

Govt Grants Executive Powers to KSFE Vice-chairman Disregarding Norms

by N V Ravindranathan Nair

T'Puram: In violation of the provisions of the Companies Act, the State Government has granted executive powers to the KSFE vice-chairman - a political nominee - assigning him powers to monitor at the head office level and visit the regional offices and branches of KSFE Limited for supervision of 'default reduction efforts' of the company.

KSFE vice-chairman Job Michael, a native of Changanassery and former functionary of the KCYM, the youth wing of the Kerala Congress (M), has been assigned with the new responsibilities.

The Government Order issued in this regard cited that annual turnover of Kerala State Financial Enterprises Limited had crossed ₹22000 crore and it has recently started 130 new branches and Revenue Recovery proceedings in re-

spect of ₹184 crore was in progress.

It has been pointed out that as per Section 149 of the Companies Act no independent director can be assigned with such executive powers. Schedule IV of the said section is also against delegating executive powers to part-time directors.

Section 149 of Companies Act provides for executive powers only to Managing Director

Section 149 of the Act provides for executive powers only to the Managing Director and in such cases the Key Managing Personnel (KMP) delegated with executive powers. Top sources in the KSFE told 'Express' that the company had already pointed out to the Government that the Government Order was illegal and against the provisions of the Companies Act, 2013, and various provisions of Article Association of the company.

There are chances for the part-time director, if equipped with executive powers, to misuse the powers against the interests of the company, it has been pointed out.

"The power to monitor the default reduction effort means convening the meeting of the officials concerned,

conducting hearing of customers, allowing more instalments to defaulters, granting waiver on interest and even writing off the dues. There had been no such precedence in the KSFE," a senior official preferring anonymity said.

As the amount involved is Rs 184 crore, even three to five percent commission on waivers would result in huge benefits to persons involved and loss to the company.

"Assigning executive pow-

ers to parttime director is tantamount to Duality of Control which is against the principles of unity of command. Now a situation has been created with authority without responsibility," a

functionary of the KSFE said. Finance Minister K M Mani's special interest has resulted in granting the assignments to Job Michael. It is learnt that Job Michael has already convened meetings of officials.

It is learnt that KSFE had written to the government pointing out the illegality in the Order. Also, it has not implemented the order so far.

In case of succumbing to the pressure from the government, it will be tantamount to setting a bad precedence flouting all norms in the Companies Act. Also, it could facilitate chances of corruption involving crores of rupees at the cost of KSFE.