

6
COMMITTEE ON PUBLIC UNDERTAKINGS
(1991-92)

(Ninth Legislative Assembly)

TWENTY FIRST REPORT

ON

THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMEN-
DATIONS OF THE COMMITTEE ON PUBLIC UNDERTAKINGS
CONTAINED IN ITS 9TH REPORT OF 8TH LEGISLATIVE
ASSEMBLY PERTAINING TO A.P. STATE MEAT AND POULTRY
DEVELOPMENT CORPORATION LIMITED.

(Presented to the Legislature on 26-3-1993)

ANDHRA PRADESH LEGISLATURE (ASSEMBLY) SECRETARIAT
PUBLIC GARDENS, HYDERABAD - 500 486.

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1991-92)

(Constituted on the 8th October, 1991)

Chairman :

1. Sri J.K. Reddy

Members :

2. Smt. Mary Ravindranath
3. Sri Ambati Rambabu
4. Sri B. Veda Vyas
5. Dr. K. Madan Mohan Reddy
6. Sri Gurunath Reddy
7. Sri P. Kista Reddy
8. Sri K. Rambhupal Reddy (upto 11-1-1993)
9. Sri J. Sriranganayakulu
10. Sri A. Sudarshan
11. Dr. S. Venugopalachari
12. Sri K. Ramachandra Raju
13. Sri G. Appala Suryanarayana
14. Sri Ch. Vidyasagar Rao
15. Sri Mohd. Virasat Rasool Khan

Legislature Secretariat :

1. Sri A.V.G. Krishnamurthy, Secretary
2. Smt. M.V.S. Jayalakshmi, Joint Secretary
3. Sri A. Venkata Rao, Assistant Secretary
4. Sri J.S.R. Murthy, Section Officer.

ACCOUNTANT GENERAL'S OFFICE

1. Sri J.C. Jagannadham Accountant General
(Audit-II)
2. Sri K. Ramachandran Deputy Accountant
General
3. Sri V. Balakrishna Murthy Audit Officer
4. Sri A.V.G.V. Prabhakara Rao Section Officer.

INTRODUCTION

I, the Chairman of the Committee on Public Undertakings (1991-92) having been authorised by the Committee, present this Report on behalf of the Committee on Andhra Pradesh State Meat and Poultry Development Corporation Limited.

The Committee held 2 sittings to record the oral evidence.

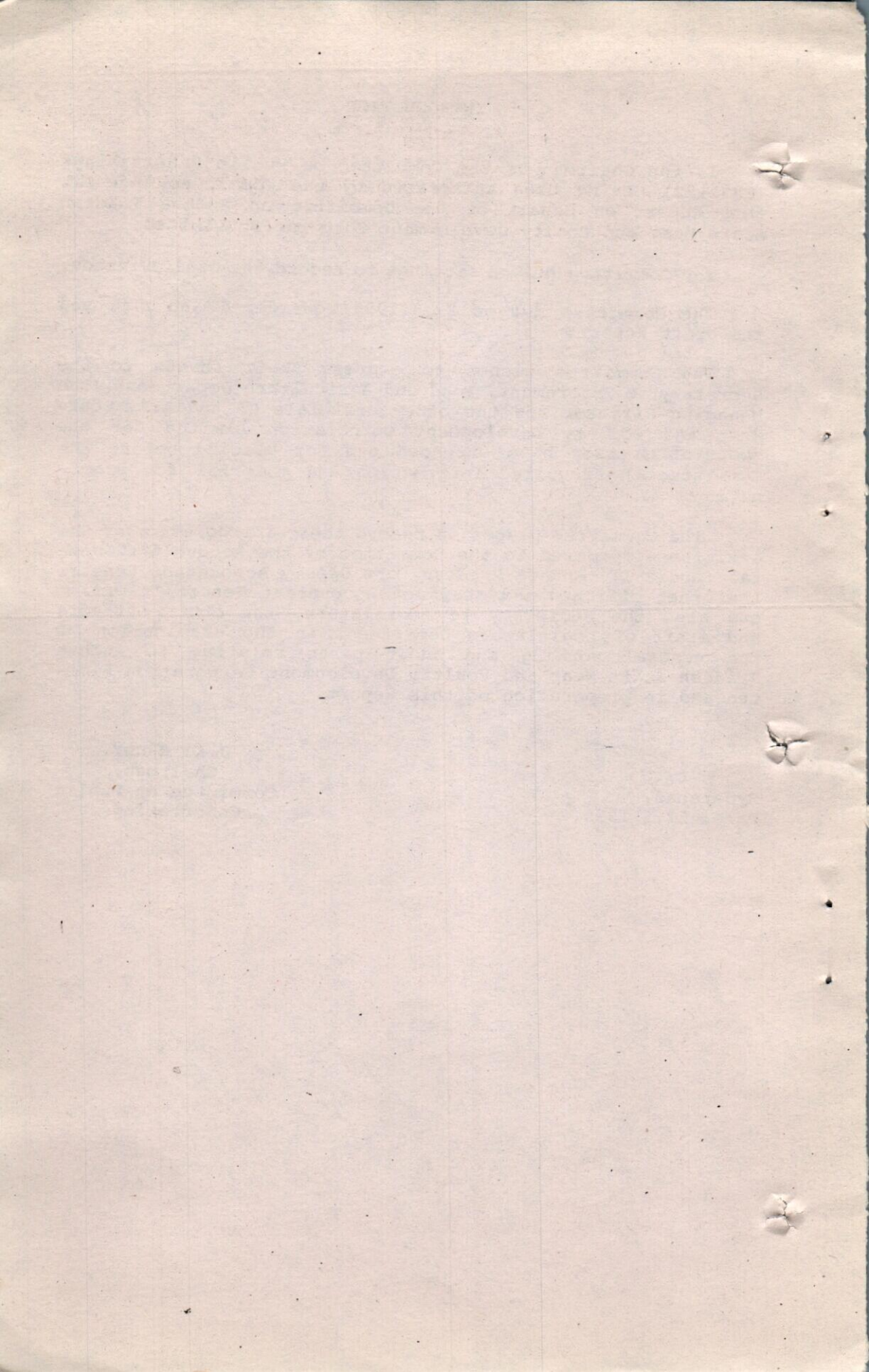
The Committee met on 22.3.1993 considered and approved the Draft Report.

The Committee wishes to express their thanks to the Secretary to Government, Food and Agriculture Department, the Managing Director and the other officials of the A.P. State Meat and Poultry Development Corporation Limited for the cooperation they have extended and for placing before the Committee the required information and material for examination.

The Committee places on record their appreciation of the assistance rendered to the Committee by the Accountant General (Audit-II) Andhra Pradesh, the Deputy Accountant General the other officers and staff of Accountant General's Office and also the Secretary to Legislature, the other officers and staff of Legislature Department in the examination of the general working and audit paras relating to Andhra Pradesh State Meat and Poultry Development Corporation Limited and in preparation of this Report.

Hyderabad,
Date: 22.3.1993.

J.K. REDDY,
Chairman,
Committee on Public
Undertakings.



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STATE MEAT AND POULTRY DEVELOPMENT CORPORATION LIMITED

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RECOMMENDATIONS OF THE COMMITTEE ON PUBLIC UNDERTAKINGS
(9th LEGISLATIVE ASSEMBLY)

ACTION TAKEN NOTES ON THE RECOMMENDATIONS CONTAINED IN THE
9th REPORT OF THE COMMITTEE PRESENTED TO VIII LEGISLATIVE ASSEMBLY

[Report of the Comptroller and Auditor General of India
for the year 1982-83 (Commercial)]

ANDHRA PRADESH STATE MEAT AND POULTRY DEVELOPMENT CORPORATION LIMITED

1. Introduction:

A.P. State Meat and Poultry Development Corporation Limited was established in October 1977 as a wholly owned Government Company for setting up modern Slaughter House in the State and also to take over the existing Slaughter Houses in the State and for Development of Poultry in the State. The main objects of the Company are to establish, maintain and operate poultry and duck birds farms and hatcheries and marketing of all kinds of poultry and their products or by-products etc.

2. Scheme for Marketing of Eggs and other Poultry Products:

2.1 The Company launched a scheme for marketing of eggs and other poultry products in 100 sale booths in Hyderabad and Secunderabad by providing employment to persons belonging to Scheduled Caste and women belonging to weaker sections. The A.P. Scheduled Castes Cooperative Finance Corporation released finance of Rs. 0.80 lakh as grant towards margin money to 50 beneficiaries.

2.2 The Committee felt that the Scheme was implemented without proper co-ordination between Municipal Corporation of Hyderabad (M.C.H.), the beneficiaries and the Company. The Committee recommended that immediate action should be taken for recovering the booths from M.C.H. and allotting them to the beneficiaries.

2.3 The Committee also recommended that the Scheme should be revived with proper co-ordination and eligible beneficiaries being selected with adequate surety and security. (Recommendation in Para 6).

2.4 In its Action Taken Notes, the Company explained that M.C.H. released 8 booths, of which two were transferred to P.M.C. Kurnool, two were transferred to P.M.C. Mahboobnagar, three are in use in Hyderabad and one was broken and hence auctioned.

2.5 The Committee noticed that M.C.H. seized 13 booths, while the Company accounted for only 8. The Company may examine whether M.C.H. returned the remaining 5 booths and if so, their utilisation may be ascertained and reported to the Committee. Further, the Company merely stated that 2 booths each were transferred to Kurnool and Mahboobna. The Committee would like to be appraised whether these four booths under operation.

2.6 In his oral evidence, the Principal Secretary informed the Committee that the Company had been corresponding with M.C.H. regarding obtaining trade licenses for the booths, but there was no response. The Committee directs that the Company may depute one of its responsible officers to M.C.H. to discuss and sort out the issue with M.C.H.

2.7 The Committee is pained to observe that the scheme had failed miserably. The Company has obtained 100 booths without even enlisting the beneficiaries with the result only 76 booths were allotted, of which only 41 were under operation. The Company allowed the beneficiaries to operate the booths even without obtaining M.C.H. approval. Instead of obtaining the permission from M.C.H., the Company approached the Government for exemption. In the meanwhile M.C.H. removed some of the booths. The Company did not monitor the working of the booths, with the result, the beneficiaries were trading in other products. The Company had only provided the booths, but did not provide adequate marketing support, with the result the turnover was not as anticipated and the beneficiaries lost interest in working on the booths.

2.8 The Committee finds that there was lack of motivation on the part of Management to encourage the beneficiaries to trade on poultry products. The Company did not have regular feed back regarding the functioning of the booths, as a result of which a scheme intended to benefit a target group failed.

2.9 The Committee gave its recommendations in 1989. However, even after 3 years, the Company is still corresponding with M.C.H. to get the booths and the trade licences. The Committee feels that no serious attention was given to the earlier recommendations and it was treated casually.

2.10 The Committee urges the Government and the Company to appraise the Committee the number of booths in operation, their performance, number of booths still with M.C.H., reasons for delay in getting the booths released, as also the data regarding repayment of the loans by the beneficiaries. The Committee would like to have the compliance report by June, 1993.

3. Branch Offices outside the State:

3.1 The Committee feels that appropriate action was not taken in this regard and desires the case be reopened and the revenue losses be recovered under Revenue Recovery Act, if found to be misappropriated and necessary action be taken. The Committee also directs that competent and technical persons should be employed with proper study of requirements to promote the activities of the Company and to take up export business and open new avenues for marketing eggs to ensure better and suitable price for the poultry farmers.

3.2 In its Action Taken Notes, the Company stated that the disciplinary authority had held in its final order issued on 30.4.1983 that the officer was responsible for the damage on account of lack of proper check of cold storage and for that reason a punishment was given treating as substantive punishment. The final orders issued on 30.4.1983 did not impose the recovery of loss as such. In this connection a legal opinion

sought from Sri P. Ramachandra Reddy, Sr. Advocate and former Advocate General of A.P. suggested that after the punishment, recovery cannot be made without a direction in the final order. The Sr. Advocate in his opinion also specifically mentioned that there is no doubt that the case cannot now be reopened and there is no provision, for reopening a decided case, in the service rules of the Corporation.

3.3 In his deposition, the M.D. informed that action was initiated to amend the Service Rules to reopen the closed cases. He also informed that in this case, the fault was not, according to what was mentioned in the files, entirely on the individual, that the Officer did not collude with any one, that only due to negligence the loss had happened and that negligence was also because of the Head Office not guiding properly.

3.4 The Committee observed that there were lapses on the part of the Company - (1) the Company did not post at Bombay Branch Office a technically qualified and knowledgeable person, (2) the eggs kept in the cold storage plant were not insured, (3) the agreement with the owner of the godown expired when the spoilage of eggs occurred and (4) there was no proof that the eggs were actually spoiled because of A.C. plant. The Committee feels that if the then officer at Bombay was not responsible, someone else must be responsible for the above lapses. The advice of the Standing Counsel did not prevent the Company from taking action on other persons.

3.5 In his oral evidence, the Principal Secretary, admitting that to some extent the enquiry itself was not perfect as the enquiry officer had not conducted any enquiry with the concerned person, felt that the then M.D. found that the responsibility was squarely on the Head Office, but no attempt was, however, made to fix responsibility in the Head Office.

3.6 The Committee was not satisfied with the entire affair. The previous Committee also recommended to reopen the case. There were clear lapses - insurance cover was not taken and the agreement was not renewed after its expiry. The interesting thing was that from the very next day after the agreement expired the cold storage plant did not function. There was no Panchanama conducted and nobody verified the position of the eggs. The Committee finds that having accepted the advice of the Senior Advocate, the loss to the Government had remained unrecovered. The Committee reiterates its earlier recommendation to reopen the case, to fix-up responsibility on the concerned officers in the Head Office and to recover the loss. The Committee would like to have the compliance report by June, 1993.

3.7 Regarding suggestion for making necessary amendments to Service Regulations to take stringent steps to avoid such losses to the Company in future, the Company stated in its Action Taken Notes that steps were being taken to refer the matter to the Board of the Company.

3.8 The Committee made its recommendations in 1988-89. However, even after 3 years, the recommendation is under consideration. The Committee is dissatisfied with the casual attitude and directs the Company to examine the issue and take decision immediately. The Committee would like to have a report from the Company/Government by June, 1993.

4. Sundry Debtors:

4.1 The Committee reviewed the dues recoverable from various parties and the position of disciplinary action taken by the Company for indiscriminate and unauthorised extension of credits to private parties. The Committee felt very unhappy that prompt action was not taken to prevent the accumulation of dues. The Committee desires that disciplinary action should be completed early and results of recovery intimated to the Committee. The Committee recommends to the Government to issue suitable instructions to all undertakings to tighten the procedures and expedite recovery of dues. Immediate action should be taken under R.R. Act to recover the losses. The Committee was also not satisfied with the explanation for not taking any action to recover Rs. 25.08 lakhs from Dr. G. Narasimha Reddy. The Committee desires that responsibilities should be fixed for the lapses and that the Company should review the case and issue instructions for appropriate action.

4.2 In its Action Taken Notes, the Company stated that Sundry Debtors as on 30th September 1992 was Rs. 98.55 lakhs. The Committee observed that Sundry Debtors had increased from Rs. 42.97 lakhs in 1984 to Rs. 98.55 lakhs in 1992, despite various guidelines/instructions etc. issued by the Company. The Committee also observed that the recovery performance was not satisfactory and the amount of Rs. 71.80 lakhs outstanding under legal action and R.R. Act is quite considerable. The Government may examine all these cases individually and issue necessary directions to the concerned for early finalisation of the cases.

4.3 Dr. G. Narasimha Reddy: The Committee strongly feels that the case has not been dealt with by the Company properly. The legal opinions are that the Company cannot file a suit for recovery of the amount of Rs. 25.08 lakhs from G. Narasimha Reddy. It was also opined that the Company cannot recover the amount even under R.R. Act. The Committee would like the Company to examine the case afresh in the light of the above opinions and fix responsibility on the officers/officials concerned who were responsible for making the recovery not possible either through Court or under R.R. Act. The Committee would like to have a report by June, 1993.

Sri K. Pakeerappa: The Committee recommends that the Standing Counsel may be advised to pursue the case with the Court for early hearing/judgement.

Dr. S. Gunneswara Rao: The main reason for not taking up the case by C.B.C.I.D. was that the case related to 1982 (about 10 years). The Committee recommends that responsibility may be fixed for not referring the case earlier to C.B.C.I.D.

Dr. B. Sreerama Rao: The Committee would like to be apprised when was the F.A. & C.A.O. appointed as Enquiry Officer, by which date the Enquiry Officer was to submit his report and what were the reasons for delay, if any. The Committee may also be informed who was the earlier Enquiry Officer, whether opportunity to the Officials was, in fact, provided to give evidence and produce documents etc. or not, if such an opportunity was not given, the Company should take action against the Enquiry Officer for his failure, due to which the case had been prolonged unnecessarily.

Dr. V. Sivaiah: The Committee observed that there was a clear lapse on the part of the Joint Director (A.H.), Adilabad. The Committee would like the Government to interfere and issue directions to the Joint Director (A.H.) to recover the amount immediately.

Dr. A. Nageswara Reddy: The Committee would like to be informed of the present position of the case.

Dr. B. Ramudu: According to the Company, Government orders confirming the proposed punishment sent in February 1992 are still awaited from the Government. The Committee urges that the Government takes a decision immediately and order for implementation of the punishment proposed by the Company. The Committee would like to have a report from the Government detailing the reasons for the delay of almost one year in taking a decision.

Dr. K.R.K. Sarma: The Committee would like to be appraised of the latest position of the case.

4.4 From the replies given by the Company regarding the disciplinary action taken against erring officials and attempts made to recover the amount from the debtors, it is found that only half hearted attempt is made. The Company is taking unduly long time to decide the cases and finality is reached only in cases of dismissal wherein no action to make good the loss to the Government was taken. The Committee is unhappy with the situation. The Committee directs the Company and the Government to take immediate action to finalise all these cases by issuing suitable instructions to all the officers concerned. The Committee would like to have a progress report by June, 1993.

SUMMARY OF RECOMMENDATIONS

1. The Company may examine whether M.C.H. returned the remaining 5 booths and if so, their utilisation may be ascertained and reported to the Committee. Further, the Company merely stated that 2 booths each were transferred to Kurnool and Mahboobnagar. The Committee would like to be appraised whether these four booths are under operation. (Para 2.5).

2. The Committee directs that the Company may depute one of its responsible officers to M.C.H. to discuss and sort out the issue with M.C.H. (Para 2.6).

3. The Committee is pained to observe that the scheme had failed miserably. The Company has obtained 100 booths without even enlisting the beneficiaries with the result only 76 booths were allotted, of which only 41 were under operation. The Company allowed the beneficiaries to operate the booths even without obtaining M.C.H. approval. Instead of obtaining the permission from M.C.H., the Company approached the Government for exemption. In the meanwhile M.C.H. removed some of the booths. The Company did not monitor the working of the booths, with the result, the beneficiaries were trading in other products. The Company had only provided the booths, but did not provide adequate marketing support, with the result the turnover was not as anticipated and the beneficiaries lost interest in working on the booths. (Para 2.7).

4. The Committee finds that there was lack of motivation on the part of Management to encourage the beneficiaries to trade on poultry products. The Company did not have regular feed-back regarding the functioning of the booths, as a result of which a scheme intended to benefit a target group failed. (Para 2.8).

5. The Committee gave its recommendations in 1989. However, even after 3 years, the Company is still corresponding with M.C.H. to get the booths and the trade licences. The Committee feels that no serious attention was given to the earlier recommendations and it was treated casually. (Para 2.9).

6. The Committee urges the Government and the Company to appraise the Committee the number of booths in operation, their performance, number of booths still with M.C.H., reasons for delay in getting the booths released, as also the date regarding repayment of the loans by the beneficiaries. The Committee would like to have the compliance report by June, 1993. (Para 2.10).

7. The Committee observed that there were lapses on the part of the Company - (1) the Company did not post at Bombay Branch Office a technically qualified and knowledgeable person, (2) the eggs kept in the cold storage plant were not insured, (3) the agreement with the owner of the godown expired when the spoilage of eggs occurred and (4) there was no proof that the eggs were actually spoiled because of A.C. plant. The Committee feels that if the then officer at Bombay was not responsible, some one else must be responsible for the above lapses. The advice of the Standing Counsel did not prevent the Company from taking action on other persons. (Para 3.4).

8. The Committee was not satisfied with the entire affair. The previous Committee also recommended to reopen the case. There were clear lapses - insurance cover was not taken and the agreement was not renewed after its expiry. The interesting thing was that from the very next day after the agreement expired the cold storage plant did not function. There was no Panchanama conducted and nobody verified the position of the eggs. The Committee finds that having accepted the advice of the Senior Advocate, the loss to the Government had remained unrecovered. The Committee reiterates its earlier recommendation to reopen the case, to fix-up responsibility on the concerned officers in the Head Office and to recover the loss. The Committee would like to have the compliance report by June 1993. (Para 3.6).

9. The Committee made its recommendations in 1988-89. However, even after 3 years, the recommendation is under consideration. The Committee is dissatisfied with the casual attitude and directs the Company to examine the issue and take decision immediately. The Committee would like to have a report from the Company/Government by June, 1993. (Para 3.8).

10. The Committee observed that Sundry Debtors had increased from Rs. 42.97 lakhs in 1984 to Rs. 98.55 lakhs in 1992, despite various guidelines/instructions etc. issued by the Company. The Committee also observed that the recovery performance was not satisfactory and the amount of Rs. 71.80 lakhs outstanding under legal action and R.R. Act is quite considerable. The Government may examine all these cases individually and issue necessary directions to the concerned for early finalisation of the cases. (Para 4.2).

11. Dr. G. Narasimha Reddy: The Committee strongly feels that the case has not been dealt with by the Company properly. The legal opinions are that the Company cannot file a suit for recovery of the amount of Rs. 25.08 lakhs from G. Narasimha Reddy. It was also opined that the Company cannot recover the amount even under R.R. Act. The Committee would like the Company to examine the case afresh in the light of the above opinions and fix responsibility on the Officers/officials concerned who were responsible for making the recovery not possible either through Court or under R.R. Act. The Committee would like to have a report by June, 1993.

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Dr. K.R.K. Sarma: The Committee would like to be appraised of the latest position of the case. (Para 4.3).

12. From the replies given by the Company regarding the disciplinary action taken against erring officials and attempts made to recover the amount from the debtors, it is found that only half hearted attempt is made. The Company is taking unduly long time to decide the cases and finality is reached only in cases of dismissal wherein no action to make good the loss to the Government was taken. The Committee is unhappy with the situation. The Committee directs the Company and the Government to take immediate action to finalise all these cases by issuing suitable instructions to all the officers concerned. The Committee would like to have a progress report by June, 1993. (Para 4.4.)

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