

Minutes of the 180th Meeting of the Board of Directors of the Company held on 30th July 2010 at 2.00PM at the Registered Office of the Corporation.

PRESENT:

Name and designation	
Shri. A.R. Krishnamurthy	Hon'ble Chairman
Shri. E. Venkataiah, I.A.S., Principal Secretary to Government, Social Welfare Dept., Government of Karnataka.	Director
Shri. N. Manjunath Prasad, I.A.S., Commissioner, Social Welfare Dept., Government of Karnataka.	Director
Shri. K.S. Mruthyunjaya	Managing Director
Shri. A. Muniyellappa Addl. Secretary to Government, Finance Department, Government of Karnataka.	Director
Shri. Somala Nayak Managing Director, Karnataka Thanda Development Corporation Ltd.,	Director
Shri. M.A. Hussain, Dy Secretary, DPE Government of Karnataka.	Director

Shri.K.S. Mruthyunjaya, Managing Director of the Corporation extended warm welcome to the newly appointed Chairman of the Corporation Shri. A.R. Krishnamurthy, the Principal Secretary to Government Shri. E. Venkataiah, IAS, the Commissioner, Social Welfare Department, Shri. N. Manjunath Prasad, IAS, Additional Director Shri. A. Muniyellappa, Finance Department, Managing Director, Thanda Development Corporation Shri. Somla Nayaka and Deputy Secretary, D.P.E., Shri. M.A. Hussain to the meeting.

Shri. A.R. Krishnamurthy, Hon'ble Chairman extending warm greetings to the Principal Secretary, the Commissioner, the other Directors and thanked the Hon'ble Chief Minister of Karnataka for having given this opportunity to serve the people. The Hon'ble Chairman assured



to do his best to full fill the confidence reposed in him and also sought guidance and co-operation from the members of the Board and officers of the Corporation in his endeavor.

The Managing Director requested the Hon'ble Chairman to preside over the meeting. The Hon'ble Chairman ascertained that requisite quorum was present and called the meeting to order.

Leave of absence was granted to the Government of India Nominees.

Item No.1 – Noting of Minutes of the 179th Meeting held on 15th May 2010:

The Managing Director informed that the minutes of the 179th meeting held on 15th May 2010 were circulated among all the Directors and no comments have been received.

Referring to the directions of the Board under item no.3, Hon'ble Chairman desired to know the action taken to integrate the Dairy Scheme with the milk unions and to present full statistics of the scheme for its review. The Managing Director assured that the details would be placed before the next meeting.

The Principal Secretary invited attention of the members to the decision taken on the uniform policy on collateral security and requested to review the decision taken on insisting of sureties from two Government Servants in cases of loans exceeding Rs.5.00 lakhs. After deliberation it was decided to relax the requirement of surety from Two Government Servants for loans exceeding Rs. 5.00 lakhs only if the beneficiary provides other form of collateral securities equivalent to 100% of the unit cost.

With the above observations, the minutes of the 179th Meeting held on 15th May 2010 was confirmed.

Item No.2 – Appointment of Chairman:

The Board noted the appointment of Shri. A.R. Krishnamurthy as Chairman of the Corporation made by the Government of Karnataka vide its order no. SWD 87 SDC 2010 dated 02.06.2010 and authorised the Managing Director to file necessary returns with the Registrar of Companies as required under section 303(2) of the Companies Act, 1956.

Item No. 3 - Review of action taken report:

The Managing Director informed that the report on the actions taken on the decisions of the previous Board meeting will be placed in the next meeting.

Item No. 4 – Allotment and issue of shares:-

The Board considered the proposal and accorded approval to allot 60,00,000 shares of Rs.10/- each as under to Government of Karnataka and Government of India and issue of share certificates:

Sl. No.		No of shares of rupees ten each
1.	The Governor of Karnataka	300,00,000
2.	The President of India	300,00,000
	Total→	600,00,000



The Board authorised the Managing Director to file return of allotment in pursuance of Section 75(2) of the Companies Act, 1956. The Board also authorised the Managing Director and any one of the Directors to issue the Share Certificates under the Common Seal of the Corporation.

Enhancement of Authorised Capital:

The Board observed that with the above allotment of shares the total paid up capital went up to Rs. 174,46,49,320/- and there is still an amount of Rs. 6,90,00,000/- is lying in Share Deposit Account pending for allotment. Keeping in view of further release of funds by the Government towards share capital, the Board approved the proposal to enhance the authorised share capital from Rs.175,00,00,000/- to Rs. 200,00,00,000/- with the approval of the Government of Karnataka and after complying with the provisions of Section 97 of the Companies Act, 1956.

Item No. 5 – Provision for bad and doubtful debts:

The Managing Director explained the proposal that since the advances made to the beneficiaries are not classified on the basis of period of outstanding, the Corporation has been consistently providing 10% of the outstanding amount of unsecured loans on adhoc basis as bad and doubtful debts. The auditors have been observing that the provision made towards bad and doubtful debts is inadequate as the beneficiaries to whom loans or advances under various schemes extended by the Corporation are not regular in repaying the principal amount as stipulated together with interest thereon.

The Board considered the proposal and accorded approval to provide for 30% of the outstanding as bad and doubtful debts in the Accounts for the year 2009-10 as against 10% as has been provided in the earlier years.

Item No. 6 – Approval of Accounts for the year 2009-10:

The draft Balance Sheet as at 31st March 2010 and the Profit & Loss Account for the year ended 31st March 2010 were tabled and perused. During the course of perusal the following observations were made:

The Principal Secretary referred to the amounts shown under 'Loans & Advances' account and directed to initiate disciplinary action against Mr. Shivamahadeva and Mr. Renukeshwara. The Managing Director assured to take immediate action and report to the Board. The Principal Secretary and the Commissioner informed that the KAIC is settling all its dues out of the funds provided by the Government and advised the Managing Director to pursue the matter with KAIC for recovering the dues.

The Commissioner observed that the Traveling and Conveyance expenses incurred by the Managing Director during 2009-10 are on the higher side and desired to have the details. The break up details of the Travel and conveyance expenses incurred by the Managing Director were furnished.



After deliberation, the Board approved the draft accounts and passed following Resolutions.

1. **"RESOLVED THAT** the draft Balance Sheet as at 31st March 2010 and Profit & Loss account for the year ended 31st March 2010 and Cash flow statement for the year ended 31st March 2010 be and is hereby approved and that the Managing Director, Hon'ble Chairman /or any one of the Directors of the Corporation along with General Manager Finance be and are authorized to sign the Balance Sheet and Profit & Loss Account for the year ending 31st March 2010 on behalf of the Board and that the signed Balance Sheet and Profit & Loss Account be presented to the Auditors for the report thereon.
2. **"RESOLVED THAT** 35th Annual General Meeting of the Corporation be held on 17th September 2010 and that the Managing Director be and is hereby authorized to issue the notice convening the 35th Annual General Meeting of the company at the Registered Office on 17th September 2010 at 3.00 p.m. [draft notice annexed].
3. **"RESOLVED THAT** the draft report of the Directors for the year 2009-10 be and is hereby approved and that the same be signed by Hon'ble Chairman and Managing Director or by any two Directors of the Corporation as per sub-section (4) of Section 217 of the Companies Act, 1956.

Item No. 7 - Appointment of Private Secretary to Hon'ble Chairman of the Corporation

The Board approved and ratified the action taken by the Managing Director in appointing Shri. D. Chandraiah, retired Thashildhar as Private Secretary to Hon'ble Chairman as proposed by Hon'ble Chairman, on contract basis on a monthly consolidated pay of Rs. 14,000/-. The Board noted that tenure of Mr. Chandraiah as PS was effective from 19.07.2010 and shall co-terminate with the office of Hon'ble Chairman or upon termination of the contract whichever is earlier.

Item No. 8 - Providing residential accommodation to Hon'ble Chairman of the Corporation:

The Board ratified and approved the action taken by the Managing Director in taking on rent the premises at No. 750, 6th Main, 8th Cross Road, II Block, RT Nagar, Bangalore for the residence of Hon'ble Chairman of the Corporation effective from 09.07.2010 on a monthly rent of Rs. 40,000/- with 10 months' rent as refundable deposit.

Item No. 9 - Purchasing a new car for the use of Hon'ble Chairman:

The Board approved the proposal to purchase a new car Toyota Corolla Altis-1.8G for the official use of Hon'ble Chairman and seek the approval of the Government.

Item No. 10 - Government guarantee for availing loans from National Scheduled Castes Finance & Development Corporation Ltd.,

The Managing Director explained that the Corporation has been availing / arranging term loans through the National Corporations as the Banks, NABARD or other Financial Institutions are



not coming forward to extend small loans to the SC community and also as the terms and conditions of such institutions are not compliable by the beneficiaries.

The Principal Secretary referred to the observations made by the Finance Department that the recovery of loans are very low and has advised the Corporation to move away from lending and to act only as a facilitator or extend interest subsidy to the beneficiaries. The Managing Director presented the details that the Corporation has availed term loans from NSCFDC, NSTFDC and NSKFDC aggregation to Rs. 27,250.75 lakhs covering 1,33,666 units and has repaid Rs. 14,033.73 lakhs towards principal and Rs. 2,866.44 towards interest in total.

Going by the experience, the Board observed that the arranging loans through Banks are not practicable as they are not sanctioning the loans to all the schemes of the Corporation. In view of the above facts, the Board concurred with the stand taken by the Corporation to continue to avail term loans from National Corporations for the benefit of SC entrepreneurs during 2010-11 also as per the Action Plan and recommended to seek Government Guarantee for availing the term loans from NSCFDC / NSKFDC.

The Board also authorised the Managing Director to convey the decision of the Board to continue with availing of term loans from National Finance Corporations for the benefit of SC entrepreneurs during 2010-11 also and also to seek requisite Government Guarantee.

Item No.11 - Victim of atrocity and murder – Smt. Honnamma, Gopalapura Village, Chikkanayakahalli Tq., Tumkur District - Waiver of loan and interest due from the legal heir of the beneficiary and to drill bore-well in the land.


Hon'ble Chairman referred to his visit to the kin of the victim of atrocity, Smt. Honnamma, Gopalapura Village, Chikkanayakahalli Tq., Tumkur District, who was murdered and explained the need to extend the benefit of waiver of NSCFDC loan with interest given under Land Purchase Scheme. The Board considered the proposal with reference to the provision for waiver prevalent under NSCFDC schemes which provides for only waiver of interest in such cases where the assets are transferred to the legal heirs. As such the Board approved to seek waiver of the interest from NSCFDC and requested the Government to include the principal amount due in the compensation payable to the kin of the victim.

The Board also approved to drill a bore-well in the land to be transferred in the name of the legal heir of Late Smt. Smt. Honnamma, w/o. Shri. Ramaiah, Gopalapura Village, Chikkanayakahalli Tq., Tumkur District.

Considering the plight of the victim's family and assurance made by the Hon'ble Chairman, the Board also approved to extend dairy loan to Smt. Kariamamma, W/o. Kumaraiah, sister of the victim.

Item No. 12 – Providing credit facilities and other benefits to the Bangi families of Savanur Town, Haveri District.

The Hon'ble Chairman referred to the assurances made to the agitating Bangi families of Savanur Town, Haveri District and explained the proposal to extend credit facilities under self employment programme and to provide bore-wells under the Ganga Kalyana Scheme. The Board noted that 6 of the 11 families have come forward to avail loans under self employment



programme for Sheep rearing (2), Provision Stores (2), Stationery shop (1) and Book Shop (1) and approved the same as under:

Sl. No.	Name of the beneficiary	Business proposed	Subsidy amount in Rs.	Term loan in Rs.
1.		Sheep rearing	10,000	25,000/-
2.		Sheep rearing	10,000	25,000/-
3.		Provisions store	10,000	40,000/-
4.		Provisions store	10,000	40,000/-
5.		Stationery shop	10,000	40,000/-
6.		Book shop	10,000	40,000/-
			60,000	2,10,000/-

The Board also approved to drill bore-wells in the lands if any owned by these families and also to provide land to the extent of 2.00 acres per family at a cost of not exceeding Rs. 2.50 lakhs upon identification by the DC.

Item No. 13 - Allocation of part of pooled funds under Ganga Kalyana Scheme as discretionary quota for Hon'ble Chairman to allot bore-wells.

The Board deliberated the proposal and accorded approval to set aside Rs. 5.00 Crores out of the pooled funds of Rs.10.00 Crores released for the financial year 2010-11 as discretionary quota for the Hon'ble Chairman to allot bore-wells to the beneficiaries in deserving cases.

Item No. 14 - Settlement of outstanding amount of Rs. 2,95,85,888/- due from Karnataka State Agro Industries Corporation Ltd.,

The Board considered the proposal and directed the management to recover the outstanding amount of Rs. 2,95,85,888/- due from M/s. Karnataka State Agro Industries Corporation Ltd., and to pursue the matter vigorously as M/s. KSAIC has assured to discharge the liability. The Board also advised to seek the intervention of the Principal Secretary, Department of Agriculture in the matter.

Item No. 15 - Drilling of bore-well in the land of Shri. Anjinappa, S/o. Kuguru Muniyappa, Suluru Village, Kolar District, a victim of atrocity.

The Board accorded approval to the proposal to drill a bore-well in the land of Shri. Anjinappa, S/o. Kuguru Muniyappa, Suluru Village, Kolar District, a victim of atrocity as a special case though he has not been selected in the MLA's committee.

Item No. 16 - Purchasing of land lesser than 1 acre of wet land and 2 acres of dry land in cases of odd sized lands.

The Managing Director explained the difficulties experienced in considering the proposals under land purchase scheme where land procured could not be distributed as per norms among the beneficiaries as per the scheme as the land owner is not willing to sell in part. The Board after deliberations, accorded approval to procure and register lands lesser than 1 acre of wet land and lesser than 2 acres of dry land under circumstances where land procured could



not be distributed among the beneficiaries as per the scheme as the land owner is not willing to sell in part subject to following:-

1. In cases where the land lord is not agreeing for part sale
2. Where such cases are approved by the District level committee
3. Where the beneficiary is also consenting.

Item No. 17 – Waiver of ISB Loan due from Shri. D. Krishnakumar, S/o. Bairappa, Bangalore:

The Managing Director referred to the representation made by wife of Shri. D. Krishnakumar, who died in an accident, requesting to waive the outstanding amount of the loan availed under ISB for purchase of Maruti Omni van. He also informed that the beneficiary had cleared the term loan of KSFC. The margin money loan extended by Corporation amounting to Rs. 35,000/- and interest amount of Rs. 22,424/- are due and the same is sought to be waived.

Hon'ble Chairman also recommended it as a deserving case for consideration of the Board as he had personally met the dependents of Late Shri.D. Krishnamakumar and get to know their plight. The Board after discussion approved as a special case to waive off both the principal and interest amount due from Late Shri. D. Krishnakumar on humanitarian grounds.


Item No. 18 – Proposal of waiver of margin money loan extended from inception to the year 1989-90:

The Managing Director informed that the Corporation has been extending margin money loan upto 25% of the unit cost and 75% from Banks for micro credit loans. The Margin Money loan extended ranges between Rs. 250/- to Rs. 3000/- and no security was taken for these loans. When the Government of India during 1990 waived the bank loans, these loans were also waived off by the banks. This resulted in the beneficiaries in not repaying the margin money loans given by the Corporation as well. There has been an amount of Rs. 1324.90 lakhs due as on 02.10.1990 representing Rs. 1139.32 lakhs towards principal and Rs. 185.58 lakhs towards interest.

The Board after due deliberations accorded approval to waive off these small loans subject to approval of the Government and authorised the Managing Director to seek approval of the Government.

Item No. 19 - Recalling Shri. KR. Madhu Rao, Taluq Development Officer on deputation to Karnataka Minority Development Corporation Ltd.,

The Managing Director explained the case and informed that the deputed employee has been serving in Karnataka Minorities Development Corporation Ltd for the last 9 years and 8 months in excess of 5 years permissible as per rule 50(3) of KCSR Rules and that the employee has not been willing to report for duty in the corporation. The Board considered the proposal and authorised the Managing Director to write to the KMDCL either to absorb the services of Shri. K.R. Madhu Rao in their organization itself or repatriate him back to Dr. BRADC.



Item No. 20 – Reimbursement of medical expenses incurred by Smt. Annapurnaamma, FDA, Head Office, Bangalore:

The Board approved reimbursement of medical expenses to the extent of Rs. 5574/- to Smt. Annapurnaamma, FDA, Head office, Bangalore towards her treatment at Bhagvan Mahaveer Hospital, Bangalore against the total claim of Rs. 7592/- as recommended by the General Manager (Finance) and as per as per the Government Employees (Medical Attendance) Rules, 1963.

Item No. 21 - Reimbursement of medical expenses incurred by Shri. Puttaveeraiah, SDA, Head Office, Bangalore:

The Board approved reimbursement of medical expenses to the extent of Rs. 8219/- to Shri. Puttaveeraiah, SDA, Head office, Bangalore towards eye treatment of his mother at Narayana Netralaya Hospital, Bangalore against the total claim of Rs. 10027/- as recommended by the General Manager (Finance) and as per as per the Government Employees (Medical Attendance) Rules, 1963.

Item No. 22 – Legal action for recovery of rental arrears from the tenant for the Shed No.102, Peenya Industrial Area (Bharathmatha Watch works premises):


The Managing Director informed that rents have been in arrears from the tenant M/s. Shalini Enterprises since January 2009 for the premises (earlier used for Bharathmatha Watch works) at Shed No. 102, Peenya Industrial Area, Bangalore and explained the proposal to take legal action. The Board noted that the legal expenses quoted by the Lawyer is unreasonable and advised the Managing Director to ascertain the expenses from any other advocate before proceeding with the legal action. Alternatively, the Board advised to explore the possibilities of an out of court settlement and vacate the tenant instead of getting into long drawn legal course of action.

Item No. 23 – Regularization of services of the employees on daily wage /consolidated salary:

The Managing Director informed that the Board in its 174th meeting considered the proposal and advised the management to forward the proposal DPAR/DPE and seek their opinion as to the regularization of services of these employees on one time basis as provided in the Government circular no. DPAR 25 SLC 2003 dated 25.05.2006. However these employees have been representing to regularize their services. As advised by the Principal Secretary, the Board directed to put up the proposal along with the details of compliance of the conditions stipulated by the Hon'ble Supreme Court for such one-time regularization. Hence the subject deferred to the next meeting.

Item No. 24 – Review of Lokayuktha trap cases and the cases of criminal proceedings initiated against the employees of the Corporation:

The Board reviewed the cases of Lakayuktha trapping and the cases where criminal proceedings were initiated against the employees involved in financial irregularities etc. The Board observed that in certain cases departmental enquiry has not been instituted and advised the management to initiate departmental enquiry / disciplinary action as per CCA Rules wherever necessary.



Additional subjects with the permission of the Chair:

Addl. sub. no. 1: Transfer of services of Officers and Employees of the Corporation for the year 2010-11:

The Board after deliberation, directed the management to prepare a Transfer Policy for the Corporation and place it before the Board for consideration.

Addl. sub. no.2 – Implementation of Micro Finance Scheme (Small Loans) – State level by the District Managers:

And

Addl. sub. no.3 – Implementation of Micro Finance Scheme-2 (National Corporations) by the District Managers:

The Board considered the above proposals in the interest of the beneficiaries of small loans and accorded approval to implement the Micro Finance Schemes by the District Managers as per the list of beneficiaries selected by the respective Committee of MLAs for speedy disbursement of loans. However the Board advised to rationalize the Micro Finance Schemes of both State level and centrally sponsored schemes for better monitoring and implementation.

The Board also directed to finalise the comprehensive delegation of power and place it for approval.

Addl. sub. no.4 – Request for release of additional subsidy to meet additional demand for bore-wells under Ganga Kalyana Scheme for the year 2009-10:

The Managing Director explained the proposal in detail and informed that there has been a total demand for 10549 additional bore-wells as recommended by the Ministers and elected representatives and the Corporation would be requiring Rs. 9072.14 lakhs as subsidy from the Government to meet these additional demands for bore-wells. The Board after discussion did not approve the proposal to seek additional funds from the Government towards subsidy to meet the additional demands. The Board also advised to adhere to budget allocation.

Addl. sub. no.5 – Request by employees absorbed/ regularized from Mysore Lamp Works Ltd., for seniority and financial benefits effective from the date of Government Order:

The Board declined to consider the request made by the employees who were on deputation from M/s. Mysore Lamp Works Ltd., and whose services were regularized in the Corporation and confirmed / reiterated its decision taken in the 177th Board Meeting held on 13.01.2010 that the pay benefits shall be given only with effect from the date of regularization of their services in the Corporation.

Addl. sub. no.6 – Appeal made by Smt. A. Saroja Devi, TDO against the order of LWP imposed by the Disciplinary authority:

The Board declined the proposal.



Performance report for review:

During the course of deliberations, Shri. A. Muniyellappa, the Additional Secretary, Finance Department suggested that a report on performance on schemes including details of recovery be presented for review. The Board endorsed the suggestions made by the Director for compliance.

Vote of thanks:

The meeting ended with a vote of thanks.


Hon'ble Chairman