



**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2011-2014)**

**TWENTY SIXTH REPORT**  
(Presented on 28th January, 2014)

SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2014

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2011-2014)**

**TWENTY SIXTH REPORT**

**On**

**The Action Taken by Government on the Recommendations contained  
in the Ninety First Report of the Committee on Public Undertakings  
(2004-06) relating to Kerala Water Authority based on  
the Report of the Comptroller and Auditor  
General of India for the year ended  
31st March, 2000 (Civil)**

383/2014.

## CONTENTS

	<i>Page</i>
Composition of the Committee	.. v
Introduction	.. vii
Report	.. 1
Chapter I: Replies furnished by Government on the Recommendations of the Committee which have been accepted by the Committee without remarks	.. 2
Chapter II: Reply furnished by Government on the Recommendation of the Committee which has been accepted by the Committee with remark	.. 10

COMMITTEE ON PUBLIC UNDERTAKINGS (2011-2014)

*Chairman:*

Shri K. N. A. Khader

*Members:*

Shri Abdurahiman Randathani

„ A. A. Azeez

„ P. K. Gurudasan

DR. N. Jayaraj

Shri Elamaram Kareem

„ T. N. Prathapan

„ Palode Ravi

„ S. Sarma

„ P. Thilothaman

„ P. C. Vishnunadh.

*Legislature Secretariat:*

Shri P. D. Sarangadharan, Secretary

„ M. K. Surendralal, Deputy Secretary

Smt. Lima Francis, 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 Twenty Sixth Report on the Action Taken by Government on the recommendations contained in the Ninety First Report of the Committee on Public Undertakings (2004-06) on the working of the Kerala Water Authority based on the Reports of the Comptroller and Auditor General of India for the year ended 31-3-2000 (Civil).

The Statement of Action Taken by the Government included in this Report were considered by the Committee constituted for the year (2008-11).

This Report was considered and approved by the Committee at the meeting held on 5-6-2013.

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

Thiruvananthapuram,  
28th January, 2014.

K. N. A. KHADER,  
*Chairman,*  
*Committee on Public Undertakings.*

## **REPORT**

The Committee on Public Undertakings (2004-2006) on its Ninety First Report, presented to the House on 22<sup>nd</sup> March, 2005, have made twelve recommendations relating to Kerala Water Authority based on the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2000 (Civil).

The Government have furnished replies to all recommendations of the Committee and the Committee (2008-11) considered the replies at its meeting held on 16-6-2010.

The Committee accepted the Government replies to the recommendations No. 1(14), 2(15), 3(16), 5(36), 6(39), 7(44), 8(48), 9(49), 10(59), 11(60) and 12(61) without any remarks. These recommendations and replies thereon form Chapter I of the Report.

The reply to the Recommendation No. 4(32) was accepted by the Committee with remarks. This recommendation, its reply and the remarks of the Committee form Chapter II of the Report.

## CHAPTER I

REPLIES FURNISHED BY GOVERNMENT ON THE RECOMMENDATION  
OF THE COMMITTEE WHICH HAVE BEEN ACCEPTED BY THE  
COMMITTEE WITHOUT REMARKS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/ Recommendation</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
1	14	Water Resources	The Committee finds that procedural irregularities occurred while considering tenders which necessitated repeated tender invitations resulting in additional financial commitment amounting to ₹ 62.90 lakh in addition to three years of delay in commencement of work. The Committee also understands that the request for the acceptance of the lowest offer was rejected consecutively by Government only on the basis of the report of Chief Technical Examiner. The Committee finds that out of the three covers (A, Band C) relating to the tender cover A & B were opened and cover 'C', price bid remained closed and fresh quotations were invited. The Committee views this with suspicion and could not understand how the officer had obtained authorisation to modify the price bid. The Committee is much doubtful over the	The High Level Committee which consists of Principal Secretary (WR), Managing Director, Kerala Water Authority, representatives of Finance Department and Store Purchase Department considered the proposal sent by KWA for construction of 19 MLD water treatment plant at Mullasserykunnu for the Varkala Water Supply Scheme. The High Level Committee considered all the including remarks of the Chief Technical Examiner and came to the conclusion that the entire procedure followed in processing tender was incorrect and the contents of the NIT was found to be lacking in specific details. The Committee therefore decided to reject the

(1)	(2)	(3)	(4)	(5)
			rejection of the tender which arose as an outcome of expert scrutiny by the High Level Committee.	proposal and call for fresh tenders. Government also directed the Chairman, KWA to call for the explanation of the Chief Engineer (SR) for the irregularities and place it before the Board for consideration. After obtaining the explanation the Board resolved to intimate the Government that there was no intentional irregularity in the extension of the dates of sale/receipt of tender forms of the above work. The opening of the financial bid at latter date was also according the rules in force. The question of irregularity would have come if the financial bids were opened first without finalising the technical bids.  Under these circumstances the processing of tender was done as per rules and in good faith.
2	15	Water Resources	The Committee notes that there was blatant violation of tender formalities by the Officers of Kerala Water Authority and therefore	Necessary instructions issued to all officers concerned for ensuring utmost care in the preparation of tenders,

(1)	(2)	(3)	(4)	(5)
			recommends that Water Authority should be more vigilant to avoid of such practice in future.	processing them as per rules and regulations and in recommending/ awarding the work and thus ensuring that necessity for re-tendering is avoided (Copy of circular is enclosed).
3	16	Water Resources	The committee is highly critical over the rejection of tenders by the Government and wants to know the decision of the Authority on the rejection of tenders by the Government. The Committee recommends that necessary steps should be taken to ensure that such lapses do not occur again and suggests that additional financial commitment by way of defective processing of tender should be avoided in future.	The recommendation of the Committee is noted for future guidance.
5	36	,,	The Committee understands that the Accelerated Rural Water Supply Scheme to Kollencode was not fully commissioned as the water source identified was inadequate and the water from bore wells was scanty. The redesigned scheme was not executed in a time bound manner due to delay in execution of the intake works. The Committee finds	The re-designed scheme include intake well in Meenkara dam, treatment plant, raw water pumping main, clear water pumping main, two OH tanks and distribution lines, had been completed and fully commissioned on 27-9-2004. Now the scheme is benefited to 3 panchayats viz.,

(1)	(2)	(3)	(4)	(5)
			<p>that lack of foresight and planning in the execution of the scheme and the failure to find a proper source are the main reasons for the delay in Commissioning the scheme. The Committee expresses its dissatisfaction over this and recommends that a viable mechanism should be evolved in order to complete the scheme in a time bound manner and the action taken in this regard should be intimated to the Committee.</p>	<p>M u t h a l a m a d a , Kollencode and Vadavannur.</p> <p>Kerala Water Authority is now ensuring the availability of land and fund, adequacy of source etc., before the execution of a scheme, arranging the works of different components at appropriate time and ensuring proper execution and monitoring of the Scheme.</p>
6	39	Water Resources	<p>The Committee understands that the failure to arrange the balance work on the source and other major components of the scheme led to a delay of six years and an unfruitful expenditure of ₹ 6.86 crores. Therefore, the Committee recommends that earnest effort should be taken to complete the remaining work of the augmentation scheme and to commission the same immediately. The action taken in this regard should be intimated to the Committee.</p>	<p>Almost all the components of the scheme including the work of source have been completed. The balance items of work are in progress and the scheme can be commissioned within one year subject to availability of funds for which action has already been initiated.</p>
7	44	,,	<p>The Committee notes that the well has been completed and partially commissioned and the work connected to the scheme has been fully carried out. If these facts have been</p>	<p>Recommendation of the Committee is noted for future guidance.</p>

(1)	(2)	(3)	(4)	(5)
			furnished to the audit in time, audit comments could have been avoided. The Committee therefore suggests that in future audit queries should be replied promptly so that audit paragraph could be avoided.	
8	48	Water Resources	The Committee observes that the use of premo pipes instead of AC pipes by KWA has not only caused disruption in the scheme but made an additional financial burden of ₹ 1.11 crore. The Committee finds that the disruption in the scheme caused many problems for the people.	The Water Supply Scheme in which premo pipes are used are seen long lasting in certain places. Since premo pipe factory was a Government owned Company, KWA was compelled to buy pipes from that factory. While carrying out trial charging of premo pipe line leaks were noticed at the joints and these leaks were rectified then and there. The WSS was partially commissioned during 4/2002. Now the scheme is working satisfactorily.
9	49	,,	The Committee therefore recommends that Water Authority should take all necessary steps to ensure an uninterrupted supply of drinking water during the summer season.	KWA is taking the following action for ensuring uninterrupted supply of drinking water during the summer season. (1) Increasing pumping hours where there is source.

(1)	(2)	(3)	(4)	(5)
				<p>(2) Extension of pipe line if there is feasibility.</p> <p>(3) Cleaning of intake wells and infiltration galleries for improving the source.</p> <p>(4) Replacement of defective motor and pump sets.</p> <p>(5) Distribution of water through tanker lorries and during the period of acute drought this is being done through Revenue Department.</p> <p>(6) Drilling of new bore wells/tube wells in feasible areas and fitting with hand pumps/ power pumps according to the availability of water.</p>
10	59	Water Resources	<p>The Committee expresses its anxiety over the inordinate delay in completing the various projects of Kerala Water Authority, which resulted huge and avoidable expenditure. The Committee realises that the delay caused was owing to various technical reasons such as indiscriminate starting up of large number of projects</p>	<p>There are many ongoing projects under execution which are yet to be completed. An amount of ₹ 1015 crores is required for the completion of 224 ongoing projects.</p> <p>Now project reports are prepared under the supervision of Chief Engineer and the</p>

(1)	(2)	(3)	(4)	(5)
			<p>without sound means, immense cost of project implementation, due to inordinate delay, the erroneous methodology of quoting the tenders, and feeble and unsteady financial position of the authority. The Committee understands that the allotted budget provision of ₹ 250 crore is totally insufficient. The Committee suggests that Kerala Water Authority should restructure its functioning so as to make it a profitable institution.</p>	<p>projects are given top priority according to the necessity of each project. Thus the delay will be lessened considerably. KWA has commissioned 16 WS Schemes under 100 days programme during 2004-05 and 92 WSS under one year action plan during 2005-06. The budget provision of ₹ 250 crores allotted was insufficient and this should be enhanced to meet the present requirement. The authority had to face a huge establishment charge including a sum of ₹ 13 crore as salary and more than ₹ 160 crores as electricity charge. Institutional strengthening which is a part of JBIC funded project KWA is planning to restructure its functioning as a profitable institution.</p>
11	60	Water Resources	<p>The Committee reiterates that the existing system of water supply and collection of water charges are totally unscientific and insufficient. Therefore, the Committee recommends that it is high</p>	<p>There was remarkable progress in the collection of arrears of water charges from the defaulters during the previous year. Some of the local bodies were</p>

(1)	(2)	(3)	(4)	(5)
			time for KWA to evolve an efficient and scientific system for supplying water within the stipulated area uninterruptedly and strive to evolve an equally effective system for collection of water charges from the customers.	not paying water charges regularly. Now computerised billing has been introduced in three City Corporations and 10 Municipalities. Bimonthly system of collection of water charges has been introduced for Rural Water Supply Schemes including spot billing. The cost of production of water fixed by KWA was ₹ 8.50/KL and the sale price was ₹ 3.50/KL. It is high time to revise the tariff structure for water supplied and the loss sustained to Authority was reckoned as ₹ 80 crores per annum. KWA is taking maximum effort for supplying water within the stipulated area uninterruptedly.
12	61	Water Resources	The Committee also suggests that the Secretaries of Finance and Water Resources should jointly take innovative steps to overcome the grave problems faced by the authority.	The suggestion is accepted and steps are being taken. Principal Secretary, Finance is a member of the Board of Directors of Kerala Water Authority.

## CHAPTER II

REPLY FURNISHED BY GOVERNMENT ON THE RECOMMENDATION  
OF THE COMMITTEE WHICH HAS BEEN ACCEPTED BY THE  
COMMITTEE WITH REMARK

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/ Recommendation</i>	<i>Action Taken by Government</i>
(1)	(2)	(3)	(4)	(5)
4	32	Water Resources	The Committee finds that Water Authority had procured huge quantity of pipes and specials without ensuring availability of land and execution of structural works. The Committee also learns that only procurement of materials is completed and the required land has not been made available for the work. This has resulted in an unfruitful expenditure of ₹ 74.62 lakhs to the Water Authority. The Committee therefore recommends that in future availability of land should be ensured for such schemes before procuring materials.	The recommendation of the Committee is noted for future guidance. The availability of land will be ensured before procuring materials in future.

*Remarks of the Committee* :—The Committee wants to be informed of whether, the Department is strictly adhering to the direction of the Committee earlier given for ensuring the availability of land and completion of structural works before the procurement of pipes and other materials for the work.

Thiruvananthapuram,  
28th January, 2014.

K. N. A. KHADER,  
*Chairman,*  
*Committee on Public Undertakings.*