

**PUBLIC ACCOUNTS COMMITTEE
(1963-64)**

TWENTY-FOURTH REPORT

(THIRD LOK SABHA)

[Appropriation Accounts (Civil), 1961-62 and Audit Report (Civil), 1963 relating to Ministries of Scientific Research & Cultural Affairs (now Education), Transport and Works, Housing & Rehabilitation].



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1964

Chaitra, 1886 (Saka)

Price : Rs. 1.35 nP.

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>Col.</u>	<u>For</u>	<u>Read</u>
Con- tents	Under heading Appendices, line 2			received	recovered
6		21		note sub- mitted	note (not vetted by Audit) sub- mitted
14	14	15		due lost	lost
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30		4		contractors	contractor
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62		14		therefore	therefore
		16		on	no

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>Col.</u>	<u>For</u>	<u>Read</u>
66		16		life	left
67	64	16		families	familiar
68		16		basic	basis
73		4		received	recovered
		(heading)			
88		16	4	had bee	had been
90		2	4	gallons	Gallions
93		18	4	mmittee	Committee
96		20	4	contractor's	contractors'
101		3	4	hours	houses

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PUBLIC ACCOUNTS COMMITTEE
(1963-64)

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*Declared elected on the 29th November, 1963 *vice* Shri Bhakt Darshan ceased to be a Member of the Committee on his appointment as Deputy Minister.

**Declared elected on the 29th August, 1963 *vice* Shri Nawab Singh Chauhan.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Twenty-fourth Report on the Appropriation Accounts (Civil), 1961-62 and Audit Report (Civil), 1963 in so far as they relate to the Ministries of Scientific Research and Cultural Affairs (now Education), Transport and Works, Housing and Rehabilitation.

2. The Appropriation Accounts (Civil), 1961-62 and Audit Report (Civil), 1963 were laid on the Table of the House on the 18th April, 1963. The Committee examined these in so far as they relate to the Ministries mentioned above at their sittings held on 21st, 23rd, 25th, 28th and 29th January, 1964. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of the Report (Part II*).

3. The Committee considered and finalised the Report at their sitting held on the 20th March, 1964.

4. A statement showing the summary of the main conclusions/recommendations of the Committee is appended to the Report (Appendix III). For facility of reference, these have been printed in thick type in the body of the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in the examination of these Accounts by the Comptroller and Auditor General of India.

They would also like to express their thanks to the officers of the Ministries concerned for the co-operation in giving detailed information asked for by the Committee during the course of their evidence.

NEW DELHI;
March 21, 1964.

Chaitra 1, 1886 (Saka).

MAHAVIR TYAGI,
Chairman,
Public Accounts Committee.

*Not printed. One cyclostyled copy laid on the Table and five copies placed in the Parliament Library.

**MINISTRY OF SCIENTIFIC RESEARCH & CULTURAL AFFAIRS
(NOW EDUCATION)**

*Delay in utilisation of machinery and equipment, para 50, page 50 of
Audit Report (Civil), 1963*

1. Machinery and equipment purchased at a cost of Rs. 57,000 by the Delhi Polytechnic during 1950 to 1957 had not been installed so far (February, 1962). It had been stated by the Department in December, 1962 that since Government had decided to open an integrated course in Engineering in the Polytechnic, many items of equipment considered surplus earlier might have to be retained.

Similarly, electrical, mechanical and other stores valued at Rs. 1,45,644 purchased between 1947 and 1958 had not so far (January, 1963) been put to any use. A substantial portion of these stores was kept in the open yard.

The Committee were informed during evidence that the machinery and equipment had been purchased for the degree and diploma courses in the various branches of engineering and technology. However, it was decided in 1958 to establish a separate college of Engineering and Technology in New Delhi and to stop the degree courses in the Polytechnic. Out of five items of new equipment one item was received prior to the decision to close down the degree courses. In the case of other items also, although these were received in 1958 and 1959, orders had been placed before it was decided to stop the degree courses. Later on, due to various changes in the technical man-power field, it was decided that the Delhi Polytechnic should continue with the degree courses in all branches except Textile Technology and Chemical Engineering, which should be transferred to the new college. Therefore, the present position in respect of these items was that one item (compressor unit) had already been put to use; for another item (a furnace) arrangements were being made to secure the required supply of power and it would also be used in the Polytechnic. The other three items required for textile technology (value Rs. 17,000) would be transferred to the Indian Institute of Technology, New Delhi for installation there on the completion of its building.

In reply to a question, the representative of the Ministry agreed that it might have been arranged with the suppliers to send these

machines direct to the Indian Institute of Technology. It was, however, stated that the machines had arrived during transitory period and there were also difficulties of accommodation at the Indian Institute of Technology.

As regards equipment valued at Rs. 1,45,644 which had been purchased from U.S. Surplus Disposal, the witness stated that an analysis had been made of all the items. Equipment costing Rs. 9,592 had already been disposed of through the D.G.S. & D. for Rs. 19,952. A further list had been prepared of unserviceable stores and a part of it (Rs. 18,700) had already been declared surplus to the D.G.S. & D. Items costing Rs. 33,000 had since been used in the institution and certain further useful items costing about Rs. 50,000 put into stock for future use. Items costing Rs. 1,556 had been transferred to the Industrial Training Institute of the Directorate of Employment Training and Technical Education, Delhi Administration for their use.

In explanation of the reasons for keeping a substantial portion of the equipment purchased through disposal in the open yard, the witness stated that the items lying in the open were not laboratory equipment which needed covering but those that were used for demonstration purposes only e.g., mobile cranes, an aeroplane (purchased for Rs. 100), etc. Construction of buildings to cover them would have involved substantial amount.

The Committee could, however, get no satisfactory explanation for the delay in the disposal of surplus stores. According to the information furnished to Audit, the Principal, Delhi Polytechnic intimated in March, 1962 as follows:

"I agree that some of the hardware material received from the disposals are not required for immediate use. I have therefore appointed a Committee of Officers immediately to go into this question very thoroughly and make out a list of unserviceable/unrequired articles. The Government of India and Audit will be informed as soon as this is done, probably in July, 1962."

However, in December, 1962 the Polytechnic intimated that they could not prepare the list as they had been busy with the preparation of the scheme for the future set up of the institution.

The Committee are hardly convinced with this explanation. They regret to note that although the stores had been purchased between 1947 and 1958, no steps were taken till 1962 to examine these stores with a view to deciding as to what portion of the equipment

could be used in the polytechnic and what portion would have to be declared surplus. They are surprised to note that the Committee of the Officers which was belatedly appointed by the Principal to go into this question thoroughly with the intention of completing the work by July, 1962 had not been able to take up the work even upto December, 1962 due to other pre-occupations.

The Committee have repeatedly pointed out that such delays in the disposal of surplus stores not only result in unnecessary locking up of funds but also entail avoidable expenditure on their care and maintenance with attendant risk of their deterioration with the efflux of time. They desire that the remaining surplus stores should now be disposed of expeditiously.

Grants-in-aid given by the Ministry of Scientific Research and Cultural Affairs—Para 94—pages 99—102.

2. The following points came to notice during a test-check of the accounts of the Technical Education and External Relations Divisions of the Ministry of Scientific Research and Cultural Affairs which paid grants-in-aid aggregating Rs. 11.95 crores during 1961-62 for technical education and external relations.

Para 94 (1) Utilisation Certificates

The Ministry was not maintaining any consolidated record to keep a watch over the receipt of periodical progress reports, audited statements of accounts and utilisation certificates duly certified by the auditors, from the institutions to whom grants for technical education, etc., had been given. It was not, therefore, possible for audit to verify in how many cases utilisation certificates and audited statements of accounts were overdue. The information as collected by the Ministry from their files indicated that utilisation certificates in 56 cases involving a sum of Rs. 96.48 lakhs relating to grants paid during 1959-60 and 1960-61 had not been received upto July, 1962.

The Committee enquired during evidence the reasons for the non-maintenance of consolidated record to keep a watch over the receipt of periodical progress reports, audited statements of accounts and utilisation certificates from the grantees. They were informed that out of 3 divisions concerned, two of them had started maintaining such registers from April, 1963 and one from January, 1964.

As regards the basis for sanctioning grants to the institutions, it was explained that so far as technical education was concerned, grants were paid on the advice of the All India Council for Technical Education which functioned through its four regional committees.

Their visiting Committees went to the institutions undertaking development projects and the grants were sanctioned on their recommendations. In other cases grants were paid on the recommendations of the State Governments and the Academies such as Sangeet Natak Akademy, etc.

Asked whether there had been cases where further grants had been given to an institution which had not furnished utilisation certificate relating to grant already paid, the Secretary of the Ministry stated that in the case of recurring grants, half of the next year's grants were given subject to the receipt of audited accounts and utilisation certificates, etc. It was, however, pointed out by the Comptroller & Auditor General that according to their records out of outstanding utilisation certificates, some of these related to recurring grants also and were awaited since long.

From a statement* furnished by the Ministry showing the latest position about the submission of utilisation certificates in respect of cases mentioned in the Audit para it is observed that such certificates were still awaited from 16 institutions involving a sum of Rs. 38.32 lakhs, out of which some related to recurring grants also.

The Committee feel concerned over the delay in the submission of utilisation certificates which are essential to ensure that the amount had been utilised for the purpose for which it had been sanctioned. They desire that effective steps should be taken to ensure timely receipt of such certificates and further grants should not be granted to organisations which fail to furnish utilisation certificates in respect of earlier grants in time.

3. The Committee also learnt during evidence that to certain bodies grants were paid by various agencies. Thus, the Ministry had sanctioned grants to the Universities which also received grants from the University Grants Commission. The Council of Scientific and Industrial Research also gave grants to the Universities for Scientific Research and other specific projects. It was stated that the University Grants Commission was consulted before sanctioning such Grants and the Commission was kept informed of the Grants paid by the Ministry to avoid any duplication in this regard.

The Committee are not convinced about the justification of sanctioning grants to a single body by different agencies. In their opinion, with a view to ensuring greater co-ordination it would be better if such grants are channelised through a single agency. The Committee, therefore, desire that the existing procedure should be reviewed and the final decision intimated to them.

*Not vetted by Audit.

Para 94 (2) Creation of Assets

4. According to the instructions issued by the Ministry of Finance in February, 1960 the authorities sanctioning the grants should specify in the sanction letter that the assets created out of Government grants should not, without the prior approval of the Government, be disposed of/encumbered or utilised for purposes other than those for which grants have been sanctioned. The Ministry is also required to maintain block accounts of permanent and quasi-permanent assets, acquired wholly or mainly out of Government grants by various non-Government or Quasi-Government bodies on the basis of returns received from these bodies. It was noticed that the condition referred to above had not been specified in a number of cases and that the block accounts of permanent or quasi-permanent assets were not maintained in the Ministry.

During evidence, the Committee enquired the reasons for not specifying in the sanction letter of the Grants, the conditions about disposal etc. of assets created out of Government Grants. The representative of the Ministry stated that in the case of Regional Engineering Colleges these conditions were not imposed initially. However, these had since been imposed with effect from 25th January, 1963 and were now being followed.

As regards maintenance of the registers of assets created out of Government Grants, the Committee were informed that out of two divisions concerned only one division was maintaining a register. But that register was also not complete and up-to-date.

The Committee regret to note that even after three years of the issue of instructions by the Ministry of Finance regarding utilisation of assets created out of Government Grants paid to various institutions, these were not being followed properly. They desire that the Ministry should take a serious view of any laxity in this regard. Steps should be taken to ensure regular receipt of full information from institutions regarding assets created out of Government Grants and proper maintenance of block accounts of permanent and quasi-permanent assets by the Ministry. The progress made in bringing the records up-to-date in respect of grants made after the date of the instructions issued by the Ministry of Finance (February, 1960) may be intimated to the Committee before they take up consideration of the next Audit Report (Civil).

Para 94 (3) Release of grants-in-aid to Regional Engineering Colleges in advance of requirements

5. The scheme for the establishment of 8 Regional Engineering Colleges and 7 other technical colleges was approved by Government

on 20th January, 1959 and 4th April, 1961 respectively. During the period 1960-61 to 1961-62, grants amounting to Rs. 185·20 lakhs were released to ten such colleges. At the end of March, 1962 grants amounting to Rs. 129·92 lakhs were reported to have been utilised by the colleges, leaving unspent balances to the extent of Rs. 55·28 lakhs in all. Audited statements of accounts had not been received from any of the 10 colleges.

The Committee were informed during evidence that the grants were released to the colleges on the basis of six-monthly certified statements received from them regarding the utilisation of previous grants and the anticipated expenditure during the next six months. Instead of asking for the refund of unspent balances these were adjusted while releasing further grants. However, the expenditure actually incurred by the colleges fell short of their anticipation especially during the initial years because of the non-availability of certain building materials, equipments etc.

As regards reasons for the non-receipt of audited statements of accounts from ten colleges, it was stated that the question as to which authority should carry out audit remained under consideration till 10th February, 1961. The final decision was that accounts should be audited by the Local Fund Auditors. In a note submitted by the Ministry the Committee were informed that the audited statement of accounts had since been received from 5 colleges.

The Committee observe that the unspent balances with the 10 Regional Colleges at the end of March, 1962 amounted to more than Rs. 55 lakhs (about 30 per cent of the total Grant). It is, therefore, evident that the Grants released during 1960-61 and 1961-62 were much in excess of the requirements of the Colleges. They desire that in order to avoid such large unspent balances in future, the Ministry should properly scrutinise the demands from the colleges for grants-in-aid in the light of periodical progress reports of expenditure received from them and only as much of the grant should be released as is likely to be spent by them during a particular period of time. The Committee would also like the Ministry to ensure that the audited statements of accounts are received regularly in future.

Para 94 (3) (a) Regional College of Engineering, Jamshedpur

6. A sum of Rs. 34,100 received from the students towards examination/admission fees during 1960-61 was kept out of the Institution's accounts till the date of audit. The amount was stated to have been kept with the State Bank in the personal account of the Principal.

The closing cash balance of Rs. 14,769 on 1st July, 1961 was not brought forward as the opening balance on 3rd July, 1961. (There was no transaction on 2nd July, 1961).

The physical verification, conducted by the Principal on 31st October, 1962 at the instance of Audit, revealed a further shortage of Rs. 738.

The Committee were informed during evidence that as soon as the matter came to the notice of the Ministry, the President of the Board of Governors of the college was asked to look into the question to see that the accounts were properly maintained. The amount had since been transferred to the accounts of the Institute on 11th January, 1963.

It was also explained that the account was opened in the name of the Principal in his official capacity and his personal transactions were outside this account.

As regards discrepancy of Rs. 738 the Committee were informed that it had arisen due to two items of expenditure having not been entered in the cash book. The discrepancy had since been settled.

The Committee cannot help observing that it was not proper for the Institute to have kept the amount (Rs. 34,100) received from the students towards examination/admission fee in the personal account of the Principal instead of in the account of the Institute. It was all the more objectionable that this amount should not have been even entered in the cash book of the Institute. The Committee trust that such cases will not recur.

Para 94 (3) (b) Regional College of Engineering, Kozhikode

7. Architects at a cost of Rs. 60,000 had been appointed for the preparation of detailed estimates, tender forms, reinforcement calculations for the buildings which were estimated to cost Rs. 23 lakhs although technically qualified P.W.D. staff consisting of a Superintending Engineer, Assistant Engineers and Junior Engineers was engaged on the project.

During evidence, the representative of the Ministry stated that the services of the architects were required not only for the preparation of estimates and tender forms but also for preparing the designs and drawings of the buildings, etc. The usual charges laid down by the Institute of the Architects for designing buildings and for providing scant supervision was 6½% of the cost of works. Some architects,

however, accepted even 4% of the cost of works. It was added that even the P.W.D. charged for designing work and if the same work had been done by the P.W.D. it would have cost Rs. 1.20 lakhs.

The Committee are not satisfied with the explanation in this case. Even granting that the services of the architects were required for the preparation of designs and drawings for the building, they are not convinced about the need of their services even for the preparation of detailed estimates, tender forms and reinforcement calculations etc. when there was a separate Engineering Unit for the construction headed by a Resident Engineer (a retired Superintending Engineer re-employed for the purpose). The Committee understand from Audit that the payment of Rs. 60,000 to the architects related only to the instructional buildings. In addition, the architects would have to be paid Rs. 60,000 for residential houses and Rs. 30,000 merely for purchasing right for repetition. In the opinion of the Committee, considering that there was a separate Engineering Unit for construction work, the payment of Rs. 1.50 lakhs to the architects was on the high side.

Para 94 (3) (c) Maulana Azad Engineering College, Bhopal

8. A contract for the construction of college at an estimated cost of Rs. 53.14 lakhs was awarded in March, 1962 after negotiation, to a contractor whose rates were higher by Rs. 1.05 lakhs than the lowest tenderer on the ground that the lowest tenderer did not come up for negotiations. An unusual clause providing for extra payment for any increase in the price of cement, steel or in the royalty payable or labour charges was also included in the contract.

It was explained during evidence that the reason for not awarding the contract to the lowest tenderer was that the lowest tenderer had imposed three conditions *viz.*, water for the construction work should be made available free of cost, the cement should be supplied and the cost recovered and no earnest money or security deposit would be furnished except the performance bond of Rs. 1 lakh from an insurance company. These could not be accepted by the College, as it would have entailed extra expenditure.

The Committee were also informed that there was no uniform practice regarding acceptance of performance bond instead of cash security deposit. In the present case, the Board of Governors of the College decided not to accept the performance bond.

In justification of awarding the work at the higher rates to another contractor (M/s National Building Construction Corporation, a Government Company) the witness stated that one of the reasons was that

the supply of water was the responsibility of the contractor whereas the lowest tenderer had not accepted this condition.

As regards the clause in the draft contract providing for extra payment for any increase in the price of cement, steel or in the royalty payable or labour charges, the witness stated that the original draft contract would be revised to allow only for certain adjustments for fluctuations in controlled prices of cement, steel etc. arising from taxation imposed by law. No formal contract had been executed with the contractor so far.

The Committee regret to note that the work was entrusted to the contractor without executing a formal contract and that even thereafter there had been extra-ordinary delay in this regard considering that the offer of the contractor was accepted as early as March, 1962. The Committee have repeatedly deprecated the practice of proceeding with the execution of works without entering into formal contract with the contractors. They desire that the formal contract should now be executed without any further delay incorporating the revised terms of contract.

Para 94 (3) (d) Regional College of Engineering, Nagpur

9. One steam turbine with dynamo and condenser purchased in September, 1961 at a cost of Rs. 45,000 was lying idle as the college had not purchased any boiler for it and did not have the building facilities for erecting the plant.

Explaining the reasons for the delay in purchasing the boiler, the representative of the Ministry stated in evidence that the right type of boiler, which was required not only for the steam turbine but for various other purposes, was not available and tenders had to be invited several times.

According to a note* submitted by the Ministry originally tenders were invited in 1959 for both boiler and turbine. As no satisfactory tender was received for boiler fresh tenders were issued again in 1960 and 1962. The Committee were also informed that a suitable boiler offered by a supplier against tenders invited in 1962 had been recommended for purchase. Order for boiler was under process.

The Committee are surprised that it should not have been possible for the college to procure a suitable boiler for more than 4 years with the result that the steam turbine with dynamo and condenser purchased at a cost of Rs. 45,000 was lying idle for more than 2 years. They trust that efforts would now be made to procure the boiler and commission the plant expeditiously.

*Not vetted by Audit.

Para 94 (4) Excessive provision of funds for grants-in-aid

10. A Scheme was formulated in March, 1959 for the standardisation of the scales of pay of different grades of teachers in different technical institutions and the entire expenditure involved in the adoption of the revised scales of pay by the State Governments and non-Government institutions was to be borne by the Government of India for a period of 5 years in the first instance. Uptil July 1961, only 4 States had accepted the Scheme but the Ministry continued to provide large amounts of money in their budget estimates for successive years much in excess of requirements. Provision for grants amounting to Rs. 15 lakhs, Rs. 40 lakhs and Rs. 117.20 lakhs were made in the successive years 1959-60, 1960-61 and 1961-62 but only a sum of Rs. 19.64 lakhs was released in 1961-62. Out of this sum, grants amounting to Rs. 15 lakhs were released to State Governments even when they had not asked for any funds.

The representative of the Ministry explained during evidence that this matter was considered at the Conference of the Chief Ministers. From the discussion that had taken place at the Conference it was expected that the scheme would be implemented by the States. But only four of the States later on agreed to implement the scheme. Out of Rs. 19.64 lakhs paid to these State Governments in 1961-62 the expenditure incurred was Rs. 15.93 lakhs. The amount had, however, not yet been finally adjusted.

It was pointed out by the Comptroller and Auditor General that although the Chief Ministers welcomed the proposal at the Conference, they did not agree to it definitely. They felt that the States would have to view the proposals in the background of the conditions existing in each State. Asked about the reason for the poor response to the Scheme the witness stated that the main reason perhaps was the question of finances after the initial five years for which the Central Government had agreed to bear the entire additional expenditure. In some States the question of the repercussions on the overall salary structure of engineering personnel etc. also weighed with the State Governments.

In reply to question, the representative of the Ministry admitted that the State Governments, were not consulted at the time of framing budget estimates.

The Committee regret to note that the Ministry continued to provide large amounts of money in their budget estimates for successive years (Rs. 15 lakhs, Rs. 40 lakhs and Rs. 117.20 lakhs in 1959-60, 1960-61 and 1961-62 respectively) for the implementation of the scheme by the

States merely on the basis of discussion at the Conference of Chief Ministers without the State Governments having actually accepted the scheme. Against these liberal provisions in three successive years made purely on a hypothetical basis, only a sum of Rs. 19.64 lakhs was released in 1961-62. The Committee are of the view that the proper course for the Ministry would have been to obtain a grant for only as much amount as was required for payment to the States which had actually accepted the scheme and to obtain supplementary grant during the course of the year, if necessary, according to the response from other State Governments. The Committee trust that the Ministry would be more careful while making provision in the budget for such schemes in future.

Para 94 (5) Undisbursed Scholarships not recovered

11. During the years 1960-61 and 1961-62, the stipends amounting to Rs. 41.38 lakhs and Rs. 61.83 lakhs respectively were paid under the Practical Training Stipends Scheme, Research Training Scholarships Scheme, Merit-cum-means Scholarships Scheme and Technical Teachers Training Programme. An examination of the accounts of stipends paid showed the following defects:

- (i) No cash book was maintained by the Ministry to record the receipt of cheques obtained from the Treasury or from the private institutions/establishments on account of unspent balances refunded by them. Three instances were noticed where cheques amounting to Rs. 5.137 had remained on the relevant files for a period of 2 to 3 years.

Explaining the reasons for not maintaining a cash book as required by the rules, the Secretary of the Ministry stated during evidence that previously instead of a cash book a register was maintained for entering the cheques received. However, the cash book was being maintained now.

As regards the reasons for keeping the cheques on the files for a period of two to three years instead of depositing them in a Bank, it was stated in a note* submitted by the Ministry that as the particulars of the refund had to be incorporated in the chalan under which cheques are deposited in the Bank, detailed examination of the accounts of stipendiaries concerned was essential before the cheque in question could be sent for deposit. Due to pressure of work the settlement of accounts could not be effected and the cheques became time-barred. Revalidated cheques had, however, since been obtained and deposited in the bank after finalising all the details of the accounts. Steps had been taken to prevent the recurrence of such incidents. No action was, however, taken against any official.

*Not vetted by audit.

The Committee are not satisfied with the explanation in this case. It was admitted by the Secretary during evidence that there had been negligence in this case. The Committee, therefore, desire that the matter should be looked into and action taken against the delinquent officials.

Para 94 (5) (ii) Review of accounts of stipendiaries

12. The ledger accounts of the stipendiaries were not being reviewed by the Ministry with the result that there was a large number of items (some of them dating back to 1951-52) in regard to which action to effect recoveries had not been taken for several years. The review by audit of some of the files ledgers relating to these schemes showed that recoveries amounting to Rs. 1.95 lakhs had been outstanding for a long period. An examination of the records of regional offices to whom the detailed working of the Practical Training Stipend Scheme was transferred in 1958-59 showed that a sum of about Rs. 25,000 was outstanding for recovery out of stipends paid during 1960-61.

At the instance of the Committee the Ministry furnished a note* showing the present position about the review of the accounts of the stipendiaries (Appendix I, items (ii) & (iii). It is observed from this note that the work of the review of these accounts was much in arrears. In the case of Practical Training Stipend Scheme, the files for the years 1951-52 to 1957-58 were still to be scrutinised to find out the amount outstanding for recovery. Even in respect of 1949-50 and 1950-51 (the accounts for which years had only been examined so far) there was an amount of Rs. 4,596 yet to be recovered. Similarly in the case of Research Training Scholarships Scheme, out of 731 outstanding cases, lists for which were shown to Audit, accounts of 162 scholars had only been finally settled so far resulting in the recovery of a sum of Rs. 7,134 approximately from the Institutions/Universities/Scholars. A sum of Rs. 46,808 remained to be recovered under the Technical Teachers Training Programme.

The Committee feel concerned over the unsatisfactory state regarding the review of these accounts and the recovery of outstandings. They desire that special steps should be taken to review all the ledger accounts of the stipendiaries expeditiously and action taken for their recovery. The Committee would like to be informed of the results.

*Not vetted by Audit.

Para 94 (6) Grants to Administrative Staff College, Hyderabad

13. The College was paid a non-recurring grant of Rs. 7 lakhs at its start in 1957. A recurring annual grant of Rs. 3 lakhs was also paid from 1957-58 to 1959-60.

The grants-in-aid to the college were originally approved on the understanding that the assistance was required by the college in the initial stages, and that it would be able, later on, to obtain necessary funds from the industrial and commercial organisations, tuition fees and other sources.

Although the annual accounts of the College for 1959-60 (published in June, 1960) showed a surplus of income over expenditure to the extent of Rs. 2.04 lakhs, in addition to a sum of Rs. 6.4 lakhs which had been transferred by the College to their Building Fund, Government decided in September, 1960 to give an annual block grant of Rs. 2.5 lakhs for 3 years from 1960-61 without any reservation about the review of the position after the accounts of each year were finalised. The accounts of the college for the years 1960-61 and 1961-62 closed with surpluses of Rs. 56,896 and Rs. 61,170 respectively which were transferred to a "General Fund". In addition, the college had accumulated on 31st March, 1962 a balance of Rs. 12.31 lakhs in the Building Fund (to which subscriptions and donations from patrons were transferred), Rs. 3.29 lakhs in the Depreciation Fund (as depreciation on land, buildings and other assets), and a sum of Rs. 1.17 lakhs in an Endowment Fund.

Explaining the reasons for fixing a block grant for 3 years at a time without reserving the right to review the position after the accounts of each year became available, the representative of the Ministry stated during evidence that the major part of the expenditure of the college was met from out of collections from industrial and commercial organisations etc. If the payment of grant by Government was restricted to the difference between the actual expenditure and the funds collected by the college, subject to a maximum limit, it was likely to result in stifling its efforts to collect funds. Therefore, the decision was taken to make a block grant on the basis of the information then available about the estimates of expenditure and income. The Committee were also informed that the funds were transferred to the building account of the college with the knowledge of the Ministry as the college required a building of its own.

From the facts placed before the Committee it is evident that the grants paid to the college were in excess of its requirements. They observe that the grants-in-aid to the college were originally approved on the understanding that the assistance was required by the college in the initial stages only and that it would be able later on to obtain necessary funds from the industrial and commercial organisations, tuition fees and other sources. The Committee are, therefore, not convinced about the justification of fixing a block grant for three years at a time without reserving the right to review the position after the accounts of each year became available. They trust that the grants, if any, to be paid to the college in future would be based on the actual requirements of the college and that efforts would be made to make it self-supporting as envisaged by Government...

Para 94 (7) Grants-in-aid for construction of International Students House, Delhi.

14. A grant-in-aid of Rs. 5,500 was paid in March, 1955 to Delhi International Students House Society to establish and manage a house for International Students. No account of this grant-in-aid was asked for till 7th July, 1962 when the Society informed Government that they had spent only seven rupees on purchase of cash books, etc. and that the balance of Rs. 5,493 was lying with them in the Bank. No steps had been taken till September, 1962 to obtain a refund of this amount.

The Committee were informed during evidence that the unutilised amount was refunded by the society on the 7th December, 1962. No action was, however, taken to fix responsibility for not asking for the account of the Grant from the Society till April, 1962.

The Committee regret to note that the grant (Rs. 5,500) paid to the society by the Ministry of Education in 1955 was completely due lost sight of by the Ministry of Scientific Research and Cultural Affairs (who were responsible for the subject subsequently) and no action was taken for more than 7 years to ask the Society to account for it. It is surprising that even after this lapse came to the notice of the Ministry no action was taken to investigate into the reasons therefor and to fix the responsibility. They desire that this should now be expedited and suitable action taken against the delinquent officials.

15. Although a provision of Rs. 3.24 lakhs was made in the budget estimates for 1955-56 for the House, the concurrence of the Ministry of Finance was obtained only in November, 1958. The

plans were subsequently revised twice and a grant-in-aid of Rs. 8,21,500 was paid to the Society in March, 1962 for the construction of the House instead of in instalments as and when required. In June, 1962 the amount was deposited by the Society with the C.P.W.D. who were to complete the first phase in a period of 18 months. However, the construction had not commenced upto February, 1963.

The Committee enquired the reasons for the payment of entire amount of Rs. 8.22 lakhs to the Society for the construction of building instead of in instalments as and when required. The representative of the Ministry explained that the entire amount for the project had to be deposited with the C.P.W.D. before the commencement of the construction work. When pointed by the Comptroller and Auditor General that according to the rules the amount could be deposited either in one lump sum or in instalments, the witness stated that the C.P.W.D. was not prepared to take up the work unless the full amount was deposited.

In the opinion of the Committee in cases where grants are paid to private parties for the construction of buildings etc. and the construction work is undertaken by the C.P.W.D., instead of giving funds to the parties, to be again deposited by them with the C.P.W.D., it may be advantageous to get the building completed and then hand it over to the private party preferably on lease for a nominal amount. The Committee desire that the feasibility of adopting such a procedure should be examined and the final decision intimated to them.

Vijnan Mandirs—para 95, pages 102-103

16. The Scheme of setting up of Vijnan Mandirs in rural areas was initiated by the Council of Scientific and Industrial Research in 1953 and its administrative control was transferred to the Government of India in 1955. The object of the Scheme was to set up Vijnan Mandirs in the rural areas with a view to stimulate science consciousness among the people and make them familiar with scientific principles involved in their day-to-day problems of agriculture, crop protection, village sanitation, etc. Suitable accommodation with electricity, etc. to house the offices of Vijnan Mandirs was to be provided by the State Governments. It was planned to set up 92 Vijnan Mandirs at a cost of Rs. 50 lakhs during the Second Plan period, but actually 38 Vijnan Mandirs were set up at a cost of Rs. 15 lakhs by the end of March, 1961, against the provision of Rs. 41.41 lakhs in the budgets during 1956-57 to, 1960-61.

13 Vijnan Mandirs which were set up during the period 1957 to 1959 had not been supplied electric connection so far (December, 1962).

In about 20 out of 38 Vijnan Mandirs either the post of Vijnan Mandir Officer or that of the Assistant Vijnan Mandir Officer was vacant for a period ranging from two to three years.

Quarterly reports submitted by the Vijnan Mandir Officers and inspection report of the Special Officer of the Ministry showed that the Scheme had not achieved the real objectives as envisaged. An Assessment Committee was appointed by Government in September, 1959 to evaluate the working of these Mandirs. Some of the defects to which the Assessment Committee drew attention in their Report submitted in June, 1960 are mentioned below:

- (i) Useful equipment was lying idle for want of electricity.
- (ii) Accommodation provided by the State Governments in many cases was inadequate and in certain cases the buildings were in a state of disrepair and there was a risk of the apparatus being damaged during the rains.
- (iii) In eight cases, the sites were not easy of access, being situated in remote corners and cut off from inhabited areas.
- (iv) No laboratory had been set up at 15 places due to lack of space, equipment and other facilities
- (v) Inordinate delays occurred in the supply of stores and equipment as also essential chemicals to the Vijnan Mandirs.
- (vi) Most of the Vijnan Mandir Officers were not given proper training before they were placed in position.
- (vii) Vijnan Mandirs were not integrated with bigger institutions engaged in educational or rural reconstruction work with the result that many Vijnan Mandirs have not succeeded in creating a favourable atmosphere.
- (viii) The Vijnan Mandir Scheme does not provide for the participation of the State Governments except for the provision of accommodation.
- (ix) People were not associated in a systematic way with the working of the Mandirs.

During evidence the representative of the Ministry stated that usually when the State Governments came up with the proposal for Vijnan Mandirs, they were enthusiastic about it. However, after the establishment of such Vijnan Mandirs, the enthusiasm generally dampened and the State Governments were slow in fulfilling other commitments e.g. provision of electricity, water, connecting roads etc. Unless these facilities were provided, Government could not take action to appoint the staff, etc.

Asked about the action taken on the recommendations of the Assessment Committee, it was stated that Government had generally accepted the recommendations of the Assessment Committee. The most important recommendation of the Committee was to transfer the administration of these Mandirs to the States and transfer had accordingly been effected. It was hoped that with the transfer of the administration of these Vijnan Mandirs, the State Governments would be able to better supervise the working of these Mandirs.

From the facts placed before the Committee, it is evident that there had been lack of co-ordination between the Central and State Governments in the implementation of the Scheme and no serious efforts had been made to ensure the proper functioning of the Vijnan Mandirs. The result was that although about Rs. 15 lakhs had been spent on the Scheme upto 1960-61, the real objective of setting up these Mandirs had not been achieved so far. The Committee hope that with the transfer of the administration of these Mandirs to the State Governments, there would be better supervision over their working and steps would be taken to ensure that the funds allotted for the scheme are properly utilised for the intended purpose.

Sangeet Natak Akademi—para 96—pages 103-104.

17. The Sangeet Natak Akademi was established in 1953 by a Resolution of the Government. The Akademi, which is mainly financed by Government of India's grants, was paid grants totalling Rs. 48 lakhs during 1955-56 to 1960-61 and Rs. 12 lakhs during 1961-62

The irregular retention of heavy cash balances in hand, and serious defects in the maintenance of the cash book, and in the procedure for making payments were brought to the notice of the Ministry by Audit as early as 1957. The non-rectification of the defects was also pointed out in the subsequent reports.

An investigation undertaken on the 21st March, 1960 disclosed a suspected defalcation of Rs. 1.89 lakhs and a temporary misappropriation of Akademi's funds to the extent of Rs. 55,600. The Secretary of the Akademi, during whose tenure of office the alleged defalcation and temporary misappropriation took place, had resigned from the Akademi on the 12th March, 1960. The case was handed over to the police in July, 1960 and was now *sub judice*.

The Committee enquired, during evidence, the reasons for the delay in investigating the working of the Akademi although serious irregularities were pointed out by Audit through successive Audit Reports. The Secretary stated that a preliminary investigation was made in 1959. As that investigation brought to light serious irregularities, a whole time officer was appointed in March, 1960 to investigate the matter fully. The case was handed over to the Special Police Establishment and was at present *sub judice*. Charges had been framed against the ex-Secretary and two other officers of the Akademi.

As regards the control exercised by the Government on the activities of the Akademi, the Secretary of the Department stated that in the case of autonomous bodies grants were paid subject to the condition that the Government might issue directives on matters of policy, but not for the day to day working or in regard to individual cases of grants to be given by them. The Akademi had its own rules for giving grants to other organisations and it was not necessary for it to consult Government before sanctioning such grants. The Government had, however, nominated some persons on the Board of the Akademi and the Financial Adviser of the Ministry was the Chairman of the Finance Committee of the Akademi. It was, however, contended that the Government representatives on these autonomous bodies were not always in a position to control their activities. They acted mostly as the 'eyes and ears of Government' to report to Government if there was anything serious. **The Committee desired to be furnished with copies of the reports, if any, sent by the Financial Adviser and the action taken by Government on these reports. This information is still awaited.**

The Committee regret to note that although irregularities such as (a) retention of heavy cash balances in hand and (b) serious defects in the maintenance of cash book and in the procedure for making payment were brought to the notice by Audit as early as 1957, and although non-rectification of the defects was pointed out in subsequent Reports, it was only in 1959 that a preliminary investigation was undertaken. According to Audit the officer who investi-

gated into the financial affairs recommended that some of the irregularities pointed out in the inspection report justified a further probe in order to ensure that there had been no misuse of public funds, but it was only on 21st March, 1960 that further probe was ordered. This investigation undertaken on the 21st March, 1960 disclosed a suspected defalcation of Rs. 1.89 lakhs and a temporary misappropriation of Akademi's funds to the extent of Rs. 55,600. Meanwhile the Secretary of the Akademi, during whose tenure of office the alleged defalcations took place was allowed to resign on 12th March, 1960 (9 days before the investigation was ordered). The Committee view with concern that despite serious irregularities having been pointed out by Audit the Ministry continued to pay grants to the Akademi. They fail to understand as to how in the face of these irregularities, the Ministry satisfied themselves that the grants-in-aid had been properly spent by the Akademi for the purpose for which these were sanctioned. The Committee were informed that subsequent to the discovery of the irregularities, the Board of the Akademi had been completely reconstituted and registered as a Society under the Registration of Societies Act on 11th September, 1961. The Committee trust that with the reconstitution of the Board there would be improvement in the working of the Akademi.

The Committee would like to be informed of the final outcome of the court case.

18. During evidence, the Committee desired to be furnished with copies of directives, if any, issued by Government to the Akademi. In a note submitted by the Ministry it had been stated that the resolution of the Ministry of Education setting up the Sangeet Natak Akademi did not provide for issue of any directives to the then Akademi and so none was issued. The Committee would, however, like to point out that according to the Secretary's own statement during evidence, in the case of autonomous bogies grants were paid subject to the condition that Government might issue directives on matters of policy. They are, therefore, surprised at the subsequent stand taken by the Ministry about the non-issue of any directive to the Akademi on the plea that there was no provision in this regard in the Resolution setting up the Akademi. The Committee desire that this matter should be reviewed and if there is any lacuna in this regard steps should be taken to remove it.

The Committee desire that in the case of Organisations which are largely or wholly financed by Government, suitable conditions should be attached to the grants made to them providing for effective action by Government in the event of the grants being spent for

purposes other than those for which they were made. The Government representative on the Governing Body of such organisations should be required to exercise necessary vigilance and send a report to Government if there was any possibility of the funds being diverted or misused.

Outstanding utilisation certificates—para 96 (i)—page 104

19. The institutions to whom grants are given by the Akademi are to submit audited statement of accounts along with a utilisation certificate of the amount received duly countersigned by a Chartered Accountant. The utilisation certificates for the grants paid during 1960-61 were awaited in March, 1962 from 20 institutions involving a total sum of Rs. 1.48 lakhs. The position of the utilisation certificates relating to earlier years could not be verified as the records were stated to be with the police.

The Committee were informed during evidence that utilisation certificates from 11 institutions involving Rs. 44,750 were awaited in December, 1962. **The Committee desire that the matter should be pursued with the Institutions to expedite the submission of outstanding utilisation certificates.**

Grant of Rs. 12,000 to an Institution—para 96 (ii)—page 104

20. In respect of an application from an Institution for a grant of Rs. 12,000 for the production of a drama in a regional language, although the State Akademi through whom the application was routed had recommended payment of a grant of Rs. 4,000 the Akademi paid the full amount of Rs. 12,000 without recording any reasons.

The statement of expenditure submitted by the institution showed the purchase of a tape-recorder at a cost of Rs. 2,000 but no action was taken by the Akademi to take over the tape-recorder after the production of the Play.

Explaining the reasons for sanctioning a grant of Rs. 12,000 to the institution against Rs. 4,000 recommended by the State Akademi, the Secretary stated that the institution in question required grant for the production of a play for which it also needed equipment. The State Akademi, however, recommended Rs. 4,000 only for the translation of the play and for a tape-recorder. The balance was sanctioned for the production of the play for which the State Akademi had made no recommendation. The Secretary, however, admitted that the proper procedure in such a case would have been to refer

the case back to the State Akademi and obtain their comments before taking a final decision. **The Committee desire that this should be brought to the notice of the Akademi to avoid the recurrence of such instances.**

21. As regards the reasons for not taking over the tape-recorder from the Institution after the production of the play, the Committee were informed that at the time of sanctioning grant no condition was imposed that equipment purchased out of the production grants should be returned to the Akademi. A decision has since been taken in November, 1962 that "where any institution acquires any equipment for implementing a particular project like production, survey, etc. financed by the Akademi, such equipment etc. need not be made over to the Akademi after the project is completed. When an institution is wound up, the immovable assets, if any, acquired out of the Akademi's grants will revert to the Akademi."

The Committee are not convinced about the justification for leaving with the institutions, to whom grants are paid, the equipment etc. purchased by them from the grant even after the projects were completed. They were informed during evidence that this was not so in the case of grants by the Ministry. If so, they fail to understand as to why the grants distributed by another body, which in turn is mainly financed by grants from Government, should stand on a different footing. The Committee, therefore, desire that this matter should be examined with a view to making it a general rule which should be applicable not only to the grants distributed by Government direct but also to grants distributed by the so called autonomous bodies.

Infructuous Expenditure—para 96 (iii)—page 104

22. An Officer on Special Duty was appointed on the 8th January, 1959 on a fixed honorarium of Rs. 400 per month for compilation of the technical terms and texts in Urdu, Persian and Hindi. His services were terminated on 31st August, 1960 and he was paid Rs. 400 in lieu of one month's notice. During the period of about 18 months the officer was not actually engaged on the work for which he was appointed. The Akademi also decided in August, 1960 not to proceed further with the work.

In a *note submitted by the Ministry it had been stated that the Officer's qualification and experience showed that he had background of the type of work for which he was appointed. Although the Officer was appointed for the compilation of Technical Terms and Texts.

*Not vetted by Audit

in Urdu, Persian and Hindi, it was stipulated in the letter of his appointment that he was expected to do any other work of the Sangeet Natak Akademi assigned to him. It is revealed from the records available in the Akademi that the officer initially started work on the compilation of the Technical Terms etc. but subsequently he was asked by the then Secretary of the Akademi to do other types of work. It had been further stated that as the then Secretary of the Akademi who was responsible for his appointment and supervision of his work was no longer in the employ of the Akademi and was being prosecuted in a court of law for the alleged mis-appropriation of the funds of the Akademi, no responsibility for the alleged infructuous expenditure on the honorarium paid to the officer concerned could be fixed.

The Committee regret to note that there had been an infructuous expenditure of Rs. 7,200 in this case. They observe that even after the resignation of the then Secretary on 12th March, 1960, the Officer on Special Duty continued to be in service without doing the work for which he was appointed for a further period of 4 months. They were informed by Audit that in a note submitted by the Akademi to the Executive Board in August, 1960, it was stated 'that the present Secretary of the Akademi has always been under the impression that the Officer has been doing the work for which he has been appointed.' It is surprising that even the new Secretary should have remained unaware of the fact that the Officer had not actually been doing the work for which he was appointed. The Committee trust that such cases will be avoided in future.

Council of Scientific and Industrial Research

Pool of Scientists, para 3 of Audit Report on the Accounts for the year 1961-62

23. At the instance of the Government of India, the Council has set up a pool for the temporary placement of qualified scientists and technologists until they are able to secure employment elsewhere. The scientists are paid by the Council of Scientific and Industrial Research and are posted to work at different laboratories|Institutes etc. The strength of the pool increased from 17 in 1959-60 to 250 by the end of 1961-62. As on 1st September, 1963, there were 385 persons in the Pool, out of which 38 persons had been held therein for more than 2 years, 98 persons for more than one year but less than two years, and 249 persons for less than one year. The total expenditure incurred on the maintenance of Pool upto 1st September, 1963 was Rs. 42.19 lakhs.

The Secretary of the C.S.I.R. informed the Committee during evidence that the object of the Pool was to attract Indian Scientists from abroad so that national asset in Scientific and technical man-power was not wasted. The persons in the Pool were selected by a special recruitment board presided over by a member of the U.P.S.C. The salary paid to the persons in the Pool varied between Rs. 450 to Rs. 1,000 p.m. based on age and experience. These persons even when they were under the Pool were attached to various institutions where they were engaged either in research work or other work of the institutions. According to a recent Cabinet decision, for all the officers who had been for more than a year in the Pool and had not found employment, institutions to which they are attached had been asked to create supernumerary posts and absorb them. While the C.S.I.R. itself had almost entirely implemented the decision, the matter was being pursued with other institutions. The total number of persons in the Pool at present was 450.

The Committee would like to point out in this connection that frequently Government have attributed the delay or non-implementation of various projects to the non-availability of suitable qualified technical personnel. On the other hand they observe that there was a large number (450) of scientists and technologists in the Pool, some of whom have not been able to find employment for long (As on 1st September, 1963 out of 385 persons in the Pool, 38 persons had been held therein for more than 2 years and 98 persons for more than one year but less than two years). This position appears to the Committee to be anomalous. They, therefore, desire that the Ministry should look into this matter and take steps to secure suitable employment for the officers in the Pool. This would not only result in the saving of expenditure incurred on them while in the Pool but also in the proper utilisation of their talent and technical knowledge.

Works Expenditure—Para 4

24. According to the Audit para in two cases the agreement with the contractor was executed five to six months after the work was completed. During evidence, the Secretary of the Council stated in extenuation that in some cases the contractor had been asked to start the work before executing the contract to save time involved in the formalities of drawing up the contract deed etc. He, however, agreed to see that such cases did not recur.

The Committee regret to note the inordinate delay in the execution of agreement with the contractors in these cases. They would reiterate their recommendation in para 24 of their 18th Report

(1955-56) that save in the most exceptional circumstances no work of any kind should be commenced without the prior execution of contract documents.

Indian Institute of Technology, Kharagpur

Surplus Stores—Para 3 of Audit Report on the Accounts for the year 1961-62

25. On March, 1961, the Institute prepared a list of surplus stores. The list included a large number of costly stores (mostly purchased between the years 1950 and 1953) valuing Rs. 4.90 lakhs which had not been brought into use at all.

It had been stated by the Institute in November, 1962 that the Institute made bulk purchases of disposal stores at a much cheaper rate in the expectation of their being utilised in the development programme of the Institute.

Explaining the present position regarding the disposal of these stores, the representative of the Ministry stated that articles worth Rs. 65,795 had been disposed of leaving stores worth Rs. 4,23,828 yet to be disposed of. A list of all surplus stores had been sent to the D.G.S. & D. for circulation amongst the Government Departments and the Institute had also circulated the list during latter part of 1962 amongst the various teaching institutions aided by the Government so that the items required by them could be disposed of by sale direct to those institutions. The indents received from various institutions were under examination.

From the large amount involved in the surplus stores (Rs. 4.90 lakhs), it is evident that the Institute had not properly assessed their requirements before purchasing these stores. The Committee regret to note that even thereafter no steps were taken for such a long time (more than 7 years) to review these stores and to dispose of the surplus stores expeditiously. The Committee would invite attention in this connection to para 1 of this Report. They trust that the surplus stores would now be disposed of expeditiously.

Electricity Generators—Para 4(c) read with para 7 of Audit Report on the accounts for 1958-59

26. Two Electricity Generators purchased at a cost of Rs. 1.57 lakhs by the Institute between 1951 and 1952 went out of order in 1957 and were considered beyond economic repairs. The normal life of the Generators was reported by the Institute to be 10 to 15 years. The Generators were sold in Public auction by the Director General of

Supplies and Disposals for Rs. 22,000. However, the sale proceeds had not yet been received from the Director General, Supplies and Disposals.

Asked about the reasons for the generators having gone out of order in six years only when the normal life was ten to fifteen years, the representative of the Ministry stated during evidence, that perhaps the generators were not new when these were acquired by the Institute. He, however, promised to check up and to intimate the correct position later on.

In order to examine the matter further, the Committee desired to be furnished with information on certain points. A note* submitted by the Ministry in this regard is enclosed as Appendix II.

It has been stated in the note that soon after the break down of the generators, a Committee was appointed by the Institute to investigate into the causes. The Committee found that the cause for the failure was fatigue of some parts. Thereafter, the Institute tried to have them repaired so that the generators could be restored to utility but ultimately came to the conclusion that it was not possible and decided to have them disposed of through the D.G.S. & D.

In the absence of the detailed reasons for the fatigue of some parts much before the normal life of the generators, the Committee are not convinced about the reasons for the generators having gone out of order in six years only as against their normal life of 10 to 15 years. They, therefore, desire that the Ministry should further look into the matter with a view to ascertaining the real causes for the failure of the generators. The Committee also regret to note the inordinate delay in the disposal of the generators and the settlement of the accounts with the D.G.S. & D. They trust that the adjustment of the sale proceeds would now be expedited.

*Not vetted by Audit.

II

MINISTRY OF TRANSPORT

Procurement of Motor Graders for Road Construction Project—para 63, page 65.

27. In June, 1960, the Government of India sanctioned the purchase of 35 motor graders at a cost of Rs. 35 lakhs approximately for a Road Construction Project. 7 motor graders (type 'A') were obtained from stock in July, 1960, 18 graders (type 'B') through the Director General, Ordnance Factories, and the remaining 10 (type 'C') from a private firm at a cost of Rs. 9.10 lakhs through the Director General, Supplies and Disposals. The unsuitability of type 'C' was pointed out by the users to the Director General, Border Roads on 3rd July, 1960 before the contract was concluded on 4th August, 1960. They also informed the Director General, Border Roads (26th December, 1960) that this type of graders was not required by them. In the mean time the graders had already been despatched by the suppliers to the Project Depot. Seven of these were still lying in the Depot; the remaining three were issued to units, of which two had not been put to use and one met with an accident on its way to the unit, rendering it out of action.

No records had been maintained showing the duration for which the individual machines were employed. All the twenty-eight graders of types 'B' and 'C' were offered by the Director General, Border Roads to the Engineer-in-Chief's Branch in March, 1961, but were not accepted by that Organisation. The Border Roads Development Board stated in January, 1963 that these graders would be required by them owing to the sanctioning of new projects and that the question of their transfer was not, therefore, pursued further.

The Committee enquired why these graders were not purchased after adequate trial in the conditions in which they were to be used; for what period these 35 graders were utilised during 1961-62 and what was the total expenditure incurred on their repairs, maintenance and drivers etc. Explaining the position of the case, the representative of the Ministry stated that there were three types of motor graders:

<i>Type</i>	<i>Quantity</i>	<i>Cost</i>
(i) Caterpillar	7	Rs. 99,000 each
(ii) Komatsu	18	Rs. 90,720 each
(iii) Gallion	10	Rs. 81,230 each

The old Caterpillars which belonged to the Indian Army were in use. The seven graders, in question, related to Gallions. In regard to Komatsu and Gallion, the specifications were obtained through trade channels through the Director General, Supplies and Disposals and Director General of Ordnance Factories and then they were purchased. Infact, Gallion was purchased through an open tender under normal methods through ISM, Washington. The Gallions were fitted with super-chargers which were one of the important things for such equipment working at high altitude, and therefore, they were considered suitable. The witness, however, admitted that no pre-trial was conducted before accepting the Gallions. He added that there was a gallion of pre-1948 model in the Indian Army and when the E-in-C issued the order giving that gallion to the project, one of the experts in Sonamarg felt that that model would be of no use in Ladakh where the minimum altitude was 10,000 feet. The Gallions which were purchased, were of the latest model, fitted with super-chargers and having a horse-power which was much higher than the pre-1948 model. The Secretary of the Ministry added that there was no experience of using this type of machine at such a high altitude. The real trouble was due to loss of power. That was looked after by having super-charger in the new model. It was further stated that those gallions were now working all right in Ladakh.

To a question whether any log-book was maintained, the representative of the Ministry stated that a log-book in a systematic way had not been possible but a record which indicated the total hours of run over a period of time had been maintained. From this record it was found that the average number of hours worked per season was about 257.8. The Defence Secretary added that instructions had been issued on 19th December, 1963, setting out the manner in which various items of books of account should be kept and one of these items related to the log-books.

Replying to a question, the representative of the Ministry stated that nine out of ten Gallions were in use since 1st July, 1961, in all the border roads. The Committee enquired whether the opinion of the Chief Engineer of the Project that the pre-1948 model gallion would not be suitable was conveyed to the Director General, Supplies and Disposals who took the decision that this new model would be workable and therefore should be ordered for. The representative of the Border Roads Organisation stated that that opinion pertained to the pre-1948 model gallion and the defect pointed out was kept in view while placing order for the new type of gallion. He added that the question of trying the gallion at high altitude would have meant a delay of one year. It was admitted by the representative of

The Ministry that the motor graders were obtained a little earlier on the basis of expectation of progress of works which later on did not materialise. The Gallions were received during the period from December, 1960 to January, 1961.

The Committee enquired as to why within a short period of the receipt of 35 graders 28 were offered to someone else. The Secretary of the Ministry of Defence stated that the roads on which these graders were to be used were not ready according to expectations. Secondly, the Border Roads Organisation had really no idea of the number of months for which the graders would be able to work in a certain region. In this particular case, the progress of work was not properly estimated while the equipment came very early. The Committee desired to be furnished with a note giving particulars of the graders and the periods (indicating dates) during which they were not in use. The note is still awaited (March, 1964).

The Committee do not appreciate the purchase of such costly machines (10 Gallions costing Rs. 9.10 lakhs) without trial, specially in the face of the opinion of the Chief Engineer of the Project that this type of grader (the pre-1948 model Gallion) would not be suitable. The argument that their trial at high altitude would have meant a delay of one year loses much of its force in view of the fact that these graders on receipt were lying idle for several months. The Committee also regret that the information asked for by them regarding the particulars of the graders and the periods (indicating dates) during which they were not in use has not been furnished so far (March 1964).

The Committee would also like to refer to the information furnished by the Defence Secretary that the roads on which the graders, in question, were to be used were not ready according to expectations and that the Border Roads Organisation had really no idea of the number of months for which the graders would be able to work in a certain region. In this particular case the progress of work was not properly estimated while the equipment came very early. This indicates lack of proper planning and initiative which is all the more regrettable as it concerns Defence activities in the border area.

Avoidable Expenditure, para 64, pages 65-66

28. Four tenders received in May, 1961 for the transportation by boats across a river, of stores required for the construction of certain border roads, were rejected without recording any reasons. It was stated in 1962 that the rejection was due to certain mistakes, amendments and additions pointed out by the Chief Engineer's Office. The

connected papers have not, however, been made available to Audit so far.

Fresh tenders were invited in June, 1961 from five firms, including the four which had previously tendered. The firm whose rates were the lowest in the first instance had again quoted the lowest rates which were, however, very much higher as compared to previous ones except in respect of one item; for example, in two cases, the rates were increased from Rs. 175 and Rs. 500 per trip to Rs. 325 and Rs. 900 per trip respectively. The contract was concluded with this firm on 15th July, 1961. An extra expenditure of over Rs. 61,000 was thus incurred on account of the higher rates.

According to the terms of the contract the stores were to be handed over to the contractor at the depot site. They were actually transported in Government trucks upto the bank of the river and handed over to the contractor there. This constituted an unintended financial benefit to the contractor and involved Government in an avoidable expenditure of Rs. 9,000 worked out at the prescribed rates of recovery for the use of such vehicles by the contractor.

It was learnt from Audit that it had been stated in December, 1963 that the reasons for the rejection of the first tender were not recorded by the Task Force Commander and that that was an "unfortunate omission". The Committee enquired whether the "unfortunate omission" was not actually *mala fide* and what were the alleged irregularities under investigation. The Defence Secretary stated that it would not be proper for him to prejudge whether there was *mala fide* because the matter was under investigation by the Special Police Establishment. It was added that the alleged irregularities under investigation were whether there was any *mala fides* in incurring this increased expenditure, any intention to misappropriate or misuse Government funds etc. It was further stated that there were five reasons for re-tendering. In the initial stages only one boat per day was specified. In the modified tender, the number of trips required during the contract period and the place for collection of stores were changed i.e. from Dibrugarh Ghat and Sonari Ghat or Sisi Ghat to Panchali Ghat or Dibrugarh Ghat and Sonari Ghat, respectively. This was absolutely necessary because these were the places where the equipment would be loaded and unloaded. The next item was a specific provision for transportation of dangerous stores and explosives. Certain other conditions of the contract were worded more specifically. To a question as to why connected papers in this regard were not made available to Audit, the representative of the Ministry of Transport stated that there were no

papers about it. It was added that papers concerning further discussions and investigations were with the Special Police Establishment. **The Committee then enquired as to how much money had been actually paid to the contractors in question. The witness promised to furnish the information later. The information is awaited (March, 1964).**

The Committee enquired whether it was a fact that the political department of NEFA as also the Civil Department had put the contractor, in question, on the black list and advised all Governments not to make use of his services. The representative of the Ministry stated that the Ministry was not aware of any blacklisting having been done; but an information was received from the Assam Government that the contractor would not be desirable person and on receipt of that information all further transactions with this firm were stopped. Replying to a question the representative of the Ministry stated that the maximum amount payable per trip under the contract was Rs. 900 for carrying heavy vehicles, heavy duty plant, machinery etc.

Explaining the significance of the special condition in the contract that the material would be delivered at Ghat, the Secretary, Ministry of Transport stated that the governing consideration was the quick ferrying across. He added that the normal thing would have been to ask the contractor to take charge of the material at the depot but as some quick and expeditious action was to be taken, for operational reasons, the special condition was provided that the material would be delivered at the ghat. **The fact that the four tenders received in May, 1961 for the transportation by boats across a river, of stores required for the construction of certain border roads, were rejected without recording any reasons and that the award of contract on 15th July, 1961, on the basis of fresh tenders resulted in an extra expenditure of over Rs. 61,000 causes a legitimate doubt about the bonafide of the action of the officer concerned. The Committee note that the matter has been entrusted to the Special Police Establishment for investigation. The Committee would like to be informed of the final outcome.**

III

MINISTRY OF WORKS, HOUSING AND REHABILITATION

(Department of Works and Housing)

*Government owned residences in Delhi and New Delhi—pages 50-54,
para 51*

(i) *Assessment of rents*

29. Standard rents for Government residences are computed in two different ways prescribed in the Fundamental Rules:

- (a) according to Fundamental Rule 45-A, which allows certain concessions to Government servants to whom it applies;
- (b) according to Fundamental Rule 45-B, which does not embody the concessions specified in Fundamental Rule 45-A, and is applied if the allottee is not a Government servant eligible for Government accommodation.

The statement below compares the rent actually assessed for recovery during 1961-62 in respect of the residences constructed by Government in Delhi and New Delhi with the total of the 'standard' rents for those buildings as computed in the manner prescribed:

(In lakhs of rupees)

Sl. No.	Category of allottees	No. of buildings	Annual rent assessed as payable by the allottees	Annual standard rent.	Under Fundamental Rule 45-A	Under Fundamental Rule 45-B
1	2	3	4	5	6	7
1	Government servants	28,946	99.10	1,20.45	2,49.78	
2	Persons entitled to rent-free accommodation—					
	(a) Ministers & Deputy Ministers*	45	..	1.71	4.16	

*Figures relating to the Prime Minister's residence have been excluded.

(In lakhs of rupees)

1	2	3	4	5	6
(b) Members of Planning Commission		5	..	0·20	0·36
(c) Judges of the Supreme Court		15	..	0·56	0·89
(d) Other persons holding government appointments		7	..	0·17	0·42
3 Members of Parliament		569	3·41	5·95	9·78
4 Officers of Government Companies and Corporations		801	10·90	5·85	11·00
5 International Organisations		150	4·63	3·48	4·65
6 Press Representatives		45	0·49	0·46	0·85
7 Non-Government bodies and individuals, including 5 residences in the University of Delhi		94	2·75	2·06	2·93
8 Clubs		11	0·06	0·10	0·15
TOTAL		30,688	1,21·34	1,50·99	2,84·97

The total capital cost of Government residences (excluding those in Class H allotted to Government servants within the pay range Rs. 70—Rs. 110 in respect of which figures are not available) amounted to Rs. 21·45 crores at the end of 1958-59.

Allotment to Government Companies and Corporations

Government companies and Corporations have been allowed to retain some Government residences on payment of rent under Fundamental Rule 45-B which applies to certain classes of Government servants, and not with reference to prevalent market rates, which would have been much higher.

It was explained in the course of evidence that the Fundamental Rules did not apply to private persons. According to a decision taken by the Government, whenever a Government building was let

out to a private person for residential and business purposes rent should be recovered monthly in advance at the rate prevailing in the locality for similar purposes. In any case such rent was not to be less than that chargeable under FR 45-B. It was added that in the past efforts were made to assess the market rate of rent for this purpose but they could not devise any formula in this regard. Most of the Government colonies were in compact blocks situated in areas where there were no private properties and it was, therefore, difficult to assess the market rate of rent. It was for this reason that till last year (1962-63) the Department had acted on the assumption that the rates worked out under FR 45-B were more or less equivalent to the market rent. Since then, the rents had increased all around and Government were reviewing this position. As regards the employees of the Government companies, the representative of the Ministry further urged before the Committee that these persons were not being treated as private parties, but were regarded as "semi-Government" employees.

The Committee are not convinced by the plea that, since Government colonies were situated in areas where there were no private properties, it was difficult to assess the market rates of rent. In their opinion, there could be no difficulty in ascertaining the prevalent rates at which similar houses are let out in the adjoining colonies, either by conducting a sample survey or through the assistance of local bodies. They would like to be informed of the outcome of the proposed review which was stated to be under examination of the Department.

As regards the charging of rent from employees of the Government companies, the Committee feel that the existing practice of charging rents at concessional rates amounts to an indirect subsidy to these Public Undertakings. In their opinion, whatever concessions are to be given to the staff should legitimately be borne by these Companies and not by the Government as is being done at present.

Allotments to Press Representatives

30. The Audit Para also disclosed that 45 press representatives had been allotted Government accommodation at concessional rates fixed for Government servants instead of at the market rates. The representative of the Ministry explained in evidence that a policy decision was taken in this regard in May, 1954. The press representatives had contended that they were required to stay in the capital and their services were needed by the Government. It was then decided that a certain number of houses should be set apart for press representatives. This number had since been increased to 50. As

regards the procedure followed for allotment of these houses, it was stated that recommendations were received in this regard from the Press Association which were generally accepted. **The Committee desired to be furnished with further details as to the circumstances under which Government accommodation was allotted to the press representatives at concessional rates. The witness promised to furnish a note to the Committee, which is still awaited.**

Allotments to the University of Delhi

31. Five residences had been allotted to the University of Delhi at a nominal rent of Re. 1 per annum each, the annual maintenance charges being borne by the University. The Committee were informed that the allotments were made before 1947 and it was decided to maintain the *status quo*. These were old commitments and the terms of the lease could not be altered unilaterally. **In this case also the Committee feel that, instead of giving a hidden subsidy in this manner, Government should charge full rents from the University and reimburse the amount, if necessary, by way of cash Grants. They would like the Ministry to examine this matter in the light of their above remarks.**

Accommodation provided to Clubs

32. While the Constitution Club is charged rent at an *ad hoc* rate of Rs. 100 per month, there seems to be no uniform policy in assessing the rent for accommodation provided to the other ten clubs. In respect of three of them a nominal rent of Re. 1 per month is charged, three are occupied rent-free and the remaining four pay rents amounting to Rs. 6·75, Rs. 20·37, Rs. 21·31 and Rs. 349·08, respectively per month. The Committee were informed that these were old cases. Now the Department was not allotting any accommodation to the clubs. **The representative of the Ministry, however, agreed that as and when the present leases expired, the question of charging reasonable rent from the private clubs would be considered.**

Government Accommodation for Private Parties

33. According to the Audit Report 89 private parties were also being charged concessional rents (under FR 45-B) instead of market rates. In some cases houses earlier requisitioned from the public had been allotted to these private parties. The representative of the Ministry stated that there were no set rules in this regard, but residential accommodation was made available in each case for valid reasons. Some of the allottees were honorary workers. **The Committee desired to be furnished with a complete list of such allottees.**

They also desired to be informed of the justification of requisitioning houses for such allotments. The representative of the Ministry promised to furnish the details to the Committee. While the Committee will await this information they cannot help expressing their concern over the existing state of affairs under which no set of rules or procedure had been evolved regarding allotment of Government accommodation to private parties. As matters stand at present a large measure of discretion is allowed to be exercised by the Department. The Committee suggest that instead of leaving the position so vague, suitable rules and procedure should be framed laying down among other things the criteria for allotment of accommodation to private parties, rates of rents to be charged etc.

Arrears in recovery of rent—pages 54-55, para 52

34. The following table brings out the position in regard to arrears of rent awaiting realisation, according to the registers maintained by the Director of Estates:—

(In lakhs of rupees)

Year	Assessed rent	Realisations upto 30-11-1962	Balance as on 1-12-1962 (arrears for the year)	Remarks.
Upto				
1957-58	1155.00	1146.60	8.40	The total arrears upto the end of 1961-62 remaining uncleared by 1st December, 1962 was Rs. 35.67 lakhs.
1958-59	146.11	142.81	3.30	
1959-60	164.52	159.70	4.82	
1960-61	180.13	174.10	6.03	
1961-62	180.97	167.85	13.12	

It would be seen that the arrears pertaining to 1960-61 and earlier years constituted over 63 per cent of the total at the end of November, 1962. The above figures did not include damages recoverable from 304 unauthorised occupants amounting to Rs. 1.76 lakhs as on 1st April, 1962. Of these 58 cases were more than 14 years old.

It had earlier been explained by the Department to Audit that these were not arrears in the strict sense of the term as in almost all the cases amounts had been recovered from the pay bills of the

staff, but had not been adjusted pending intimation of credit vouchers from the paying departments. The representative of the Ministry informed the Committee that this position had been confirmed by certain test checks carried in this regard. A further sum of Rs. 6 lakhs had since been adjusted and the position of arrears as on 1st July, 1963 was as follows:

Year	Amount
	(In lakhs of Rupees)
Upto 1957-58	7.48
1958-59	3.00
1959-60	3.73
1960-61	5.19
1961-62	10.31
TOTAL	29.71

He added that there was no difficulty in recovering these amounts as most of them were only pending adjustments.

The Committee are constrained to observe that the unsatisfactory state of affairs regarding the recovery of rents is being reported to them year after year. (The total arrears upto the end of 1961-62 remaining unrecovered upto 1-12-1962 was Rs. 35.67 lakhs). Last year the Committee had observed that, despite their observations/suggestions in the earlier years, Government had not been able to take suitable measures to improve the position even though more than 9 years had elapsed since the matter was first brought to their notice. From the facts placed before them the Committee find that the position is still far from satisfactory. While the plea that the adjustment in accounts was pending intimation of credit vouchers can be taken in respect of arrears accruing in the current year, the Committee feel that, there can be no justification for amounts outstanding from as far back as 1957-58 and earlier years. The Committee were informed in October, 1962, that a Committee of officers of the Ministries of Works, Housing and Rehabilitation and Finance had been set up for examining the question of devising a suitable procedure for recovery of rents.

35. The Committee are surprised to learn that this Committee did not start functioning as the Ministry of Finance had advised the Department not to incur extra expenditure on this account during the present emergency. The Committee can hardly appreciate the complacent attitude adopted by the Ministry in this regard.

Markets—pages 55-56, para 53

36. The administrative control of five markets constructed by the Ministry of Rehabilitation and allotted by them to the displaced persons was transferred to the Director of Estates with effect from 1st April, 1958. The rates of rent fixed by the Ministry of Rehabilitation for the allottees prior to that date were approximately one-third of the standard rents which were being charged for shops allotted after 1st April, 1958.

Arrears of rent outstanding from 1170 tenants of these markets were as under:

	Rs.
Period upto 1st April, 1958	4.78 lakhs
Period from 1st April, 1958 to 31st March, 1962	3.80 lakhs

No regular lease deeds were got executed by the private tenants, nor any securities from third parties taken to safeguard Government's interest. In about 80 cases the closing and opening balances in the rent ledgers were not worked out or brought forward correctly. This omission resulted in short assessment of rent by Rs. 1603 in 36 cases.

Explaining the reasons for the disparity between the rates of rent charged for the shops allotted by the former Ministry of Rehabilitation and those allotted by the Ministry of Works, Housing and Rehabilitation after 1st April, 1958, the representative of the Ministry informed the Committee that allotments made before 1st April, 1958 were in the nature of rehabilitation assistance to refugees. The matter had been considered and it had been decided not to increase the rents. The witness added that a large number of the allottees were still not in a position to pay higher rents. **The Committee trust that the position will be reviewed when the leases come up for renewal keeping in view the financial condition of the lessee and other factors.**

As regards the outstanding rents the Committee were informed that the amount had been reduced from Rs. 8.58 lakhs as shown in the Audit report to Rs. 6.59 lakhs as on 1st July, 1963. Further action was being taken to recover the damages under the Public Premises Eviction Act, 1958. **While the Committee appreciate the difficulties in the recovery of rents from displaced persons, they nevertheless feel that the amount of arrears (Rs. 6.59 lakhs) is still heavy and some effective steps are called for to recover the outstanding rents.**

37. When it was pointed out that in certain cases even lease deeds had not been executed, the representative of the Ministry urged before the Committee that in the circumstances that prevailed at the time of the allotment of the shops by the Ministry of Rehabilitation, the rules could not be followed strictly. Steps were now being taken to regularise these transactions.

The Committee enquired further details as to the number of shopkeepers in whose cases the lease deeds had not been executed so far, years in which the shops were constructed and leased out. While the Committee still await this information, they cannot refrain from observing that the time taken by the Ministry in regularising these transactions had been rather excessive. Even granting the fact that these shops were allotted under abnormal circumstances, there could be no justification for continuance of the unsatisfactory state of affairs for such a long time. They would urge upon the Ministry to take proper steps to get the lease deeds executed as early as possible.

Land and Development Office—page 56, para 55

38. In para 97 of their 8th Report the Public Accounts Committee (1962-63) dealt with certain cases of irregularities noticed in the accounts of the Land and Development Office, which deals with the allotment of Nazul lands in Delhi to different parties on a temporary or perpetual lease. The paragraph in the Audit Report mentioned above has cited further typical cases of irregularities committed by the Land and Development Office. The Committee propose to deal with only the more important ones.

(a) *Absence of consolidated records of lands and plots available for allotment.*

There was no consolidated record indicating the total extent of lands or plots etc. available for allotment. It was, therefore, not possible to ascertain how far the total land available had been given on lease or to what extent it had been lying vacant. Three registers of vacant land were stated to have been prepared during 1959-60 from memory and site checking. In respect of the vacant land taken from the Notified Area Committee, only 28 items had been noted in the register, even though more than 40 such vacant lands had been taken over by the Land and Development Office.

The Committee enquired how in the absence of such records it was ensured that there was no serious leakage of revenue and encroachment on vacant lands. The representative of the Ministry ad-

mitted that the position was not satisfactory, but he added that serious efforts were being made to improve upon it. As regards not recording particulars of plots taken over from the Notified Area Committee, the Land and Development Officer explained that when the plots were taken over in the year 1958, there was no proper handing over of the sites but only a list of plots was prepared. 23 sites had since been got from the Corporation and with the help of plans etc. an up-to-date record had been prepared thereof.

The Committee feel concerned to note this unsatisfactory state of affairs in the Land and Development Office. In the absence of proper records of the lands and plots available for allotment or lying vacant, the Committee are unable to understand how the office could keep a watch over the realisation of rents, etc. It could also not have been possible to check unauthorised occupation of lands in the circumstances. The Committee feel that the reasons for the failure to maintain proper records should be investigated and responsibility fixed.

(b) *Arrears of ground rent*

39. Although, according to the lease agreements, the ground rents have to be paid in advance, monthly or six monthly, these provisions were not being implemented and there were outstandings amounting to Rs. 10.59 lakhs as on 31st March, 1962. A sum of Rs. 7.84 lakhs relating to premium was also outstanding on the same date. An analysis of these outstandings is given below:

Arrears of dues relating to	Premium	Ground rent
	Rs.	Rs.
1957-58 and earlier years	1,81,285
1958-59	41,493	1,43,483
1959-60	1,621	1,85,594
1960-61	77,495	2,20,220
1961-62	6,63,817	3,28,760
TOTAL	7,84,426	10,59,342

In addition, a sum of Rs. 10,40,504 was also outstanding on account of damages, due to encroachment, misuse etc. There had been no

systematic procedure for watching the payment of ground rents on the due dates and effective steps had not been taken to realise these dues.

In the course of evidence the Committee were informed that outstandings mostly related to cases where breaches in the conditions of the leases had been noticed and penalties imposed by the Land and Development Office. While the lessees were prepared to pay the ground rent at the original rates, the Land and Development Office had declined to accept the amounts on the advice of the Law Ministry. In the opinion of the Law Ministry in all cases where there was breach of any kind acceptance of the ground rent from the tenant would be deemed to mean waiver of the breach. It was added that the claims were not time barred.

This question had been examined by the Public Accounts Committee (1962-63) when a similar plea was advanced by the representatives of the Ministry. The Committee regret to note that in spite of their observations contained in para 97 of 8th Report (Third Lok Sabha) no progress has been achieved in the matter of settlement of these outstanding claims even though more than 1 year has elapsed.

As regards the outstandings on account of damages due to encroachment, misuse etc., the Committee were informed in evidence that these related to squatters. Out of this amount (Rs. 10.40 lakhs) a sum of Rs. 7.74 lakhs was due from five parties alone. **The Committee desired to be informed of the particulars of the five cases, whether the premises were still under unauthorised occupation, and what steps were being taken to recover the damages.** The information is still awaited.

(c) Non-recovery of ground rent from an unauthorised occupant

40. A plot of land was occupied by a displaced person on 23rd February, 1948 without permission. Later (on 18th June, 1948) this land was allotted to him temporarily @ Rs. 75 per month on a month-to-month basis, the rent being payable in advance. No payment was actually made by him on this basis and a sum of Rs. 6,326 had fallen into arrears by August, 1952; the lease, was, however, extended at Rs. 191 per month from 21st August, 1952. In January, 1957, it was found that his establishment did not exist and that the arrears upto the 31st March, 1957 had increased to Rs. 9,572. The whereabouts of the person were not traced and a sum of only Rs. 15 could be recovered from his property.

The Committee were informed in evidence that upto August, 1952 the lessee was paying rent at Rs. 75 per month. The rent was raised to Rs. 191 per month which was communicated to him only in the year 1957. The tenant was thus required to pay arrears amounting to Rs. 6,000 for the period May, 1952 to October, 1955. It was disclosed in 1955 that the individual had disappeared. Later he was traced and imprisoned but only a small amount could be recovered from him and the balance had to be written off. **The Committee were surprised as to how it took the Land and Development Office three years to communicate the decision regarding enhancement of rent. They are not satisfied with the plea advanced by the Ministry that during the intervening period the question of increasing the rent was under negotiation with the tenant. In para 97 of their 8th Report, the Committee (1962-63) had desired that a thorough departmental enquiry should be undertaken into the working of this office so as to place on a satisfactory footing the management of Government property entrusted to it and fix responsibility for past mis-management. The Committee trust that due attention will be paid to their recommendation and irregularities as cited in the Audit Report will not recur.**

(d) Demarcation of responsibilities between the Land and Development Office and the Delhi Development Authority

41. The Land and Development Office deals with the allotment of Nazul lands in Delhi to different parties on temporary and perpetual lease. Another organisation namely the Delhi Development Authority is also responsible for the management of Nazul lands in Delhi on behalf of the Government of India as also for the development and disposal of lands entrusted to it by the Chief Commissioner of Delhi. The Committee enquired in evidence whether there was no overlapping of functions and duplication of work between the two organisations concerned with the management of Nazul lands in Delhi. The representative of Ministry stated that the Delhi Development Authority besides doing the work of management of certain Nazul lands was responsible for other matters like developing the lands, slum clearance etc. The functions of the two bodies were thus quite separate and distinct. On being asked whether the two could not be better placed under the administrative control of one Ministry (at present the Delhi Development Authority functioned under the Ministry of Health), the witness stated that this question was under examination of Government. He added that the work was inter-related and it was considered that it could be better done if all such organisations were placed under the charge of one Ministry. **The**

Committee would like to be informed of the decision taken in this regard.

Chief Technical Examiner's Organisation—Para 67, pages 66-67

42. (a) *General assessment of the work done by the C.P.W.D.—* The Chief Technical Examiner's Organisation was set up in June, 1957 to provide a system of internal concurrent and continuous administrative and technical audit of works in the C.P.W.D. The number of cases taken up for technical examination and those in which defects were noticed and observation memos issued to the Departmental Officers are given below:

Period	No. of Bills, Contracts, Muster Rol's and Works		Percentage of cases in which defects were noticed.
	Examined	Commented upon	
1957 (June-December)	201	248	82
1958 (January-June)	416	216	76
(July-December)	756	552	73
1959 (January-June)	582	380	65
(July-December)	761	392	52
1960 (January-June)	990	578	58
(July-December)	622	360	58
1961 (January-June)	1130	502	44
(July-December)	762	415	54
	6321	3745	

The number of cases where overpayment was initially assessed and pointed out to the C.P.W.D. upto December, 1961 and which had not been finalised till January, 1963 was 74 involving a sum of Rs. 2.52 lakhs.

The amount of overpayment of Rs. 6.71 lakhs accepted by the C.P.W.D. during 1961 covered the following types of irregularities :

	(In lakhs of rupees)
(i) Sub-standard execution of works	2.81
(ii) Incorrect measurements	3.17

	(in lakhs of rupees)
(iii) Less recovery on account of materials supplied to the contractors by the Department	0.52
(iv) Other miscellaneous irregularities	0.21
TOTAL	6.71

In the course of evidence the Committee were informed that out of 74 cases involving an overpayment of Rs. 2.52 lakhs which were pending for settlement, 69 cases had since been settled. The remaining five involved a sum of Rs. 0.55 lakhs. Explaining the increase in the number of cases in which defects were reported by the Chief Technical Examiner, the representative of the Ministry stated that it was due to an overall increase in the volume of work handled by the C.P.W.D. and the increase in the quantum of checks carried by the C.T.E. He further pointed out that the percentage of defective cases had gone down from 82 in 1957 to 54 in 1961 and claimed that this was indicative of steady improvement in the working of the C.P.W.D.

The Committee are unable to accept fully the view that the reports of the C.T.E. are indicative of steady improvement in the working of the C.P.W.D. While during the period January to June, 1961, the C.T.E. examined 1130 cases and commented upon 502 cases, the percentage of cases in which defects were noticed being 44, in the subsequent half year when only 762 cases were examined defects were noticed in as many as 54% of the cases. Obviously it does not speak too well of the working of the department.

43. Further according to the Audit Report irregularities involving overpayments of Rs. 6.71 lakhs accepted by the C.P.W.D. during 1961 covered sub-standard execution of works, incorrect measurements and less recovery on account of materials supplied to the contractors etc. The Committee regret to observe that the facts disclosed above suggest slack supervision on the part of the C.P.W.D.

44. (b) *Overpayments*.—The position in regard to the recovery of amounts overpaid to contractors is given below:

(In lakhs of rupees)

As accepted by the C.P.W.D.		Recoveries Made		Recoveries pending	
No. of cases	Amount overpaid	No. of cases	Amount	No. of cases	Amount
1038	25.83	713	9.37	325	16.46

The delay in effecting recoveries had been attributed by the Chief Technical Examiner to :

- (i) delay in sanctioning the substituted items statements and reduction statements by competent authorities e.g. Superintending Engineers and Additional Chief Engineers without which the Executive Engineers cannot finalise the cases and make recoveries from the final bills.
- (ii) delay in preparation of final bills due to pressure of other work on Departmental Officers, delaying tactics on the part of contractors, transfer of officers and sometimes closure or amalgamation of Divisions etc. In certain cases recoveries were held up as there were not sufficient amounts due for payment to the contractors against which recoveries could be adjusted.

Explaining the progress made in the recovery of overpayments, the representative of the Ministry stated in evidence that out of 325 cases referred to above only 112 cases of the value of 3.62 lakhs had since been cleared. In extenuation of the delay in effecting recoveries, the witness urged that in cases where the work was in progress recovery could be effected through subsequent bills and adjustments were made only when the work was nearing completion. In other cases generally the contractors disputed overpayments and the matter had either to be referred to arbitration or court of law. This process contributed to delays in settlement of overpayments. On his attention being drawn to the observations of the C.T.E. that there were delays in sanctioning substituted items of work, preparation of bills etc. the witness admitted that in certain cases the delays might have been due to defaults on the part of the department. He added, however, that sanctions to extra items, reduction statements etc. were a part of the process of final settlement of contractor's claims and time limits had been prescribed within which their final bills should be settled. Committees were stated to have been set up to review the position regarding settlement of final bills and the builders Association was represented on such Committees. The progress was stated to be satisfactory.

The Committee consider it unfortunate that even according to the figures accepted by the C.P.W.D. overpayment to the extent of Rs. 25.83 lakhs was detected in 1038 cases. The Committee are of the view that the progress of recovery of accepted overpayments is very slow. While the Committee would watch the results of the steps

taken by the Department regarding expeditious settlement of contractor's final bills through subsequent Audit Reports, they would in the meanwhile recommend to the Ministry that they should conduct a review of a few cases, to be selected at random, in which settlement of bills had been unduly delayed, with the object of finding out whether the delays were due to lapses on the part of the officials of the department.

45. (c) *Disciplinary Action.*—(i) During 1961, disciplinary action was initiated against defaulting officers in 10 cases of serious irregularities. This brought the total number of such cases since 1957 to 63, of which 37 cases had been finalised by the end of June, 1962. Out of the pending cases, 8 cases were initiated before 1960. Penalties ranging from warning or censure to dismissal from service had been imposed on 71 officers.

(ii) Action was also taken against some of the contractors responsible for execution of sub-standard works by either black-listing them or suspending business with them for limited periods.

(iii) During the period June, 1957 to December, 1960 the Chief Technical Examiner's half-yearly reports included 98 major cases of overpayment involving about Rs. 10 lakhs in all, due to sub-standard execution of works. In 70 of these cases involving Rs. 6 lakhs, disciplinary action was not considered necessary against the officers responsible even though the overpayments were admitted by the Department as in the opinion of the Department, no *mala fides* had been established against the officers concerned.

The Committee enquired the particulars of officers against whom departmental proceedings were going on for the various lapses resulting in overpayments to contractors. The representative of the Ministry promised to furnish a note to the Committee which is still awaited.

46. As regards 70 cases in which disciplinary action was not considered necessary as no *mala fides* had been established against the officers concerned, the Committee enquired why no action was taken for negligence in supervision of works etc. which resulted in overpayments to contractors. The Chief Engineer, C.P.W.D. stated that some mistakes were unavoidable and it would not be right to punish an officer unless he had committed a mistake wilfully or had shown a certain element of negligence. Each case of overpayment was examined thoroughly at high level (by the Chief Engineer or Additional Chief Engineer) before a decision regarding disciplinary

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action was taken. As regards the 8 disciplinary cases which were initiated before 1960, the Committee were informed that 2 of the cases had since been finalised. The balance (6 cases) were really 2 cases out of which one involved 5 officers. The Committee were assured that all the pending cases were being expedited.

While the Committee welcome this assurance, they feel concerned to note that cases initiated as early as 1960 are still pending with the Department. Such delays in the disposal of cases are apt to defeat the very purpose of taking disciplinary action against delinquent officials.

47. (e) The para in the Audit report cited the following cases of overpayments etc. detected by the Chief Technical Examiner.

(i) *Overpayment due to sub-standard work etc.*—Technical examination of a bridge constructed in 1959 showed that some of the cement mortar used was of poor strength and that work stipulated in the agreement had not been fully carried out. A recovery of Rs. 32,159 was assessed on account of these defects. Further, the rates for two substituted items sanctioned by the Department were found to be excessive, resulting in an excess payment of Rs. 12,129.

(ii) *Loss due to inadequate design of culverts.*—An enquiry into the collapse of two culverts in July, 1958, on the Delhi-Mathura Road showed that the failure in the work of widening them was due to inadequate design, including non-removal of obstruction at the downstream side by regrading the channel, and that it was difficult to hold the contractor responsible for the damage. The loss to Government on this case amounted to Rs. 30,109.

(iii) *Overpayment due to inflated measurements.*—Contracts for the construction of approach roads to a bridge at Jangpura provided that the quantity of earth filling was to be computed with reference to the initial levels recorded before commencement and the final levels taken after completion of work. The quantity of earthwork was actually computed on tape measurements which could not be considered accurate. The contractors were thus overpaid Rs. 8,540 on this account. They also received an excess payment of Rs. 18,305 on account of inflated leads for the carriage of the earth.

(iv) *Irremediable losses on widening and lowering of the Delhi-Mathura Road.*—An inspection of the records for the widening and lowering of the Delhi-Mathura Road showed that the quantity of soling and metal actually salvaged by the contractor was far less than the quantity provided for in the agreement and also the quantity which should have been salvaged as shown by experiments.

There was also a considerable time-lag (as much as 5 months in some cases) between the dates of dismantling and the dates of completion of the stacking of the salvaged materials. The extra expenditure for supply was assessed at Rs. 19,782.

Further in connection with refilling of a portion of the road, instead of using the hard quarry rubbish available with the Department within a lead of half a mile, the contractor was asked to arrange for it from his own sources, which resulted in a further extra expenditure of Rs. 4,537. Thus the total loss amounted to Rs. 24,319.

Dealing with the above-mentioned items individually, the representative of the Ministry informed the Committee that in the case of (i) since no *mala fides* were involved in the overpayment resulting from the difference of opinion between the Chief Technical Examiner and the Department with regard to quality of work done and the manner of devising rates for substituted items it was not possible to fix responsibility on any particular officer. In the case at (ii) it was stated that while the design for the culverts was alright it was not properly followed and got executed by the Engineer on the site of the work. While disciplinary action was being taken against the delinquent officials involved in the cases referred to at (ii) and (iv) above, further action was pending with regard to (iii) as the matter was under investigation by the S.P.E. **The Committee would like to be informed of the final outcome of these cases.**

Unadjusted Balances under suspense and Remittance Heads—para 68, pages 70-71

48. The para in the Audit Report referred to non-settlement of transactions involving Cash or Stores pertaining to previous years and the implications of such delays as indicated below:

Head	Year-wise analysis of the out-standing amounts		Remarks
	(Rs. in lakhs)		
(1) "Miscellaneous P W Advances"	Pertaining to and earlier years	1958-59	132.79
	Do. Do.	1959-60	32.43
	Do. Do.	1960-61	19.30
TOTAL			184.52*

*Data from 10 divisions awaited (December, 1962)

Head	Year-wise analysis of the outstanding amounts	Remarks
(Rs. in lakhs)		
(2) "Purchases" Pertaining to 1958-59 and earlier years	221·88	Complete information was not available to audit as to how far the large outstandings were due to (a) delayed payments to suppliers, or (b) failure to carry out adjustments in the divisional accounts after the payments had been made.
Do. Do. 1959-60	73·89	
Do. Do. 1960-61	222·66	
TOTAL	518·43**	
(3) "Transfers between P.W. Officials" Pertaining to 1958-59 and earlier years	170·44	(3) and (4) Until the large balances were adjusted it could not be said that materials transferred from one division to another or the stores supplied or arranged by other Government Deptt had actually reached the destination and had been accounted for.
Do. Do. 1959-60	32·34	
Do. Do. 1960-61	37·11	
TOTAL	239·89	
(4) "Items adjustable by the Public Works Department" Pertaining to 1958-59 and earlier years	94·95	Or whether the services said to have been rendered to the other divisions had been duly acknowledged and brought to account.
Do. Do. 1959-60	71·76	
Do. Do. 1960-61	27·98	
TOTAL	194·69	

**Data from 21 divisions awaited (December, 1962)

In the course of evidence the Committee were apprised of the latest position regarding adjustment of balances. As on 1st December, 1963, the outstanding amounts pertaining to 1961-62 and earlier years were as follows:—

Heads	Amount
	(In lakhs of rupees)
Miscellaneous P. W. Advances	106·37
Purchases	201·38
Transfers between P. W. Officers	201·02
Items adjustable by P.W.D.	168·46
TOTAL	677·23

Explaining further the steps taken to clear the arrears, the representative of the Ministry informed the Committee that two teams of officers of the C.P.W.D. and Audit were set up to go round the works of the Divisions. As a result of their efforts the arrears had been cleared to the extent indicated above. Further the question of simplification of the procedure to deal with these items was also under examination. The Committee desired to be furnished with a year-wise break-up of the outstanding amounts. The Committee await this information. They may further be informed of the up-to-date progress made in the clearance of Suspense Balances. Meanwhile the Committee would like to point out that as the outstanding amounts remaining under suspense (Rs. 106·37 lakhs) include also recoveries due from contractors there is a risk of financial loss if these dues are not cleared in proper time.

Delay in recovery of Government dues—Para 69, page 71.

49. (a) *Arrears in recovery of rents.*—The following amounts were outstanding at the end of 31st March, 1962 on account of rent of buildings:

(i) Delhi State Division No. II	Rs. 6·47 lakhs
(ii) Ajmer Central Division	Rs. 4·38 lakhs
(iii) 27 other Divisions	Rs. 4·75 lakhs

The representative of the Ministry claimed in the course of evidence that substantial progress had been achieved in the matter of

recovery of the outstanding amounts. In the Delhi State Division No. II, out of Rs. 6.47 lakhs a sum of Rs. 98,000 only was pending. In the Ajmer Central Division as against Rs. 4.38 lakhs only a sum of Rs. 1.63 lakhs was outstanding. In the other 27 divisions which had Rs. 4.75 lakhs as outstanding, only Rs. 2.89 lakhs remained to be recovered (out of this amount Rs. 2.06 lakhs pertained to another Ministry). In reply to another question the witness informed the Committee that most of the buildings had been let out to other departments, State Governments and local bodies and the recovery of the arrears of rent was only a matter of departmental adjustments. The Committee desired to be furnished with further details of dues outstanding from private parties indicating the amounts and dates from which these were in arrears. The representative of the Ministry promised to furnish this information, which is still awaited.

50. (b) *Dues recoverable from local bodies in New Delhi/Delhi for works executed.*—The recovery of substantial amounts, as shown below, representing expenditure incurred by the Central Public Works Department on behalf of the New Delhi Municipal Committee and the Delhi Municipal Corporation for providing municipal services (viz., filtered water supply works and sewage installations) was outstanding at the end of 1961-62:

Year	New Delhi Municipal Committee	Delhi Muni- cipal Corpora- tion
	(Rs. in lakhs)	
Relating to 1957-58 and earlier years	72.86	3.58
1958-59	3.32	5.40
1959-60	11.38	1.44
TOTAL	87.56	10.42

The Committee were informed that while in the case of the Delhi Municipal Corporation about half of the amount (Rs. 5 lakhs) had since been recovered, the position was difficult with regard to the N.D.M.C. The N.D.M.C. had separately lodged a claim for house tax in respect of Government-built property within their jurisdiction and their demand was about Rs. 3 crores. A decision was being awaited. It was also urged that the N.D.M.C. depended for its expenditure on subsidies from Government and in

case the recovery of outstanding dues totalling about Rs. 87 lakhs was insisted upon, the Government would have to pay further subsidies to meet this expenditure.

The Committee are surprised at the complacent attitude adopted by the C.P.W.D. in recovering their dues amounting to about Rs. 87 lakhs from the New Delhi Municipal Committee. The fact that the N.D.M.C. had lodged other claims on Government or that Government might have to give further subsidies should not stand in the way of the C.P.W.D. in realising their legitimate dues. The Committee trust that the Department will pursue the matter vigorously and settle their accounts with the local bodies at an early date.

Cases under arbitration and litigation—Para 70, page 72.

51. In 1957, a separate wing in charge of a Superintending Engineer was established in the Ministry of Works, Housing and Supply, to deal exclusively with arbitration cases arising out of disputes between the contractors and the Central Public Works Department. In March, 1962, one more Superintending Engineer was attached to it. The table below shows that 225 cases relating to 1961 and earlier years were still pending disposal and that in the majority of cases disposed of, the time taken was more than one year.

Year	No. of cases received for arbitration	No. of cases in which awards given			No. of cases returned to department or withdrawn by parties	No. of pending cases
		Within one year	Between 1-2 years	After 2 years		
1	2	3			4	5
1959 .	168	53	81	13	6	15
1960 .	195	58	69	12	7	49
1961 .	245	31	30	..	23	161
1962 .	20	20
TOTAL	628	142*	180	25	36	245

*Only 20 of these cases were disposed of within six months.

Stating the latest position, the representative of the Ministry informed the Committee that out of 225 cases relating to the period prior to 1962 134 had been dismissed and 91 cases were being processed. Of these 5 related to the year 1959, 24 to 1960 and 62 to 1961. Out of 91 pending cases, hearing had been completed in 66 cases and only awards were awaited. Three more officers had been appointed to attend to this work. The number of cases referred to arbitration was on the increase. 252 cases were received in 1962 and the number for 1963 might be still larger. The form of the contract was stated to have been revised last year to make the provisions as clear as possible so as to minimise disputes. It was added that previously if an arbitrator failed to give an award within a period of 4 months he was required to obtain permission of a court of law for the extension of time-limit. Now under the revised agreement-form the time could be extended with the mutual consent of the parties to the dispute.

While the Committee note the progress made in the clearance of pending cases, in as much as the number has been reduced from 225 to 91, they would urge upon the Ministry to continue their efforts in this direction so that these cases do not accumulate in future. Since the very purpose of referring disputes to arbitration, in preference to legal process, is to get quicker decisions, the Committee suggest that suitable instructions should be issued to ensure that the bulk of such cases are finalised within the prescribed period of 4 months.

Overpayments to Contractors—para 71, page 72.

52. In respect of certain works which had been completed as early as January, 1944 and March, 1945, the accounts of two contractors were finalised by 'A' Division of the Central Public Works Department, New Delhi only in October, 1952 and February, 1953. It was then noticed that an overpayment of Rs. 67,053 had been made as a result of short recovery of (i) cost of materials supplied and empty cement bags not returned (Rs. 63,105) and (ii) Water charges (Rs. 3,948).

A sum of Rs. 15,000 representing the security deposit of one of the contractors was adjusted against the overpayments in August, 1960 (about fifteen years after the execution of the work and seven years after the accounts were finalised). The balance of Rs. 52,053 had remained outstanding under 'Suspense'. Efforts made by the Division in 1960 to recover the amount through the bills of the contractors pending with other Divisions were not successful.

The Committee enquired the reasons for the delay of 8 to 9 years in finalising the accounts and a further delay of 7 years in effecting recoveries of the over-payments. The Chief Engineer C.P.W.D. stated that these were old cases pertaining to the pre-partition period and the department was not able to get the reasons for the inordinate delay in the finalisation of accounts. It was, therefore, not possible to fix responsibility in this regard. For the delay in effecting recoveries of the over-payments, however, it was stated that the Executive Engineer who was mainly held responsible had since been compulsorily retired for unsatisfactory service. The cases of other officers were under examination by the department. It was pointed out that one of the officers had gone on deputation to a foreign country where he had since been promoted. The Chief Engineer stated that it was a local promotion and that the case in question had not come to light when the officer was sent on deputation.

The Committee regret to observe that this is a typical case of slackness on the part of the C.P.W.D. in settling the accounts of contractors and recovering overpayments (amount Rs. 52,053). They would like to be informed of the action taken against the delinquent officials. The Committee are surprised that a promotion to the rank of Executive Engineer could be conferred on an officer on deputation while his conduct was under enquiry in the parent Department. It is not clear how such a promotion could be made without the knowledge and consent of the Department from which the Officer was deputed. In connection with another case reported in paragraph 30 of the Fifth Report of the P.A.C. (1st Lok Sabha), the Committee deprecated the tendency to promote officers during the pendency of disciplinary cases against them. It is equally necessary to ensure that in similar circumstances promotions should not be given to officers if they happen to be on deputation to a post under Government or in a Quasi-Government Organisation. The Committee also suggest that in cases where an officer's conduct is under enquiry he should not be sent on deputation outside the country till the disciplinary case is finalised.

53. As regards recoveries of the over-payments, the Committee were informed that in one case (involving Rs. 42,313) the contractor having died his son was trying to evade responsibilities. Legal opinion had since been sought and steps were being taken to adjust the amount against other bills of the contractor. In the second case the amount of overpayment had been reduced and a sum of Rs. 5,862 (as against Rs. 9,740 originally assessed) was to be recovered. The contractor was not traceable for some time. The department had since found his heir and had gone in for arbitration. The Committee may be informed of the final outcome of these cases.

*Avoidable expenditure due to delay in construction of a building—
para 73, page 73.*

54. The Government of India decided in 1951 to construct a multi-storeyed building at an estimated cost of about Rs. 69 lakhs to accommodate the offices of the Income Tax Department at Calcutta.

After the land had been acquired in November, 1954, administrative approval and sanction to the actual construction of the building was not accorded until January, 1958. The annexes were first completed in December, 1960, but the construction of the main building was completed only in January, 1962. Even after the construction of the main building, only a portion of it upto the 3rd floor could be utilised for accommodation as lifts were not installed. The 4th, 5th and 6th floors of the main building were occupied on 10th May, 1962 as the lifts in the Annex building were put into commission on 14th May, 1962. In the absence of the lifts in the main building the remaining 2 floors and roof top could not be occupied by vacating the leased buildings whose monthly rents totalled Rs. 8,600.

The contract for the lifts to be installed in the building was entered into by the Director General of Supplies and Disposals only in July, 1961 although the necessary indents had been placed on him in July, 1958. According to Audit if the building had been constructed within about four years after the land had been acquired, the saving of rent to Government would have been of the order of Rs. 14 lakhs upto the end of 1961. There had been a further loss as a result of the delay in the procurement of lifts which had resulted in the non-utilisation of the full accommodation, even after its completion in January, 1962.

In extenuation of the delay at the initial stage the representative of the Ministry stated that certain preliminaries namely drawing up of plans, framing of estimates etc. were necessary before financial sanction could be accorded to the commencement of construction of the building. Normally this work took roughly 12 to 18 months' time. In this particular case it was only after the land was made available that the work could commence. The C.P.W.D. prepared their plans in May, 1954, but they had to be revised three times at the request of the Commissioner of Income-Tax. Similarly, the estimates had also to be revised several times. As regards delay in procurement of lifts, the representative of the Ministry explained that tenders were invited in 1958. Since the quotations of the firm involved a lot of foreign exchange further negotiations were carried out, but they were not successful. An indent was thereafter placed with the D.G.S. & D. in May, 1960. Thus, the delay of 2 years was due to the attempts made by the department in negotiating a deal which would

have involved less expenditure and reduction in foreign exchange but they were not successful.

The Committee regret to observe that in this case avoidable expenditure of over 14 lakhs of rupees was incurred due to lack of proper planning and co-ordination among the C.P.W.D., the D.G.S. & D. and the administrative authorities (The Commissioner of Income-Tax). It is unfortunate that the Department should have taken 4 years to finalise plans and estimates necessary for obtaining administrative approval when, according to their own statement these preliminaries normally took about 12 to 18 months. The Committee are also not satisfied with the explanation for the delay in the procurement of lifts which resulted in a further loss.

Loss in transit—para 75, pages 74-75.

55. In February, 1957, a Public Works Divisional Officer of the Manipur Administration entered into a contract for repacking, in bundles of 2 cwt. about 365 tons of corrugated iron sheets imported from Australia in bundles of about one ton each and for loading them in railway wagons at a rate of Rs. 50 per ton inclusive of insurance charges. In the written agreement with the contractor, however, the fact that the accepted rate was inclusive of insurance charges was omitted through oversight.

On receipt of the materials at the destination, a shortage of 6.75 tons (together with 585 numbers of cover sheets) was noticed. Besides, one wagon containing 19 tons did not reach the destination. The contractor claimed Rs. 18,278 on account of the work done by him. The Administration, however, preferred a counter-claim of Rs. 23,398 against the contractor on account of transit shortages and compensation for failure to repack the sheets in smaller bundles of 2 cwts. each. The claim of the contractor was ultimately settled by arbitration in July, 1960 for Rs. 10,967 (i.e. at Rs. 30 per ton).

In evidence before the Committee, the representative of the Ministry admitted that it was a bad case. In the first place there was omission to mention the fact in the agreement that the rates were inclusive of the insurance charges. Secondly they were not able to get the necessary certificates about the shortage of the material from the Railways and the Manipur State Transport. The Committee enquired the basis of fixation of the rate of Rs. 50 per ton against the rate of Rs. 12.50 per ton which, according to Iron and Steel Controller, was the prevalent rate at the Calcutta Port. The representative of the Ministry explained that the rate of Rs. 12.50 per ton was

probably only for loading and unloading of material whereas the higher rate of Rs. 50 per ton included repacking of the materials as well as insurance charges. He, however, promised to furnish a detailed note to the Committee in this regard. The Committee desire that the submission of this note may be expedited. They would also like to be informed of the action taken to fix responsibility for various lapses in this case.

Subsidized Industrial Housing Scheme—Para 99, pages 106—108.

56. Under the Housing Scheme for industrial workers introduced in September, 1952, financial assistance is given by the Government of India to State Governments for the construction of houses for industrial workers whose income does not exceed Rs. 350 per mensem. One half of the ceiling costs prescribed for construction of various types of building units is given by the Central Government as an outright subsidy and the balance as a loan repayable by the State Governments in 30 equal annual instalments.

A total amount of Rs. 17·21 crores as subsidy and Rs. 21·06 crores as loan had been drawn by State Governments upto 31st March, 1962. Data compiled by the Ministry in September, 1962 showed that out of 91,256 houses which were built under the scheme and were ready for occupation in all respects, as many as 14,660 houses (representing 16% of the total) had been temporarily diverted for use by ineligible persons (i.e. persons other than industrial workers with an income of Rs. 350 or below per month). Besides, another 11,459 houses (over 12% of the total) were lying vacant.

The percentage of houses not utilised for allotment to the eligible persons was particularly high in Bihar (42%), Uttar Pradesh (38%), West Bengal (37%) and Andhra Pradesh (34%).

It had also been reported that the economic rent was not recovered from the ineligible persons in certain States. In Uttar Pradesh, the economic rent was not recovered from ineligible occupants till November, 1959 when orders were issued for recovery at the enhanced rates. Even thereafter, more than 4,000 allottees paid subsidized rents instead of the enhanced rents over the period 1959 to 1961. In Assam, rent amounting to Rs. 92,000 approximately in respect of the period upto June, 1962 had not been recovered from the ineligible occupants.

In Andhra Pradesh, the majority of the quarters remained vacant for periods ranging from 1½ to 5 years. 50 tenements in each of two areas in Kerala could not be allotted even after 4½ and 6 years res-

pectively. The estimated loss of rent in some States due to the quarters remaining vacant is given below:

	(In lakhs of rupees)
Andhra Pradesh	7.20
Gujarat	2.10
Madhya Pradesh	1.01
Maharashtra	4.22
Uttar Pradesh	4.76
West Bengal	4.55

The Government of India had requested the National Building Organisation to investigate into the reasons as to why a large number of tenements built under the scheme were lying vacant.

The scheme did not contemplate the allotment of houses built under it to ineligible persons and State Governments were made liable to pay to the Government of India the difference between the economic and subsidized rent for houses which might be temporarily so diverted. The Government of India reviewed the position and issued orders in February, 1962 laying down that in respect of houses temporarily allotted to ineligible persons, State Governments need only pay to the Government of India additional charges equivalent to the interest on the subsidy portion of the assistance given by the Centre.

The States were further advised in July, 1962 that such of the houses as could not be allotted to industrial workers by the 30th November, 1962 should be taken out of the industrial housing pool and the entire amount of financial assistance obtained in respect of them (including interest thereon) should be refunded to the Government of India.

The representative of the Ministry explained to the Committee the procedure with regard to granting of funds by the Centre and the implementation of various Housing Schemes by the State Governments. Every year State Governments furnished details of the Housing Schemes they proposed to undertake in the course of the year. The Schemes were examined broadly in the Ministry of Works, Housing and Rehabilitation and funds were sanctioned to the States on that basis. On being asked as to what checks were exercised by the Ministry to ensure that the State Governments did not

get funds in excess of their requirements, the witness stated that the overall ceilings in regard to this expenditure were provided in the Plan. **The State Governments** were free to plan and execute these schemes within Plan allocations.

Indicating the latest position regarding allotment of houses the representative of the Ministry informed the Committee that on 30th June, 1963 1,04,350 houses had been constructed of which 95,986 were ready for occupation. Out of these 77,158 houses had been allotted to eligible persons. The balance were either allotted to ineligible persons or were lying vacant. 7294 houses had been allotted to ineligible persons by the States with the prior approval of the Central Government. Allotment of 6865 houses had been made without such approval. If the first category of allotments were excluded the percentage of allotments made to ineligible persons would come to only 12%. The percentage would come down to 8 if the houses allotted to Social Welfare Workers and Community Services for which funds had been specially allotted were also excluded.

On being asked why a number of houses remained vacant, the witness admitted that in the case of certain States the needs had not been properly assessed at the initial stages, and that difficulties were experienced in persuading the workers to move into the houses, which carried higher rents.

The Committee feel that the procedure followed for the implementation of the subsidised Industrial Housing Scheme leaves much to be desired. While the Committee appreciate that initiative in regard to these schemes should rightly rest with the State Governments, who can better assess their requirements and put up proposals, they nevertheless feel that since a part of the expenditure is borne by the Central Government, it is desirable that the latter should scrutinise the schemes more thoroughly with a view to ensure that houses do not remain vacant as had happened in the case of certain States.

The fact that, according to the data compiled by the Ministry in September, 1962, 14,660 houses (16% of the total) had been diverted for use by ineligible persons and 11,459 houses (over 12% of the total) were lying vacant, would indicate that the objective of the subsidised Industrial Housing Scheme has not been fully achieved. This calls for a review of the Scheme and suitable remedial measures.

57. As regards the houses constructed so far under the scheme by the different States and allotted to ineligible persons the Committee enquired whether the State Governments had paid to the Centre

additional charges equivalent to the interest on the subsidy portion as decided by the Government in February, 1962. The witness stated that no payment had been made on this account so far. He added that the State Governments were asked either to allot the houses to eligible persons or refund the amounts given by the Central Government with interest thereon. Some of the State Governments had expressed their difficulties in the matter and had asked for extension of time to regularise the position. In reply to a question whether the amounts recoverable from the State Governments could not be adjusted in the amounts to be made available to them on the schemes in the subsequent years, the witness stated that they had not thought on those lines so far. **The Committee suggest that this line of approach may be examined in consultation with the State Governments at a high level.**

Loss due to abandonment of a work—Appendix I, page 137.

58. In the Building Division, Imphal (Manipur) an agreement was entered into with a contractor in January, 1959 for providing barbed wire fencing around a College Compound. The Contractor refused in February, 1959 to execute the work with new barbed wire at the agreed rate on the ground that the word "new" did not appear before words "barbed wire" in the agreement.

The agreement was rescinded in November, 1959 by which time the contractor **had removed the materials** valued at Rs. 8,799 issued to him from Government stock. After the forfeiture of his earnest money and security deposit, and taking into account the value of the work done by him Rs. 9,501 remained to be recovered from him. The illegal removal of the materials from the site by the contractor was reported to the police in January, 1960.

The Committee enquired the reasons for the delay at different stages in handling the case. The representative of the Ministry stated that in the first instance the Police were not inclined to take cognizance of the matter. It was only after a lot of correspondence and with the supporting advice of the Government Advocate that they were persuaded to register the case.

It was pointed out that even after the case was reported to the Police it was referred to the Additional Chief Engineer for arbitration, who was also not agreeable to take it up for some time. The Committee, therefore, enquired as to why no effective action was taken even though more than 4 years had elapsed. The witness admitted that there was delay in handling this case.

The Committee are not happy at the manner in which this case was handled at the different stages. They desire that responsibility

should be fixed and officials found guilty of different acts of commissions or omissions dealt with suitably. They would also like to be informed of the police case as well as the action taken against the officials concerned.

(Department of Rehabilitation)

Proforma Accounts of the Compensation Pool—para 56, pages 58 to 61

59. On the partition of the country, the properties left in India by the migrants to Pakistan were declared to be evacuee properties and their management, collection of rent and accounting thereof, etc. were entrusted to Custodians appointed under the Administration of Evacuee Property Act, 1950. Most of these properties were later acquired by the Central Government under the Displaced Persons (Compensation and Rehabilitation) Act, 1954 and the rules made thereunder for the purposes of the "Compensation Pool" for payment of compensation and rehabilitation grants to displaced persons.

A summarised statement of receipts and payments is given below:

Receipts	In 1961-62	Progres- sive to end of 1961-62	Payments	In 1961-62	Progres- sive to end of 1961-62
(In crores of rupees)					
1. Contribution to the Pool from sale proceeds of acquired evacuee property and rent collected from displaced persons	14.33	103.43	1. Compensation payments	12.60	113.26
			2. Rehabilitation payments	3.96	57.42
			3. Surplus in the pool	6.36*	0.98*
2. Government contribution to the Pool—					
(i) Rent, sale, etc. of Government built properties (net)	3.64	17.68			

*The transactions during 1961-62 showed a surplus of Rs. 6.36 crores which fully wiped out the deficit of Rs. 5.38 crores which had accumulated up to the end of the previous year and left a small balance of Rs. 0.98 crores to be carried forward.

Receipts	In 1961-62	Progressive to end of 1961-62	Payments	In 1961-62	Progressive to end of 1961-62
(ii) Refunds of loans advanced by Government (net)		4.80	49.89		
3. Other receipts	0.15	0.66			
TOTAL	22.92	171.66		22.92	171.66

(In crores of rupees)

The position as on 31st March, 1962 in regard to compensation applications filed by displaced persons is shown below:

	Number	Amount
(In crores of rupees)		
Compensation application forms filed	5,03,900	187.00
Compensation application forms settled	4,49,416	170.68
Compensation application forms on which statements of accounts have been issued but final payment or adjustment is pending	49,212	14.37
Compensation application forms yet to be settled	5,272	2.00
		(approximate amount of payments expected to be made)

In evidence, before the Committee, the Chief Settlement Commissioner stated that the outstanding number of cases had been brought down to 26,000 (value—Rs. 3.49 crores) as on 30-9-1963 (as against 49,212 cases amounting to Rs. 14.37 crores). The position at the end of December, 1963 was that claims worth only Rs. 2.73 crores were pending settlement. The Committee enquired the reasons for the delay in the settlement of compensation claims and desired to know as to when they would be finalised. The representative of the 2564 (Ali) LS—5.

Ministry stated that the Department had finally fixed 31st March, 1964 as the last date for filing of claims. It was now for the displaced persons themselves to come up with their claims and get them adjusted. He added that on the basis of the progress made so far it should be possible to finalise the claims within a further period of 2 years. The Committee desired that the Ministry should examine a few cases (about 30 cases at random) with a view to finding out whether the delays were not due to any lapses on the part of the officials dealing with them. The witness promised to examine the position. The Committee await the results of this examination.

While the Committee are glad to note that out of claims amounting to Rs. 14.37 crores outstanding as on 31st March, 1962, claims worth Rs. 2.73 crores only were now pending settlement they, however, consider the amount to be quite heavy. They desire, therefore, the Ministry to take steps to ensure that in settling these cases there are no avoidable delays. They hope that all these outstanding cases would be cleared within the next two years, as anticipated by the Ministry and the disposal of the remaining compensation applications would be expedited.

Disposal of Evacuee Property.

60. Surplus rural evacuee houses, the reserve price of which was estimated at about Rs. 2 crores were sold in June, 1961 to the Government of Punjab at 5 per cent of their reserve price i.e., for about Rs. 10 lakhs only. A rebate of 6 per cent was also allowed on the sale price to meet administrative expenses for the disposal of the above properties. Government have stated that the transaction was carried through because (i) according to the sales conducted just before the deal, the price fetched for some houses was about 13-14 per cent. of the reserve price and, in many cases, no bid was received, (ii) the properties were rapidly deteriorating in value and (iii) the cost of their upkeep and disposal would have been greatly disproportionate to the amounts expected to be realised.

The Committee were informed that Urban properties with a reserve price of Rs. 1.82 crores were also sold for Rs. 27.25 lakhs, that is 15% of the reserved price. It is also understood from Audit that Agricultural land with a reserve price of Rs. 46 lakhs was sold for Rs. 18.19 lakhs. In extenuation of the circumstances, the representative of the Ministry stated in evidence that the rural properties (houses without adjacent fields) were in the areas where they were not used and looked after for a long time. There were floods during this period and the properties suffered heavy damages. The Chief

Settlement Commissioner added that it was a package deal in which the Central Government had definitely derived some advantage. On earlier occasions certain auctions were held in which similar properties were sold at 13 to 14% of the reserve price. Some of the properties did not fetch any price in two or three successive auctions. It was in that context that it was decided to hand over the properties to the Punjab Government and thereby save expenditure on their administration etc.

It was pointed out that prices of land and properties in the urban areas had risen all over the country and so it was not appreciated how the houses, shops etc. were given at 15 per cent. of the reserve price. The representative of the Ministry explained that these properties were not in bigger towns. He, however, promised to furnish a statement showing the types of buildings, names of towns and villages where they were situated and the reasons for the fall in their prices.

In spite of the claim made before the Committee that the Central Government had definitely derived some advantage in this package deal, the Committee feel that this matter has not been properly looked into. The Committee were informed that the valuation of the property had been done round about 1951-52. It is well known that values of properties have gone up since that date. The Committee are not, therefore, convinced about the justification for selling properties worth Rs. 2 crores for about Rs. 10 lakhs only.

Since, however, certain information has been called for which is still awaited, the Committee would like to defer their comments. In the meanwhile they desire that the supply of information should be expedited. The Committee would also like to know if some of the properties have since been sold by the Government of Punjab and if so at what value, as compared to the average price paid by that Government.

Defective maintenance of records

61. The following points came to notice during the local audit of the offices of the Managing Officers-cum-Assistant Custodians of Evacuee Property and of District Rent and Managing Officers:

(i) *Non-maintenance of records.*—(a) In the office of the Managing Officer-cum-Assistant Custodian of Evacuee Property, Alwar, no register showing the rent demand and the collections made in respect of rural properties had been maintained. In Bharatpur District, the Rent Demand and Collection Registers 72 groves had not yet been prepared from December, 1956 to 31st August, 1962.

(b) In the office of the Assistant Settlement Commissioner (Rural), New Delhi, the Rent Demand and Collection Registers were not posted up-to-date; entries in the Registers as at August, 1962 had been made only upto rabi season, 1961 in respect of lands, upto March, 1960 in respect of houses, and upto August, 1961, in respect of gardens.

(c) In the Office of the Custodian of Evacuee Property (Urban), New Delhi, entries in the Register of Immovable Properties of Najafgarh were unattested. Certain entries had been scored out without recording any reasons and without authentication, while some of the columns of the Register had not been filled in at all.

(d) The original Acquired Property Register in respect of Bhogal was missing. The entries in the reconstructed register were not attested by any officer. Several columns of the new register were also unfilled.

(ii) *Incomplete Property Registers.*—(a) In the office of the Custodian of Evacuee Property (Urban), New Delhi, certificates as to whether all properties had been correctly entered in the Basic Property Registers of Wards No. XI to XIV and Acquired Property Registers of Wards No. 1 to XIX had not been recorded in those registers upto 19th February, 1962.

(b) In the Rent Demand and Collection Registers of the Custodian of Evacuee Property (Urban), New Delhi, only 1,954 properties were accounted for against the total number of 3,631 properties allotted upto 31st January, 1962.

(c) In 8 cases, properties entered in the Basic Property Registers had not been entered in the Rent Demand and Collection Registers (Rural) maintained by the Managing Officer-cum-Assistant Custodian, Sri Ganganagar.

(iii) *Accounting of sale proceeds.*—(a) In the two zones of Gaya and Monghyr, the verified compensation claims of displaced persons for Rs. 5.47 lakhs have not yet been adjusted against the sale price of evacuee properties purchased by them.

(b) In 508 cases, earnest money totalling Rs. 5.73 lakhs obtained by the Custodian of Evacuee Property (Urban), New Delhi during the period from 1st April, 1956 to 31st December, 1960 from the purchasers of properties had not been adjusted till February, 1962.

(c) A sum of Rs. 4.35 lakhs on account of earnest money received from the highest bidders of evacuee properties outstanding in the books of the District Rent and Managing Officer, Jullundur, upto 31st March, 1962 had not been finally adjusted (January, 1963).

The Committee enquired whether steps had been taken to bring the records up-to-date, assess and realise Government dues in respect of such properties and to fix responsibility in cases where there had been gross failure of duty. The representative of the Ministry stated that the work of assessment had been completed and records brought up-to-date. It had, however, not been possible to fix responsibility on any particular person as the conditions under which the work was undertaken were such that systematic maintenance of records could not be attended to. Subsequently, however, when the tempo of work subsided this matter was given proper attention and staff was deputed for the purpose. On being asked whether as a result of the building up of the records any arrears of rents were found to be recoverable, the Chief Settlement Commissioner stated that the process was still going on and the final position would be known only after the work was completed. The arrears were stated to be around Rs. 3.5 crores. On being asked whether delay in building up the accounts had resulted in certain Government dues becoming irrecoverable, the representative of the Ministry stated that the position had not been examined from this angle, but he promised to look into the matter.

The Committee do not feel happy over the failures and shortcomings revealed in respect of maintenance of records in the offices of the Department. It is regrettable that arrears of rent are stated to be as high as Rs. 3.5 crores and it is not known what amount is likely to become irrecoverable as a result of the delay in building up the accounts. The Committee would, therefore, like the building up of the Accounts to be completed as early as possible. They would also like to be apprised of the result of the examination promised by the representative of the Ministry regarding the effect of the delay in building up the Accounts.

Scheme for the setting up of a Production-cum-Training Centre—para 57, page 62

62. In February, 1956, the Ministry of Rehabilitation sanctioned a scheme for the setting up of a prototype training-cum-production centre at Kamarhatty, near Calcutta, on an estimated non-recurring expenditure of Rs. 2.32 lakhs and a recurring expenditure of Rs. 3.68 lakhs per annum. The scheme envisaged:

- (i) the training and absorption in the Centre of a total of 140 displaced persons in the manufacture of bamboo products, and
- (ii) the marketing of the products of the Centre, the sale proceeds of which were estimated at Rs. 4.80 lakhs per annum.

The training centre was set up in October, 1957 and 110 trainees were recruited in July, 1958. 20 of them left during the training period. Out of the remaining 90 trainees, only 59 were absorbed in the Centre after completion of the training.

The total expenditure incurred upto January, 1962 was Rs. 12.55 lakhs, of which the non-recurring expenditure was Rs. 3.02 lakhs and the recurring expenditure, Rs. 9.53 lakhs.

The total sales from the Centre during the period 1958-59 to 1961-62 (upto January, 1962) amounted to Rs. 1.79 lakhs only.

The Centre was handed over to the West Bengal Government with effect from 1st April, 1962.

The representative of the Ministry admitted in the course of evidence that the scheme was not a success and it did not work out according to expectations. One of the difficulties was that sufficient displaced persons were not forthcoming for training and those who came initially either did not complete the training or life afterwards. Thus, the Centre never reached the stage where it could be converted into a Training-cum-Production Centre. In reply to a question the witness stated that the bulk of the expenditure incurred on the Centre should be treated as on training of displaced persons. It was pointed out that during three years 1959-60 to 1961-62 the Training Centre purchased raw materials worth over Rs. 8 lakhs but the total sale proceeds amounted to only Rs. 2.23 lakhs. According to the scheme the target of sale was Rs. 4.80 lakhs per annum. The Committee enquired the reasons for this wide variation. The representative of the Ministry explained that since it was mainly a Training Centre and never became a production unit the wastage was very high. Certain stocks were also transferred to the State Government when the Centre was handed over to them. The witness, however, promised to furnish a detailed note to the Committee in this regard.

This information is still awaited.

63. The Committee feel that the management of the Production-cum-Training Centre involving an expenditure of Rs. 12.55 lakhs had not been efficient. Moreover, in their view the expectation made at the time the scheme was prepared was rather overoptimistic. In such cases, it is desirable to start schemes in a modest scale providing for expansion according to the actual needs that might arise later.

As regards the terms on which this Centre was transferred to the West Bengal Government, the Committee were informed that in the first year the State Government were not required to pay any rent for the buildings machinery and other assets. From the second year onwards rent was to be fixed in consultation with the Central Government. On being asked as to why the rent had not been fixed so far, the witness stated that the Additional Chief Engineer was asked in September, 1963 to work out the value of the super structure. Further, information regarding the value of the land was also awaited.

It is surprising that the rent for the buildings was not fixed when these were transferred to the State Government. The Committee do not also see any justification for the unconscionable delay of two years in assessing the rent. This shows slackness on the part of the officers which need to be looked into.

Infructuous Expenditure—para 58, pages 62-63.

64. In February, 1958, the Ministry of Rehabilitation sanctioned a scheme at a total cost of Rs. 2.23 lakhs for the rehabilitation of 40 displaced agricultural families of East Pakistan at Mahaluxmipur in Orissa. The place had been selected on the basis of a report from the State Government that economic rehabilitation of the families was possible in that area.

The scheme envisaged the acquisition, reclamation and irrigation of land and payment to the displaced families of maintenance expenses at prescribed rates for a period of six months. As the scheme had not made much progress by the end of October, 1958, a decision was taken by the Ministry of Rehabilitation that it should be abandoned. The scheme was, however, revived in December, 1958 at the instance of the State Government who observed that the land had already been acquired on the 6th October, 1958 before the Central Government's decision to abandon the scheme was conveyed to them. The displaced families were moved to the site in the same month.

A joint survey of the site made by the representative of the Ministry and the State Government more than a year later, in 1960, showed that the land which had been acquired was unsuitable for cultivation. The scheme was finally abandoned in February, 1960 and the displaced families were removed to another site at Bhusandpur. The expenditure incurred on the scheme at Mahaluxmipur amounted to Rs. 1.23 lakhs on the acquisition of land and Rs. 0.26 lakh on the maintenance of the displaced families at that place during the period January, 1959 to March, 1960.

The State Government intimated in August, 1962 that no officers of the State Government were guilty of any *mala fides*. The matter was stated to be under consideration of the Central Government (August, 1962).

The representative of the Ministry explained in evidence that before the scheme was sanctioned a Special Agriculture Officer of the Ministry of Rehabilitation, along with officer of the State Government, had inspected the site. At the time of acquisition, however, it was found that 60 acres of land, which was probably the best of the lot, was not acquired due to certain legal complications. The scheme was abandoned towards the end of October, 1958, but was revived in December, 1958 at the instance of the State Government, when it was ensured that this piece of land (60 acres) would also be included in the scheme. Ultimately, however, the scheme had to be abandoned in February, 1960. In reply to a question the witness stated that the State Government was asked to institute an inquiry, and on the basis of their report the Ministry had come to the conclusion that the entire responsibility for the failure of the scheme lay on the officers of the State Government and that that Government should bear the expenditure incurred on this scheme. On being pointed out that in the initial stages an officer of the Central Government had also inspected the site, the witness stated that it was only a preliminary examination mainly related to 60 acres of land which was then contemplated to be utilised. Later, the scheme was enlarged at the instance of the State Government to cover 239 acres of land which was ultimately found to be unsuitable for cultivation. As regards the refund of the amount spent on the scheme by the State Government, the representative of the Ministry stated that nothing had been paid so far. The question was, however, being pursued by the Ministry.

The Committee are unable to understand how the Special Officer (Agriculture) could have declared 60 acres of land as suitable while a joint survey conducted a year later showed that the total area of land, 239 acres (which included 60 acres) was unsuitable for cultivation. It is obvious that the examination conducted by the Special Officer was perfunctory.

The Committee desire that the question of refund of the sum of Rs. 26,300 by the State Government be taken up at a high level. They would also like to be informed of the total loss suffered by the Government in this case.

Failure of a Scheme—para 59, page 63.

65. In February, 1957, the Ministry of Rehabilitation sanctioned a scheme for rehabilitation of 660 displaced families in Kotah District

(Rajasthan) at an expenditure of Rs. 33.08 lakhs. The Rehabilitation Commissioner of the West Bengal Government who visited the site in December, 1955 and the officers of the Central Government who visited the place in November, 1956 considered that the land in question was quite suitable for the purpose. Between January, 1958 and May, 1959, 266 families were sent to the selected sites. As, however, cultivable land could not be reclaimed and allotted to them, maintenance assistance had to be sanctioned to them for periods 2 to 16 months beyond the stipulated period of 12 months originally envisaged. 208 displaced families deserted the Centre in 1960.

The scheme was ultimately closed in May, 1962. The total expenditure incurred on the scheme was Rs. 19.37 lakhs as loans and Rs. 3.62 lakhs as grants. It was subsequently decided in April, 1962 by the Ministry that the surplus land and houses should be allotted to local tribal families. The extent of expenditure on the scheme to be borne by the State Government was stated to be under examination.

The representative of the Ministry admitted in evidence that it turned out to be a very bad scheme. Initially when the scheme was drawn up, it was proposed that displaced persons from Bengal should be brought and settled on the land which was given by the State Government free of cost. There were a number of big trees on the site and it was envisaged that there would be no difficulty in clearing them manually. When the work was found to be difficult a tractor was also requisitioned. Unfortunately, however, the scheme did not work as the displaced persons were not willing to work for the reclamation of the land. The scheme was, therefore, abandoned and the land and property transferred to the State Government. The witness added that the State Government had paid for the houses etc. at their depreciated value. On being asked about the extent of expenditure on the scheme to be shared by the State Government, the witness stated that more or less a settlement had been reached. The main items of expenditure were the cost of construction of the irrigation project. The Ministry of Irrigation and Power had suggested a formula for sharing this expenditure. The State Government had been apprised of it. In reply to another question the witness stated that out of Rs. 23 lakhs spent on the scheme the amount recoverable from the State Government was about Rs. 7 lakhs. The net loss on this account would thus come to about Rs. 16 lakhs. He added, however, that it should not be treated as a loss because a major portion of the expenditure pertained to irrigation works and construction of roads etc. Besides, 92 displaced families were still residing there.

It is regrettable that the scheme for the resettlement of displaced persons from West Bengal proved to be a failure resulting in a net loss.

of about Rs. 16 lakhs to the Central Government. The Committee regret to note that this was a bad case where the pros and cons of the scheme had not been considered before hand. The Committee hope that the Ministry will profit by the experience gained and avoid such costly mistakes in future.

Loss due to under-valuation—para 60, page 63.

66. A property with a reserve price of Rs. 12,000 was auctioned on the 19th October, 1957 for Rs. 18,225. On a petition by the purchaser in April, 1958, the price was reduced to Rs. 9,765 in June, 1958 by the Deputy Chief Settlement Commissioner on the basis of information supplied by the Assistant Valuation Officer regarding the land rates, which subsequently proved to be not applicable to the area in which the property was situated. The mistake came to notice in July, 1958 when the local audit sought to verify the land rate from the Valuation Officer. The sale price of Rs. 18,225 was then reinstated by the Ministry of Rehabilitation in April, 1959.

The purchaser filed a writ petition in the Punjab High Court in May, 1959. The District Rent and Managing Officer, however, entered into an agreement with the purchaser on the 10th June, 1959 transferring the property absolutely to him and, on this ground, the writ petition was quashed by the High Court.

A net loss of about Rs. 8,500 was thus entailed in this transaction as a result of the initial mistake in valuation and the subsequent action of the District Rent and Managing Officer in ignoring the Ministry's orders of April, 1959. The question of disciplinary action against the officers at fault was stated to be under investigation (December, 1962).

It had earlier been explained to Audit that the District Rent and Managing Officer who signed the agreement without linking the papers had resigned from service on 6th February, 1960. On being asked as to why no action was taken against the officer, the representative of the Ministry admitted that it was a lapse. As regards disciplinary action against the Assistant Valuation Officer the witness stated that a departmental inquiry was held and it was decided to drop the charge against him. He added that the information supplied by the Assistant Valuation Officer was not in respect of that particular area but it was taken by the District Rent Officer as the value of the site.

It is really surprising to the Committee that despite the fact that the Ministry were aware of the full facts of the case, no notice of these facts was taken when the officer involved in the lapse was allowed to resign. It passes the comprehension of the Committee how a decision to drop the charge against Assistant Valuation Officer was taken when it was clear that he was involved in giving incorrect information which amounts to suppression of truth. The Committee desire that this case be investigated again and disciplinary action taken against the delinquent officer.

Irrecoverable amounts—Appendix I—page 138

67. In July, 1961, Government waived a recovery of a sum of Rs. 63,787 spent during the period October, 1951 to April, 1958 on the training of displaced persons at the Rajpura Works Centre. The amounts became irrecoverable from them as they left the institution without completing their training.

The failure to effect recoveries in these cases was due to the following reasons:

- (1) the surety bonds executed by the trainees upto March, 1954 were legally defective;
- (2) no bonds were executed during the period April, 1954 to December, 1955;
- (3) the bonds were again executed on the old defective form during the period January, 1956 to April, 1958 even though a revised form had been approved in July, 1954 in consultation with the Ministry of Law.

The representative of the Ministry stated in evidence that this was a case where the Manager did not follow instructions with the result that ultimately he had to be removed. It was admitted that there was no machinery to check this. This was discovered from time to time when officers visited and noticed the deficiencies.

The Committee trust that the Ministry will take suitable steps to safeguard against the recurrence of such a case where owing to failure in carrying out instructions and laxity in supervision Government suffered a loss of Rs. 63,787.

68. In this case recovery of a sum of Rs. 11,544 due from displaced trainees had to be written off as the whereabouts of the trainees who left the institution in the course of training were not known.

The Committee were informed that the rate of scholarship was about Rs. 30—35 per month. The trainees disappeared without leaving any address and there was no way of stopping them.

The Committee cannot help expressing a doubt that the trainees in such cases may not be *bona fide* trainees. It would be worthwhile for the Ministry to examine how such benefits and facilities of scholarships can be restricted to genuine candidates only.

Dandakaranya Project

Appendix I—part I—page 138. Injudicious purchase of perishable commodities

69. A loss of Rs. 14,600 was incurred by the Dandakaranya Project on the disposal at reduced prices of over 600 maunds of potatoes and onions obtained in September, 1960 for a Consumer Goods Stores. They had remained unsold as retail sale prices fixed by the Price-Fixation Committee, were far in excess of the market prices. No responsibility for the loss was fixed, nor was the loss written off till September, 1962.

The Chairman of Dandakaranya Development Authority explained in evidence before the Committee that earlier orders were placed on the assumption that a large number of refugees would be coming. The orders were later cancelled. Unfortunately, there was difficulty in arriving at the exact rate of prices to be charged and in taking into account transport and handling charges which accounted for the delay in fixing the price. Meanwhile, the commodities deteriorated. He added that the price fixed was also high as it contained an element of transport and handling charges.

The Committee would like the Ministry to issue special instructions to the Dandakaranya Development Authority to ensure that perishable commodities are not purchased injudiciously as happened in this case resulting in a loss of Rs. 14,600. It is rather strange that the Price Fixation Committee should have fixed the retail sale prices far in excess of the market price, despite the fact that there was delay in fixing the price. This aspect needs looking into.

NEW DELHI;
 March 21, 1964.
 Chaitra 1, 1886 (Saka).

MAHABIR TYAGI,
 Chairman,
 Public Accounts Committee.

APPENDIX I

(Ref. para 12 of the Report)

Note from the Ministry of Education dated 18-2-64 on para 94 of Audit Report sub-para 5, page 101—Undisbursed scholarships not received.

(i) What action was taken against the officials responsible for keeping cheques on the relevant files for a period of 2 to 3 years instead of depositing them in the Bank?

(ii) What is the present position regarding review of ledger accounts of the stipendiaries to find out the amount outstanding under various scholarships schemes?

(iii) What is the total amount recovered so far and what is the amount pending recovery under various schemes?

(i) As the particulars of the refund have to be incorporated in the challan under which cheques are deposited in the Bank, detailed examination of the accounts of stipendiaries concerned was essential before the cheque in question could be sent for deposit. Due to pressure of work the settlement of accounts could not be effected and the cheques became time-barred. *We have since obtained the revalidated cheques and deposited them in the bank after finalizing all the details of the accounts. Steps have been taken to prevent the recurrence of such incidents.*

No action was however taken against any official.

(ii) & (iii) *Practical Training Stipends Scheme.*

The scheme was started with effect from 1949-50. During the initial four years the amount of stipends payable to candidates was being remitted to the institutions to which they were allotted in the form of grants-in-aid and ledgers sheets of individual stipendiaries were not actually maintained. The accounts had therefore to be checked from their respective files. So far the accounts of all the stipendiaries for the year 1949-50 and 1950-51 numbering over 450 have been checked. The position regarding amount recovered and amount outstanding for these two years is indicated below:—

Scheme	Amount recovered	Amount still outstanding
1949-50	Rs. 565.25 nP.	Rs. 2,646.44 nP.
1950-51	—	Rs 1,050.00 nP.

It is not possible to give precisely the exact amount outstanding for the years 1951-52 to 1957-58 as the files for these years have yet to be scrutinised thoroughly. The files relating to the year 1951-52 are at present being examined.

R.T.S. Scheme

The Research Training Scholarship Scheme was initiated in 1949-50. Out of the 731 outstanding cases, lists for which were shown to audit party, action in respect of 400 scholars has been initiated. Of these, accounts of about 162 scholars have been finally settled and a sum of Rs. 7,134.00 approximately realised from the institutions/Universities/scholars.

Action on remaining cases is being initiated. The exact amount outstanding in respect of the remaining cases will be known after the files relating to these scholars have been examined.

Merit-cum-Means Scholarship Scheme

The scheme was started in 1959-60. Ledger accounts of 903 scholarship holders have been reviewed. Stamps receipts in respect of 220 scholars are outstanding who were recipients of awards under Merit-cum-Means Scholarship Scheme 1959-60. The Scheme does not provide for any refund from the scholars on account of failure, discontinuance etc. etc. Now the scheme is being administered w.e.f. 1st April, 1960 by the Regional Offices.

Tech. Teachers Training Programme

The Scheme was initiated in 1959-60. The ledger Accounts of 331 teacher-trainees, who were in receipt of fellowship at various training centres upto 31st March, 1962, have been reviewed. The payments w. e. f. 1st April, 1962 are being made through Grants-in-aid, for which ledgers have not to be maintained. Upto 31-3-62, eight trainees had discontinued training from whom a sum of Rs. 32,368 became recoverable. Against this a sum of Rs. 7560 has been recovered and the balance is in the process of recovery.

The undisbursed fellowships from all the training centres except I. I. T., Kharagpur has been received and deposited in the Government account. A sum of Rs. 22,000 most of which relates to 1961-62 scheme is still due from I. I. T., Kharagpur. Further action is being taken.

APPENDIX II

(Ref. para 26 of the Report)

Note from the Ministry of Education dated 18-2-64 on para 4(c) of Audit Report for 1961-62 for the Indian Institute of Technology, Kharagpur

(i) What were the reasons for the electricity generators having gone out of order in six years only as against their normal life of 10 to 15 years?

(ii) What were the reasons for the delay in taking action about the disposal of the generators?

(iii) Was any reserve price suggested by the Institute for the generators?

(iv) What are the reasons for the delay in passing on credit by the D.G.S. & D. for the sale proceeds of the generators although as stated by the Institute on 25-11-1963 an official was specially deputed to Calcutta office of the D.G.S. & D. for expeditious settlement of the claim?

(i) The damage was due to fatigue failure of some parts and consequently the generators fell into disuse.

(ii) Soon after the breakdown, a Committee was appointed by the Institute to investigate into the causes. The Committee took some time in probing into the matter and found the cause for the failure as fatigue of some parts. Thereafter, the Institute tried to have it repaired so that the generators can be restored to utility but ultimately came to the conclusion that it was not possible and decided to have it disposed of through the D.G.S. & D. Since the Institute is autonomous and the D.G.S. & D. generally undertakes disposal work of Government departments, it took quite some time for the Institute to make the D.G.S. & D. agree to undertake the disposal work of the generators. The appointment of a Committee to find the exact cause of the breakdown, the Institute's endeavours to set right the generators itself and the securing of the agreement of the D.G.S. & D. for disposing of the condemned generators all contributed for the delay in taking action about the disposal of the generators.

(iii) No reserve price was suggested by the Institute for the generators.

(iv) The Institute was previously a Government Institute and thereafter became autonomous and some payments due from the Institute relating to its pre-autonomous period were pending. The D.G. S. & D. unfortunately mixed up the pending payments with the sale proceeds of the generators. The Institute in its turn had to verify from the A. G., West Bengal, why the earlier dues were still not paid. After protracted correspondence, the Institute has finally settled on 3rd February, 1964 outstanding payments due from it. In view of this, despite its best efforts, the Institute could not secure the credit for the sale proceeds of the generators. The institute expects settlement shortly.

Sd/- M. G. RAJARAM,
Joint Secretary.
18-2-64.

APPENDIX III

Summary of main Conclusions/Recommendations

Serial No.	Para No.	Ministry/Deptt. concerned	Conclusions/Recommendations
1	2	3	4
1	1	Education	<p>The Committee are hardly convinced with the explanation for the delay in the disposal of surplus stores. They regret to note that although the stores had been purchased between 1947 and 1958, no steps were taken till 1962 to examine these stores with a view to deciding as to what portion of the equipment could be used in the polytechnic and what portion would have to be declared surplus. They are surprised to note that the Committee of the officers which was belatedly appointed by the Principal to go into this question thoroughly with the intention of completing the work by July, 1962 had not been able to take up the work even upto December, 1962 due to other pre-occupations.</p> <p>The Committee have repeatedly pointed out that such delays in the disposal of surplus stores not only result in unnecessary locking up of funds but also entail avoidable expenditure on their care and</p>

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maintenance with attendant risk of their deterioration with the efflux of time. They desire that the remaining surplus stores should now be disposed of expeditiously.

2	2	<u>Education</u> <u>Finance</u>
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The Committee feel concerned over the delay in the submission of utilisation certificates which are essential to ensure that the amount had been utilised for the purpose for which it had been sanctioned. They desire that effective steps should be taken to ensure timely receipt of such certificates and further Grants should not be granted to organisations which failed to furnish utilisation certificates in respect of earlier grants in time.

3	3	Education
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The Committee are not convinced about the justification of sanctioning grants to a single body by different agencies. In their opinion, with a view to ensuring greater coordination it would be better if such grants are channelised through a single agency. The Committee, therefore, desire that the existing procedure should be reviewed and the final decision intimated to them.

4	4	Education
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The Committee regret to note that even after three years of the issue of instructions by the Ministry of Finance regarding utilisation of assets created out of Government Grants paid to various institutions, these were not being followed properly. They desire that the Ministry should take a serious view of any laxity in this regard. Steps should be taken to ensure regular receipt of full information

from institutions regarding assets created out of Government Grants and proper maintenance of block accounts of permanent and quasi-permanent assets by the Ministry. The progress made in bringing the records up-to-date in respect of grants made after the date of the instructions issued by the Ministry of Finance (February, 1960) may be intimated to the Committee before they take up consideration of the next Audit Report (Civil).

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The Committee observe that the unspent balances with the 10 Regional Colleges at the end of March, 1962 amounted to more than Rs. 55 lakhs (about 30 per cent of the total Grant). It is, therefore, evident that the Grants released during 1960-61 and 1961-62 were much in excess of the requirements of the Colleges. They desire that in order to avoid such large unspent balances in future, the Ministry should properly scrutinise the demands from the colleges for grants-in-aid in the light of periodical progress reports of expenditure received from them and only as much of the grant should be released as is likely to be spent by them during a particular period of time. The Committee would also like the Ministry to ensure that the audited statements of accounts are received regularly in future.

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The Committee cannot help observing that it was not proper for the Institute to have kept the amount (Rs. 34,100) received from the students towards examination/admission fee in the personal account of the Principal instead of in the account of the Institute. It was all the more objectionable that this amount should not have

1	2	3	4
			<p>been even entered in the cash book of the Institute. The Committee trust that such cases will not recur.</p>
7	7	Education	<p>The Committee are not satisfied with the explanation in this case relating to the appointment of the Architects. Even granting that the services of the Architects were required for the preparation of designs and drawings for the building, they are not convinced about the need of their services even for the preparation of detailed estimates, tender forms and reinforcement calculations etc. when there was a separate Engineering Unit for the construction headed by a Resident Engineer (a retired Superintending Engineer re-employed for the purpose). The Committee understand from Audit that the payment of Rs. 60,000 to the Architects related only to the instructional building. In addition, the architects would have to be paid Rs. 60,000 for residential houses and Rs. 30,000 merely for purchasing right for repetition. In the opinion of the Committee, considering that there was a separate Engineering Unit for construction work, the payment of Rs. 1.50 lakhs to the architects was on the high side.</p>
8	8	Education	<p>The Committee regret to note that the work of the construction of college was entrusted to the contractor without executing a formal contract and that even thereafter there had been extra-ordinary delay in this regard considering that the offer of the contractor was accepted as early as March, 1962. The Committee have repeatedly</p>

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depreciated the practice of proceeding with the execution of works without entering into formal contract with the contractors. They desire that the formal contract should now be executed without any further delay incorporating the revised terms of contract.

The Committee are surprised that it should not have been possible for the college to procure a suitable boiler for more than 4 years with the result that the steam turbine with dynamo and condenser purchased at a cost of Rs. 45,000 was lying idle for more than 2 years. They trust that efforts would now be made to procure the boiler and commission the plant expeditiously.

Education

The Committee regret to note that the Ministry continued to provide large amounts of money in their budget estimates for successive years (Rs. 15 lakhs, Rs. 40 lakhs and Rs. 117.20 lakhs in 1959-60, 1960-61 and 1961-62 respectively) for the implementation of the scheme for the standardisation of the scales of pay of different grades of teachers in different technical institutions by the States merely on the basis of discussion at the Conference of Chief Ministers without the State Governments having actually accepted the scheme. Against these liberal provisions in three successive years made purely on a hypothetical basis, only a sum of Rs. 19.64 lakhs was released in 1961-62. The Committee are of the view that the proper course for the Ministry would have been to obtain a grant for only as much amount as was required for payment to the States which had actually accepted the scheme and to obtain supplementary grant during

From the facts placed before the Committee, it is evident that there had been lack of coordination between the Central and State Governments in the implementation of the Scheme and no serious efforts had been made to ensure the proper functioning of the Vijnan Mandirs. The result was that although about Rs. 15 lakhs had been spent on the Scheme upto 1960-61, the real objective of setting up these Mandirs had not been achieved so far. The Committee hope that with the transfer of the administration of these Mandirs to the State Governments, there would be better supervision over their working and steps would be taken to ensure that the funds allotted for the scheme are properly utilised for the intended purpose.

(i) The Committee desired to be furnished with copies of the reports, if any, sent by the Financial Adviser of the Ministry who was the Chairman of the Finance Committee of the Sangeet Natak Akademi and the action taken by Government on the these reports. This information is still awaited.

(ii) The Committee regret to note that although irregularities such as (a) retention of heavy cash balances in hand, and (b) serious defects in the maintenance of cash book and in the procedure for making payment by the Sangeet Natak Akademi were brought to the notice by Audit as early as 1957, and although non-rectification of the defects was pointed out in subsequent Reports, it was only in

1959 that a preliminary investigation was undertaken. According to Audit the officer who investigated into the financial affairs recommended that some of the irregularities pointed out in the inspection report justified a further probe in order to ensure that there had been no misuse of public funds, but it was only on 21st March, 1960 that further probe was ordered. This investigation undertaken on the 21st March, 1960, disclosed a suspected defalcation of Rs. 1.89 lakhs and a temporary mis-appropriation of Akademi's funds to the extent of Rs. 55,600. Meanwhile the Secretary of the Akademi, during whose tenure of office the alleged defalcations took place was allowed to resign on 12th March, 1960 (9 days before the investigation was ordered). The Committee view with concern that despite serious irregularities having been pointed out by Audit the Ministry continued to pay grants to the Akademi. They fail to understand as to how in the face of these irregularities, the Ministry satisfied themselves that the grants-in-aid had been properly spent by the Akademi for the purpose for which these were sanctioned. The Committee were informed that subsequent to the discovery of the irregularities, the Board of the Akademi had been completely reconstituted and registered as a Society under the Registration of Societies Act on 11th September, 1961. The Committee trust that with the reconstitution of the Board there would be improvement in the working of the Akademi.

(iii) The Committee would like to be informed of the final outcome of the court case.

Question

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Education

Finance

The Committee would like to point out that according to the Secretary's own statement during evidence, in the case of autonomous bodies grants were paid subject to the condition that Government might issue directives on matters of policy. They are, therefore, surprised at the subsequent stand taken by the Ministry about the non-issue of any directive to the Akademi on the plea that there was no provision in this regard in the Resolution setting up the Akademi. The Committee desire that this matter should be reviewed and if there is any lacuna in this regard steps should be taken to remove it.

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The Committee desire that in the case of Organisations which are largely or wholly financed by Government, suitable conditions should be attached to the grants made to them providing for effective action by Government in the event of the grants being spent for purposes other than those for which they were made. The Government representative on the Governing Body of such organisations should be required to exercise necessary vigilance and send a report to Government if there was any possibility of the funds being diverted or misused.

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Education

The Committee desire that the submission of utilisation certificates should be pursued with the Institutions to expedite the submission of outstanding utilisation certificates.

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During evidence, the Secretary admitted that the proper procedure in such a case (where Sangeet Natak Akademi differed from the recommendation of the State Akademi) would have been to refer the case back to the State Akademi and obtain their comments before taking a final decision. The Committee desire that this should be brought to the notice of the Akademi to avoid the recurrence of such instances.

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Education

Finance

The Committee are not convinced about the justification for leaving with the institutions, to whom grants are paid, the equipment etc. purchased by them from the grant even after the projects were completed. They were informed during evidence that this was not so in the case of grants by the Ministry. If so, they fail to understand as to why the grants distributed by another body, which in turn is mainly financed by grants from Government, should stand on a different footing. The Committee, therefore, desire that this matter should be examined with a view to making it a general rule which should be applicable not only to the grants distributed by Government direct but also to grants distributed by the so called autonomous bodies.

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Education

The Committee regret to note that there had been an infructuous expenditure of Rs. 7,200 in this case relating to appointment of an Officer on Special Duty. They observe that even after the resignation of the then Secretary on 12th March, 1960, the Officer on Special Duty continued to be in service without doing the work for which

he was appointed for a further period of 4 months. They were informed by Audit that in a note submitted by the Akademi to the Executive Board in August, 1960, it was stated 'that the present Secretary of the Akademi has always been under the impression that the Officer has been doing the work for which he has been appointed; It is surprising that even the new Secretary should have remained unaware of the fact that the Officer had not actually been doing the work for which he was appointed. The Committee trust that such cases will be avoided in future.

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Education

The Committee would like to point out in this connection that frequently Government have attributed the delay or non-implementation of various projects to the non-availability of suitable qualified technical personnel. On the other hand they observe that there was a large number (450) of scientists and technologists in the Pool, some of whom have not been able to find employment for long (As on 1st September, 1963 out of 385 persons in the Pool, 38 persons had been held therein for more than 2 years and 98 persons for more than one year but less than two years). This position appears to the Committee to be anomalous. They, therefore, desire that the Ministry should look into this matter and take steps to secure suitable employment for the officers in the Pool. This would not only result in the saving of expenditure incurred on them while in the Pool but also in the proper utilisation of their talent and technical knowledge.

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24 24 Education

The Committee regret to note the inordinate delay in the execution of agreement with the contractors in these cases relating to C.S.I.R. They would reiterate their recommendation in para 24 of their 18th Report (1955-56) that save in the most exceptional circumstances no work of any kind should be commenced without the prior execution of contract documents.

25 25 —do—

From the large amount involved in the surplus stores (Rs. 4.90 lakhs), it is evident that the Institute (Indian Institute of Technology, Kharagpur) had not properly assessed their requirements before purchasing these stores. The Committee regret to note that even thereafter no steps were taken for such a long time (more than 7 years) to review these stores and to dispose of the surplus stores expeditiously. The Committee would invite attention in this connection to para. 1 of this Report. They trust that the surplus stores would now be disposed of expeditiously.

26 26 —do—

In the absence of the detailed reasons for the fatigue of some parts much before the normal life of the generators, the Committee are not convinced about the reasons for the generators having gone out of order in six years only as against their normal life of 10 to 15 years. They, therefore, desire that the Ministry should further look into the matter with a view to ascertaining the real causes for the failure of the generators. The Committee also regret to note the inordinate delay in the disposal of the generators and the settlement of the accounts with the D.G.S. & D. They trust that the adjustment of the sale proceeds would now be expedited.

1	2	3	4
27	27	<u>Transport</u> Defence	<p>The Committee do not appreciate the purchase of such costly machines (10 gallons costing Rs. 9.10 lakhs) without trial, specially in the face of the opinion of the Chief Engineer of the Project that this type of grader (the pre-1948 model gallon) would not be suitable. The argument that their trial at high altitude would have meant a delay of one year loses much of its force in view of the fact that these graders on receipt were lying idle for several months. The Committee also regret that the information asked for by them regarding the particulars of the graders and the periods (indicating dates) during which they were not in use has not been furnished so far (March 1964).</p>
28	28	<u>Transport</u> Defence	<p>The Committee would also like to refer to the information furnished by the Defence Secretary that the roads on which the graders, in question, were to be used were not ready according to expectations and that the Border Roads Organisation had really no idea of the number of months for which the graders would be able to work in a certain region. In this particular case the progress of work was not properly estimated while the equipment came very early. This indicates lack of proper planning and initiative which is all the more regrettable as it concerns Defence activities in the border area.</p> <p>(i) The Committee enquired how much money had been actually paid to the contractor in question. The information is awaited (March 1964).</p>

W.H. and R.
(Deptt. of Works
and Housing)

(ii) The fact that the four tenders received in May, 1961 for the transportation by boats across a river, of stores required for the construction of certain border roads, were rejected without recording any reasons and that the award of contract on 15th July, 1961, on the basis of fresh tenders resulted in an extra expenditure of over Rs. 61,000 causes a legitimate doubt about the *bona-fide* of the action of the officer concerned. The Committee note that the matter has been entrusted to the Special Police Establishment for investigation. The Committee would like to be informed of the final outcome.

(i) The Committee are not convinced by the plea that, since Government colonies were situated in areas where there were no private properties, it was difficult to assess the market rates of rent. In their opinion, there could be no difficulty in ascertaining the prevalent rates at which similar houses are let out in the adjoining colonies, either by conducting a sample survey or through the assistance of local bodies. They would like to be informed of the outcome of the proposed review, which was stated to be under examination of the Department.

(ii) As regards the charging of rent from employees of the Government companies, the Committee feel that the existing practice of charging rents at concessional rates amounts to an indirect subsidy to these Public Undertakings. In their opinion, whatever concessions are to be given to the staff should legitimately be borne by these companies and not by the Government as is being done at present.

1	2	3	4
30	30	Deptt. of Works and Housing	The Committee desired to be furnished with further details as to the circumstances under which Government accommodation was allotted to the press representatives at concessional rates. The witness promised to furnish a note to the Committee, which is still awaited.
31	31	—do—	The Committee feel that, instead of giving a hidden subsidy in this manner, Government should charge full rents from the University and re-imburse the amount, if necessary, by way of cash Grants. They would like the Ministry to examine this matter in the light of their above remarks.
32	32	—do—	The representative of the Ministry, however, agreed that as and when the present leases expired, the question of charging reasonable rent from the private clubs would be considered.
33	33	—do—	The Committee desired to be furnished with a complete list of such allottees (private parties). They also desired to be informed of the justification of requisitioning houses for such allotments. The representative of the Ministry promised to furnish the details to the Committee. While the Committee will await this information, they cannot help expressing their concern over the existing state of affairs under which no set of rules or procedure had been evolved regarding allotment of Government accommodation to private parties. As matters stand at present, a large measure of discretion

is allowed to be exercised by the Department. The Committee suggest that instead of leaving the position so vague, suitable rules and procedure should be framed laying down among other things the criteria for allotment of accommodation to private parties, rates of rents to be charged etc.

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Deptt. of Works
and Housing

The Committee are constrained to observe that the unsatisfactory state of affairs regarding the recovery of rents is being reported to them year after year. (The total arrears upto the end of 1961-62 remaining unrecovered upto 1-12-1962 was Rs. 35.67 lakhs). Last year the Committee had observed that, despite their observations/suggestions in the earlier years, Government had not been able to take suitable measures to improve the position even though more than 9 years had elapsed since the matter was first brought to their notice. From the facts placed before them the Committee find that the position is still far from satisfactory. While the plea that the adjustment in accounts was pending intimation of credit vouchers can be taken in respect of arrears accruing in the current year, the Committee feel that, there can be no justification for amounts outstanding from as far back as 1957-58 and earlier years.

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The Committee are surprised to learn that the Committee set up for examining the question of devising a suitable procedure for recovery of rents did not start functioning as the Ministry of Finance had advised the Department not to incur extra expenditure on this account during the present emergency. The Committee can hardly appreciate the complacent attitude adopted by the Ministry in this regard.

1	2	3	4
36	36	Deptt. of W. and H.	<p>(i) The Committee trust that the position regarding rents for shops will be reviewed when the leases come up for renewal, keeping in view the financial condition of the lessee and other factors.</p> <p>(ii) While the Committee appreciate the difficulties in the recovery of rents from displaced persons, they nevertheless feel that the amount of arrears (Rs. 6:59 lakhs) it still heavy and some effective steps are called for to recover the outstanding rents.</p>
37	37	—do—	<p>The Committee enquired further details as to the number of shopkeepers in whose cases the lease deeds had not been executed so far, years in which the shops were constructed and leased out. While the Committee still await this information, they cannot refrain from observing that the time taken by the Ministry in regularising these transactions had been rather excessive. Even granting the fact that these shops were allotted under abnormal circumstances, there could be no justification for continuance of the unsatisfactory state of affairs for such a long time. They would urge upon the Ministry to take proper steps to get the lease deeds executed as early as possible.</p>
38	38	—do—	<p>The Committee feel concerned to note the unsatisfactory state of affairs in the Land and Development Office. In the absence of proper records of the lands and plots available for allotment or lying vacant, the Committee are unable to understand how the office could</p>

keep a watch over the realisation of rents etc. It could also not have been possible to check unauthorised occupation of lands in the circumstances. The Committee feel that the reasons for the failure to maintain proper records should be investigated and responsibility fixed.

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Dept. of W. and H.

(i) The Committee regret to note that in spite of their observations contained in para 97 of 8th Report (Third Lok Sabha) no progress has been achieved in the matter of settlement of those outstanding claims even though more than one year has elapsed.

(ii) The Committee desired to be informed of the particulars of the five cases of encroachments by squatters, whether the premises were still under unauthorised occupation, and what steps were being taken to recover the damages. The information is still awaited.

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The Committee were surprised as to how it took the Land and Development Office three years to communicate the decision regarding enhancement of rent. They are not satisfied with the plea advanced by the Ministry that during the intervening period the question of increasing the rent was under negotiation with the tenant. In para 97 of their 8th Report, the Committee (1962-63) had desired that a thorough departmental enquiry should be undertaken into the working of this office so as to place on a satisfactory footing the management of Government property entrusted to it and fix responsibility for past mis-management. The Committee trust that due attention will be paid to their recommendation and irregularities as cited in the Audit Report will not recur.

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1	2	3	4
41	41	Deptt. of W and H.	The Committee would like to be informed of the decision taken in regard to placing the organisations dealing with Nazul Lands in Delhi under the charge of one Ministry.
42	42	—do—	The Committee are unable to accept fully the view that the reports of the C.T.E. are indicative of steady improvement in the working of the C.P.W.D. While during the period January to June, 1961, the C.T.E. examined 1130 cases and commented upon 502 cases, the percentage of cases in which defects were noticed being 44, in the subsequent half year when only 762 cases were examined defects were noticed in as many as 54% of the cases. Obviously it does not speak too well of the working of the department.
43	43	—do—	The Committee regret to observe that the facts disclosed in the Audit Report suggest slack supervision on the part of the C.P.W.D.
44	44	—do—	The Committee consider it unfortunate that even according to the figures accepted by the C.P.W.D. over-payment to the extent of Rs. 25.83 lakhs was detected in 1038 cases. The Committee are of the view that the progress of recovery of accepted over-payments is very slow. While the Committee would watch the results of the steps taken by the Department regarding expeditious settlement of contractor's final bills through subsequent Audit Reports, they would in the meanwhile recommend to the Ministry that they should conduct a review of a few cases, to be selected at random, in which settlement of bills had been unduly delayed, with the object of finding out whether the delays were due to lapses on the part of the officials of the department.

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45	45	Deptt. of W. and H.	The Committee enquired the particulars of officers against whom departmental proceedings were going on for the various lapses resulting in over-payments to contractors. The representative of the Ministry promised to furnish a note to the Committee, which is still awaited.
46	46	—do—	While the Committee welcome the assurance that all the pending cases were being expedited, they feel concerned to note that cases initiated as early as 1960 are still pending with the Department. Such delays in the disposal of cases are apt to defeat the very purpose of taking disciplinary action against delinquent officials.
47	47	—do—	The Committee would like to be informed of the final outcome of the cases of irregularities mentioned in sub-para (e) of para 67 of Audit Report.
48	48	—do—	The Committee desired to be furnished with a year-wise break-up of the outstanding amounts under suspense. The Committee await this information. They may further be informed of the up-to-date progress made in the clearance of Suspense Balances. Meanwhile, the Committee would like to point out that as the outstandings remaining under suspense (Rs. 106.37 lakhs) include also recoveries due from contractors, there is a risk of financial loss if these dues are not cleared in proper time.
49	49	—do—	The Committee desired to be furnished with further details of dues outstanding from private parties indicating the amounts and dates from which these were in arrears. The representative of the Ministry promised to furnish this information, which is still awaited.

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50	50	Deptt. of W. & H.	The Committee are surprised at the complacent attitude adopted by the C.P.W.D. in recovering their dues amounting to about Rs. 87 lakhs from the New Delhi Municipal Committee. The fact that the N.D.M.C. had lodged other claims on Government or that Government might have to give further subsidies should not stand in the way of the C.P.W.D. in realising their legitimate dues. The Committee trust that the Department will pursue the matter vigorously and settle their accounts with the local bodies at an early date.
51	51	—do—	While the Committee note the progress made in the clearance of pending cases, in as much as the number has been reduced from 225 to 91, they would urge upon the Ministry to continue their efforts in this direction so that these cases do not accumulate in future. Since the very purpose of referring disputes to arbitration, in preference to legal process, is to get quicker decisions, the Committee suggest that suitable instructions should be issued to ensure that the bulk of such cases are finalised within the prescribed period of 4 months.
52	52	Deptt. of W. and H. <u>Home Affairs</u>	(i) The Committee regret to observe that this is a typical case of slackness on the part of the C.P.W.D. in settling the accounts of contractors and recovering over-payments (amount Rs. 52,053). They would like to be informed of the action taken against the delinquent officials.

(ii) The Committee are surprised that a promotion to the rank of Executive Engineer could be conferred on an officer on deputation while his conduct was under enquiry in the parent Department. It is not clear how such a promotion could be made without the knowledge and consent of the Department from which the officer was deputed. In connection with another case reported in paragraph 30 of the Fifth Report of the P.A.C. (1st Lok Sabha), the Committee deprecated the tendency to promote officers during the pendency of disciplinary cases against them. It is equally necessary to ensure that in similar circumstances, promotions should not be given to officers if they happen to be on deputation to a post under Government or in a Quasi-Government Organisation.

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The Committee also suggest that in cases where an officer's conduct is under enquiry he should not be sent on deputation outside the country till the disciplinary case is finalised.

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54	54	Deptt. of W. and H. <hr/> Supply <hr/> Finance	<p>The Committee regret to observe that in this case avoidable expenditure of over 14 lakhs of rupees was incurred due to lack of proper planning and coordination among the C.P.W.D., the D.G.S. & D., and the Administrative authorities (The Commissioner of Income Tax).</p> <p>It is unfortunate that the Department should have taken 4 years to finalise plans and estimates necessary for obtaining administrative approval when, according to their own statement, these preliminaries normally took about 12 to 18 months. The Committee are also not satisfied with the explanation for the delay in the procurement of lifts which resulted in a further loss.</p>
55	55	Deptt. of W. and H.	<p>The Committee desire that the submission of the note explaining the basis of the fixation of the rate of Rs. 50 per ton, may be expedited. They would also like to be informed of the action taken to fix responsibility for various lapses in this case of loss in transit.</p>
56	56	—do—	<p>(i) The Committee feel that the procedure followed for the implementation of the subsidised Industrial Housing Scheme leaves much to be desired. While the Committee appreciate that initiative in regard to these schemes should rightly rest with the State Governments, who can better assess their requirements and put up proposals, they nevertheless feel that since a part of the expenditure is borne by the Central Government, it is desirable that the latter should scrutinise the schemes more thoroughly with a view to ensure that houses do not remain vacant as had happened in the case of certain States.</p>

(ii) The fact that, according to the data compiled by the Ministry in September 1962, 14,660 houses (16% of the total) had been diverted for use by ineligible persons and 11,459 hours (over 12% of the total) were lying vacant, would indicate that the objective of the subsidised Industrial Housing Scheme has not been fully achieved. This calls for a review of the Scheme and suitable remedial measures.

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The Committee suggest that this line of approach, whether the amounts recoverable from the State Governments could not be adjusted in the amounts to be made available to them on the schemes in the subsequent years, may be examined in consultation with the State Governments at a high level.

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The Committee are not happy at the manner in which this case of loss due to abandonment of work was handled at the different stages. They desire that responsibility should be fixed and officials found guilty of different acts of commissions or omissions dealt with suitably. They would also like to be informed of the police case as well as the action taken against the officials concerned.

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Deptt. of Rehabilitation

(i) The Committee desired that the Ministry should examine a few cases with a view to finding out whether the delays in settlement of compensation claims were not due to any lapse on the part of the officials dealing with them. The Committee await the results of this examination.

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(ii) While the Committee are glad to note that out of claims amounting to Rs. 14.37 crores outstanding as on 31-3-1962, claims worth Rs. 2.73 crores only were now pending settlement, they, however, consider the amount to be quite heavy. They desire, therefore, the Ministry to take steps to ensure that in settling these cases there are no avoidable delays. They hope that all these outstanding cases would be cleared within the next two years, as anticipated by the Ministry and the disposal of the remaining compensation applications would be expedited.

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Deptt. of Rehabilitation

(i) In spite of the claim made before the Committee that the Central Government had definitely derived some advantage in this package deal (Sale of evacuee property to Government of Punjab), the Committee feel that this matter has not been properly looked into. The Committee were informed that the valuation of the property had been done round about 1951-52. It is well known that values of properties have gone up since that date. The Committee are not, therefore, convinced about the justification for selling properties worth Rs. 2 crores for about Rs. 10 lakhs only.

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(ii) Since, however, certain information has been called for which is still awaited, the Committee would like to defer their comments. In the meanwhile they desire that the supply of information should be expedited. The Committee would also like to know if some of the properties have since been sold by the Government of

Punjab and if so at what value, as compared to the average price paid by that Government.

61 61 —do—

The Committee do not feel happy over the failures and shortcomings revealed in respect of maintenance of records in the offices of the Department. It is regrettable that arrears of rent are stated to be as high as Rs. 3·5 crores and it is not known what amount is likely to become irrecoverable as a result of the delay in building up the accounts. The Committee would, therefore, like the building up of the Accounts to be completed as early as possible. They would also like to be apprised of the result of the examination promised by the representative of the Ministry regarding the effect of the delay in building up the Accounts.

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The representative of the Ministry promised to furnish a detailed note to the Committee regarding shortfall in production at the Training-cum-Production Centre. This information is still awaited.

63 63 —do—

It is surprising that the rent for the buildings was not fixed when these were transferred to the State Government. The Committee do not also see any justification for the unconscionable delay of two years in assessing the rent. This shows slackness on the part of the officers which needs to be looked into.

64 64 —do—

(i) The Committee are unable to understand how the Special Officer (Agriculture) could have declared 60 acres of land as suitable while a joint survey conducted a year later showed that the total area of land, 239 acres (which included 60 acres) was unsuitable for

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cultivation. It is obvious that the examination conducted by the Special Officer was perfunctory.

(ii) The Committee desire that the question of refund of the sum of Rs. 26,300 by the State Government be taken up at a high level. They would also like to be informed of the total loss suffered by the Government in this case.

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Deptt. of Rehabilitation

It is regrettable that the scheme for the resettlement of displaced persons from West Bengal proved to be a failure resulting in a net loss of about Rs. 16 lakhs to the Central Government. The Committee regret to note that this was a bad case where the pros and cons of the scheme had not been considered beforehand. The Committee hope that the Ministry will profit by the experience gained and avoid such costly mistakes in future.

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It is really surprising to the Committee that despite the fact that the Ministry were aware of the full facts of the case, no notice of these facts was taken when the officer involved in the lapse was allowed to resign. It passes the comprehension of the Committee how a decision to drop the charge against Assistant Valuation Officer was taken when it was clear that he was involved in giving incorrect information which amounts to suppression of truth. The Committee desire that this case be investigated again and disciplinary action taken against the delinquent officer.

- 67 67 —do. The Committee trust that the Ministry will take suitable steps to safeguard against the recurrence of such a case where owing to failure in carrying out instructions and laxity in supervision Government suffered a loss of Rs. 63,787.
- 68 68 —do— The Committee cannot help expressing a doubt that the trainees in such cases may not be *bona fide* trainees. It would be worthwhile for the Ministry to examine how such benefits and facilities of scholarships can be restricted to genuine candidates only.
- 69 69 —do— The Committee would like the Ministry to issue special instructions to the Dandakaranya Development Authority to ensure that perishable commodities are not purchased injudiciously as happened in this case resulting in a loss of Rs. 14,600. It is rather strange that the Price Fixation Committee should have fixed the retail sale prices far in excess of the market price, despite the fact that there was delay in fixing the price. This aspect needs looking into.
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