



GOVERNMENT OF KERALA



Abstract

Industries Department- M/s Kerala State Drugs and Pharmaceuticals Limited (KSDPL)- Revised Administrative Sanction for the project of a Non-betalactam plant for the production of LVP/SVP/Ophthalmic products - Orders issued.

INDUSTRIES (H) DEPARTMENT

G.O.(Ms)No.9/2023/ID Dated,Thiruvananthapuram, 10-02-2023

- Read:-
1. G.O(Rt)No.762/18/ID dated 30/06/2018
 2. G.O(Rt) No 305/19/ID dated 29-03-2019
 3. G.O (Rt)No.797/19/ID dated 20/08/2019
 4. G.O.(Rt) No.64/20/ID dated 23/1/2020
 5. G.O(Rt)No.834/20/ID dated 6/10/2020
 6. G.O.(Rt)No.147/2021/ID dated 06/02/2021
 7. G.O(Rt)No.466/2021/ID dated 23/4/2021
 8. G.O(Rt)No.537/2021/ID dated 04/06/2021
 9. GO(Rt)No.1236/2021/ID dated 11/11/2021
 10. G.O(Rt) No.187/2022/ID dated 4/3/2022
 11. Letter No. KSDP/MD/F.210/2021-22/039 dated 25/1/2022 from the Managing Director, Kerala State Drugs and Pharmaceuticals Limited, Alappuzha
 12. Letter No. KSDP/I-633/2022/D-270 dated 21/5/2022 from the Secretary, Public Sector Restructuring & Internal Audit Board
 13. Minutes of the Special Working Group meeting held on 19/8/2022

ORDER

As per the Government Order read as 1st paper above, Government have issued Administrative Sanction to Kerala State Drugs and Pharmaceuticals Ltd. for implementation of the project of a Non-beta-lactam plant for the production of

LVP/SVP /Ophthalmic products for an amount of ₹50 Crore (Rupees Fifty Crores only). Project cost and means of finance of the project was sanctioned as follows:-

Components	Rs. in Crore
Land	Existing
Building	10
Plant & Machinery	18
Electrical Equipment	5
HVAC	8
Utility	5
Contingencies	2.3
Consultancy Charges	1.61
Pre-operative expenses	0.09
Total	50

Means of Finance	Amount in Crore
Government of Kerala	27
Financial Institution	21
Own contribution	2
Total	50

2) As per G.O read as 2nd to 7th paper above and G.O read as 9th & 10th paper above, Government have already released Rs.41.5772 Crores (Rupees Forty One Crores Fifty Seven Lakh and Seventy Two Thousand only) for the Project, by enhancing the State Share.

3) As per the request of the Managing Director, Kerala State Drugs and Pharmaceuticals Ltd., the Secretary, Public Sector Restructuring & Internal Audit Board furnished proposal as detailed in the table given below and requested Government to accord revised Administrative Sanction for the project from Rs. 50 Crores to Rs. 58.87 Crores, for completing the ongoing project for the

production of LVP/SVP and ophthalmic products, consequent to the cost escalation due to various reasons.

Sl No	Item	Cost (Rs in Cr)			Reasons / Remarks
		As per Administrative Sanction	As per revised DPR	Increase / Decrease	
1	Building and other civil works	10.00	12.84	2.84	Decided to change from Galvalume roofing as envisaged in the original DPR in to RCC in order to ensure durability and to facilitate installation of Solar panels Construction of additional plinth area of 250m ² for plant room store area.
2	Plant and machinery	18.00	25.22	7.22	Purchase of most advanced Aseptic Blow fill seal (BFS) Machine (imported from Switzerland). The machine cost itself was Rs.11.50 crore.
3	Electrical equipment	5.00	4.02	0.98	Below the cost approved in Administrative Sanction.
4	HVAC	8.00	5.77	2.23	Below the cost approved in Administrative Sanction.
5	Utilities	5.00	5.61	0.61	Installation of ETP and Fire-fighting equipments, which were not envisaged in the Original DPR approved by Government for which Administrative Sanction is accorded.
6	Contingencies	2.30	1.30	1.00	Below the cost approved in Administrative Sanction.
					Commissioning, validation

7	Consultancy Charge	1.61	2.61	1.00	and qualification of equipments were not included in the scope of the original consultants (M/s KNACK Technocrats), M/s HLL is entrusted as PMC to undertake the commissioning, validation and qualification of equipments for commercial production.
8	Pre-Operative expenses	0.09	1.5	1.41	Trial run and statutory requirement of 3 batch products were not included in the original DPR which are necessary for installation of the project.
	Total	50.00	58.87	8.87	

Components

Sl. No.	Particulars	Amount (in Crores)
1	Building and other civil works	12.84
2	Plant and Machinery	25.22
3	Electrical equipment	4.02
4	HVAC	5.77
5	Utilities	5.61
6	Contingencies	1.30
7	Consultancy charge	2.61
8	Pre-operative expenses	1.50
	Total	58.87

Means of finance

Sl. No.	Particulars	Amount (Rs. in Crores)
1	Government of Kerala (Already released)	41.5772
2	Budget allocation during 2022-23	14.00
3	KSDP (own contribution)	3.2928
	Total	58.87

The key financial indicators of the project as per the revised DPR are as follows:

Internal rate of Return (IRR) (%)	10
Debt Service Coverage Ratio - DSCR (average)	1.78
Break Even Point (%) - Fourth year with 80% capacity utilization	60

5) The Secretary, Public Sector Restructuring & Internal Audit Board reported that the time overrun have adversely affected on the cost escalation. As per the approved DPR, implementation period of the project was 12-16 months from the zero date from approval of the project. After completion of four years, project implementation was completed only 70%.

6) The Special Working Group meeting held on 19/8/2022 considered the above proposal seeking revised Administrative Sanction for the project of KSDP for the Production of LVP/ SVP/ Ophthalmic Products and approved to issue revised Administrative Sanction for an amount of Rs 58.87 crores for the project, subject to the following conditions:

- i. Technical Sanction from competent authority i.e Government Technical Sanction Committee, comprising the Secretary of AD (chairman) MD (Convener) and competent and experienced Engineers from all relevant discipline as members shall be obtained for the project.
- ii. The project shall be implemented under the strict monitoring of the Govt. Technical Sanction Committee only.
- iii. The estimate for main civil works are seen submitted based on LMR, which is irregular. Detailed estimate for all works shall be prepared based on prevailing DSR only.

- iv. As per Government norms, maximum tender excess shall be limited to the least of Quoted rate of L1, PWD LMR and prevailing DSR + 10% tolerance limit only (G.O(P) No. 16/2017/Fin dated 06/02/2017). However in this case, contract for main Civil works was approved by the MD, KSDP @ 9.26% above LMR; which is highly irregular. Hence ratification of the competent authority, ie, Council of Ministers is required in this case.
- v. It is report that the project cost is exclusive of GST; which will be met by the Company. Since the cost index of DSR 2016 is inclusive of VAT/GST, payment on account of GST compensation shall be regulated as per the stipulations in GO(P)No. 2/2018/PWD dated 27/01/2018.
- vi. Company Managing Director shall ensure and confirm that all works and purchase connected with the project are arranged through transparent bidding using the E-tender portal of Govt.
- vii. Services of competent & experienced Engineers, preferably Serving /Retired from Government Engineering Departments of relevant discipline shall be ensured for arranging, supervision, measurement, check measurement, preparation & passing of bills etc. of all works included in the project as per Govt. Norms
- viii. Expenditure shall be limited to the current years' available budget provision.

7) w.r.t item No. 4 above, Government have called for the report of the former Managing Director, Smt.Syamala.S who approved the Civil Works and also called for the report from the present Managing Director, Government have examined the matter in detail and are pleased to issue orders as follows.

- a. The action of the Managing Director, Kerala State Drugs and Pharmaceuticals Limited, in having approved the contract for main Civil Works @9.26% above LMR , without adhering to the Government norms (ie, maximum tender excess shall be limited to the least of quoted rate of L1, PWD LMR and prevailing DSR plus 10% tolerance limit only as per G.O. (P)No.16/2017/Fin dated 06/02/2017) is ratified.
- b. Administrative Sanction for the project of M/s Kerala State Drugs and Pharmaceuticals Limited for the "Production of LVP/SVP/Ophthalmic products coming under Non-beta-lactam range is revised from Rs.50 Crores to Rs. 58.87 Crores, as follows, subject to the following conditions:

Components

Sl. No.	Particulars	Amount (in Crores)
1	Building and other civil works	12.84
2	Plant and Machinery	25.22
3	Electrical equipment	4.02
4	HVAC	5.77
5	Utilities	5.61
6	Contingencies	1.30
7	Consultancy charge	2.61
8	Pre-operative expenses	1.50
	Total	58.87

Means of Finance

Sl. No.	Particulars	Amount (Rs. in Crores)
1	Government of Kerala (Already released)	41.5772
2	Budget allocation during 2022-23	14.00
3	KSDP (own contribution)	3.2928
	Total	58.87

- i. Technical Sanction from competent authority i.e, Government Technical Sanction Committee, comprising the Principal Secretary, Industries Department (Chairman), the Managing Director, KSDP (Convener) and competent and experienced Engineers from all relevant discipline as members shall be obtained for the project.

- ii. The project shall be implemented under the strict monitoring of the Government Technical Sanction Committee only.
- iii. Detailed estimate for all works shall be prepared based on prevailing DSR only.
- iv. It is reported that the project cost is exclusive of GST; which will be met by the Company. Since the cost index of DSR 2016 is inclusive of VAT/GST, payment on account of GST compensation shall be regulated as per the stipulations in GO(P)No. 2/2018/PWD dated 27/01/2018.
- v. The Managing Director, KSDP shall ensure and confirm that all works and purchase connected with the project are arranged through transparent bidding using the e-tender portal of Government.
- vi. Services of competent & experienced Engineers, preferably Serving /Retired from Government Engineering Departments of relevant discipline shall be ensured for arranging, supervision, measurement, check measurement, preparation & passing of bills etc. of all works included in the project as per Government norms.
- vii. Expenditure shall be limited to the current years' available budget provision.
- viii. The fund release will be based on actual requirement and the fund released should not be parked in banks.
- ix. Stores Purchase Rules shall be strictly adhered to.
 - x. Tender/e-tender and other stipulated formalities shall be followed wherever necessary.
 - xi. Post creation and purchase of vehicles are not admissible under the scheme.
 - xii. For hiring of project staff/man power as part of project implementation, instructions issued in G.O(P)No.76/2019/Fin. dated 02.07.2019 and G.O(P)No.81/2019/Fin dated 09.07.2019 shall be followed.

(By order of the Governor)
A P M MOHAMMED HANISH
PRINCIPAL SECRETARY

To:

The Director,/ Additional Director, Industries & Commerce,
Thiruvananthapuram

The Managing Director, Kerala State Drugs and Pharmaceuticals Limited,

Kalavoor, Alappuzha

The Secretary, RIAB, Thiruvananthapuram.

The Principal Accountant General (E&RSA/ G&SSA), Kerala, Thiruvananthapuram.

The District Treasury Officer, Thiruvananthapuram.

The Finance Department(vide U.O (f) No. File No..PU-D1/108/2018-FIN dated 01.09.2022)

The Finance (GMC) Department

The Planning & Economic Affairs Department

The General Administration (SC) Department

(Item No. 1369 Dated 08/02/23)

Web & New Media, Information and Public Relations Department

Stock File/ Office Copy

Forwarded /By order

Signed by

AJITHKUMAR A

Date: 08-02-2023 09:34:23

ORDER

As per the Government Order read as Tth paper above, Government have issued Administrative Sanction to Kerala State Drugs and Pharmaceuticals Ltd for implementation of the project of a Non-beta-lactam plant for the production of



രഹസ്യം

കേരള സർക്കാർ

മന്ത്രിസഭായോഗത്തിന്റെ നടപടിക്കുറിപ്പുകൾ

തീയതി : 08-02-2023

ഫയൽ നം. വ്യവ-എച്ച്3/119/2022/വ്യവ.

ഇനം നം: 1369

വിഷയം : വ്യവസായ വകുപ്പ് - കേരള സ്റ്റേറ്റ് ട്രാസ്റ്റ് ആന്റ് ഫാർമസ്യൂട്ടിക്കൽസ് ലിമിറ്റഡിൽ എൽ.വി.പി./എസ്.വി.പി./ഒഫ്താൽമിക് ഉല്പന്നങ്ങളുടെ ഉല്പാദനത്തിനായുള്ള നോൺ-ബീറ്റാലാക്ടം പ്ലാന്റിന്റെ പദ്ധതിക്കുള്ള ഭരണാനുമതി പുതുക്കുന്നത്.

തീരുമാനം : കുറിപ്പിലെ നിർദ്ദേശങ്ങൾ അംഗീകരിച്ചു.

(ഒപ്പ്)

പിണറായി വിജയൻ

മുഖ്യമന്ത്രി

(ശരിപ്പകർപ്പ്)

ഡോ. വി പി ജോയ്
ചീഫ് സെക്രട്ടറി

പിൻസിപ്പൽ സെക്രട്ടറി, വ്യവസായ വകുപ്പ്.

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GOVERNMENT OF KERALA
(SRI.PINARAYI VIJAYAN MINISTRY)
DRAFT NOTE FOR THE COUNCIL OF MINISTERS

- 1 File No. : IND-H3/119/2022/IND.
- 2 Department : Industries (H) Department
- 3 Subject : Industries Department -Revised
Administrative Sanction for the project of a
Non-Betalactam plant for the Production of
LVP/SVP/Ophthalmic products of Kerala
State Drugs and Pharmaceuticals Limited. -
reg
- 4 Date of Chief Minister's order for
placing before the Council. : 13/10/2022 *NA # 20*
- 5 (i) Does the case involve financial: Yes;
commitments/implications
- (ii) if the answer to the above is in the: Yes;
affirmative, whether Finance
Department has been consulted and
their remarks incorporated in the
Council Note?
- 6 Are any other Departments concerned
with the case and if so, have they been:
consulted and their remarks No
incorporated in the Note for the
Council?
- 7 Name of Additional Secretary who: Smt. M.A. Rajeeva Beegum
submitted the Draft Note.
- 8 Name of Principal Secretary who: Sri.A.P.M.Mohammed Hanish
approved the Draft Note.
- 9 Date of approval of the Draft Note for:
the Council by the Principal Secretary *03/02/2023*
- 10 Name of Chief Secretary who approved:
the Draft Note Dr.V.P.Joy
- 11 Date of approval of the Draft Note for:
the Council by the Chief Secretary *7/02/2023*
- 12 Name of Minister who approved the:
Draft Note Sri.P.Rajeeva
- 13 Date of approval of the Draft Note for:
the Council by the Minister *7/2/2023*
- 14 Date of submission of fair copies : *7/2/2023*
- 15 Date of decision by the Council of:
Ministers
- 16 Number and date of the G.O./letter
communicating the decision.

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DRAFT NOTE FOR COUNCIL OF MINISTERS

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This note deals with the matter of revising the Administrative Sanction for the project of a Non-Betalactam plant for the "Production of LVP/SVP/Ophthalmic products" of Kerala State Drugs and Pharmaceuticals Limited.

Flag A
2) As per G.O.(Rt) No.762/2018/ID dated 30.06.2018, Government have issued Administrative Sanction for implementation of the project of a Non-betalactam plant for the production of LVP/SVP /Ophthalmic products at a cost of Rs. 50 Crore, with Rs.27 Crore as State share, Rs.21 Crore as funding from Financial Institutions and Rs.2 Crore as own contribution of the company. Consequent to the unwillingness of Financial Institutions for the required financial support as anticipated, Government share for the project have been enhanced by an amount of Rs. 14.58 Crore as shown below and an amount of Rs. 41.58 Crore has been released so far with the concurrence of Finance Department

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Financial Year	Release Order for LVP/SVP projects	Amount (in crore)
2020-21	G.O(Rt)No. 147/21/ID dated 6/2/2021, GO (Rt) No.1099/21/ID dated 1/10/2021 (erratum)	Rs. 4.5772
2021-22	G.O(Rt)No.466/21/ID dated 23/4/2021	Rs.4.7340
	G.O(Rt)No1236/21/ID dated 11/11/2021	Rs.2.50
	G.O(Rt)No187/22/ID dated 04/03/2022	Rs.2.766
Total		₹14.5772

3) The Secretary, RIAB furnished a proposal for revising the Administrative Sanction for the project from Rs. 50 Crore to Rs. 58.87 Crore, for

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consideration of the Special Working Group, considering cost escalation on this ongoing project. Component wise details of the revised proposal is as follows:-

Sl No	Item	Cost (Rs in Cr)			Reasons/Remark
		As per Administrative Sanction	As per revised DPR	Increase /Decrease	
1	Building and other civil works	10.00	12.84	2.84	Change from Galvalume roofing as envisaged in the original DPR in to RCC, in order to ensure durability also to facilitate installation of Solar panels Construction of additional plinth area of 250m2 for plant room store area.
2	Plant and machinery	18.00	25.22	7.22	Purchase of most advanced Aseptic Blow fill seal (BFS) Machine (imported from Switzerland) ^{of the project} of a Non-betalactam plant for the production of LVP/SVP /Ophthalmic products (erland). This machine was not envisaged in the original cost. The machine cost itself was Rs.11.50 crore.
3	Electrical equipment	5.00	4.02	0.98	Below the cost approved in Administrative Sanction.
4	HVAC	8.00	5.77	2.23	Below the cost approved in Administrative Sanction.
5	Utilities	5.00	5.61	0.61	Installation of ETP and Fire

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					-fighting equipments, which were not envisaged in the Original DPR approved by Government for which Administrative Sanction is accorded.
6	Contingencies	2.3	1.30	1.00	Below the cost approved in Administrative Sanction.
7	Consultancy Charge	1.61	2.61	1.00	Commissioning, validation and qualification of equipments were not included in the scope of the original consultants (M/s KNACK Technocrats), consequently M/s HLL is entrusted as PMC to undertake the commissioning, validation and qualification of equipments for commercial production.
8	Pre-Operative expenses	0.09	1.5	1.41	Trail run and statutory requirement of 3 batch products were not included in the original DPR which are necessary for installation of the project.
	Total	50.00	58.87	8.87	

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Sl. No.	Particulars	Amount (in cr)
1	Building and other civil works	12.84
2	Plant and Machinery	25.22
3	Electrical equipment	4.02
4	HVAC	5.77
5	Utilities	5.61
6	Contingencies	1.30
7	Consultancy charge	2.61
8	Pre-operative expenses	1.50

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Total	58.87
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Means of finance

Sl. No.	Particulars	Amount (Rs. in cr)
1	Government of Kerala (Already released)	41.5772
2	Budget allocation during 2022-23	14.00
3	KSDP (own contribution)	3.2928
	Total	58.87

The key financial indicators of the project as per the revised DPR are as follows:

Internal rate of Return (IRR) (%)	10
Debt Service Coverage Ratio DSCR (average)	1.78
Break Even Point (%) - Fourth year with 80% capacity utilization	60

4) Time overrun was also adversely reflected on the cost escalation.

As per the approved DPR, implementation period of the project was 12-16 months from the zero date from approval of the project. After completion of four years, project implementation was completed only 70%. Delay in timely release of sanctioned plan fund, inflation during these periods were also attributed to the cost escalation.

5) When the file was forwarded to Finance Department, to place the matter of revising Administrative Sanction for the project of a Non-betalactam plant for the production of LVP/SVP /Ophthalmic products to Rs.58.87 Crore, that department offered the following remarks:-

“Administrative Department file is reverted with the copy of the minutes of the 9th Special Working Group held on 19/08/2022 (pls see attachment below)”

6) The Special Working Group meeting held on 19/08/2022 approved the proposal for revising Administrative Sanction for an amount of Rs. 58.87 Crore subject to certain conditions. Minutes of the meeting is enclosed as Annexure .

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Note #12 of

Annexure

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7) As per the 4th condition in the minutes of the Special Working Group and as per Govt. Norms, maximum tender excess shall be limited to the least of Quoted rate of LI, PWD LMR and prevailing DSR + 10% tolerance limit only [G.O.(P) No. 16/2017/Fin dated 06/02/2017]. However in this case, contract for main Civil works was approved by the Managing Director, Kerala State Drugs and Pharmaceuticals Limited @9.26% above LMR; which is highly irregular. Hence, ratification of competent authority i.e. Council of Ministers is required in this case.

8) The explanation submitted by the former Managing Director, Kerala State Drugs and Pharmaceuticals Limited on work contract agreement awarded in deviation from the Government guidelines and estimate of Civil work is briefed as follows:-

“Government as per G.O.(Rt).No. 762/2018/ID dated 30/06/2018 accorded Administrative Sanction for an amount of Rs.50 Crores for setting up of LVP/SVP/Ophthalmic Plant. Kerala State Drugs and Pharmaceuticals Limited engaged project Consultant M/S Knack Technocrats, Mumbai and consultant prepared Detailed Project Report (DPR). KSDP prepared the design, drawing and estimate for the civil work "New construction and Renovation of Existing Formulation Plant For LVP/SVP and Ophthalmic Production Plant". The estimate was prepared using PRICE Software based on Delhi Schedule of Rates 2016 with cost index 148 of base 100. Details of estimate are as follows:-

Sl. No.	Item	Estimated Amount
1	Plant Building	Rs. 18064360
2	RCC Piling	Rs. 1831435
3	Office Building	Rs. 28740504
4	RCC Hume Pipe	Rs.1807085
5	Glass/ACP facade	Rs. 7543684
6	Galvalume Sheet Roofing	Rs. 3107180
	Total	Rs. 61094248 (excluding GST)

Details of tender for the work are as follows:-

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Sl. No	DATE	Remarks
1	15/11/2019	Tender Published with Estimated Amount- Rs.6,10,94,248.00/- (Based on DSR 2016 rates + Cost index of 148 base 100)
2	13/12/2019	Financial bid opened . <u>Quoted amount</u> 1. M/S Creators Construction-Rs.8,16,88,640.00/- 2. Kuriekkal Projects & Contractors Pvt.Ltd-Rs. 8,37,82,065.00/- Negotiation conducted and L1 party reduced to Rs.7,90,92,465.00/- (29.45% High)
3	20/12/2019	Re-tender
4	06/01/2020	Financial bid opened. Quoted amount was Rs. 7,84,62,895.00/-. Negotiation conducted and amount reduced to Rs. 7,78,91,895.00/- (27.49% higher)
5	27/01/2020	Re-tender with revised estimate as per LMR
6	06/02/2020	Financial bid opened. Quoted amount was Rs.7,36,77,018.00/- (10.89% higher than estimated amount) Negotiation conducted and amount reduced to Rs.7,25,91,883.00/- (9.26% higher than estimated amount)
7	07/02/2020	Purchase committee approval
8	27/02/2020	Work order issued
9	16/03/2020	Ratification from board

The first tender was published through e-tender website on 15/11/2019. Company received two bids 1) M/s.Creator Constructions 2) M/s.Kuriekkal Projects & Contractors Pvt.Ltd. .Both bidders were technically qualified and financial bids, were opened and the LI (M/s.Creators Constructions) rate was Rs. 7,90,92,465.00/- which was 29.45 % higher than the estimated amount. Hence it was re-tendered. Re-tender was published on 26/12/2019. Company received only one bid- M/s.Creators Constructions and the LI amount after negotiation was Rs. 7,78,91,895.00/- which was 27.49% higher than the estimated amount. The 235th Board directed to issue re-tender in case

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the rate exceeds based on GO (P) No. 16/2017/Fin Dated 06/02/2017. As per Go vide GO (P) No. 16/2017/Fin Dated 06/02/2017 the estimate was revised adopting the Local Market Rate. Civil consultant prepared estimate as per LMR rate and the estimated amount was revised to Rs. 6,64,39,130.00/- (excluding GST) and tendered again. KSDP received one bid from M/s. Creator Constructions. The amount after negotiation with LI company was Rs. 7,25,91,883.00/- which was also 9.26 % higher than the estimated amount. The tender was awarded to M/s Creators constructions for an amount of Rs. 7,25,91,883.00/-

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The entire construction works were affected by Covid -19. Even after tendering for 3 times, KSDP received only one bidder, and there was no possibility to get a lower rate than the tender quoted by M/s Creators Constructions. Covid -19 affected construction due to the scarcity of the raw material and labour.

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In 2019 itself KSDP requested Government to accord approval for re-location of the LVP/SVP ophthalmic plant to old formulation plant with necessary retrofitting measures based on the recommendation from college of Engineering Trivandrum as it was decided to be housed in two buildings forming part of the old Vitamin A Plant in the initial plan. As per Government letter no. Ind-H3/196/2019-ID dated 30/07/2020, Government permitted Managing Director, KSDP to relocate the project on manufacture of LVP/SVP from the building of the old Vitamin A plant to the formulation plant building near non-betalactum building with necessary retrofitting modifications and additions to house the LVP/SVP project without additional expenditure by considering the additional floor space that can be availed with the changing location. Former Managing Director, KSDP requested to consider her explanation favourably as she acted on good faith to avoid loss to the Company."

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9) The Special Working Group headed by the Additional Chief Secretary (Finance) in its meeting held on 19.08.2022 considered the proposal seeking revised Administrative Sanction for the project for manufacturing of LVP/SVP/Ophthalmic products, implemented by Kerala State Drugs and Pharmaceuticals Limited from Rs.50 Crore to Rs.58.87 Crore and the committee approved the project subject to the condition that ratification by the Council of Ministers is required on the action of the

Annexure

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Managing Director of the company in awarding work contract for the main civil works at a rate of 9.26% above Local Market Rate, which is highly irregular. The fund earmarked in the budget 2022-23 for the completion of the project could be released only after issuance of revised Administrative Sanction.

Note # 2021

10) When the file was circulated to the Hon'ble Chief Minister for orders, the Hon'ble Chief Minister has ordered to place the proposal for revising the Administrative Sanction for the project of ~~KSDP~~ ^{for the} Production of LVP/SVP/Ophthalmic products ^{of LSP} and to enhance the project cost from Rs.50 Crore to Rs. 58.87 Crore, before the Council of Ministers. *In consideration*

POINTS FOR DECISION

1. Whether the action of the former Managing Director, Kerala State Drugs and Pharmaceuticals Limited, in having approved the contract for main Civil works for the project for the production of LVP/SVP/Ophthalmic products @9.26% above LMR, without adhering to the Government norms [ie, maximum tender excess shall be limited to the least of Quoted rate of LI, PWD LMR and prevailing DSR + 10% tolerance limit only as per G.O.(P) No. 16/2017/Fin dated 06/02/2017] may be ratified?
2. Whether revised Administrative Sanction may be issued for the project of a Non-betalactam plant for the production of LVP/SVP/Ophthalmic products of KSDP by enhancing the project cost from Rs.50 Crore to Rs. 58.87 Crore, as approved by the Special Working Group meeting held on 19/8/2022?

28/3/23

3/2/23
3/2/2023

3/2/2023

7/2/23

7/2/23

7/2/23

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Minutes of the meeting of Special Working Group for Plan Schemes held on 19.08.2022 at 4.00 PM with Additional Chief Secretary (Finance), in the Chair

The meeting of the Special Working Group constituted for according Administrative Sanction for plan schemes with outlays exceeding Rs.15 crore was held on 19.08.2022 at 4.00 pm (VC) with Sri.Rajesh Kumar Singh IAS, Additional Chief Secretary (Finance) in the Chair.

Following proposals were considered by the Special Working Group and decision taken thereon is detailed below;

9th Special Working Group meeting for Plan Schemes 2021-22

Sl. No.	Name of proposal	Head of Account	Administrative Dept/ Implementing Agency	Budget Provision (Rs in crore)	Estimate (Rs in crore)	Decision
1	Total computerisation and e-Governance in KSRTC(State plan scheme)	5055-00-190-99-02(P)	Transport Dept	20.00	20.00	Approved.
2	Development of Infrastructure and Modernization of Depots and Workshops(State plan scheme)	5055-00-190-99-01(P)		30.00	30.00	Approved.
3	Modernization and Quality Improvement of Fleet	5055-00-800-79(P)		50.00	50.00	Approved.
4	KUFOS- Various projects in Annual Plan proposals(2022-23)	2405-00-188-99-35	Fisheries and Port Dept	33.50	15.00	Approved.
		2405-00-188-99-36			18.50	Approved.

5	Subhiksha Keralam Janakeeya Matsyakrishi Aquaculture Development activities	2405-00-101- 54-34(PV)	Fisheries Dept	66.62	60.7173	Approved subject to the condition that the expenditure shall be limited to current year's available budget provision.
5	Subhiksha Keralam Janakeeya Matsyakrishi Aquaculture Extension service	2405-00-101- 48-34-3(P)		7.11	12.68	Approved subject to the condition that the expenditure shall be limited to current year's available budget provision.
	Snehapoorvam (Continuing scheme)	2235-60-200- 72-11(P)	Social Justice Dept	17.00	17.00	Approved subject to the condition that the expenditure shall be limited to current year's available budget provision. Administrative Department should ensure that an aadhar linked monitoring mechanism shall also be formulated for the evaluation of the scheme.
	India Innovation Centre for Graphene	4859-02-004- 91(P)	Electronics and IT Dept	3.00	15.00 (Request ed for Compre hensive AS for Rs.86.41 Cr and 15 Cr. as GoK share)	Approved. AD shall issue Comprehensive AS for an amount of Rs.86.41 cr. GoK share should be limited to Rs.15 cr this year.

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9	Production of LVP/SVP and ophthalmic products in KSDP under the scheme (proposal for revision of AS due to cost escalation)	6857-02-190-99-Loans to KSDP(P)L	Industries Dept	14.00	58.87	<p>Approved to issue revised AS for an amount of Rs.58.87 Cr subject to the following conditions:</p> <p>i) AD shall regularize the following observations put forth by the CTE,</p> <p>1) Technical Sanction from competent authority i.e. Government Technical Sanction Committee, comprising the Secretary of AD [Chairman], MD [Convener] and competent and experienced Engineers from all relevant discipline as members shall be obtained for the project.</p> <p>2) The Project shall be implemented under the strict monitoring of the Govt. Technical Sanction Committee only.</p> <p>3) The estimate for main Civil works are seen submitted based on LMR, which is irregular. Detailed Estimate for all works shall be prepared based on prevailing DSR only.</p>
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4) As per Govt. norms, maximum tender excess shall be limited to the least of Quoted rate of L1, PWD LMR and prevailing DSR + 10% tolerance limit only [G.O.(P)

No.16/2017/Fin dated 06/02/2017]. However in this case, contract for main Civil works was approved by the MD, KSDP @9.26% above LMR; which is highly irregular. Hence, ratification of competent authority i.e. Council of Ministers is required in this case.

5) It is reported that the Project cost is exclusive of GST; which will be met by the Company. Since the cost index for DSR 2016 is inclusive of VAT/GST, payments on account of GST compensation shall be regulated as per the stipulations in G.O.(P) No.2/2018/PWD dated 27/01/2018.

6) AD shall ensure and confirm that all works and purchases connected with the Project are arranged through transparent bidding using the E-tender portal of Govt.

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					<p>7) Services of competent & experienced Engineers, preferably Serving/Retired from Govt. Engineering Departments of relevant discipline shall be ensured for arranging, supervision, measurement, check measurement, preparation & passing of bills, etc. of all works included in the Project, as per Govt. norms.</p> <p>ii) Ratification shall be obtained from the Council of Ministers before issuing the revised AS.</p> <p>iii) Expenditure shall be limited to the current years' available budget provision.</p>
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The following General Conditions should be followed, wherever applicable

1. The file should be circulated to the Minister concerned, before the issue of Administrative Sanction.
2. The expenditure would be met from the provision available under the appropriate head of account.
3. The fund release will be based on actual requirement and the fund released should not be parked in banks.
4. Store Purchase Rules shall be strictly adhered to.
5. Tender/e-tender and other stipulated formalities shall be followed wherever necessary.
6. Post creation and purchase of vehicles are not admissible under the scheme.
7. The Government Order according Administrative Sanction should specify the decision and date of Special Working Group Meeting, components of the scheme

with detailed break-up & estimates, period of completion of the project, mode of implementation of the project, name of implementing agency, funding pattern, release of funds and details of monitoring mechanisms, head of account to debit the expenditure, physical target, output, outcomes and deliverables of the scheme, etc as stipulated in G.O(P)No.8/2019/Fin. Dated 05.02.2019.


8. For hiring of project staff/man power as part of project implementation, instructions issued in G.O(P)No.76/2019/Fin. dated 02.07.2019 and G.O(P)No.81/2019/Fin dated 09.07.2019 shall be followed.
9. Government Order according Administrative Sanction shall be endorsed to the Planning & Economic Affairs Department, Finance (Planning-B) Department and Finance Department quoting respective file numbers.
10. For processing the orders of Administrative sanction through 'e- Anumathi' application, Administrative Department and HoDs should strictly follow the instructions stipulated in GO(Rt)No.4001/2022/Fin dated 27.05.2002.

RAJESH KUMAR SINGH IAS
Additional Chief Secretary (Finance)

List of Participants:

1. Sri.APM Muhammed Haneesh IAS, Principal Secretary, Industries Department
2. Smt.Rani George, Principal Secretary, Social Justice Department.
3. Smt. K.Riji John, Vice Chancellor,KUFOS
4. Dr.Saji Gopinath, Vice Chancellor, Digital University
5. Smt.Sherin M.S, Executive Director, Kerala Social Security Mission
6. Sri.E.A.Subramanian,Managing Director,KSDPL
7. Sri. Pradeepkumar.P, Joint Director. State Planning Board
8. Smt.Bindhu P Varghese, Chief (SS Division),State Planning Board
9. Sri. Nagesh S S,Chief (Agriculture), State Planning Board
- 10.Smt.N S Sreelu, Additional Director,Fisheries Department
- 11.Sri.Mahesh S, Joint Director,Irland Fisheries Department
- 12.Sri.Ajith Kumar, Joint Secretary,Finance Department

Approved for issue


Section Officer