDBI would advance funds to the extent of Rs.five crore to the implementing agencies in instalments and claim simultaneously 40 per

cent thereof subject to ceiling of Rs.two crore from Development Commissioner (SSI) as grant.

- The State Government was to be entrusted with the task of implementing the proposed scheme through a public sector corporation having sound financial position.

The Corporation, the nodal agency for the implementation of the scheme in Kerala during 1994 to 2006 undertook the development of IIDCs at eight locations* at a projected cost of Rs.40.61 crore excluding cost of land of Rs.13.58 crore. The establishment of IIDCs were on the basis of availability of land in each district and there were no plan/proposals for setting up the centres in the districts. The establishment of these IIDCs were on the basis of sanction from the Development Commissioner (SSI) for which a grant of Rs.two crore each was sanctioned. The State Government contributed matching contribution and met the shortfall if any in the project cost. The development works were taken up and allotment of plots commenced in seven centres. The following deficiencies in the implementation of the scheme were noticed in audit:

- the completion of development works in the centers were delayed for periods ranging from 16 to 60 months beyond the period of 18 months envisaged in the scheme.
- the delay in completion of electrical and water supply works with reference to land development and building works ranged from 11 to 21 months and from eight to 26 months respectively which showed non-synchronization of works.
- due to low occupancy, a high capacity (650 KVA) diesel generator set installed (April 2004) at IIDC Malappuram centre was not found economical during power failure and remained idle.
- as against 2469 small or tiny industrial units envisaged under the project reports, the number of units with whom licence agreement for allotment of plots entered into up to March 2006 was only 160 (6.5 per cent).

* Menamkulam (Trivandrum), Koratty, Waynad, Kakkanchery (Malappuram), Adoor, Thalassery, Kasargod and Marthuvannur.

- out of 295.14 acre of land acquired, the corporation could lease out only 111.57 acre (37.8 per cent), including 18.43 acre sold as undeveloped land (IIDC Thalassery).
- contrary to the spirit of the scheme large area upto 23.43 acre was allotted to single entrepreneur (IIDC Thalassery).
- out of the total 153 allotments, 66 allotments only were for an area up to 25 cents. Further allotment to 20 units was not in conformity with the directives of IIDC scheme, since their investment was more than Rs.1 crore.
- as against the estimated direct employment for 13500 persons the employment generated (March 2006) was only for 2596 persons (19 per cent).

Audit scrutiny further revealed that the Corporation had not undertaken the following activities envisaged in the scheme:

- Providing technological back up service to the entrepreneurs and industrial units.
- Designing of entrepreneurship development/skill upgradation programme to synchronise with the project work to obviate idle capacity/low occupancy.
- Concurrent and *post facto* evaluation studies about the industrial units established.
- Periodical assessment about the financial and operational details of the units for evaluation and report to top management/Government.
- Scheme of reservation or training for SC/ ST and women entrepreneurs.

Thus, the very objective of the scheme primarily meant for creation of small scale industries in rural/backward areas with a view to provide employment opportunities, was defeated.

The Management stated (July 2006) that there were no demand for smaller plots of 10 cents area and delays occurred due to unforeseen circumstances.

Employment potential depended on size of the industries, investment and technologies adopted.

The reply is not tenable since the expenditure on setting up of IIDCs could not contribute to employment potential which was the main objective of the scheme.

Marketing

3.4.27 The creation of Infrastructure by the Corporation for development of industries would attain the desired objective only if industrial plots, where facilities were created, were allotted or sold to entrepreneurs. The Corporation, however, has not so far (August 2006) evolved a policy for the marketing of land in various parks where facilities had been created.

The following points were noticed in audit :

- the pre-feasibility and feasibility reports on the setting up of industrial parks were being prepared by the Corporation and these reports seldom contained any viable proposals about the marketing policy to be pursued.
- the top management responsible for a policy decision in this regard had not considered this subject in any of the meetings of the Board of Directors, even though the difficulties faced in leasing of the land due to comparatively higher prices, labour problems, delayed infrastructure development, etc., were reported.
- in the absence of proper marketing strategy even the "special offer scheme" introduced in one park after creation of infrastructure facilities ended up in payment of Rs.29.49 lakh by way of rebate to 12 initial investors without attracting new entrepreneurs.
- no independent study was being undertaken as to the viability in developing an industrial park in a specified area.
- an expenditure of Rs.2.50 crore was incurred on advertisement, publicity and promotional expenses during the five years ended 31 March 2006. This represented advertisement charges on the Corporation's activities in special edition of various magazines, souvenirs, diaries, etc., contribution

for various seminars, workshop, etc., which included advertisement, entertainment and other sales promotion expenses. In the absence of any marketing strategy the expenditure did not serve the purpose.

- the Corporation does not have an independent marketing cell for monitoring the land disposal activities.

Monitoring and Evaluation

3.4.28 In order to ensure that the infrastructure created by the Corporation had been productively utilised and the units which were allotted land in various parks were established and functioning well, the Land Disposal Regulations of the Corporation and the licence agreement executed by the entrepreneurs prescribed (Clause 1) various post-allotment responsibilities such as;

- land would be handed over to the allottees on execution of the licence agreement.
- the entrepreneur should, within three months from the date of agreement, submit detailed plans and drawings for the construction of buildings.
- within eight months from the date of agreement, commence construction of the buildings; and
- within 20 months of the date of agreement, complete installation of Plant and Machinery and within 24 months from the date of agreement commence commercial production. On completion of construction, licensor shall execute lease deed for a period of 90 years.

It was noticed in audit that there was no system in the Corporation to monitor the above activities with reference to the schedule fixed and to report the lapses thereon to the top management with a view to take either corrective measures or invoke penal provisions.

3.4.29 Further, the activities relating to the development of infrastructure facilities like water, power, roads communications, etc., were to be completed within a period of 18 months from the date of acquisition/purchase of land as prescribed under JIDC scheme. It was, however, noticed in audit that there was no system to ensure that the works in connection with the infrastructure development

were completed within the prescribed limit and no progress reports in this regard were prepared and considered in the meetings of Project Implementation Committee/Board of Directors.

3.4.30 The IIDC scheme announced (March 1994) by Government of India, envisaged various activities the Corporation was required to undertake to have an evaluation about the overall performance of the industrial units set up. It was, however, noticed that the Corporation had not undertaken any of these activities to ensure that the funds by way of grants/loans from Government were properly utilised for achieving the declared policies.

Promotion of Joint Venture Companies

3.4.31 As part of development of infrastructure facilities, the Corporation has from time to time formed Joint Ventures (JVs) with parties with capacity to bring in capital and administer projects. The Corporation has so far (June 2006) formed five Joint Venture Companies (JVC). The details thereof are as under:

Sl. No.	Name of Joint Venture Company	Nature of activity	Date of incorporation	Total share capital of Joint Venture Company (Rs. in crore)	Investments by the Corporation		Dividend received	
					Amount (Rs. in crore)	Percentage	Amount (Rs. in lakh)	Year
1	2	3	4	5	6	7	8	9
1	Western India Kinfra Limited (WI-KINFRA)	Infrastructure development	October 1994	5.55	2.77	50		
2	Marine Products Infrastructure Development Corporation (P) Limited (MIDCON)	Marine products infrastructure development	March 1999	5.00	2.50	50		

1	2	3	4	5	6	7	8	9
3	ICICI-KINFRA (I-KIN)	Project consultancy	February 1996	1.55	0.37	24	0.75	July 2001
4	Rubber Park Limited	Rubber based industries	December 1997	20.00	10.00	50		
5	Care-KERALAM Limited	Ayurvedic research	October 2004	3.00	2.00	67		
	Total			35.10	17.64		0.75	

Investment of Rs.17.64 crore in five Joint Venture companies over a period of 12 years yielded a return of Rs.0.75 lakh only.

Even though the Corporation's investment in the JV companies was substantial, necessary provisions were not included in the Joint Venture agreements to ensure effective control over their affairs. The total investment valued Rs.17.64 crore in five Joint Venture companies as on 31 March 2005 did not yield any return (other than Rs.0.75 lakh received as dividend from one company (Sl.No.3 above) in 2000-01).

In respect of investment made in Joint Venture companies, the following points were noticed during audit:

- Western India-KINFRA Limited (Sl.No.1 of above table) was formed for establishing and developing a modern Integrated Industrial Township at Kanjikode in Palakkad district. The Corporation acquired 750 acres of land for this project, out of which 200 acres were transferred (December 1999) to the JVC. The interest on the cost of land (Rs.75 lakh) from the date of acquisition to the date of transfer, and enhanced compensation paid to the ex-owners till April 2004 (Rs.43.62 lakh), totalling Rs.1.19 crore were not reckoned/included in the value of 200 acres of land transferred. The balance area of 550 acres of land (cost Rs.six crore) acquired for this JVC was lying without use for the past 10 years resulting in blocking of investment. The Corporation could not utilise this land for any other purpose since it was acquired exclusively for the JVC.

It was further noticed that the Western India KINFRA Limited had a huge amount of Rs.3.36 crore in fixed deposits as on 31 March 2005 indicating that funds were kept at the disposal of the co-promoter who was empowered to use the funds under the agreement, while the Corporation did not have any control over the affairs of the JVC.

- MIDCON (Sl.No.2 of above table) the JVC of the Corporation and MPEDA formed (July 2001) another JVC Seafood Park India Limited (SPIL) with 10 seafood exporters. MIDCON disbursed (September 2001 to October 2004) loans to the extent of Rs.4.62 crore to SPIL at seven per cent per annum with quarterly rest. There was no repayment against the loan and the same had been treated as a nonperforming asset by MIDCON. SPIL had not yet (July 2006) formally commenced commercial operations. Thus, the JVC created by the Corporation with an investment of Rs.2.50 crore acted as a conduit in siphoning off the investment to 10 private entrepreneurs.
- The Corporation disbursed Rs.31.20 lakh to I-KIN (Sl.No.3 of the table) out of Rs.one crore received from the State Government as revolving fund for conducting techno-economic and feasibility studies on potential projects. Though the JVC collected the success fee from the bidders, the amount was not reimbursed to the Corporation.

Internal audit and Internal Control

Internal audit

3.4.32 The Corporation does not have its own Internal Audit wing. Internal audit was being got done by external Auditors. No Internal Audit Manual exists prescribing the areas to be covered/aspects to be examined during internal audit. The internal Audit reports were also not being placed before the Board of Directors and there was no system of reporting the deficiencies contained in the Internal audit report to the top management. Irregularities of persistent nature like non-maintenance of land register with details of addition and disposals from time to time and the details of interest remitted to the court due to delay in remittance of additional/enhanced compensation in Land Acquisition Reference cases, were not reported regularly by the Internal auditors to the management.

Internal Control

3.4.33 The following deficiencies were noticed in Internal Control System.

- Internal Control procedures were not formulated by the Corporation. The rules and regulations for giving effect to the provisions of the KIID Act had not been framed so far (April 2006).
- The Board of Directors met only 11 times during the five years ended 31 March 2006. Formation of committees to decide policy matters and project implementation aspects was pending approval (April 2006) of the State Government.
- Fixed Asset registers indicating the location, value, number of items, date of purchase, depreciation charged from time to time, etc., were not maintained properly. No physical verification of assets had been undertaken.

These matters were reported to Government In July 2006; their reply is awaited (August 2006).

Acknowledgement

Audit acknowledges the co-operation and assistance extended by the staff and the Management of the Corporation at various stages of conducting the performance audit.

Conclusion

Kerala Industrial Infrastructure Development Corporation, formed with the objective of creating infrastructure facilities for development of industries in the State, did not have any policy for selection of land for purchase/acquisition with reference to nature of industries. The Corporation had taken up the establishment of industrial parks for various sectors and groups. Since a major portion of the land where infrastructure facilities were created remained unallotted the Corporation could not fully achieve its envisaged objective. The Rules and Regulations framed by the Corporation under KIIDC Act were not approved by the Government even after twelve years. The Corporation acquired land without any definite plan for development of specific categories of industry in specified areas. There was undue

delay in intimating , allotment of land to entrepreneurs, execution of licence agreements and lease deeds. There was no marketing strategy for leasing of developed land. The creation of infrastructure was carried out without proper planning and scheduling and units in various Parks of the Corporation could not be provided adequate power, water facilities etc., in time which contributed to excessive costs. No system was in existence for monitoring and evaluation of the performance of units in various parks with a view to assess the extent to which huge funds spent for creation of Industrial infrastructure contributed to development and creation of employment opportunities. The Internal Audit, entrusted to outside agencies did not have adequate coverage and there was no effective internal control system in the organisation.

[The Audit Paragraph 3.4.7-3.4.33 contained in the report of the Comptroller and Auditor General of India for the year ended 31st March 2006]

The note furnished by the Government on the Audit Paragraph is given in Appendix II.

Discussion and Findings of the Committee

The Committee enquired about the present position of infrastructure development of Central Public Sector Undertakings like Hindustan Aeronautics Ltd. (HAL), Bharat Earth Movers Limited (BEML) and Bharat Electronics Limited (BEL). The witness replied that BEML have putforth a contenting operation in Kanchikode, Palakkad District but HAL and BEL are in a stand still at present and that they had failed to utilize the land provided to them. To a query of the Committee regarding utilization of allotted land, the witness stated that out of the 200 acres of land handed over to HAL in 2005, about 20 acres were utilized for infrastructure development. He added that developmental activities were not progressing speedily as envisaged, due to agitations which arose in connection with land acquisition.

The Committee was astounded to note that there was hardly any developmental activities in the 200 acres of land for 11 years and that the company had not framed any projects during the period to utilize the whole land.

The Committee further enquired about the project report of HAL and also about the transmission of electricity in various parks.

The witness explained that a joint venture had existed previously between NTPC and KINESCO Power and Utilities Private Limited, and that NTPC has withdrawn from the joint venture and KINESCO alone has been functioning accurately in transmitting electricity in KINFRA parks and that the organization performs investment, operation and maintenance works effectively. The witness further stated that KINESCO purchases electricity from KSEB for transmission in the industrial park.

The Committee further enquired about the details of the project report for developing solar park under the Ministry of New and Renewable Energy and also about the model wind energy farm, proposed to be set up at Palakkad as part of the wind energy project. The Witness submitted that KINOX Private Limited is producing 18 MW electricity from wind and is distributing to KSEB. MNRE however is not producing electricity directly and instead is giving only subsidy to the producers. The Committee was not satisfied with the reply and commented that these details were not specified in the reply furnished by Government to the audit paragraphs. The Committee was irked to note that the reply of the witness and the reply furnished previously to the Committee was contradictory and severely criticized the department for furnishing vague reply to the Committee.

The Committee enquired about the BOT based scheme and the witness answered that 33 acres of land was allotted in Kalamassery for gold souk on the basis of BOT. The Committee alluded to the contradictions between the Government policy at that time and the functioning of the company that was highlighted in the audit observations.

The Committee noticed that the department was not accepting the audit remarks in the reply to the audit para that KINFRA does not have a definite policy for purchase or acquisition of land. The Committee enquired about the cost of land acquired during January 1995 to December 2005.

The Witness then admitted almost all the audit observations regarding the para and stated that land acquisition was very difficult and time consuming due to the agitations of the people in the locality.

The Committee sought reason behind the statement in the reply furnished that the land acquired by KINFRA will be allotted to Central Government companies for installing pipe line. The witness elucidated that it was for an upcoming project and for the speedy implementation of the project, land acquisition process had to be completed within the time limit.

The Committee observed that IT park was not established in a suitable area like Kochi where infrastructure and raw materials can be acquired easily.

The Committee enquired about the present position of Integrated Industrial township. The witness explained that out of the 300 acres of land allotted to KINFRA, 60 acres were handed over to Medical College, Ernakulam and even though FEDO had prepared master plan for implementing projects in the remaining 240 acres of land it had not materialized.

To a query of the Committee about the allotment of land to the various projects with private sector participation and their present status, the witness explained that 40 acres of land was allotted to Zoom Developers Private Limited for establishing Industrial Exhibition and Trade Centre. As a result of non implementation of the project, KINFRA was not able to reclaim the land due to the litigation in the Hon'ble High Court.

M/s TCG Infrastructure Holdings Private Limited, Kolkatta had withdrawn from the project of setting up Bio Technology Zone in 50 acres of land allotted and 33 acres of land allotted to M/s Acres Gold Souk, Gurgoan for setting up Gem and Jewellery Zone was also in a stand still.

It was also added that 30 acres of land was allotted to M/s SEO Technologies and they completed one building and sanction was accorded for a second one. Regarding M/s Sutherland Global Services, 25 acres of land was allotted for setting up IT Zone Project and assurance given that this project will provide 7000 job opportunities. According to the master plan 12 acres of land was set apart for educational zone and allotted 10 acres to National University of Advanced Legal Studies (NUALS) and one acre for M/s AOTS for starting Indo Japanese Training and Cultural Centre.

The Committee specified that there was purposeful delay in issuing notices and along with there were the procedural lapses to reclaim the allotted land, thereby giving enough time to the private firms for litigation.

With regard to the audit observation about the acquisition of land for a private entrepreneur the Committee enquired whether the dues of ₹ 6.48 crore had been realised from Kannur Power Projects (KPP). The witness replied in the affirmative and stated that the land was reclaimed and handed over to G4S, Malaysia for an amount which includes the land acquisition cost and the interest accrued.

The Committee demanded an explanation for acquiring the land at Kunnarnathanam which was abandoned by KSIDC, spending ₹ 87.31 Lakh. The witness replied that Government sanction was accorded to acquire the land. The Committee voiced that it suspected vested interests behind the transaction and remarked that acquiring a worthless land rejected by KSIDC by spending public money amounted to actual treason. The Committee enquired about the Managing Director at the time of transaction and wanted to take action against him. The witness submitted that since the land acquisition was effected with the approval of the Government, disciplinary action cannot be initiated against the Managing Director.

The witness also explained that the land acquisition cost was realized by allotting land to the 41 units which are currently functioning there and clarified further that the land was initially acquired for the project 'Major Industrial Growth Centre' by District Industries Centre (DIC) but when KSIDC did not acquire the land KINFRA had taken over the land later.

The main intention behind acquiring this land was to enhance industrial development in the under developed areas by providing the infrastructure facilities.

The Committee enquired about the proportionate share of enhanced compensation paid by the entrepreneurs to whom the land was allotted. The witness explained that enhanced compensation is a routine process in land acquisition and that demand notice has been issued in each case pointed out by audit, however no further action has been taken. He further stated that at present negotiated purchase is being enforced, under the supervision of the District Collectors.

To a query of the Committee about the cut off date stated in the reply furnished for the realization of dues from the entrepreneur, the witness clarified that only notices had been issued to them but cut off date was not insisted, since the entrepreneurs approached Hon'ble High Court, and obtained stay order and that the case is still pending.

Regarding the audit observation on the undue favour given to Kerafibretext International Private Limited, the witness submitted that initially KINFRA allotted land to the above said Italian company and the whole unit was set up within 12 months against the allotted time of 24 months and the provision to give rebate was there in the lease agreement. He further stated that the unit performed exemplary during the unfavorable condition when the power supply from KINFRA was delayed for one year and that they had requested for payment reduction for that period. He concluded that at present also Kerafibretext can claim to be performing meritoriously.

Regarding the audit para on the allotment of Standard Design Factories at Apparel Park in Menamkulam, the witness replied that there arose about 4000 job opportunities and that all the expended money for the project has been fully recovered.

Regarding the audit objection about the delay in providing infrastructure facilities at KINFRA Techno Industrial Parks (KTIP), Kakkanchery, Malappuram, the witness admitted that there occurred a delay of 7 years for procuring power supply due to the delay in the works of KSEB at that time.

When the Committee enquired about the audit objection regarding the failure of KINFRA in identifying adequate water sources for the industrial park in 70 acres of land in Malappuram District, the witness explained that the scarcity of water was an existing problem in that area, and at present all the objections raised by the people of the locality in acquiring the 28 cents of land located 13 kilometers away, for solving the water crisis, was settled. He added that about one million litre drinking water is being made available in that locality daily.

The Committee sought explanation on the audit objection about the failure in implementing the Government of India scheme 'Integrated Infrastructure Development Scheme' (IISDS) meant for the creation of small scale industries in rural/backward areas. The witness explained that if a Central Government Scheme

is allotted it is implemented by linking it with the land already acquired by KINFRA and this is the case with the defense park at Ottappalam, the mega food park at Kanchikode and the mega food park of KSIDC at Cherhala where these projects received 50 crore each.

The witness admitted the faults and stated that in the light of repeated audit objections, a district site selection committee was formed, so that external intervention in land acquisition could be avoided to some extent.

The Committee opined that when the main aim of KINFRA is to acquire land and to provide the basic infrastructure to the entrepreneurs it is however seen going astray from its objectives. The Committee reminded that KINFRA is not entrusted to intervene in the investments and production process; instead acquisition of land for enterprises is its main duty.

The Committee accused KINFRA for acquiring land in large scale without conducting feasibility study for each industry. The Committee concluded that a deep study is essential in order to carry out the functions of KINFRA effectively and for this an expert committee should be appointed.

Regarding the marketing of the industrial plots where facilities were created, the witness elaborated that as per the latest Government Order, land acquisition should be based on the average cost of land, cost of infrastructure facilities like compound wall construction, electrification etc. The Government Order also stipulates that the viability of land for flourishing an industry should be examined before acquiring it and it should be also ensured that the required land could be marketed within 5 years. As a result only about 70% of the acquired land could be made worth while and the rest had to be retained for the construction of road and compound wall. It was added as clarification that the present situation was distressing, in the sense that it hinders and causes undue delay in all these process.

Regarding the audit observations on the five Joint Venture Companies (JVC) formed by KINFRA, the Committee sought explanation on the lack of return from these JVCs except one company. The witness revealed that Marine Products Infrastructure Development Corporation Private Limited (MIDCON) Care Keralam Limited, Western India Kinfra Limited (WIKINFRA) are performing well. But ICICI KINFRA faces the threat of liquidation. To a query of the Committee on non

receipt of dividend from the companies, the witness replied that the dividend is being received from WIKINFRA, however rest of the companies are still in a developing stage.

The Committee enquired about the reason for the delay of 12 years in approving the Rules and Regulations framed by the Corporation under KIDC. The witness cleared that the rules got approval and 10 acres of land has been delegated to the district level.

Observations and Recommendations of the Committee

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.

6. The Committee wants to be furnished with a detailed report on the land acquisition process at Kunnarnthanam which was abandoned by KSIDC spending ₹ 87.31 lakh. The Committee desires to be informed of the present status of the land.
7. The Committee notices that the corporation paid ₹ 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.
8. 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.
9. 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.
10. 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 insist 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.

11. The Committee recommends to strengthen the internal control and audit system of the corporation for its effective and smooth functioning.

Thiruvananthapuram,
10th October, 2019.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

APPENDIX I

SUMMARY OF MAIN CONCLUSIONS / RECOMMENDATIONS

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations
1	2	3	4
1	1	Industries	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.
2	2	Industries	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.
3	3	Industries	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.
4	4	Industries	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.

1	2	3	4
5	5	Industries	<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>
6	6	Industries	<p>The Committee wants to be furnished with a detailed report on the land acquisition process at Kunnamithanam which was abandoned by KSIDC spending ₹ 87.31 lakh. The Committee desires to be informed of the present status of the land.</p>
7	7	Industries	<p>The Committee notices that the corporation paid ₹ 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>

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8	8	Industries	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.
9	9	Industries	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.
10	10	Industries	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 monitory matters.
11	11	Industries	The Committee recommends to strengthen the internal control and audit system of the corporation for its effective and smooth functioning.

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS
(AUDIT REPORT 2005-2006)

Sl no	Audit Paragraph	Reply furnished by Government
1	2	3
1	3.4.7	<p>വ്യവസ്ഥാമേഖല മേഖലകളിലുണ്ടായത്. ബന്ധപ്പെട്ട മേഖലകളിൽ സൗകര്യമില്ലാത്ത മേഖല, കേന്ദ്രീകൃത, മേഖല, വികസനപര്യവേഷണ മേഖലകൾ എന്നിവയുൾപ്പെടെ, വ്യവസ്ഥാ നിർമ്മാണ മേഖലകളിലുണ്ടായതിനാൽ, ഈ മേഖലകളിലുണ്ടായ സൗകര്യമില്ലാത്ത മേഖലകൾ നിലവിലുണ്ടാകാൻ കാരണം വ്യവസ്ഥാ നിർമ്മാണ മേഖലകളിലുണ്ടായതിനാൽ. വ്യവസ്ഥാ നിർമ്മാണ മേഖലകളിലുണ്ടായതിനാൽ. വ്യവസ്ഥാ നിർമ്മാണ മേഖലകളിലുണ്ടായതിനാൽ. വ്യവസ്ഥാ നിർമ്മാണ മേഖലകളിലുണ്ടായതിനാൽ.</p> <p>ഈ പ്രകാരം സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ 2900 ഏക്കർ വരുന്ന, മേഖലകളിലുണ്ടായതിനാൽ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ. ഈ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ. ഈ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ. ഈ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ.</p> <p>ഈ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ. ഈ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ. ഈ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ. ഈ സൗകര്യമില്ലാത്ത മേഖലകളിലുണ്ടായതിനാൽ.</p>

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	<p> The Ministry of Renewable Energy, Government of Karnataka, has been entrusted with the responsibility of Renewable Energy Policy (RPE) and Renewable Energy Development and Promotion (RDEP) activities. The RPE is a comprehensive policy document that outlines the government's vision and strategy for the development and promotion of renewable energy in Karnataka. The RDEP is a multi-pronged approach that focuses on the development of renewable energy resources, the promotion of renewable energy technologies, and the creation of a favorable regulatory environment for renewable energy. </p> <p> The Ministry of Renewable Energy has been entrusted with the responsibility of Renewable Energy Policy (RPE) and Renewable Energy Development and Promotion (RDEP) activities. The RPE is a comprehensive policy document that outlines the government's vision and strategy for the development and promotion of renewable energy in Karnataka. The RDEP is a multi-pronged approach that focuses on the development of renewable energy resources, the promotion of renewable energy technologies, and the creation of a favorable regulatory environment for renewable energy. </p> <p> The Ministry of Renewable Energy has been entrusted with the responsibility of Renewable Energy Policy (RPE) and Renewable Energy Development and Promotion (RDEP) activities. The RPE is a comprehensive policy document that outlines the government's vision and strategy for the development and promotion of renewable energy in Karnataka. The RDEP is a multi-pronged approach that focuses on the development of renewable energy resources, the promotion of renewable energy technologies, and the creation of a favorable regulatory environment for renewable energy. </p> <p> The Ministry of Renewable Energy has been entrusted with the responsibility of Renewable Energy Policy (RPE) and Renewable Energy Development and Promotion (RDEP) activities. The RPE is a comprehensive policy document that outlines the government's vision and strategy for the development and promotion of renewable energy in Karnataka. The RDEP is a multi-pronged approach that focuses on the development of renewable energy resources, the promotion of renewable energy technologies, and the creation of a favorable regulatory environment for renewable energy. </p> <p> The Ministry of Renewable Energy has been entrusted with the responsibility of Renewable Energy Policy (RPE) and Renewable Energy Development and Promotion (RDEP) activities. The RPE is a comprehensive policy document that outlines the government's vision and strategy for the development and promotion of renewable energy in Karnataka. The RDEP is a multi-pronged approach that focuses on the development of renewable energy resources, the promotion of renewable energy technologies, and the creation of a favorable regulatory environment for renewable energy. </p>
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2005 ൽ അനുബന്ധ നിശ്ചയിക്കപ്പെട്ടത്. ഇതിന്റെ അടിസ്ഥാനത്തിൽ കേന്ദ്ര (സബ്ജക്ട്) നിയമനടപടി കമ്മിറ്റി 2005 ഡിസംബർ (SEZ) ആം ആക്ട്-2005-ന്മുൻപായി നിശ്ചയിക്കപ്പെട്ടിരുന്ന SFO Technologies ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡിന് പ്രത്യേകമായി പ്രദാനം ചെയ്യുന്നതിനുള്ള

നിർദ്ദേശങ്ങൾ

കേന്ദ്ര കമ്മിറ്റി നിയമനടപടി നിയമിച്ചതിന്റെ അടിസ്ഥാനത്തിൽ കേന്ദ്രത്തിൽ നിന്നും സബ്ജക്ട് പ്രൈവറ്റ് ലിമിറ്റഡിന് പ്രത്യേകമായി പ്രദാനം ചെയ്യുന്നതിനുള്ള നിർദ്ദേശങ്ങൾ തയ്യാറാക്കിയിട്ടുണ്ട്. ഇതിന്റെ അടിസ്ഥാനത്തിൽ കേന്ദ്രത്തിൽ നിന്നും സബ്ജക്ട് പ്രൈവറ്റ് ലിമിറ്റഡിന് പ്രത്യേകമായി പ്രദാനം ചെയ്യുന്നതിനുള്ള നിർദ്ദേശങ്ങൾ തയ്യാറാക്കിയിട്ടുണ്ട്. ഇതിന്റെ അടിസ്ഥാനത്തിൽ കേന്ദ്രത്തിൽ നിന്നും സബ്ജക്ട് പ്രൈവറ്റ് ലിമിറ്റഡിന് പ്രത്യേകമായി പ്രദാനം ചെയ്യുന്നതിനുള്ള നിർദ്ദേശങ്ങൾ തയ്യാറാക്കിയിട്ടുണ്ട്.

നിർദ്ദേശങ്ങൾ

കേന്ദ്രത്തിൽ നിന്നും സബ്ജക്ട് പ്രൈവറ്റ് ലിമിറ്റഡിന് പ്രത്യേകമായി പ്രദാനം ചെയ്യുന്നതിനുള്ള നിർദ്ദേശങ്ങൾ തയ്യാറാക്കിയിട്ടുണ്ട്. ഇതിന്റെ അടിസ്ഥാനത്തിൽ കേന്ദ്രത്തിൽ നിന്നും സബ്ജക്ട് പ്രൈവറ്റ് ലിമിറ്റഡിന് പ്രത്യേകമായി പ്രദാനം ചെയ്യുന്നതിനുള്ള നിർദ്ദേശങ്ങൾ തയ്യാറാക്കിയിട്ടുണ്ട്. ഇതിന്റെ അടിസ്ഥാനത്തിൽ കേന്ദ്രത്തിൽ നിന്നും സബ്ജക്ട് പ്രൈവറ്റ് ലിമിറ്റഡിന് പ്രത്യേകമായി പ്രദാനം ചെയ്യുന്നതിനുള്ള നിർദ്ദേശങ്ങൾ തയ്യാറാക്കിയിട്ടുണ്ട്.

നടപടി നിയമനടപടി

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS
(AUDIT REPORT 2005-2006)

51 No. Assigned	2		Reply furnished by Government
1	3.4.3		<p style="text-align: center;"><u>Particulars/Comments of land</u></p> <p>The audit observations regarding the acquisition of land without any definite policy is not correct. The major portion of excess land is earmarked for new projects for which development works are already completed and the process of allotment is in progress. It is expected that the same can be allotted to entrepreneurs within this financial year as the demand for land has increased considerably. Minimum 20% of land acquired for the project has to be reserved for common facilities such as road, compound wall, recreational complex, business centre, office building etc and are not allowable. Against the total acquired area of 2648.4 acres including 164.32 acres acquired for Kanara Power Project the reserved area as on date is only 677.15 acres. Further, major requirements for land are in pipeline for the prestigious Govt. of India.</p>

1	2	<p>3890 3411</p>	<p>3</p> <p>Concepts and the entire land will be allotted to them without much delay.</p> <p><u>General statement for Industrial Township</u> KINPRA has been setting up Industrial Parks across the State since the time of its inception in 1963. The major hurdles have been acquisition of suitable land and securing the requisite funds for setting up the required infrastructure for these projects. Since the funds available from the State budget were limited, KINPRA had to depend on various Central Govt. schemes for getting the required funds for infrastructure development. In view of this, the State Govt. has proposed bringing in private sector participation for setting up of these Industrial Parks, especially in areas like Information Technology (IT), Business Process Outsourcing (BPO), Biotechnology, Electronics hardware etc. With the high priority given to the State and the attitude of co-operation with firms in business prevalent in these new technologies, KINPRA may get opportunity and decided to venture into these new areas.</p> <p><u>Expansion</u> KINPRA has possession of 240 acres of land in November 1995 for developing a III - Tech Park by 200 acres of land and an Industrial-class-Cumulative Centre in 40 acres of land. Approval for</p>
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<p> Biotechnology Exposition Zones: 14 acres International Exhibition and Trade Centre: 40 acres Gen & Jewelry Zone : 33 acres SEZ for Electronics : 30 acres IT Zone : 25 acres Commercial Zone : 13.6 acres Educational Zone : 12 acres Residential Zone : 6.2 acres Specialised Infrastructure : 16.2 acres <hr/> 240 acres </p> <p> Based on this Master Plan, "Expression of Interest" was invited for each of these different zones by releasing of advertisements in the national newspapers. After evaluation of the offers received from various bidders, through a transparent bidding mechanism, allotments have been made for nearly all the zones that comprise the 240 acres, the details of which are as follows: </p> <ol style="list-style-type: none"> 1. International Exhibition & Trade Centre (40 acres): This has been allotted to M/s. Zeeva Developers Private Limited, Mumbai. The Lease Deed has been executed with them in October 2006. 			

1	02		3	<p>They have given their revised Master Plan and made a presentation before the Export Committee set up under the Ministry of Environment & Forests, GOI, for obtaining environmental clearance for the project. They have also submitted the detailed drawings for Phase-1 of their project to the Hi-Tech Park Single Window Clearance Board for obtaining the necessary clearance and will start construction work soon.</p>
2.				<p><u>Bio-technology Zone (BIO-SCENT)</u>: This has been allotted to M/s. TCG Infrastructure Holdings Private Limited, Kollam for setting up a Bio-technology Park. The Lease Deed has been executed with them in September 2006. They have also submitted their revised Master Plan and have made a presentation before the Export Committee of the Ministry of Environment & Forests, GOI, for obtaining environmental clearance for the project.</p>
3.				<p><u>Edna & Anandharaj Zone (E&A)</u>: This has been allotted to M/s. Aravind Gold Stock, Coimbatore. They have signed the Lease Deed in January 2008 and have submitted the Master Plan for their project.</p>

4. SEZ for Electronics Co. agency: This has been allotted to M/s. SFO Technologies (part of the NeST Group). They have received the Lease Premium and obtained Co-developer status for the project. They have signed the Lease Deed in July 2008. The Master Plan for their project is under preparation.

5. IT Zone Co. agency: An METU has been signed with M/s. Sutherland Global Services and their proposal has been sent to the Government for approval.

6. Education Zone IT agency: Based on Govt. directive this has been allotted partly to National University for Advanced Legal Studies (10 acres) for setting up their campus and to M/s AOTS for setting up an Indo-Japanese training and cultural centre. AOTS has already submitted their plan for approval and NUALS is preparing their revised master plan.

The necessary external infrastructure for these projects is now being developed by KINARA and in the near future substantial development of these Zones would take place.

It is evident from the above that KINFRA's decision to develop the Hi-Tech Park with private sector participation was not misguided, but it has taken longer than anticipated. The improved industrial climate in the State has now enabled it to achieve its objective.

(B) Land acquired at Kinnasankhamani (B.4.11)


KINFRA conducted a detailed study for setting up an Industrial Growth Centre in Pethambathina District under the Integrated Industries Development Centre Scheme (IIDS) initiated by Government of India @ a project cost of Rs. 505 lakhs. The Corporation identified 14.48 hectares (37.5 acres) of land in Kinnasankhamani in Pethambathina District. As per GO (MS) No. 131/2003/RD dated 16.10.03 issued by Revenue Department, sanction was awarded to transfer the land on payment of the actual cost of Rs. 37.91 lakhs to KINFRA. After taking possession, KINFRA started developmental works in the land. The development work could not be continued due to some litigation, which was finally settled in April 2006.

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			<p>In the meanwhile, the Corporation acquired another USM acre of land in Adams, Pennsylvania. Details for setting up a Food Park and approved the Government of India for financial assistance. During the Oct-'67 of India awarded the contract for the RDC scheme in Pennsylvania and awarded the Food Project also later (No. 35 (1969) / 2000 / 33, dated 08-12-2000). However, considering the potential for growth of industries in Pennsylvania District the Corporation decided to proceed with the development of land to establish a Small Industries Park in Pennsylvania with its own funds.</p> <p>During the development of land, infrastructure facilities in the Park, more than 100 requests were received from business offering the space for starting their business units in the Park. The Corporation also completed the developmental work (water network, sewerage and land level work, distribution system) and clearance of plan will commence soon.</p> <p>As soon as the 100 requests are pending for clearance once further completion of the project, the land acquired for setting up a Small Industries Park in Pennsylvania is technology and increasingly viable and the facilities taken by the Corporation in various will not only serve the developmental work.</p>

3	2	3.4.10	<p style="text-align: center;"><u>Acquisition of land for thermal substations</u></p>
			<p>The Kerala State Electricity Board had signed a Power Purchase Agreement (PPA) with M/s. Kanner Power Project Ltd., which was intended for setting up of a Thermal Power Plant with a capacity of 210MW at Kanner. As per the request from the Chairmen of the Kanner Power Project, Government have accorded sanction in GO (R) No. 1219/97ED dated 19/7/96 (Annexure-8) to KINRELA to acquire 176 acres of land, identified by the project company, involving urgency clause of the Land Acquisition Act subject to the power company retaining 50% of the land value in advance. However, again at the instance of the Chairmen of the Kanner Power Project, this condition was withdrawn by the Government in April 1997 as per GO (R) No. 5797/ED dated 24.11.1997 (Annexure-9). During November 1997 the Government vide GO (Ms) 1649/ED dated 12.11.1997 (Annexure-10) have ordered that (i) M/s. Kanner Power Project would deposit the entire cost of acquisition before giving the consent by the Land Acquisition Authority failing which the acquisition process would be stopped and (ii) KINRELA shall proceed with acquisition by executing an agreement with the Kanner Power Project.</p>

later site, including a condition to the effect that all facilities, land and structural process and future arising out of acquisition process shall be borne by Kamsar Power Project.

Accountant, KINPRA executed an agreement (Annexure-7) with Kamsar Power Project including an enabling provision to make available to the former all amounts payable for land acquisition well in advance so as to enable them to make payment promptly to the Land Acquisition Authority. But when the land acquisition reached award stage and the award was about to be passed by the District Collector, Kamsar, with Kamsar Power Project refused to make payment stating that no capital investment was possible in the project since "secret" agreement finalised with KSEB was pending clearance. Thereupon the Government in their order GO (M) 702000(II) dated 12.5.2000 (Annexure-8) have issued sanction to KINPRA to pay Rs. 9.25 Crores to the District Collector, Kamsar towards the land acquisition charges from KINPRA's funds after executing an agreement with the power company. Accordingly a supplementary agreement (Annexure-9) was executed by KINPRA on 11.5.2000 with M/s. Kamsar Power Project to the effect that

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<p>(1) Kassar Power Project will refund the amount to KINFRA with interest @ 14.5 % per annum on completion of the "caveat" formalities, in respect of the Power Purchase Agreement or on a date fixed by the Government, which ever is earlier and (2) KINFRA will hand over the title and possession of the land to Kassar Power Project only after compliance with the above conditions. After paying the award by the District Collector, Kassar the land was taken possession and handed over to KINFRA on 26.5.2004.</p> <p>The Company, through its Director Sri. Prabhas G. Nambiar, has written a letter on 28.04.2007 (Annexure-18) expressing their willingness to proceed ahead with the payment and take over the land and requested KINFRA to furnish the final payment requirements including all acquisition expenses, charges and taxes, both principal and interest there on, so as to enable them to remit the same. As per the Supplementary Agreement executed by the project company, in terms of the Government Order contained in G.O. (A3) 70/2009/EA, dated 12.5.2009, it has to refund the amount to KINFRA, along with interest, only on completion of the caveat formalities in respect of the Power Purchase Agreement.</p>			

entered into between the power company and KSEB, or on a date fixed by the Government, whichever is earlier

Meanwhile Government has written to the promoters of the Kassar Power Project indicating that as the land is being kept idle for so many years, Industries Department proposes to utilize the land for some other projects. The Government had asked for a confirmation from the Company whether it is ready to cancel the project, and if so, to inform the Government within 20 days from the receipt of the notice stating that the construction activities for the project will be commenced within a period of 6 months. Further, the Government convened a meeting on 02.06.2008 and the company has been given 4 months time. Meanwhile a high level meeting was convened with the representative of Kassar Power Project. During the meeting they have agreed to bring the new promoter for the implementation of the project. Investment Consortium of India (Global Project and Construction), GAS Malaysia Sdn Bhd had expressed their desire to implement Kassar Power Project. Consortium also agreed to commence the work by 1st week of November 2008 and has agreed to reimburse the entire land acquisition cost as agreed by Kassar Power Project.

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	1.4.13	<p><u>Payment of enhanced compensation</u></p>	<p>In the Land Acquisition Act, there is a built in provision relating to the approved landowners to file Reference Applications for adjustment of their cases in the Civil Courts and for getting enhancement of compensation. Accordingly, almost all the landowners involved in the acquisitions made by KINFRA have filed Reference Applications in the Sub Court and the Court has granted enhanced compensation to a considerable extent beyond all proportions in many of these LAR cases. The KINFRA / Government have filed appeals in the High Court challenging the Sub Court decisions and these appeals are still pending in various stages. In some of the cases in which appeals were filed by KINFRA / Government, these appeals were admitted by the High Court on the condition that 50% of the enhanced amount should be deposited in the Court. The deposit of these enhanced amounts in the Court is subject to the final decision in the Appeals pending in the High Court. It may be noted that the settlement of the enhanced compensation has not been finalized so far and the amounts already deposited as enhanced compensation are subject to the final outcome in the Appeals.</p>

1	2		<p style="text-align: center;">3</p> <p>Secondly, the acquisition of land for a Park is usually from several landowners. The value of the allotted land in a Park is arrived at by taking into account the total cost of the land acquired from all such landowners, land development cost incurred and other relevant costs. On the basis of enhanced compensation granted by the Court in one such judgement (Ganes among others), it would not be practical to recover enhanced land value from the entrepreneurs in the entire Park for each case finalized by the Court. As per our agreement with the Lessees (clause 3 of the Lease Deed) the premium is based on the present day cost of acquisition of the land comprising the Park, of which the leased premises is a part, and if additional compensation becomes payable in respect of the land comprising the Park, as a result of any orders of any Court in proceedings pursuant to the provisions of the Land Acquisition Act, the premium payable will get enhanced proportionately to that extent and the Lessee shall be liable to pay the same as and when called upon to do so". Moreover, frequent recovery of enhanced land value from the entrepreneurs would have a detrimental effect on them and their operations.</p>
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1	2		3	<p>This is the main reason for not having changed the enhanced compensation deposited with the Court to the land value of the respective acquisition land for not recovering the enhanced land value from the entrepreneur. KINFRA proposes to fix a cut off date to recover the enhanced land value from all the entrepreneurs.</p> <p>(A) Allocation to Kairat Group (Kairat Hospital Campus, CP, Ltd. & Kairat Heritage Centre, CP) Ltd.</p> <p>KINFRA has allotted 79.40 acres of land to Kairat Hospital Campus (P) Ltd on lease hold basis for a period of 90 years to set up a laboratory, ayurveda hospital etc. The party submitted the full lease premium and the Lease Deed was executed on 09/06/05.</p> <p>It may be noted that the land allotted was undeveloped land under Category -I. The land is allotted as undeveloped land where the entrepreneur has to set up all the basic infrastructure facilities at his own cost. Infrastructure is never included as a part of this allotment.</p> <p>KINFRA has allotted 94.34 acres of land to Kairat Heritage Centre (P) Ltd on a lease hold basis for a period of 90 years to set up a full fledged</p>
5	1.4.16			

6	2	<p>herbal care centre. The party retained Rs.21,60,762/- as BMD and Rs.1,28,03,888/-, being 90% of the lease premium, and executed the license agreement on 11.07.06. The party retained the full balance lease premium, with interest, amounting to Rs. 4,15,055/- and subsequently executed the lease deed on 13.10.06.</p>
6	3.4.17	<p>It may be noted that the allotment to Kairali Herbal Cures (P) Ltd, in KINPRA also, Palakkad was under Category I. According to this, the land is allotted as undeveloped land where the entrepreneur has to set up all the basic infrastructure facilities at his own cost. Infrastructure is never included as a part of the allotment. Accordingly, the land was transferred on lease hold basis only after Kairali Herbal Cures (P) Ltd. had remained the full lease premium.</p> <p><u>Lease deed in non allotment of License Agreement</u></p> <p>KINPRA allotted 5 acres of land to Rubco Sales International for setting up a custom made manufacturing unit. Accordingly, Rubco International retained the full lease premium for 3 acres of land and the Lease Deed was also executed. Subsequently, they retained the BMD for 2 acres of land, which was allotted to Rubco Heat Woods.</p>

1	2	1	5	<p>In this context it may be noted that KINPRA has executed the Lease Deed only after the party received the full lease premium. In the case of the land where 10% of EMD was received, the lease was not executed and the land was not transferred to the party. The possession of this land is still with KINPRA and further steps will be initiated only after the party receives the full lease premium at the agreed rate, with interest.</p> <p>In case of M/s Radco Flax they have received the full lease premium for 16.82 acres of land and executed the lease deed. But for the balance 1.605 acres of land they have received only the 10% EMD. In this case it may be noted that M/s Radco is a co-operative movement. The land was not transferred to the party and the possession of the land is still with KINPRA and further steps will be initiated only after the party sends the full lease premium at the agreed rate, with interest.</p> <p><u>Abstract of Standard Design Building</u></p> <p>KINPRA has set up an Apparel Park at Meenambur to accommodate garment making units. It was also envisaged to invite large textile giants from all parts of the country to relocate their operations to the State. KINPRA had done various studies and based on these studies the Park was designed. After the completion of the Park, KINPRA started</p>
7	3.4.19			

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in order to register the Park by dividing prospective compartments. In the field stages, the idea was to sell land. Accordingly, registrations were received from various parties and some of them received their EMD. But most of the compartments turned up and took possession of the land due to various reasons. The major mainline plans were reduction in lots laid out to construct buildings as this would result in huge investment. The greatest water-beds volume, making initial investments involved paid.

In view of this, it was decided to construct Standard Design Factory (SDF) buildings and offer them on monthly rental to prospective entrepreneurs so that their initial start up is easy. When the SDF's were ready in the Park, it was again found difficult to attract investments from the private sector. No plans were available even after road shows and

other efforts were made in leading cities in the country. Efforts efforts were made by KINERA for the marketing of the Park but the Image of Kinera as not an Investor Friendly State put us on a back foot. After continuous efforts, we would finally persuade the LEBLA Group to start their operations in the Park. The LEBLA Group requested KINERA to reconsider the initial intention and to widen the road. The matter was not

1	2	3	<p>before the Joint Commission of KINTRA and the Committee decided to take up the issue with the State Government. AGO, KINTRA requested the Government to review the rent for the buildings and based in this respect the Government issued an Order, reducing the building to the LEMBA Group at a concessional rate for the first TEN years.</p> <p>The pricing pattern was not changed and the concessional rent was considered only for 10 years. In the initial stages, this was required to attract investment in the State. On setting up of the factory by the LEMBA Group, KINTRA could project them as an anchor industry and that has created a brand image for KINTRA.</p> <p>KINTRA had made a thorough study before setting up the Apparel Park at Manantholam and setting up the SDF at KIAP. The present success of KIAP had justified the action of KINTRA in setting up of an Apparel Park in the area and the SDF in the Park. At present KIAP has 37% occupancy and in the near future to impact 100% occupancy at the Park.</p>
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1	2		<p style="text-align: center;">3</p> <p>The employment generated directly in KIAP as on 31-3-2008 is for 5043 people and the indirect employment generated is for 4000 people.</p> <p style="text-align: center;"><u>Dating in the name of Infrastructure facilities</u> <u>(D) Commission of 50/11KV Substation</u></p>
2	3-4-20		<p>KINERA applied for 4 MVA of power from KSEB in the form of two 11KV dedicated feeders from Noidam in November 1995, then the request submitted to KTEP, which is 13 Km away from the Park. Later it was understood from KSEB that a 110KV Substation was being set up at Chidari which is only 3 Km. away from our Park. KINERA then submitted a fresh power allocation to KSEB for 4MVA of power, in the form of two 11KV dedicated lines to our Park, to reduce the cost of construction. Chief Engineer, KSEB, in his reply, stated that the request could be considered only after completion of the upcoming Chidari substation, which was expected to be completed in April 2009. As the power requirement for the Park was urgent for the operation of the facilities, KINERA applied for 6.5 MVA of power with 33KV feeds</p>

1	2		5	<p> debut line in September 1999, since no other form of power could be obtained from KSEB at that time, because Chelari substation was being equipped as a 33/11KV substation under the RECC scheme, to be fed from Kiddeyandi substation. In this connection, a meeting was held in the Chamber of Hon'ble Minister for Electricity in March 2000 to discuss the power crisis in the Park. KSEB informed that KINPRA's requirement was on the higher side and KSEB was unable to meet the power required by KINPRA immediately. KINPRA stated that 5.5 MVA is the projected power requirement of the Park and the initial power requirement is only 3MVA. KSEB then agreed that they could consider the proposal of providing 11KV feeders from the 33KV substation, Chelari that was under construction with a power allocation of 3MVA. Under these circumstances, KINPRA requested KSEB to provide 2 nos. of 11KV dedicated feeders using underground cables and KSEB agreed to it. Accordingly, a written request was made to KSEB on 14th March 2000. KINPRA came to know later that some technical constraints were raised in the feasibility study done by the Construction and Transmission circle of KSEB, for providing 11KV dedicated feeders through underground cable to the Park from the Chelari Substation. </p>
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In the meantime KINPRA had allotted land to 12 entrepreneurs and the construction of KINPRA's Economic & IT building complex was also nearing completion. In addition, two major industries that had already set up their plants in the Park, namely, M/s Pratish Foods and M/s Hama Rich Foods, had separately applied to KSEB for obtaining power allocation. On perusing the matter further with KSEB officials, they indicated that it would be advantageous for the entrepreneurs to get power at 33KV, as the projected requirement of the Park was 6.5 MVA. KSEB also indicated that they had no technical problems in providing "loop in" and "loop out" at 33 KV from Chahal substation to the substation being set up by KINPRA at KITEP. Since there was no other option before KINPRA for getting power, KINPRA applied again for a power allocation of 30MVA at 33KV in August, 2000 to cater to the power requirements of the entrepreneurs in the Park.

Thus, it was primarily due to the inability of KSEB to provide 11 KV dedicated system using underground cables that KINPRA had to set up a substation and go in for 33KV lines with "loop in" and "loop out" from Chahal substation. The work was completed at a total cost of Rs.62.80 lacs, so as to give quality power to the users at KITEP.

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D. 4

1	2			<p>The capacity of the 33KV substation has now been upgraded from 50 MVA to 100 MVA in order to meet the growing demand of the entrepreneurs and to ensure reliability. Hence it cannot be said that the expenditure incurred for construction of the substation was avoidable.</p>
E	3.4.31			<p>Failure to identify suitable water availability for an Industrial Park</p> <p>In March 1996, KINFRA decided to set up a Techno Industrial Park (KITP) at Kadalaschery, Malappuram District in 70 acres of land. A Techno-Economic Feasibility study was conducted by M/s KITCO Ltd., Kozhikode during November 1998, for ascertaining the water requirements for the proposed Park. In their recommendation to us, they had estimated the total water requirement of the Park at 3.5 mld, based on the detailed study undertaken by the Centre for Earth Science Studies (CESS), Thiruvananthapuram in 1997. M/s CESS, in their study had found that 0.5 mld (out of 5 mld, as mentioned in the query) could be obtained from the ground water source available near our Park, to meet the initial requirements of the Park. The remaining 3.0 mld was to be drawn from</p>

1	2	3	<p>Parishad' on the Kabbanih river basin, which is at a distance of 13 km. from our Park.</p> <p>Thus, it is evident that the total water requirement for the full fledged functioning of the Park was identified at the inception of the project itself and no delay was caused in identifying the source, as cited in the query. In accordance with the study, land for developing the pond (water source) was acquired and the pumping of water from the source began in 2002 itself. Meanwhile, the activities of setting up the Water Treatment Plant and the National Water Supply Scheme (9.0 mld) also was initiated in 2000 itself. However, even though the proposal for land acquisition, under the urgency clause for setting up of the pond, hence at Parishadom was moved in the year 2001 itself, local objections and a court case stalled the acquisition move in January 2002.</p> <p>Finally, noting that due to political and social processes the work would not progress at Parishadom, KENTRA, after various deliberations, technical meetings and the concurrence of the Project Implementation Committee, was forced to drop the land acquisition move near Parishadom and search for an alternate location. Subsequently, KENTRA</p>
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identified another location much closer to KITEP, near Chippewaheads (less than 10 km from KITEP) and conducted a Technical Economic Feasibility Study at this location. It was found that the water in this place was highly saline and the project would manufacture only 12 units with computers which would have just one value between 15 to 30 cents. It was also found that the water would have to be cleaned up through the Irrigation Department of the Government of Kerala. This would have to be a continuing and a high cost project for the Corporation. Therefore, another Technical-Economic Feasibility study was conducted along the Chayyar River basin, as there was no other alternate feasible location along the Kuthandil River basin. This study was done through M/s. CRESB and completed in July 2002. Infill and approval was obtained from the Government to draw 3.5 mld of water upstream of the Karamadathu Regulator.

KIDPMA has proceeded with identifying suitable land for the off take well near Vayalunkal and the process was initiated in the year 2003. Infill. However, the acquisition took more than two years and we got possession of 25.44 cents of land, only in October 2005.

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<p>An aim to observed from the above facts, KINFERA took up both the works of off-take web and land acquisition and the water treatment plant (WTP) simultaneously. Due to unavoidable political, social and economic reasons, which were beyond the control of KINFERA, the acquisition of the off-take land got delayed by over two years and KINFERA could award the work of the pumping mains to M/s IVRCL only in July 2003. But, the WTP work was already awarded to M/s Shikra, in line with the original plan of KINFERA, where both works were of 12 months duration each. The Contractor for the WTP completed the work in November 2004 (anticipated period).</p> <p>The 3.0 MLD ground water supply scheme has now been completed and treated water is now being supplied to all the entrepreneurs in the Park, as per their requirement, on a regular basis.</p> <p>Thus, it is evident that the Corporation had identified adequate source of water (3.5 mld) for its Tolkate Industrial Park as early as 1997. But due to socio-political reasons the original plan had to be altered and the location of the source changed. Even then, due to the implementation of this 0.5 mld scheme, KINFERA has been able to meet the requirement of its</p>			

1	2		<p>completeness by April 1 results in at least 1 day's lead time to correct errors for entries made during the previous month from February to May.</p>
10	3.4.25		<p>Issues of Revenue</p> <p>While approving the Annual Revenue Requirements - Expected Revenue from Charge (ARR-ERC) of KEETP Licenses for financial year 2004-05 KEMVIC has analyzed the T&D basis of the Licenses. After finding the deficiencies pointed by the Licenses the Regulatory Commission has suggested upholding the existing tariff and incremental levy. The incremental study has been completed and energy audit is in progress. The Commission has also suggested certain changes in heading of the transformer to optimize the performance and reduce the losses further. These also have been implemented.</p>
			<p>While approving the Annual Revenue Requirements - Expected Revenue from Charge (ARR-ERC) of KEETP Licenses for financial year 2004-05 the Commission has accepted the T&D loss figure for 2004-05, 2005-06 and 2006-07 after detailed examination. KEMVIC has also suggested minor increases in further reform tariff losses. These increases are being implemented by KEETP.</p>

11	3.4.31	<p data-bbox="134 462 165 831"><u>Examination of Joint Venture Companies</u></p> <p data-bbox="170 192 222 831"><u>A. Marine Product Industries. Development Corporation (MIDCOIL)</u></p> <p data-bbox="227 192 326 831">A joint agreement was entered between MIDCON and Indian Petroleum Ltd. (IPL) in August 2001 to facilitate disbursement of the loan of Rs.630 lakhs to SPIL.</p> <p data-bbox="372 192 725 854">The entire documents supporting the disbursement of loan, approval of the Government etc. would have been scrutinized. In this process project in the marine pre-processing sector, presented by KINFELA and MPEDA, the project has been established with the full approval of the Ministry of Commerce as per the policies of Govt. of India for Private Public Participation. A number of schemes are announced by GOI for supporting private public initiatives where substantial auxiliary benefits are estimated by way of grants, subsidy, loan at concessional (parus rate etc. to project under PPP Schemes (Viability Gap Funding etc.).</p> <p data-bbox="761 207 844 862">The project had run in to certain unforeseen problems during the implementation and this had delayed the commissioning of the facilities.</p>
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1	2	<p>During the first stages of the studies, the lack of proper co-ordination among the promoters who were selected from among the activities of the San Pedro Sapanon Associates, was evident in the delay. The joint agreement was properly voided by the legal advisors of MEDCO. It is necessary to have loans secured by a first charge on the assets of the Company and additionally secured by personal guarantees of the promoters of the financing company. In this case also MEDCOON had done the same. The Company is pressing with the Financiera to secure the project as early as possible so that the project stream will come in and this will enable the borrower to meet requirement of the loan and interest. Through the loan may have become an NFA in technical terms, MEDCOON is confident that the project once put into stream will be able to service the loan. Consider marginal steps are kept in abeyance to ensure that the facilities are put into production and thus employment and export revenues are secured.</p> <p>A. KINRA - KINRA</p> <p>KINRA - KINRA is a joint venture company with the share holding 34% by KINRA and 74% by KINRA - KINRA and Government of Kinshasa represented in the Board by the Minister Economy (Industrie) and the Ministry Director. The details of 144 and 144th share of the joint venture company are possible with the company and are preferred</p>
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<p>regularly by the Board.</p>				
<p>As regards the special revolving fund for working tools-equipment and facility studies, the payment of fees is decided by a Committee formed by the Government, and the Corporation has taken a number of steps to recover the amount funded under the revolving fund scheme. Steps are also being taken to reimburse the joint venture company to address its objectives.</p>				
<p>3. Western India KINFRA Limited</p> <p>As the 1st phase in the development of the Integrated Industrial Township or a joint venture company with Western India Services and Estates Limited, 200 acres of land was transferred to the joint venture company. With setting at the cost of the land transferred to Western India KINFRA Limited in the 1st phase, KINFRA have included proposals for alternative treatment and settlement cost, secured for the acquisition of 200 acres of land. KINFRA have also obtained requirements cost of advanced expenditures from Western India and the interest of thereby for the advances are secured.</p>				

1	2	3	<p>As regards the allotment of land in the 1st phase, the joint venture company has allotted 146 acres of land to 17 entrepreneurs. The nature of allotment and the pricing have been decided by the Board of the joint venture company in which the Corporation is represented by Principal Secretary (Industries) and the Managing Director.</p> <p>As a 50-50 joint venture company, the proceeds from the sale of land will be retained in the company, while the cost of 200 acres of land has been charged to KRNRA's share in the company. The utilization of this amount is to be decided by the Board of the joint venture company.</p> <p>The Corporation will only transfer the balance land to the joint venture company as per the Government's directives/decisions. It can also utilize the same land for projects with Government of India assistance. The proposed scheme for Integrated Tooth Park (IITP) of Ministry of Textiles, Government of India is also being planned in this area.</p> <p>When KRNRA selected the co-promoter i.e. Western India as the partner, it was a joint venture company having several projects in India and also having a company called Western Feeds Ltd. for the production of</p>
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parts of every year. Later due to unforeseen circumstances, the company
 failed to do financial projects.

It is may be noted that this joint venture company is presently
 operating profit and we have received the dividend on this account.

The Corporation has formed five joint venture companies M/S M/s
 Western India KINTRA Ltd., M/s. Kishore Plast India Pvt. Ltd., M/s.
 Maruti Products Industries Development Corporation Pvt. Ltd., M/s.
 KCC-KINTRA Ltd., and combined Rs. 15.64 crores. as equity
 contribution. The progress of forming joint venture companies is to attract
 investments for developing various types of industries in the State and
 also to give employment opportunities, and thereby to generate revenue
 for the State by way of Excise duty and Sales-tax etc., including other
 social benefits. Hence, it is desired to compare this with the various
 investment, considering the employment potential and the revenue
 generated for the State in the respective equity by joint venture KINTRA
 and other joint venture formed in West Bengal Ltd.

1	2	3	<p>In respect of M/s. Western India KINFRA Ltd., KINFRA have not deviated from the last disposal account approved by the Board of KINFRA, in relation of land value for transfer of 204 acres of land to M/s. Western India KINFRA Ltd., M/s. Western India KINFRA Ltd has declared a dividend of Rs. 2,98 lakhs during the year 2005-07 and Rs. 5.55 lakhs during the year 2007-08.</p>
			<p>The statements regarding funds kept at the disposal of the co-ventures, without mentioning their activities is not correct. The activities of the Company is monitored by the Board of Directors of the Company comprising of equal number of members from KINFRA and Joint Venture partners, under the Chairmanship of Principal Secretary, Industries Department.</p> <p>KINFRA has already initiated action to utilize the balance 540 acres of land available at Pithampur in which 330 acres of land will be contributed for the Integrated Fertilizer Park, Pithampur which is under construction and the balance 190 acres will be allotted to units soon.</p>

1	2	3	<p>Mr. MEBSON has informed that they have already received the ED's bills from Seaford Post Mills Pvt Ltd, against the disbursement of loan to them and Mr. MEBSON expects that they can collect the entire loan in the coming year.</p>
			<p>Ms. KCEI KINIRA Ltd has informed that they have not collected any amount as account for the project undertaken by them, by utilizing the amount paid by KINIRA. They have also informed that they could release the amount for as when the account has been collected from the project, which is also in the final stage of completion and they are expecting the account for during the financial year 2009-10.</p>

81 Audit on		Reply furnished by Government
1	3.4.13 & 3.4.14	<p>After the KINFRA allotment Committee clears a proposal, an Indemnity letter will be issued to the investor and the party has to deposit 10% as EMD. Subsequently, on receipt of the EMD the allotment letter will be issued to the party. On receipt of the allotment letter, the party has to remit the lease premium within 15 days. But in certain cases, the down payment will be received only after the expiry of this 15 days time limit. In the initial stages of allotment for bringing in more investments in KINFRA Parks, payments received after 30 days were also accepted since:</p> <p>i) There was no queue of applicants seeking allotments and proposing to make investments.</p> <p>ii) Any delay after the due date of the lease premium attracts interest @ 12.25%</p> <p>iii) The lease deed will be executed only when the units ready for commercial production and all the dues towards the lease premium are settled.</p> <p>KINFRA has collected an amount Rs. 32,85,158 as interest @ 12.25 % for the lease premium received after the due date during the year 2007-08. Hence there is no financial loss as interest is charged after the due date. KINFRA proposes to make suitable amendments in the policy now so as to charge 2% interest above the PLR rate of interest of SEN on the outstanding amount.</p> <p>Minimum Investment</p> <p>The License Agreement will be executed only after KINFRA receives the 1st installment. Here also there may be some delay on the part of the investor to remit the installment within the time limit. KINFRA will make all efforts to ensure that the investor makes the down payment within the time frame and the License Agreement is</p>

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS
(AUDIT REPORT 2005-2006)

1	2	3	<p>executed after receiving this payment. Except in places like Weyward, Kasargod, and Thalassery, the down payment and subsequent execution of the License Agreement is well within the prescribed time limit. In all future allotments, KINFRA will take follow up action to ensure that receipt of down payments and execution of License Agreement are done within the time limit.</p> <p>The Lease Deed is to be executed within a time limit of 20 months after the execution of the License agreement. Within this 20 months time, an investor has to take action to prepare the drawings, obtain necessary approval and do the construction of the building. But in some cases, because of the difficulty in obtaining the building materials, like steel, cement etc. due to shortage, the investor sometimes faces difficulty in completing the construction activities within the prescribed time limit. In certain cases, the delay in obtaining financial assistance from banks may also result in slippage of this time limit. Even though KINFRA insists on the time limit, the slippage usually happens due to external factors like delay in getting assistance from the banks/other financial institutions or getting building materials.</p> <p>KINFRA proposes to make amendments in the License Agreement by providing allowance activities to be achieved in the time limit of 20 months.</p>
2	3.4.16		<p>When they were allotted land in May 2000 M/s Karalbertex was awarded power by September 2000. However the substation on KERTP could not be commissioned due to the delay from KSEB in completing the double circuit line from Brahmapuram. The Italian company demanded that their losses should be compensated by KINFRA. Karalbertex were given power only in April 2003. The issue of compensation on account of delay in electricity connection was taken up by Karalbertex, once the unit was commissioned.</p>

Since there was some merit in their argument, partial relief was given to them by the decision of the KINPRA Board Sub-Committee held on 4.12.62.

The task of Keralathoran in KERPIC became an arduous investor in the industrial front of Kerala. The unit, with current experts of several foreign countries, was the main marketing tool for KINPRA. Prospective investors were persuaded by KINPRA to come to KERPIC through the assistance of Keralathoran. List of professional Government officials, investors from India as well as abroad visited KERPIC and for all of them Keralathoran was the role model. Their presence KERPIC definitely helped KINPRA to attract many investors.

Keralathoran also submitted a series of representations claiming waiver of interest for their balance lease provisions. The Board of KINPRA, held on 8.1.66, decided to consider their request for waiver of the interest of the balance lease premium as Keralathoran had commenced commercial production from their unit much ahead of their schedule as per the terms of allotment. The above decision was taken by the Board considering Clause 9 (iv) of the Land Disposal Regulations of KINPRA which states that "For such of the allottees who go into commercial productions, as agreed with KINPRA, a rebate on lease premium as decided by the Corporation from time to time may be offered". Since Keralathoran had commenced their commercial production within year as against the scheduled period of two years, in spite of the delay in getting power and other labour problems, the waiver of interest considered by the Board of KINPRA is justifiable.

On the basis of the Feasibility/Project Report for KINPRA based at Kottayam Park, Madhavarampur, facilities were provided for general allottees for meeting the water requirements from ground water sources - two bore wells were installed and one open well was constructed. Details on reports from the Ground Water Department. This was adequate to meet the requirement of the initial units that came up in the Park. Subsequently, it was decided to upgrade the

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 Park to a Food Park, along with Quality Control Lab etc. with funds from the Ministry of Food processing Industries. Because of this capacity there land processing require more water, the demand for water increased substantially. With the reduction in yield from the land, the water periods of these is because apparent to KWERRA that other means for supplementing the water supply to Park will have to be taken up.

KWERRA has identified 30 cents of land near the Park, which would be developed into a pond, and this land was acquired. However, if they clear from the High Court, there was no further activities for developing this land into a water source. The case is still pending before the High Court of Kenya.

Meanwhile, KWERRA approached the Kenya Water Authority in accordance if they could meet out additional Water requirement. It was informed that they could provide treated water from their distribution system located at a distance of approximately 1 km from the Park. They would need to construct a well and water could be provided to KWERRA within a period 1 to 2 months. Accordingly KWERRA requested an amount Ks. 85 lakhs to KWA in March 2005, with the assurance that the line would be commissioned by end April 2005. In May 2005, KWERRA was informed that the estimate has increased to Ks. 48 lakhs and KWERRA requested the additional amount, and Kenya Water Authority reviewed the Work. However, they could not cover the work that to issues with the local people. KWERRA had the written to KWA asking them to reduce the amount requested by it for the above work.

Finally, KWERRA had an option but to take up a Proposal to draw water from the nearby irrigation canal (Machakos) located at a distance of about 2 km from the Park, since they were not able to meet the water requirement from ground water sources of about 30 technologies that are being functioning in the Park by them. Necessary approval for this work to be taken from the Parliament. The work was completed through KWA and awarded for an amount of Ks. 11.6 lakhs. The Work has been completed and the required water

supply scheme is now in operation. Adequate water is now available to meet the requirement of all the existing units in the park.

It may be noted that the expenditure for providing this additional infrastructure for the Park is operated as a separate Profit Centre.

KEPPIA through Transmission Industrial Park Ltd. (KEPPIA) is an industrial park established under the EPZ scheme of the Government of India. KEPPIA is equipped with an objective to promote export oriented industries and to boost foreign exchange earnings. The issues regarding arranging power to the park was discussed at various levels in Government and KSEB, several times. Based on the meeting held in the chamber of Chairman, KEPIB on 15.7.1998, KEPPIA decided to construct a 110 KV substation on its own and to bear the cost of laying 110KV lines to the substation, at a total cost of Rs. 7 crores. An Application for getting license status for power distribution was also made to the Government on 20.10.2000.

The work of the 110KV substation was completed by August 2000 and laying of 110 KV double circuit line was completed by KSEB in November 2000. KEPPIA requested the Chief Engineer (transmission) South, KSEB, vide letter No. KEPPIA/KSEB/785/2000 dated 18.12.2000 to issue power allocation, subject to obtaining license status. While KEPPIA's application for license status was pending with the Government, KSEB issued an order 03/02/2001 stating that KEPPIA will not be granted License status and KSEB will be distributing power inside the Park.

The Technical Committee of KEPPIA strongly objected to the order of KSEB. The Technical Committee also felt that KSEB has no right to object the application of KEPPIA, as a decision on KEPPIA's applications is to be taken by the Government only. The Implementation Committee of KEPPIA held on 07.2.2001 discussed the matter in detail. The committee directed the Technical Committee to present a detailed note on this matter in the next Implementation Committee for deciding whether the issue should be taken up further with the Government.

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4 3.94.34

Subsequently in the meeting held in the chamber of Chairman, KSEB on 12.3.2003, it was decided that KERP will operate the 110 KV substation operated by KERP and operator charged will be held by KERP, all official handling over of the substation takes place should on this condition. KERP agreed supply of power to KSEB as KERP and KERP had operation charges to KERP every month. The substation and the distribution system remained the same as before. It was only given to KERP for operation.

Implementation Committee met again on 24.3.2003. The Technical Committee members made a presentation regarding for KERP securing a license for power distribution. As KERP had already spent around Rs. 7 crores for the substation and double circuit lines, the Committee took the following decisions:

1. The issue of KERP becoming a licensee is to be taken up with the Government.
2. KERP will continue to own the substation and bear the operation charges, until the Government takes a final decision in the license issue.

Since the application for KERP becoming a licensee was pending with the Government, discussions were held with the concerned Government officials for a decision in favour of KERP. Finally, vide letter No. 818/AT/01/PS dated 27.4.2003, Government directed KERP to submit an application regarding application for license to the Government for information and representation by the public. Advertisement were published in the New Indian Express, dated 18th and 19th May 2003 and the matter was referred to the Government vide letter No. KERP/Power/37/03 dated 27.4.2003.

In May 2003, vide extra ordinary Gazette Notification No. 908, dated 25.5.2003, Government directed KERP as licensee for power distribution and an order was released by KERP on 11.7.2003 so providing power supply to KERP treating KERP as a licensee. Meeting was held with the Deputy Chief Engineer (Transmission) KSEB on 18/11/2003 and with Chief Engineer, Distribution

Central on 27.11.2003. During the discussions, KSEB demanded that the cost of the distribution lines now in the custody of KSEB will have to be paid by KEPIP before handing over the same. However, KEPIP refused to accept this conditions. Subsequently, discussions were held at various levels and it was decided that the operation of Licensee could be started by KEPIP on 01.01.2004. The Board of KINFRA in its meeting held on 08.1.2004 decided that an undertaking can be given by KINFRA that the Government decision regarding the cost of lines to be transferred to KSEB shall be accepted by KINFRA. Accordingly, an undertaking was given on 12.01.2004 and the distribution of power in KEPIP was taken over from KSEB on 15.01.2004.

As explained above, the delay noticed by the Audit in getting the Licensee status is the procedural delay in various Government Departments and KSEB, as this is a major policy matter of the Power Department. Further, the Electricity Regulatory Commission in the state was not existent at that time. After Techno Park, KEPIP is the only agency who has awarded licensee status by the Government. In spite of the delays in the Government Departments, KEPIP could achieve the Licensee status and is now one of the model Licensees in Kerala. The Kerala State Electricity Regulatory Commission has accepted KEPIP as the model among small licensee and has included Managing Director, KEPIP in their Advisory Committee.

There was no lack of coordination among KINFRA, KSEB and Government in this regard. Regular follow up on the matter was done with Government and letters sent on 02.02.2002, 30.6.2002 and 5.11.2002 may be taken note of. Also there were regular follow ups in the Secretariat for pushing files since this is an issue totally different from the routine work of the department. The delay on the part of the necessary Government Order was also brought to the notice of the Board of KEPIP in various Board Meetings and the Board has recommended to the Government for expediting the matter. Because of the above regular follow up only KEPIP could

attain the Licensee status by 11.07.2003. The Licensee could have been given by the State Government in February 2001 itself. However, it was given in May 2003 only. Hence the delay is 2 years and 4 months.

Licensee for supply of Electricity has to be granted by the State Government and not by the Electricity Board. Finally, in the case of KINFRA, License was issued by Government only. Through the application for license was given on 20.1.2000, the license was issued by Government of Kerala only on 29.5.2003. As per the Electricity Act prevailing at that time, State Government is the statutory authority to issue license.

Another observation is about the payment of operation and maintenance charges to KSEB. In this connection, it may be noted that KSEB, vide its Order dated 03.02.2001, had informed that KINFRA will not be granted license status while the matter was still pending with the Government. Further in meeting held in the Chamber of Chairman, KSEB on 15.02.2001, it was decided that KSEB will operate the substation and KINFRA will bear the operational charges till official handing over of the substation to KSEB. The KSEB Order dated 03.2.2001 and Minutes of the Meeting held on 15.02.2001 were discussed in the 27th implementation Committee of KSEEP held on 24.4.2001. KSEEP was confronted with a situation, in which Government of Kerala is not taking a decision on our application for license status and the entrepreneurs are demanding power supply urgently under these circumstances. The Committee had decided that KSEEP will continue the ownership of the substation till a Government decision is taken on the Licensee issue and the operation charges can be borne by KSEEP. This will solve the power supply problems of the entrepreneurs.

The payment to KSEB towards operation charges could not be avoided. Even if KINFRA had been given Licensee status, KINFRA would have incurred this expenditure as KINFRA would have to get this work done by some other agency. The AMC charges are he

1	<p>2</p> <p>expenditure towards the annual maintenance contract with the suppliers of equipments and this is different from the routine maintenance which will be done along with the operation. These changes will have to be paid whether KSEIPRA is a licensee or not. The payment of operating charges does not clear any provision in the schedule of supply of electrical energy. Licensee is now also handling this expenditure.</p> <p>The schedule of KSEIP to purchase the issue of license status over other matters with respect to granting license, has resulted in KSEIP making a good amount of surplus from the license operations. The total turnover of KSEIP's license operations is Rs. 1944.13 lakh and an operational net profit is Rs. 69.64 lakhs till March 31, 2006. Also the consultant services provided by KSEIP as licensee to work leaders like Wipro, TCS etc. has strengthened the hands of the Government in establishing Cochin as a super specialization for IT industries. Considering these advantages, the amount spent by KSEIP as operation charges is very meager. If KSEIP had opted to hand over the substation to KSEIB following their order, KSEIP would have become just another industrial park much inferior to the present one. As explained earlier, the delay in getting license status is only routine, specifically since this is a policy matter which requires a sanction of a decision taken earlier.</p>
<p>3</p> <p>The present status of the NPC is regularly taken up in the management monthly review meetings and also in the Project Implementation Committee and Board/Board sub-Committee meetings. It must be highlighted here that the completion time for these projects has been placed to place, depending on availability of land, proximity of power and water supply sources and road connectivity etc. Usually most of these are green field projects for which land acquisition itself takes considerable time, since land is a scarce commodity in Kerala. Moreover, before actual development work can commence, issues with the Panchayats, local people, the roads, drains, boundaries etc. have to be discussed and sorted out, which usually get resolved only with the intervention of the</p>	
<p>5</p> <p>3.4.26</p> <p>Development Exhibits Infrastructure Development Centre</p>	<p>of</p>

concerned MP/MLA. Delays in development/ construction of these Centers or setting up of infrastructure facilities, are always due to genuine reasons for which approval is obtained from the Project Implementation Committee.

It has been observed in the Allotment Committee meeting that there is hardly any demand in the State for plots of 10 cents area or less. Since it would not have been advisable to keep the plots vacant awaiting such a demand, the plots were allotted as per the requirements of the entrepreneurs. In a few instances, KINFRA have allotted large plots in order to bring in anchor investors which have proved successful in wooing smaller investors to these Parks.

Similarly the number of units with investment less than Rs. 1 crore was also very limited. Here again, KINFRA have allotted plots to a few units with investment more than Rs.1 crore, mainly as anchor investors, which has helped in bringing smaller investors to these Parks.

The number of units that have executed Lease Agreement after allotment in the various Parks till March 2008 has been increased to 217 units out of 257 allotments (84 percent), as against 160 units when reviewed earlier.

Allotment of all the plots has been completed in the IDC's in Trivandrum, Madhavannur, Koralay and Thalassery. In Weyanad 31 % of the plots have been allotted and in Kakkanchery, 77% of the built up space has been allotted. In Adoor, allotment of plots has not yet begun. The land leased out in the various Parks till March 2008 has also increased substantially to 182.66 acres (61.89 percent) as against 111.87 acres (37.8 percent) when reviewed earlier. It may be noted here that this is beside the land used for development of infrastructure facilities and common facilities (usually 20-30%).

Similarly the direct employment generated from the units in the various Parks till March 2008 has also shown a large increase to 6770 persons; from 2696 persons when reviewed earlier.

Considering the above, it cannot be said that the setting up of

1	2	<p>the IDC's could not contribute to the main objective of employment generation, though it has taken longer than envisaged.</p>
6	3.4.27	<p>The key objectives of the Government of Kerala that have been met by the promotion of Industrial Parks supported by KINFRA are:-</p> <ol style="list-style-type: none"> 1. <u>Accelerated Industrial Development</u>: Industrial parks, by supporting a number of industries clustered together makes it possible to implement a focused plan for industrial development in the state. 2. <u>Regional development</u>: Industrial Parks also serve as a catalyst for development of the surrounding region for providing opportunities for employment and creation of ancillary industries. <p>The benefit to the industry that encourages units to locate themselves in the park are primarily</p> <ol style="list-style-type: none"> 1. <u>Agglomeration benefits</u>: The cost of development and operation of the facilities being spread over a large number of users, these are substantial cost benefits accruing to the user. 2. <u>Ready to use plots and facilities</u>: Developed plots and standards Design Factories make it possible for the user industry to set up units in the park in a short period thus saving on scarce resources and time in developing necessary infrastructure and land. <p>The Government of Kerala established KINFRA with the specific purpose to accelerate the industrial development of the state by developing industrial infrastructure at places selected by the Government and by tying up required infrastructure facilities like Power, water, roads, communications etc. KINFRA has been given a clear mandate by Government for industrial infrastructure development, specifically aimed at the economic development of the industrially backward regions of the State by setting up Industrial Parks which will provide all facilities required for the entrepreneurs in starting an industry in the thrust sectors identified by the Government's Industrial Policy.</p>

KINFRA has started its operation at a time when Kerala was considered one of the most industrially backward states and Kerala was known for its labour militancy and strikes and often Kerala was referred to as the death-bed of industries. It is in this background that KINFRA started developing industrial parks in 1993, with bold aim to make Kerala as a dream zone for industrial investment at least by the year 2020.

An industrial park has a long gestation period and the marketing of such industrial parks needs a longer time and much harder efforts. Specific marketing strategies are needed, which are founded on the industrial policy of the State and based on experience attained as well as close observation of the sales pattern of the existing industrial parks.

Marketing of industrial parks is the greatest challenges faced by KINFRA, despite the fact that KINFRA's park offers the best facilities for easy startup of industrial units.

The marketing of the project have been assisted by the new industrial and labour policies of the Government and over all improvement in the perception of investors towards Kerala.

It may also be noted that through the experience gained in the last 13 years, KINFRA have evolved a three pronged marketing strategy for the marketing of its industrial parks. The first one is for creating awareness or a brand creation among the industrialist of entrepreneurs in newspapers or magazines aimed to reach the industry or the business groups.

The second one is a more target oriented strategy with KINFRA focusing on entrepreneurs in specific sectors like food processing, biotechnology, textile or garments, infotainment, animation etc. As per this strategy KINFRA will be participating in events, exhibitions, road show etc. in these specific sectors organized by various professional bodies like FICCI, CII etc. This will help KINFRA to identify potential entrepreneurs in these sectors and will given an opportunity to directly address the entrepreneurs of their key decision makers.

The third and final strategy is the direct and effective one to say marketing. Having identified the key players in each sector through participating in events or exhibitions as part of the second strategy, the findings necessitated a contact with them. KINFRA would do a number of follow-ups through one to one meetings with the top officials and key decision makers of each enterprise and try to convince them of the wide scale facilities being offered by KINFRA. It also said the advantages of investing in KINFRA parks in the wake of selective industrial policies and changes industrial climate of the world.

The special offer was offered when KINFRA was in its early days of operation and as an effort to create a brand image and an impact in the industrial scenario of the State by attaching well known brands or brand ambassadors for KINFRA's industrial parks. Further, the Special Offer Scheme has benefited KINFRA with certain anchor investors investing in the park giving marketing mileage to KINFRA Parks.

Being a statutory body of the Government of Kerala, KINFRA also has a strong commitment to the society, as some of KINFRA's projects have to be located in various backward regions of the St. Before setting up any projects in the thrust sectors identified in the industrial policy, KINFRA certainly does a detailed analysis to identify the most suitable location, based on various factors like proximity of the highway, availability of entrepreneurship in the region, availability of adequate local facilities for industry etc. projects like small industries parks are specifically aimed to remove the industrial backwardness of the cooperative backward regions of the State and as per the policies of the Government of Kerala, KINFRA has to accord priority in developing such parks in certain rural areas also.

Currently in the parks which have developed by KINFRA, no land is available for fresh allotments except 7 acres of land in Wayanad District and developed land in SEZA. Hence efforts made to assist the development of KINFRA have yielded results. It may

be noted that to attract industrial investment into the State is a difficult task. Efforts are being made to create a Land Bank for attracting new industries into the State. Hence, various strategies adopted by KINFRA have yielded results in the State in terms of the brand image of KINFRA Parks.

There is a standard monitoring and evaluation system prevailing in the Corporation to monitor the various activities. There is a regular weekly meeting in the Project Office convened by the Project Manager along with the Technical Advisor and the Project Management Consultant. Monthly review meetings are conducted on a regular basis in the Corporate Office for which all the project heads attend. The progress of infrastructure development is monitored by the project implementation Committee, chaired by Additional Chief Secretary (Industries). The allotment in Industrial Parks and its progress is regularly monitored by the Land Allotment Committee appointed by the Government of Kerala. The pricing of park facilities is regularly monitored by the Pricing Committee appointed by the Government of Kerala under the chairmanship of the Secretary (Industries). The over all functioning of the Corporation will be reviewed by the Board of Directors under the Chairmanship of the Chief Secretary to Government of Kerala. The activities of the Corporation is also reviewed by the Minister (Industries) on Monthly basis.

From the above, it is evident that KINFRA is having a regular system for monitoring and evaluation of its activities. An 'Action Taken Report' is to be introduced from the next Project Implementation Committee meeting onwards.

Industrial Audit.

The Internal Audit of the Corporation is conducted by reputed and reliable chartered Accountant, M/s Varma & Varma and they are also assisting KINFRA to finalise the accounts of the Corporation in

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1	8	<p>additional to the Internal Audit.</p> <p>Internal Audit reports are being reviewed by the management before finalising the accounts and corrective action are taken to rectify the procedural deficiencies identified. The land register has already updated with all relevant detail.</p> <p>Internal Control</p> <ol style="list-style-type: none"> 1. Government approval for the rules and regulations has been received. 2. Approval for Government for assessing Regulations received. 3. Physical Asset Register updated.
	3	

Rajni

M. P. RANJI

Additional Secretary to Govt.
 Industries Department
 Govt. Secretariat,
 Thiruvananthapuram

Annexure 20
(Referred to in paragraph 3.4.8)

Statement showing the details of land acquired and developed by KINFRA

(Rs. in lakhs)

A Parks were development Undertakings								
1	IIDC, Seethangaly, Kasaragod	194.56	281	60.00	1.44	86.66	345.85	432.51
2	IIDC, Theerassy, Kannur	50.25	107	50.25	2.13	107.00	297.59	404.59
3	IIDC, Kalpetta, Wayanad	50.00	251	50.00	5.02	251.00	354.93	605.93
4	IIDC, Koratty, TCR	30.00	226	30.00	7.53	226.00	347.70	573.20
5(a)	IIDC, KTIP, Kakkanchery	10.00	43	10.00	4.30	43.00	807.85	830.85
5(b)	KTIP Food Park, Kakkanchery	62.00	264	62.00	4.26	264.00	1778.80	2042.80
6	IIDC, Muzhavayur, EKM	64.89	241	64.89	3.71	241.00	587.50	828.50
7	IIDC, Kunnambhanam, FTA	35.78	87	35.78	2.43	87.00	0.50	87.50
8	IIDC, Aloor, Puthanambalitta	85.00	289	85.00	3.40	289.00	20.30	309.30
9(a)	IIDC, Menamkulam, TVM	40.00	116	40.00	2.90	116.00	586.30	702.30
9(b)	KIAP, Menamkulam, TVM	50.00	145	50.00	2.90	145.00	2351.10	2496.10
10(a)	EPIP, EKM	179.60	870	179.60	4.84	870.00	3813.86	4683.86
11	Palm Video Park, TVM	75.00	300	75.00	4.00	300.00	1098.38	1398.38
12	Bio Tech Park, Kalamassery, EKM	240.00	0	40.00	0.00	0.00	32.18	32.18
13	ITP, Palakkad	747.90	845	200.00	1.13	225.97	163.36	389.33
	Total A	1914.98	4068	1032.52		3291.62	12585.70	15837.52
B Other parks								
10(b)	BPIP, EKM, Addl. Land	94.60	2650	94.60	28.01	2650.00		2650.00
14	Rubber Park, EKM	109.12	374	109.12	3.43	374.00		374.00
15	Kinfra site, Palakkad	341.42	761	178.34	2.23	397.51		397.51
16	TCIDS, Kannur	125.80						
17	Kannur power project	164.22	325		1.98			
	Total B	835.16	4110.00	382.06		3421.51	0.00	3421.51
	Grand Total (A+B)	2750.14	8178	1414.58		6673.13	12585.70	19259.03

Note: In respect of item 12 the land was assigned free of cost and for item 16 the value not yet been fixed by Government

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