

**HUNDRED AND EIGHTH REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1987-88)**

(EIGHTH LOK SABHA)

- (I) PURCHASE OF RESIDENTIAL BUILDING AT  
SAN FRANCISCO  
(II) AVOIDABLE EXPENDITURE—PURCHASE  
AND REPAIR OF BUILDING IN DUBLIN

MINISTRY OF EXTERNAL AFFAIRS

[Action Taken on 52nd Report (8th Lok Sabha)]



*Presented to Lok Sabha on 6 April, 1988*  
*Laid in Rajya Sabha on 25 April, 1988*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*March, 1988/Phalguna, 1909 (Saka)*

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(1987-88)

CHAIRMAN

Shri Amal Datta

MEMBERS  
*Lok Sabha*

2. Shri S.M. Bhattam
3. Shri Mohd. Ayub Khan
4. Shri Y.S. Mahajan
5. Shri Ajay Mushran
6. Shri K. Ramamurthy
7. Shri Balwant Singh Ramoowalia
8. Shri Navinchandra Ravani
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12. Genl. R.S. Sparrow
13. Dr. Chandra Shekhar Tripathi
14. Shri Vir Sen
15. Shri Yogeshwar Prasad Yogesh

*Rajya Sabha*

16. Shri A.K. Antony
- \*17. Shri Nirmal Chatterjee
- \*18. Shri Bhuvnesh Chaturvedi
19. Shri M.S. Gurupadaswamy
20. Shrimati Manorama Pandey
21. Shri B. Satyanarayan Reddy
22. Shri T. Chandrasekhar Reddy

SECRETARIAT

1. Shri K.H. Chhaya--*Joint Secretary*
2. Shri B.D. Duggal--*Chief Financial Committee Officer*
3. Shri S.M. Mehta--*Senior Financial Committee Officer*

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\* Ceased to be a member of the Committee consequent on his retirement from Rajya Sabha w.e.f. 1.4.88.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Eighth Report on action taken by Government on the recommendations/observations of the Public Accounts Committee contained in their Fifty-Second Report (Eighth Lok Sabha) relating to (i) Purchase of Residential Building at San Francisco; and (ii) Avoidable Expenditure—Purchase and Repair of Building in Dublin.

2. In their earlier Report the Committee had observed that the policy of the Government was to purchase built up properties wherever economically feasible rather than to hire accommodation. The Committee had found that the Government had not evolved a perspective plan for acquisition or construction of buildings to house the Missions abroad. The Committee had observed that since our Missions abroad are almost permanent in nature and are as indispensable as the Secretariat, it was absolutely necessary to have a clear cut plan in this regard. The Committee had, therefore, recommended that Government should draw up a long-term perspective plan to acquire built up properties or to construct buildings on the plots which had already been purchased or may be purchased in future.

3. In their Action Taken Notes the Ministry of External Affairs have stated that it is not feasible to draw up a long-term perspective plan to acquire built up properties since implementation of such a plan would, to a large extent, depend on suitable properties coming up for sale, on which the Ministry has no control. The Ministry have added that they have prepared an Action Plan for the current year identifying specifically the places as well as the type of properties likely to be purchased and in case the targets set in this short-term plan are achieved during the current year similar Action Plan would be prepared in the ensuing years.

4. As regards the perspective plan for the construction of buildings on the plots already acquired, the Ministry of External Affairs have stated that, keeping this objective in mind, the various project reports submitted by the architects and other related data are being studied to ascertain the time-frame as well as the estimated cost of each project so that a plan is drawn up as early as possible.

5. The Committee have expressed doubts whether it will be possible to make an Annual Plan if the Ministry are not able to prepare a long-term

(vi)

perspective plan. The Committee have felt that without a perspective plan an Annual Plan would be *ad hoc* in nature. Implementation of the Annual Plan would depend upon suitable properties becoming available for purchase during the year which is a more difficult condition to be satisfied than suitable property becoming available over a long period say, 5 or 10 years. The Committee have concluded that the argument advanced by the Ministry for not drawing up a long term plan for acquiring built up property is not tenable.

6. In regard to plan for construction of buildings on the plots already acquired, the Committee have felt that the implementation of the programme has been tardy. The Committee have desired the Ministry to proceed at a faster pace and complete the construction work quickly.

7. The Committee have reiterated that a long-term perspective plan, which would combine both acquiring built up properties and construction of buildings on the plots already acquired, is absolutely essential. The long-term plan may provide the broad parameters within which the short-term plan should be fitted in. The Committee have, therefore, desired the Government to reconsider the matter and draw up a long-term pragmatic plan so that the rental outgo, which is increasing year after year, is reduced to the barest minimum.

8. The Committee considered and adopted this Report at their sitting held on 7 March, 1988. Minutes of the sitting form Part II of the Report.

9. For reference facility and convenience, the recommendations/observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

10. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELH.;

March 15, 1988

Phalguna 25, 1909(S)

AMAL DATTA

Chairman,

Public Accounts Committee.

## CHAPTER I

### REPORT

This Report of the Committee deals with action taken by Government on the recommendations/observations contained in their earlier Report\* on (i) Purchase of Residential Building at San Francisco; and (ii) Avoidable Expenditure--Purchase and Repair of Building in Dublin.

2. The Committee's Report contained eight recommendations. Action Taken Notes have been received from Government in respect of all these recommendations/observations. All of them have been accepted by the Government except recommendation at S.No. 7\*\* which while being "appreciated" by the Government has not been regarded as capable of implementation.

3. The Action Taken Notes furnished by the Ministry of External Affairs are reproduced in Chapters II & III @ of this Report.

4. In the following paragraphs, the Committee deal with action taken by Government on some of their recommendations/observations.

#### *Long-Term Perspective Plan for Acquiring Built up Properties Abroad*

5. In their earlier Report the Committee had observed that the policy of the Government was to purchase built up properties wherever economically feasible rather than to hire accommodation. The Committee had found that the Government had not evolved a perspective plan for acquisition or construction of buildings to house the Missions abroad. The Committee had observed that since our Missions abroad are almost permanent in nature and are as indispensable as the Secretariat, it was absolutely necessary to have a clear cut plan in this regard.

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\* 52nd Report (8LS) on (i) Paragraph 21 of the Report of the Comptroller and Auditor General of India for the year 1982-83 Union Government (Civil) on Purchase of Residential Building at San Francisco; and (ii) Paragraph 14 of the Report of the Comptroller and Auditor General of India for the Year 1983-84 Union Government (Civil) on Avoidable Expenditure--Purchase and Repair of Building in Dublin.

\*\* *Vide* Appendix II of 52nd Report (Paras 87-89).

@ An analysis of the Notes is at (Appendix I)

6. The Committee had, therefore, recommended that Government should draw up a long-term perspective plan to acquire built up properties or to construct buildings on the plots which had already been purchased or may have to be purchased in future.

7. In their Action Taken Notes the Ministry of External Affairs have stated that it is not feasible to draw up a long-term perspective plan to acquire built up properties since implementation of such a plan would, to a large extent, depend on suitable properties coming up for sale, on which the Ministry has no control. The Ministry have added that they have prepared an Action Plan for the current year identifying specifically the places as well as the type of properties likely to be purchased and in case the targets set in this short-term plan are achieved during the current year similar Action Plan would be prepared in the ensuing years.

8. The Committee fail to understand how it is possible to make an Annual Plan if the Ministry are not able to prepare long-term perspective plan. Moreover, without a perspective plan an Annual Plan can only be of an ad hoc nature. Implementation of the Annual Plan would depend upon suitable property being available for purchase during the year for which Plan has been prepared, which is a much more difficult condition to be satisfied than suitable property becoming available over a longer period, say, 5 or 10 years.

9. During evidence, the Secretary of the Ministry had no hesitation in stating that a long-term plan would be drawn up if more funds were available (vide Para 72 of the Report). In the Action Taken Note, however, a different ground has been taken for not preparing a long term plan. The Committee conclude that the argument for not drawing up a long-term plan for acquiring built up property contained in the action taken note is not tenable.

10. In regard to the perspective plan for the construction of buildings on the plots already acquired, the Ministry of External Affairs have stated that, keeping this objective in mind, the various project reports submitted by the architects and other related data are being studied to ascertain the time frame as well as the estimated cost of each project so that a plan is drawn up as early as possible.

11. Although the committee appreciate that action has been initiated for drawing up a perspective plan for construction of buildings where plots have been acquired, they feel that time taken by the Ministry to submit the action taken notes on 19 July, 1987 after the Report of the Committee was submitted on 25 July, 1986, the action so far taken has

been tardy. The Committee would like the Ministry to proceed at a faster pace, complete the planning quickly and get started with the construction works.

12. The Committee still feel that a long-term perspective plan which would combine both acquiring built up properties and construction of buildings is absolutely essential. The long-term plan may provide the broad parameters within which the short-term plan should be fitted in. The Government should, therefore, reconsider the matter and draw up a long-term plan which should provide for the acquisition of plots and immovable properties and construction of buildings on plots already acquired based on a pragmatic plan so that rental outgo, which is increasing year after year, is reduced to the barest minimum.

13. The Committee appreciate that the action taken to streamline the purchase of property may turn out to be vital. Thus the delegation of power to clear purchase proposals upto Rs. 5 crores to the Financial Adviser of the Ministry will not help to expedite the actual clearance of proposals as the structural soundness and financial evaluation reports may not be quickly available inasmuch as the delegation of power upto Rs. 12,000/- for each such report to the Head of Mission may turn out to be quite insufficient for the purpose. It means that the delegated power will not be of any avail in most cases and the Head of Mission will have to request for additional funds for the purpose of even getting such reports prepared by experts.



## CHAPTER II

### RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

Two cases brought out in the Audit Paras under the examination show conclusively and un-answeringly, the astonishingly un-realistic and un-imaginative manner in which the administrative machinery tends at times of function. The cases that are stated here given the impression that while trying to be penny wise we have been pound foolish. These case are briefly stated in the paragraphs that follow.

A proposal for purchase of a residential building for the Indian Consul General, San Francisco, duly recommended by the Indian Ambassador in Washington, keeping in view location, state of maintenance and expected appreciation of value, in course of time was submitted to the Ministry of External Affairs in January, 1978. This building had been constructed in 1951 and its cost was indicated as \$ 2,75,000. Its economic cost was assessed between \$ 1,25,000 and \$ 1,60,000 by the Govt. In fact, two different economic costs were fixed for this house--one by the Ministry of External Affairs (\$ 270,000) and another by the Finance Ministry (\$1,60,000) On the other hand the Consulate's estimate of the reasonable purchase price was \$ 3,00,000. It was pointed out that the rent paid for the Consul General's house was unrealistically low as no such house was at that time available at that rent and therefore the cost computed on the rental paid would be unrealistic. This was turned down by the Ministry of Finance. Several other proposals for the purchase of a building for the residence of the Consul General were subsequently turned down in the same manner. The admissible cost ceilings for these buildings were raised slowly and reluctantly frustrating the proposals. Against a proposal in August 1979 for the purchase of a house for \$ 4,50,000 the Government advised an unrealistic ceiling of \$ 3,00,000. Subsequently when the ceiling was sought to be raised to \$ 4,50,000 it was fixed at \$ 4,25,000. For another proposal in May 1980 for a house for \$ 6,50,000 the ceiling was fixed at \$5,50,000 and then subsequently suggested between \$5,50,000 to \$7,50,000. Ultimately a building constructed in 1957 was bought in May 1982 for \$ 7,50,000. Significantly, its economic cost worked only to \$ 2,40,000. Consequently, as contended by Audit, an attractive offer for purchase of a comparatively new house for \$ 2,75,000 was lost owing to a rigid formula and unnecessary expenditure to the tune of Rs. 50 lakhs was incurred in

this case (including the rent amounting to Rs. 6 lakhs paid for the existing residence during the intervening period).

The other case which relates to purchase of a residential building for the Indian Ambassador at Dublin is also in the same tenor of rigidity. A proposal was sent by the Mission for purchase, at auction, of a building at an estimated cost of £80 to 90 thousand in November, 1977. This building had been used as Embassy residence for six years till 1974, and was considered suitable for residential purpose in view of its vicinity to the Chancery and its location in diplomatic-cum-residential colony. This proposal was turned down for reasons of financial constraint, inadequate time available for taking a decision and absence of structural soundness report. However, in another proposal a ceiling of £ lakh was permitted 3 months later in February 1978 and a purchase at ₹1.25 lakhs was approved by Government though the value of this house was assessed by architects at ₹ 1 lakh. Thus, as brought out by Audit, the failure to purchase the building in November 1977 resulted in additional avoidable expenditure to the tune of Rs. 7 lakhs.

[ S. No. 1 (Paras 79, 80 & 81) of Appendix III to 52nd Report of Public Accounts Committee (8th Lok Sabha) ]

#### **Action taken**

Looking at the sequence of events in retrospect, as brought out in Paras 80 and 81 of the Report, the conclusions drawn by the Committee in Para 79 regarding the handling of the two purchase proposals appear to be justified. The Ministry, however, would like to assure the Committee that adequate care would be taken in the future in processing such purchase proposals so that there would be no room left for drawing similar conclusion.

[Ministry of External Affairs No. Q/Prop/745/15/86 dated 6-1-87]

#### **Recommendation**

Besides the financial constraints, the other explanations advanced by the Secretary, External Affairs, during evidence for rejection of the proposals made in November, 1977 for purchase of the property at Dublin were: inadequate time for arriving at a decision in this case, suitability, structural soundness, economic cost, clear legal title and market evaluation. None of these reasons were sustainable as a sum of Rs. 3.79 crores remained unutilised out of the relevant budget head at the close of the financial year. As regards suitability and structural soundness of this build-

ing it may be pointed out that this building had been our Ambassador's residence for six years and the existing incumbent of the post had strongly pleaded for its purchase in his two telex messages. Inadequate time available should not, in the Committee's view, stand in the way of taking decisions. In fact there have been quite a few instances where decisions had been taken within a short period of even one week.

The Committee find from the data furnished by the Ministry of External Affairs that out of 38 proposals received by the Ministry over a period of ten years, in as many as 21 cases the decisions were taken within a period of one month, in some cases it was just two weeks and in another two cases it was one week. Further, the plea taken in regard to economic cost hardly holds ground as in neither of the two cases have the economic costs been adhered to finally. The economic costs whether calculated by the Ministry of External Affairs or by the Ministry of Finance have been unrealistic inasmuch as these were based on obsolete rentals. Surrender of funds to the tune of Rs. 3.79 crores mentioned above, in an annual budget of Rs. 5.38 crores, and failure to accommodate otherwise economical expenditure of Rs. 17 lakhs on purchase of property at Dublin, is indicative of failure to perceive the proposal in its proper perspective.

1(S. No. 2 (Paras 82 & 83) of Appendix III to 52nd Report of PAC(8th Lok Sabha)]

#### **Action taken**

While it is true that the building proposed for purchase in Dublin had been earlier our Ambassador's Residence for six years, this by itself was not sufficient to conclude that the building was structurally sound. This aspect has to be examined by a structural engineer with regard to the foundations of the building, the material used for construction etc. Besides, the structural report has also to indicate clearly the residual life of the property after purchase since this is one of the important elements in deciding on purchase. The Ministry considers that any property purchased abroad should have a minimum residual life of 25-30 years so that not only the investment is fully recovered but also the property is used without major repairs/renovations for a reasonable period thereafter.

The Ministry shares Committee's views that inadequate time available should not stand in the way of taking decisions. In fact, as the Committee is aware, there have been a number of instances in the past where the Ministry had approved purchase proposals within a very short time wherever the proposals were complete in all respects and conformed to the norms accepted for purchase of properties abroad. The fact that the Min-

istry has purchased over the last few years a number of properties abroad itself shows that the two cases referred to in the Report are more by way of exception than a general rule. The Ministry however would like to assure the Committee that it would take all possible steps to ensure that expeditious decisions are taken on property proposals.

[Ministry of External Affairs No. Q/Prop/745/15/86 dated 6-1-87]

### **Recommendation**

The Committee, therefore, cannot but conclude that a rather rigid and routine approach had been followed in application of procedures and guidelines for dealing with purchase of properties for our Missions abroad. The Committee feel that property situation being rather volatile, a more pragmatic approach needs to be followed. The Committee would like that the policies and procedures laid down in this regard should be reviewed to meet the situation adequately and squarely.

[S.No. 3 (Para 84) of Appendix III to 52nd Report of PAC (8th Lok Sabha)]

### **Action taken**

The Ministry has issued recently detailed guidelines vide No. Q/Prop/551/9/86 dated 5-8-86 (copy enclosed) to all Missions/Posts abroad on the purchase of built-up properties. With the aid of these guidelines it is hoped that the Missions and Posts abroad will be able to send complete and viable proposals on which the Ministry could take quick decision.

The Financial Adviser attached to the Ministry can now clear purchase proposals upto Rs. 5 crores in each case under delegated powers. In other words, since most of the purchase proposals would be within this limit it would not be necessary to go to the Ministry of Finance for approval.

The Missions and Posts abroad have also been given delegated powers to obtain structural soundness and market evaluation reports in cases where the cost is within Rs. 12,000. Heads of Missions and Posts did not have any powers in this respect earlier. It is hoped that these steps would speed up decisions on purchase of property.

[Ministry of External Affairs No. Q/Prop/745/15/86 dated 6-1-87]

ENCLOSURE

IMMEDIATE

G.S. Bedi,  
Joint Secretary (Estt)

Ministry of External Affairs,  
New Delhi.

D.O. No. Q/Prop/551/9/86

August 5, 1986.

*SUBJECT: Purchase of built-up properties abroad.*

Dear Head of Mission/Post,

The Public Accounts Committee in a recent hearing on the purchase of properties for our Missions abroad was critical of the fact that the Ministry has been consistently surrendering funds over the years allotted for the purpose and at the same time continues to pay increasingly high rentals for leased properties.

2. As you are aware, the Ministry has issued in the past several circulars urging upon our Missions to send purchase proposals for acquiring built-up properties. While we continue to receive proposals from some Missions, a conscientious effort on the part of our Missions appears to be lacking. Many of the proposals received in the past had to be turned down either because they were not economically viable or the space was in far excess of the norms laid down by the Ministry. In some other cases, the time lag was too short and the property was sold before the approval was received or the property was considered unsuitable in some respects. There are also cases where the landlords backed out or unexpected legal complications cropped up. In view of these the proposals did not materialise and the funds allocated had to be surrendered.

3. During the current year we have a budget allocation of Rs. 24.50 crores under the capital Outlay. Since many of the construction projects have not yet reached the take-off stage, a large portion of the funds will have to be spent on the purchase of built-up properties. I shall therefore request you to take personal interest in the matter and see that viable proposals are sent from your Mission. In fact, it would be a worthwhile exercise if the Mission, keeping in view of the local conditions and the property market in general could draw up a list of priorities for the purchase of properties and send it to us in due course. In view of the general criticism regarding the poor condition of our Chanceries and Embassy Residences abroad, the purchase of these, needless to say, would be received top priority in stations where we do not own government buildings.

4. In order to enable the Mission to send complete and viable proposals, it is considered appropriate to lay down some guidelines:--

*(i) Economic Cost*

As you may be aware of guidelines for calculating economic cost of built-up properties was circulated to all Missions vide Ministry's Letter No. Q/Prop-I/862/9/76 dated 16th May, 1978. In actual practice, this formula was found unworkable for many stations and therefore had to be abandoned. The economic cost at present is computed taking into account the present rent, the rate of compound increase in rent during the last ten years and working out the amount we would have to pay by way of rent for the next 13 years. If the price of the property proposed is within this amount, the proposal could be considered economically viable. However, there are some other factors which will have to be taken into account like, the size of the property proposed, the cost of alternate accommodation, general market rents etc. and therefore once all the relevant information is given in the purchase proforma, it should be possible for the Ministry to calculate the economic cost as realistically as possible. It is, however, emphasised that the economic cost though is an important consideration, it is not the only consideration while approving purchase of properties abroad.

*(ii) Space Entitlement*

The space entitlement for office and residences is given in Annexure-I. While, we agree that the space norms laid down cannot be enforced strictly in respect of built-up properties, at the same time it may be stated that it is difficult to obtain financial approval if the variation is more than around 10% of the entitlement. It may be noted that in respect of Chancery the space entitlement is for carpet area. However, in respect of residences its total plinth area minus balconies, staircases, terraces and garages.

*(iii) Chancery*

Apart from a good location, because of security considerations, it would be preferable to purchase an independent villa for the Chancery instead of a flat. The building, as far as, possible should be imposing keeping in view of our image in particular country. While selecting a locality it must be ascertained from the local authorities whether the building could be used for office purposes as per the local zoning regulations.

*(iv) Age of the property*

The age of the property by itself is not important. What is important is the residual life. We have in the past purchased old properties in good condition and with stone outer shell, the residual life of which was computed as hundred years. We, however, expect a minimum residual life of 25-30 years after purchase. Therefore, it may be ensured that the residual life of the property is clearly indicated in the structural evaluation report.

*(v) Market Evaluation and Structural Soundness Report*

After a proposal is approved in principle, the final decision would rest on the market evaluation and structural soundness report. While forwarding the proposal the cost of obtaining these reports should be indicated since under the revised delegation of powers the Head of Missions are empowered to incur expenditure upto Rs. 12,000/- for each report. It would be difficult for the Ministry to approve a purchase proposal if the negotiated price of the property is more than the market evaluation. In such cases, the Mission should re-negotiate the price of the property with a view to bring it down within the evaluated price.

*(vi) Local Procedures*

The procedures to be followed in respect of purchase of properties by foreign diplomatic Missions particularly with regard to permission from the local government and bodies, registration, payment etc. should be ascertained before the proposals are sent to the Ministry. There is no objection in engaging property agents for the purchase of properties and payment of commission as per the local practice. Once a property is approved for purchase the Mission should ascertain a clean legal title to the property before any payment is made. A local lawyer may also be employed to prepare the purchase deed, registration etc.

*(vii) Repairs/Alterations*

When a built-up property is purchased expenditure on some alterations/renovation is inescapable. We, however, do not favour purchase of properties requiring extensive and expensive repairs and renovations.

(viii) *Property Purchase Team*

It is a practice established during the last few years for a property purchase team to inspect properties proposed by the Mission particularly when the proposal involves considerable investment or there are certain points which require an on-the-spot decision. When it is decided to send a property purchase team to a particular Mission, the Mission should look for 2 or 3 properties other than the one approved in principle to enable the team to take on the spot decision.

(ix) *Payment*

The Ministry can consider mode of payment on merits.

(x) *Purchase Proforma*

The revised purchase proforma for built-up properties is given in Annexure-II. It may be ensured that all proposals are sent in the prescribed proforma. In case there are more than one proposals, each proposal should be sent in a separate proforma.

5. I am looking forward for receiving proposals from your Mission for the purchase of built-up properties during the current financial year.

Yours sincerely,

sd/

(G.S. Bedi)

*Encl.* As stated above.

To  
All Heads of Missions and Posts Abroad.



MINISTRY OF EXTERNAL AFFAIRS  
(PROPERTY SECTION)

*Space Entitlement--Residences*

No space norms have been fixed for the Residence of the Head of the Mission.

1. Counsellor : 170 Sq. metres (plinth area)
2. First Secretary : 150 Sq. metres (-do-)
3. Third Secretary/  
Attache/PS/Sr. PA : 110 Sq. metres (-do-)
4. LDC, UDC, Assistant  
and other non-diplo-  
matic staff : 75 Sq. metres (-do-)
5. Class IV including  
Security Guards and  
non-diplomatic staff. : 40 Sq. metres (-do-)

*Space Entitlement--Office*

1. Head of Mission : 35 Sq. metres (carpet area)
2. Head of Chancery/  
First and Second  
Secretaries : 25 Sq. metres (-do-)
3. Registrar/Attaches/  
Third Secretaries : 16 Sq. metres (-do-)
4. Private Secretary : 10 Sq. metres (-do-)
5. India-based staff : 4 Sq. metres (-do-)
6. Local-based staff : 4 Sq. metres (-do-)
7. Security Guard : 4 Sq. metres (-do-)

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*Provision of areas sanctioned for other uses than the office space for  
officials (for a medium size Mission)*

1. Reception Room of  
Ambassador's Office : 19 Sq. metres

2.	Conference Room	: 35 Sq. metres
3.	Visitor's Waiting Lobby	: 13 Sq. metres
4.	Main Lobby	: 45 Sq. metres
5.	Telex Room	: 5 Sq. metres
6.	Cypher Room	: 10 Sq. metres
7.	Shredding Room	: 5 Sq. metres
8.	Consular Section-- Reception Room	: To be recommended on actual requirements basis.
9.	Film Store	: 28 Sq. metres
10.	Library	: 43 Sq. metres
11.	Duplicating Room	: 10 Sq. metres
12.	Teleprinter Room	: 4 Sq. metres
13.	Switchboard PBX Room	: 5 Sq. metres
14.	Pantry	: 15 Sq. metres
15.	Toilets	: 50 Sq. metres
16.	Stationery Store	: 16 Sq. metres
17.	Furniture Store	: 18 Sq. metres
18.	Machine Room	: 21 Sq. metres
19.	Maintenance Store for Gardeners	: 6 Sq. metres
20.	Quarters for 2 Security Guards	: 40 Sq. metres (for each)

*ANNEXURE II*

*Property Purchase Proforma*

1. Proposal for the purchase of  
(Chancery/Embassy Residence/  
Residence for First  
Secretary etc.)
  - A. *Information on existing rented property:*
    2. (i) Present annual rent.
    - (ii) Yearwise annual rental (Please attach statement  
figures for the last 10 years as Annexure I)
    - (iii) Date of initial lease of the property.
    - (iv) Date of commencement of the present lease.
    - (v) Date of expiry of the present lease.
    - (vi) If the lease is expiring shortly,  
the terms demanded by the  
landlord for renewal, if any.
  3. Rents prevailing in the locality  
for a similar property.
  4. (a) *Chancery*  
Details of usable space (Please give this  
available, indicating information in  
number of rooms with separate sheets  
areas in square metres as Annexures II & III)  
and the present  
utilisation.
    - (b) *Other properties*
      - (i) Total built-up area.

- (ii) Specify areas taken by balcony, terraces, staircase and garage, if any.
5. (A) Percentage of increase in rents during the last 10 years as per local government's statistics. (Please attach an extract as Annexure IV)
- (B) Information the property proposed for purchase.
6. Address of the property.
7. (A) Area of the plot on which the property is situated (In sq. mts).
- (B) Total built-up area (including area of corridors, balcony, bathrooms, kitchens etc.).
8. Number of rooms with areas. (Please give this information as Annexure V)
9. Description of ancillaries (Garages, stores, garden, servant quarters, swimming pool etc. with area in square metres) (Please give this information as Annexure VI)
10. Year of construction of property

11. Is the property leasehold or freehold? (In case of leasehold, please indicate the ground rent payable annually and the period of lease).
12.
  - (i) General condition of the building.
  - (ii) State of various rooms and ancillaries with particular reference to flooring, walls, ceiling, plastering, painting, electrical, sanitary, plumbing, drainage system etc.
  - (iii) Suggestions regarding modifications, immediate repairs required and estimated cost thereof. (Please furnish this on separate sheets as Annexure VII)
13. Site plan and rough sketch of the property with dimensions in sq. mts. along with a map of the city and location of the property. (Please give as Annexure VIII)
14. In case, the proposal is for purchase of a building for use as Chancery, please indicate how the various rooms are proposed to be utilised. (Please give as Annexure IX)
15. Brief description of the neighbourhood.
16.
  - (i) Price of the property (both in local currency and Indian rupees).
  - (ii) Please indicate if the price is negotiable.

17. (i) Are any other charges payable such as agent's commission, registration and notarial fees etc., if so please indicate itemwise.
- (ii) Any other recurring charges e.g., condominium charges.
18. Owner's title to property. Is the property free of all the encumbrances. (A local report on this to be obtained after the purchase is approved).
19. Cost of obtaining market evaluation report. (Both in local currency and in Indian rupees). The report is to be obtained from an independent professional evaluator.
20. Cost of obtaining structural soundness report (Both in local currency and Indian rupees). The report is to be prepared by an independent structural engineer/architect.

### Recommendation

The Committee wish to observe in this connection that a realistic view is not being taken in the matter of calculating the economic cost for the purchase of buildings for the use of our Missions abroad. The Ministry of Finance/External Affairs have been adhering to a formula to calculate the economic cost which has not been found practical. Economic cost has been arrived at on the basis of rent being annually paid which is not always the market rent prevailing at the time of purchase. The economic cost thus arrived at, therefore, becomes unrealistic and it is for this reason that a number of proposals have been frustrated both in the case of San Francisco as well as Dublin. It is seen also that different costs have been arrived at for the same buildings in the Ministry of External Affairs and the Ministry of Finance. In the opinion of the Committee, therefore, the procedure evolved in this regard should be reviewed and a more practical cost formula evolved.

[S. No. 4 (Para 85) of Appendix III to 52nd Report of PAC (8th Lok Sabha)]

### **Action taken**

The Ministry agrees with the view of the Committee that the economic cost computed on the basis of Annual Rent being paid alone may become unrealistic particularly when there is a substantial difference in the rent being paid and the market rent demanded for a similar property. Therefore, at present the market rent is also taken into account while computing economic cost to avoid recurrence of the situation brought out in the Audit paras. In fact, in the revised purchase proforma the Missions are required to indicate the prevailing market rent in respect of the property which is being rented by the Mission.

[Ministry of External Affairs No. Q/Prop/745/15/86 dated 6-1-87]

### **Recommendation**

The Mission at Dublin had suggested structural extension of the dining room of the residence of Head of the Mission in 1980. The proposal was cleared by the Ministry in August 1982, 11 months after the two firms sought to be engaged for repairs had quoted a cost of £ 4,500. It is not surprising that by this time the quotations received in June 1981 had already become obsolete and the two firms declined to undertake this job. It is also rather strange that the Mission then awarded this job to a private individual 'R' who had done some painting job in the Embassy residence earlier. Antecedents of this individual as to his being qualified to undertake this job were not ascertained. Although the job is stated to have been completed seemingly to the satisfaction of the then Ambassador at a cost of £ 4,232 the payments were cleared without obtaining soundness certificate from a competent authority. No wonder then that succeeding Ambassador discovered the roof of the extended dining room sagging and some other serious structural defects. The contractor 'R' failed to rectify the defects and had reportedly left the country. He, however, remitted £750 to the Mission out of total payments of £ 4,232 made to him. Damages could thus be recovered from him. Consequently an avoidable extra expenditure of £ 7,482 had to be sanctioned to rectify the defects. The Committee are not happy at the casual handling of the job relating to extension of the dining room of the Ambassador's residence at Dublin in the Ministry as well as in the Mission, resulting in avoidable extra expenditure. The Committee are surprised that no attempt has been made to fix the responsibility. The Committee would like the Government to review and streamline the procedures involved in undertaking repairs etc. in the buildings owned by our Missions in the light of experience in this regard so as to ensure time bound disposal of repair proposals of the

Missions abroad. With this and in view it would certainly be helpful and desirable to allow delegation of a certain amount of financial powers befitting the rank of the head of the Mission for taking up jobs involving reasonable amounts at their own levels and without it being necessary to make such references to the Government. The Committee would, however, stress at the same time a more strict compliance of procedures, such as selection of the builders by means of issuing tenders etc., entering into formal contracts and obtaining structural soundness reports in the interest of the best use of the available resources.

[S. No. 5 (Para 86) of Appendix III to 52nd Report of PAC (8th Lok Sabha)]

#### Action taken

The Delegated powers of the Government of India's Representatives Abroad have been increased recently in respect of maintenance and repairs of Government-owned buildings as indicated below. The amount in brackets indicates the earlier limit:

Type of Accommodation	Age over 30 years	Age less than 30 years
1. Embassy Residence	Rs. 2,00,000 (Rs. 75,000)	Rs. 1,50,000 (Rs. 50,000)
2. Chancery	Rs. 3,00,000 (Rs. 75,000)	Rs. 2,50,000 (Rs. 50,000)
3. Residences:		
(a) Independent Villas of Representative Grade Officers.	Rs. 80,000 (Rs. 40,000)	Rs. 60,000 (Rs. 30,000)
(b) Flats of Representative Grade Officers	Rs. 60,000 (Rs. 30,000)	Rs. 40,000 (Rs. 20,000)
(c) Residences of Staff members	Rs. 40,000 (Rs. 20,000)	Rs. 30,000 (Rs. 15,000)



It has also been stipulated that if the estimated cost of repairs to buildings and water, electric and central-heating installations on any occasion exceeds Rs. 6,000 three quotations should be called for and the lowest quotation accepted. For jobs involving expenditure over Rs. 20,000 the Missions are required to call for tenders. The condition of calling for tenders may however be waived by Government of India's Representative Abroad in special cases for reasons to be recorded personally by him.

Proposals relating to major structural repairs and renovation, however, would have to be referred to the Ministry for prior approval. In the light of observations made by the Committee, the Ministry, in future, while approving the works would instruct the Missions that wherever possible they should call for tenders, enter into formal agreement and obtain structural reports to avoid repetition of the cases referred to by the Committee. A circular in this regard is also being issued to all Missions and Posts abroad.

[Ministry of External Affairs No. Q/Prop/745/15/86/dated 6-1-87]

#### **Recommendation**

The Committee were informed during evidence by the Secretary, Ministry of External Affairs that they have a complement of 4,550 officers of various grades employed by the Ministry of External Affairs. Of these, 2,150--nearly 50%--are posted abroad and providing accommodation and other facilities is becoming more and more expensive. The Committee observe from the information furnished by the Ministry of External Affairs that the Government of India has acquired plots of land at 16 places for construction of Chancery buildings and residences. Of these, construction has been completed only at three places, though some of the plots had been acquired more than a decade ago. Considering the large number of Missions abroad, the acquisition of immoveable property for housing offices and officers appears to be very meagre. Despite meagre acquisition, there is no perspective plan for constructing buildings on the plots acquired. Government has invested more than Rs. 3 crores on acquisition of 12 plots and acquired 29 plots of land on reciprocal allotment of plots of land at New Delhi, etc. and expenditure is being incurred on maintaining these plots of land free of encroachments at various places. The Committee recommend that a perspective plan for construction of buildings on these plots should be drawn out immediately and funds provided to ensure that the rental outgo, which is increasing year after year, is reduced to the barest minimum. Acquisition of plots and immoveable properties should be based on a pragmatic plan.

[S. No. 7 (Para 90) of Appendix III to 52nd Report of PAC (8th Lok Sabha)]

**Action taken**

The Ministry accepts the recommendation of the Committee that a perspective plan for the construction of buildings on the plots already acquired should be drawn up. With this objective in mind, the various project reports submitted by the architects and other related data are being studied to ascertain the time-frame as well as the estimated cost of each project so that a plan is drawn-up as early as possible.

[Ministry of External Affairs No. Q/Prop/745/15/86 dated 6-1-87]

## **CHAPTER III**

### **RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

#### **Recommendations**

There are four broad aspects of the Government policy relating to acquisition of properties for use of Missions abroad. They relate to purchase of built-up properties for Chancery/residences, construction of properties, renting of accommodation and repair and maintenance of properties acquired. Government of India as on 1.7.85 owned properties abroad in 69 countries out of which 44 were Chanceries, 54 residences of heads of Missions/Posts and 407 were flats or houses for officers and staff. The total amount invested on these properties was Rs. 47 crores although its current market value would be much more.

Rental outgo in foreign exchange for our Missions abroad was Rs. 13.64 crores in 1983-84 and Rs. 16.23 crores during 1984-85. In addition, Rs. 1.32 crores and Rs. 1.37 crores were spent on rentals paid in rupee payment areas in case of Nepal and some Eastern Block countries, including USSR. Expenditure on maintenance during 1983-84 has been Rs. 1.40 crores on owned buildings and Rs. 1.04 crores on hired/leased buildings. Due to escalating costs and rentals purchase of buildings would be a cheaper proposition than renting.

Policy of Government now therefore is to purchase built up properties wherever economically feasible rather than to hire accommodation. Apart from economic justification, other considerations like physical suitability of the premises from functional point of view, security and location etc. are also taken into account. The number of properties that can be purchased in a year is limited by the budgetary allocation for that year. It has been stated by the Ministry that "it is hardly possible to anticipate at what point of time and from where suitable purchase proposals would come. At the same time the number of proposals that can be approved in a year is limited by budgetary proposals. However, sometimes because of the unforeseeable local factors the funds earmarked for a particular proposal remain unutilised at the end of the year and have to be surrendered". It is absolutely necessary to have a clear cut plan for acquisition of properties for our Missions abroad as they are almost permanent in nature and as indispensable as the Secretariat. The

Committee recommend that Government should draw a long-term perspective plan to acquire built-up properties or to construct buildings on the plots which have already been purchased or may have to be purchased in future.

[S. No. 6 (Paras 87, 88 and 89) of Appendix III to 52nd Report of PAC  
(8th Lok Sabha) ]

#### **Action taken**

While the Ministry appreciates the recommendation of the committee that the Government should draw up a long-term perspective plan to acquire built-up properties abroad, it would like to re-submit that it is not feasible to do so on a long-term basis since the implementation of such a plan would to a large extent depend on suitable properties coming up for sale on which the Ministry has no control. The Ministry however has prepared an Action Plan for the current year identifying specifically the places as well as the type of properties likely to be purchased. In case, the targets set in this short-term plan are achieved during the current year, similar action plans would be prepared for the ensuing years.

[Ministry of External Affairs No. Q/Prop/745/15/86 dated 6-1-87]

**\*  
APPENDIX I**

**(See Para 3 of the Report)**

*Statement showing classification of action taken notes received from  
Government*

- (i) Recommendations and observations which have been noted or accepted by Government;**

**Sl. Nos. 1 to 6 & 8.**

- (ii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration;**

**Sl. No. 7.**

## APPENDIX II

### *Conclusions and recommendations*

S. No.	Para No.(s)	Ministry/Deptt. Concerned	Conclusions/recommendations
1	2	3	4
1	7-12	Ministry of External Affairs	<p>In their Action Taken Notes the Ministry of External Affairs have stated that it is not feasible to draw up a long-term perspective plan to acquire built-up properties since implementation of such a plan would, to a large extent, depend on suitable properties coming up for sale, on which the Ministry has no control. The Ministry have added that they have prepared an Action Plan for the current year identifying specifically the places as well as the type of properties likely to be purchased and in case the targets set in this short-term plan are achieved during the current year similar Action Plan would be prepared in the ensuing years.</p> <p>The Committee fail to understand how it is possible to make an Annual Plan if the Ministry are not able to prepare long-term perspective plan. Moreover, without a perspective plan an Annual Plan can only be of an <i>ad hoc</i> nature. Implementation of the Annual Plan would depend upon suitable property being available for purchase during the year for which plan has been prepared, which is a much more difficult condition to be satisfied than suitable property becoming available over a longer period, say, 5 or 10 years.</p>

During evidence, the Secretary of the Ministry had no hesitation in stating that a long-term plan would be drawn up if more funds were available (*vide* para 72 of the Report). In the Action Taken Note, however, a different ground has been taken for not preparing a long-term plan. The Committee conclude that the argument for not drawing up a long term plan for acquiring built-up property contained in the action taken note is not tenable.

In regard to the perspective plan for the construction of buildings on the plots already acquired, the Ministry of External Affairs have stated that, keeping this objective in mind, the various project reports submitted by the architects and other related data are being studied to ascertain the time frame as well as the estimated cost of each project so that a plan is drawn up as early as possible.

Although the Committee appreciate that action has been initiated for drawing up a perspective plan for construction of buildings where plots have been acquired, they feel that time taken by the Ministry to submit the action taken notes on 19 July, 1987 after the Report of the Committee was submitted on 25 July, 1986, the action so far taken has been tardy. The Committee would like the Ministry to proceed at a faster pace, complete the planning quickly and get started with the construction works.

The Committee still feel that a long-term perspective plan which would combine both acquiring built-up properties and construction of

buildings is absolutely essential. The long-term plan may provide the broad parameters within which the short-term plan should be fitted in. The Government should, therefore, reconsider the matter and draw up a long-term plan which should provide for the acquisition of plots and immovable properties and construction of buildings on plots already acquired based on a pragmatic plan so that rental outgo, which is increasing year after year, is reduced to the barest minimum.

2      13      Ministry of External Affairs      The Committee appreciate that the action taken to streamline the purchase of property may turn out to be vital. Thus the delegation of power to clear purchase proposals up to Rs. 5 crores to the Financial Advisor of the Ministry will not help to expedite the actual clearance of proposals as the structural soundness and financial evaluation reports may not be quickly available inasmuch as the delegation of power upto Rs. 12,000/- for each such report to the Head of Mission may turn out to be quite insufficient for the purpose. It means that the delegated power will not be of any avail in most cases and the Head of Mission will have to request for additional funds for the purpose of even getting such reports prepared by experts.

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## PART II

### MINUTES OF 36TH SITTING OF PUBLIC ACCOUNTS COMMITTEE HELD ON 7 MARCH, 1988

The Committee sat from 15. 30 hrs. to 16.15 hrs.

#### PRESENT

	Shri Amal Datta— <i>Chairman</i>		<i>Members</i>
2.	Shri Balwant Singh Ramoowalia		
3.	Shri S. Jaipal Reddy		
4.	Dr. Chandra Shekhar Tripathi		
5.	Shri Nirmal Chatterjee		
6.	Shri Bhuvnesh Chaturvedi		
7.	Shri T. Chandrasekhar Reddy		

#### SECRETARIAT

1. Shri B.D. Duggal — *Chief Financial Committee Officer*
2. Shri S.M. Mehta — *Senior Financial Committee Officer*

#### REPRESENTATIVES OF AUDIT

1. Shri G.M. Mani — *ADAI (Report—Central)*
2. Shri S.B. Krishnan — *Director (Report)*
3. Shri S.S. Roy Choudhury — *DACRI*
4. Shri R. Parameshwar — *Director of Audit (CWM)*
5. Shri M.M. Mathur — *Director (Receipt Audit)*
6. Shri R. Ramanathan — *Director Receipt Audit-II*
7. Shri K. Krishnan — *Joint Director*

2. The Committee took up for consideration of the following draft reports:

\*\*\*      \*\*\*      \*\*\*      \*\*\*

- (iii) Draft Report on action taken on recommendations contained in 52nd Report (8th Lok Sabha) regarding — — —

(a) Purchase of residential building at San Francisco.

(b) Avoidable expenditure--purchase and repair of building in Dublin.

\* \* \*      \* \* \*      \* \* \*

3. The Committee adopted the reports subject to certain modifications/amendments shown in Annexures I to IV respectively.
4. The Committee authorised the Chairman to incorporate in the reports other minor modifications/amendments arising out of factual verification of the same by Audit. The Committee also authorised the Chairman to present these reports in the House.

*The Committee then adjourned.*

**ANNEXURE III**

*Modifications/Amendments made by Public Accounts Committee in the draft report on action taken by Government on recommendations contained in 52nd report of Public Accounts Committee (8th Lok Sabha) regarding (i) Purchase of residential Building at San Francisco; and (ii) Purchase and Repair of Building in Dublin*

PAGE	PARA	LINE	FOR	READ
1	2	1 5	seven 6	eight 7**
At bottom <i>add**</i> Vide Appendix II of 52nd report (Paras 87-89)				
2	8	1 2 3	is it for being able is cor- rect	it is are able  plan. Moreover, without a perspective plan an Annual Plan can only be of an <i>ad hoc</i> nature
3	9	3	Report).	Report). In the Action Taken Notes, however, a different ground has been taken for not preparing a long-term plan.
	11	3	places	plots
4	13	12	exports	experts.

