



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

**NINETY NINTH REPORT
(Presented on 13th November, 2019)**

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2019

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

NINETY NINTH REPORT

On

**The Action Taken by Government on the Recommendations
contained in the Fifth Report of the Committee on
Public Undertakings (2011-2014) relating to
Kerala Automobiles Limited, based on the
Report of the Comptroller and Auditor
General of India for the year ended
31-3-2008 (Commercial)**

CONTENTS

	<i>Page</i>
Composition of the Committee ..	v
Introduction ..	vii
Report ..	1-6

COMMITTEE ON PUBLIC UNDERTAKINGS (2019-2021)

COMPOSITION

Chairman:

Shri C. Divakaran.

Members:

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri S. Rajendran

Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

Shri M. Ummer

Shri P. Unni.

Legislature Secretariat :

Shri S. V. Unnikrishnan Nair, Secretary

Shri K. Suresh Kumar, Joint Secretary

Shri Harish G., Deputy Secretary

Smt. Reji D. O., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Ninety Ninth Report on the action taken by Government on the recommendations contained in the Fifth Report of the Committee on Public Undertakings (2011-2014) relating to Kerala Automobiles Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2008 (Commercial).

The statement of action taken by the Government included in this report was considered by the Committee constituted for the years (2016-2019) and (2019-2021).

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

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

Thiruvananthapuram,
27th August, 2019.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT

The Report deals with the action taken by the Government on the recommendations contained in the Fifth Report of the Committee on Public Undertakings (2011-2014) relating to Kerala Automobiles Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2008 (Commercial).

Fifth report of the Committee on Public Undertakings (2011-2014) was presented to the House on 21st June 2012. The Report contained two recommendations and the Government furnished replies to all the recommendations. The Committee (2016-2019) and (2019-2021) considered the replies received from the Government at their meetings held on 27-9-2017 and 15-5-2019 respectively. The Committee accepted the replies to the recommendations without any remarks.

**REPLY FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH
HAVE BEEN ACCEPTED BY THE COMMITTEE WITHOUT REMARKS**

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations	Reply furnished by the Government
1	2	3	4	5
1	4	Industries	<p>It is found that the agreement signed with the private agency Supreme Enterprises, for an amount of Rs. 55 lakh, was made without following the procedures, guidelines and rules. The Committee finds fault with the decision of KAL to sign the agreement without verifying the competency of Supreme Enterprises to supply the prototype and the possibility of legal action by original equipment manufacturer. The company should have assessed the competency of SE to supply the prototype before expending Rs. 55 lakh towards price and another Rs. 60 lakh for testing.</p>	<p>Based on the inspection conducted by the Finance Inspection Wing, Director, Vigilance and Anti Corruption Bureau had conducted a Vigilance Enquiry vide VE. 11/09/SIU-I into the allegation of irregularities in the purchase of Technology and Prototype Engine by Kerala Automobiles Limited from M/s Supreme Enterprises. Later the investigation has been completed and the Investigating Officer reported that even though some glitches are noticed in the devising and execution of the plan, no evidence has been is forthcoming to establish that the accused was motivated by mala fide intention. The evidence gathered during the course of investigation is not</p>

consultation and tools. Thus, a total of Rs. 1.15 crore turned out to be a wasteful expenditure due to want of foresight and lack of efficiency in management. Lack of technical infrastructure and lack of poor financial position of the company should have been considered before entering into a deal required huge amount.

adequate to charge the accused under the provisions of PC Act for a successful prosecution. Hence the Investigating Officer recommended to file final report the case as "mistake of fact". Legal Officer also agreed with the findings of Investigating Officer.

The Director, Vigilance and Anti Corruption Bureau also scrutinized the factual report with its enclosures and reported that the allegations raised against the accused are not substantiated by evidence. Therefore, it is decided to treat the case as mistake of facts and direction has been given to the Superintendent of Police, Vigilance and Anti Corruption Bureau, SIU, Thiruvananthapuram to file final report as mistake of facts before the Court.

The Court of the Enquiry Commissioner and Special Judge, Thiruvananthapuram as per order dated 19-4-2016 accepted the final report and closed the matter.

1	2	3	4	5
			<p>The Committee directs that results of findings of the vigilance enquiry with regard to the deal as well as action taken against responsible officers should be reported to the Committee.</p>	<p>The Investigating Officer has already dropped the charges. Under the circumstances, it is requested that the query may kindly be dropped.</p> <p>Based on the inspection conducted by the Finance Inspection Wing, Director, Vigilance and Anti Corruption Bureau had conducted a Vigilance Enquiry vide VE. 11/09/SIU-I into the allegation of irregularities in the purchase of Technology and Prototype Engine by Kerala Automobiles Limited. Based on the findings in VE.11/09/SIU-I a VC. 05/12/SIU-I dated 5-10-2012 case was registered against the following accused on VACB, SIU Unit.</p> <p>A1-Shri Sathyaseelan, Former MD, Kerala Automobiles Limited.</p> <p>A2-Shri Mohana Chandran Nair, Formerly General Manager (Marketing), Kerala Automobiles Limited.</p>

	<p>A3-Shri Mathew Kuriakose, Formerly General Manager (Finance), Kerala Automobiles Limited.</p> <p>A4 - Shri K. A. Ratheesh, Private person (Proprietor, M/s Supreme Enterprises).</p> <p>Investigation of the above case has been completed and Investigating Officer submitted factual report.</p> <p>The Investigating Officer reported that some glitches are noticed in the devising and execution of the plan, no evidence is forthcoming to establish that the accused was motivated by mala fide intention. The evidence gathered during the course of investigation is not adequate to inculpate the accused under the provisions of PC Act and a successful prosecution. Hence the Investigating Officer recommended to file final report the case as "mistake of fact". Legal Adviser also agreed with the suggestion of Investigating Officer.</p>
--	---

1	2	3	4	5
<p>Director, Vigilance and Anti Corruption Bureau also scrutinized the factual report with its enclosures and reported that the allegations raised against the accused are not substantiated in evidence, it is decided to treat the case as mistake of facts and direction has been given to the Superintendent of Police, Vigilance and Anti Corruption Bureau, SIU, Thiruvananthapuram to file final report before the Court as mistake of facts.</p> <p>The Court of the Enquiry Commissioner and Special Judge, Thiruvananthapuram as per order dated 19-4-2016 accepted the final report and closed the matter.</p>				

Thiruvananthapuram,
27th August 2019.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

©
Kerala Legislature Secretariat
2020

KERALA NIYAMASABHA PRINTING PRESS.