



GOVERNMENT OF KERALA

Abstract

Industries Department - Cost escalation proposal of Rs.50 lakh for modernisation of Prabhuram Mills- Revised administrative sanction accorded-Orders issued.

INDUSTRIES (C) DEPARTMENT

G.O.(Rt)No.45/2024/ID Dated,Thiruvananthapuram, 17-01-2024

Read 1 GO(Rt) No.626/2021/ID dated 26.06.2021

2 GO(Rt) No.1171/2021/ID dated 25.10.2021

3 GO(Rt) No.417/2022/ID dated 16.05.2022

4 GO(Rt) No.682/2022/ID dated 13.07.2022

5 Letter No.101:01/Prj/GoK/546 dated 31.07.2023 from the Managing Director, Kerala State Textile Corporation Ltd, Thiruvananthapuram

6 Letter No.KSTC/I-216/2023/D-90 dated 29.11.2023 from the Member Secretary, BPT, Thiruvananthapuram

ORDER

As per the Government Order read as 1st paper above, Government had accorded administrative sanction for an amount of Rs.394.66lakh for value addition through installation of Autoconer at Prabhuram Mills during the financial year 2021-22. Out of this 350lakh was released during 2021-22 and Rs.44.66 lakh during 2022-23. Thus the amount was completely released.

2) As per the letter read as 5th paper above, the Managing Director, Kerala State Textile Corporation Ltd has requested to sanction and to release an amount of Rs.50 lakh towards cost escalation, including unexpected expenses at the time of erection of machine, for the project of modernisation of Prabhuram Mills from the current year budget allocation of KSTC. The Managing Director has reported that the main component of the proposal was 1 Autoconer machine with total 80 drums, 1 Breaker draw frame machine and I Speed frame machine. Out of the total, the amount envisaged for Plant & Machinery was Rs.348.10

lakh. There occurred a cost escalation of Rs.50 lakh while executing the proposed program. The details are as follows:

SI.No	Particulars	Amount Spent	balance Required	Balance Available
1	1 Autoconer (purchased)	296.02 lakh	Nil	
2	Breaker Draw frame machine	5.30 lakh(10% advance paid)	53.07 lakh	
3	Speed frame machine	3.70 lakh(10% advance paid)	36.94 lakh	
4	Other expenses	2.44 lakh		
	TOTAL	307.46 lakh	90.01 lakh	40.64 lakh (Shortage Rs.49.37 lakh)

3) The Managing Director, Kerala State Textiles Ltd has reported the following reasons for cost escalation.

- Increased exchange rate of EURO from INR 83.09 to INR 90.30 at the same time of revoking of LC.
- Increase in machinery cost of Autoconer
- Delay in finalization of tender due to non acceptance of terms and conditions, five tenders were published
- Change in technical specification of the machinery. The proposal was prepared on the basis of fine counts but later, the product was changed to coarser count, due to lesser, market demand for fine counts. As the production quantity is high while running coarser counts, the preparatory machines are also to be supportive for achieving high production.

4) The company has given 10% advance for the machinery. As per the

terms of agreement the machinery will be dispatched only after payment of the balance amount. An amount of Rs.90.01 lakh is required for balance payment. The matter was approved by the company Board. MD,KTC has furnished Utilization Certificate.

5) As per letter read as 6th paper above, the Member Secretary, BPT has recommended to release an amount of Rs.50 lakh to Prabhuram Mills from the budget allocation of Rs.23.05 crores under the head of account 6860-01 -190-95 of KSTC.

6) Government have examined the matter in detail and are pleased to accord revised administrative sanction for the cost escalation proposal of Rs.50 lakh for the modernisation of Prabhuram Mills under the head of account 6860-01 -190-95 of KSTC from the current year's budget provision .

(By order of the Governor)
SAURABH JAIN
SECRETARY

The Director of Industries and Commerce, Thiruvananthapuram

The Director of Handloom and Textiles, Thiruvananthapuram

The Member Secretary, BPT, Thiruvananthapuram

The Managing Director, Kerala State Textile Corporation Ltd,
Thiruvananthapuram

The Principal Accountant General (A&E) Kerala,
Thiruvananthapuram

The Accountant General (A&E) Kerala, Thiruvananthapuram

The Planning & Economic Affairs (CMPU) Department

Finance (PUD)Department

(vide note PU-D1/129/2023/Fin (e-2569707) dated 09.01.2024)

I & PR Department

The CEO, K-Bip, Thiruvananthapuram

SF/OC

Forwarded /By order

Signed by

Sreekumar R

Date: 10-01-2024 11:13:11
Section Officer