

**PUBLIC ACCOUNTS COMMITTEE  
1964-65**

**TWENTY-NINTH REPORT  
(THIRD LOK SABHA)**

**[Appropriation Accounts (Civil), 1962-63 and Audit  
Report (Civil), 1964 relating to Cabinet Secretariat  
and Ministries of Community Development and  
Co-operation, Education and External Affairs]**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*November, 1964*

*Agrahayana 1886 (Saka)*

*Price : Rs. 2.20*

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(1964-65)

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**SECRETARIAT**

Shri H. N. Trivedi—*Deputy Secretary.*

Shri R. M. Bhargava—*Under Secretary.*

## INTRODUCTION

I, the Chairman, of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Twenty-ninth Report on the Appropriation Accounts (Civil), 1962-63 and Audit Report (Civil), 1964 in so far as they relate to the Cabinet Secretariat, Ministries of Community Development and Co-operation, Education and External Affairs.

2. The Appropriation Accounts (Civil), 1962-63 and Audit Report (Civil), 1964 were laid on the Table of the House on the 11th March, 1964. The Committee examined these at their sittings held on the 14th, 15th (Forenoon and afternoon), 16th, 17th, 18th and 30th July, 1964. A brief record of the proceedings of each sitting 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 18th November, 1964.

4. A statement showing the summary of the main conclusions/recommendations of the Committee is appended to the Report (Appendix XVIII). 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 their 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 etc. concerned, for the co-operation extended by them in giving information to the Committee during the course of evidence.

NEW DELHI;

R. R. MORARKA.

November 25, 1964

Chairman,

Agrahayana 4, 1886 (Saka)

Public Accounts Committee.

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# I

## CABINET SECRETARIAT

*'On account' payments for work entrusted to the Indian Statistical Institute, pages 38-39, para 32(i)*

1. In 1959-60, the Indian Statistical Institute, Calcutta undertook on a 'contract' basis, the work of designing of National Sample Survey, tabulation of data, preparation of Reports and other processing work, connected with the data collected by the Directorate of National Sample Survey. A Memorandum of agreement between the Institute and the Government, specifying a contract amount of Rs. 52.45 lakhs for that work was, however, executed only in April, 1961. A sum of Rs. 1.16 lakhs was deducted from the contract amount for non-completion of a part of the work.

Similar work was entrusted to the Institute on 'contract basis' during the years 1960-61, 1961-62 and 1962-63 but no agreements specifying the amounts payable had yet been finalised.

Payments totalling Rs. 130.40 lakhs were made to the Institute during 1960-61 and the two following years. These have been termed 'on account payments' as the values quoted by the Institute for 'deliveries' of certain results were still under settlement.

For the two years 1960-61 and 1961-62 alone a Memorandum of agreement incorporating a 'contract' amount of Rs. 74.85 lakhs was executed by the Institute in February, 1963, but was still awaiting acceptance by Government. The Institute had also come up to Government with an extra claim of Rs. 9 lakhs for certain tabulation work on the ground that the cost previously indicated by them had been under-estimated; they had also indicated their intention of making further claims on similar grounds for certain other items of work.

It has been stated that the 'on account' payments were to be "set off against the deliveries of end-results and end-products as and when the respective contracts are finalised. Since no agreement has yet been reached between the Institute and the Government on the values indicated in the contract proposals, it is not possible to work out at this stage the balance outstanding in favour of the Institute".

It had been agreed by the Institute in October, 1958 that "the Institute would maintain records of different stages of work covered by the contract, to the maximum extent feasible for calculation of

rates for such work and such information would, if required, be made available to Government". Similarly, during the discussions, connected with the contracts for 1960-61 and 1961-62, the Institute agreed to furnish sufficient detailed particulars which would make it possible for Government to have a *post-facto* check but it was stated in March, 1963 that owing to the inadequacy of the data furnished by the Institute, the reasonableness of the cost of various items could not be verified and that no details were available in respect of developmental work and time studies.

Explaining the circumstances which led to the entrusting of the work to the Indian Statistical Institute on a contract basis, the Secretary, Planning Commission stated that prior to 1959-60, payments for such work were made by way of annual grants-in-aid, but the Institute had represented about the inadequacy of the grant. They suggested that change-over to a contract basis would not only enable them to earn more but also increase their operational efficiency. The matter was considered and agreed to by a Committee consisting of the Cabinet Secretary, the Finance Secretary and other representatives of Government and the Institute in October, 1958. The Committee enquired whether it was not possible to follow the usual procedure of entering into an agreement with the Institute before entrusting them with work. The Secretary, Planning Commission stated that the difficulty was that there was no ready-made yardstick for evaluating the volume of work (i.e. time and labour) involved. A fair amount of original and intellectual work had to be done. It was not possible to start with a clear cut idea about the amount payable to the Institute. The witness added that since the Institute was a non-profit making body which deserved encouragement, Government had no reason to doubt that the charges claimed eventually would be unreasonable or disproportionate. The accounts of the Institute were open to scrutiny and under the Act, the Government had enormous powers in relation to the Institute. The witness added further that the Finance Ministry had been insisting on an agreement, but owing to the special position of the Institute and its relationship with Government, entrusting of some work to them without agreement was not regarded as taking any undue risk. The Law Ministry had also advised that an agreement could be concluded with the Institute by a Memorandum after the year was over. Asked whether it was not possible to enter into a contract with the Institute and to leave some margin for final adjustment, the representative of the Central Statistical Organisation replied that in that case, the margin would have to be a big one. The Secretary, Planning Commission stated that according to the picture as it had emerged now, it had been found that the variations in the claims of the Institute

had been marginal. The witness, however, added that at the time of entrusting the work to the Institute, neither of the parties knew about the exact amount payable for the work.

The Committee do not appreciate the manner in which the work had been entrusted to the Indian Statistical Institute on a so called 'contract basis' wherein neither the amount payable, nor the work to be done nor the time within which the work was to be completed were specified. Most of the essential requisites of a valid contract are thus missing. Further, the work had been entrusted to the Institute without entering into any formal agreement, even though the Ministry of Finance had insisted on the same. The Committee strongly disapprove of the fact that the agreements specifying the amounts payable for the work entrusted to the Institute on 'contract basis' during the years 1960-61, 1961-62 and 1962-63 are yet to be finalised, in spite of the fact that as early as 25th October, 1958 a discussion was held amongst the representatives of the Indian Statistical Institute and the Secretary to the Cabinet and the Secretary Ministry of Finance (Department of Expenditure) and certain principles of making payment to the Institute for undertaking work associated with sample survey were agreed upon. A copy of the record note of these discussions furnished to the Committee is at Appendix I. Such deviation from the normally accepted procedure in favour of any organisation, howsoever eminent, should be scrupulously avoided. In case there was difficulty in evaluating the entire volume of work (i.e., time and labour) involved, the Committee see no reason why a contract specifying the amounts payable during each year could not be made before the commencement of the work. The Committee are also not convinced with the argument that because of the special position of the Institute and its relationship with the Government, just entrusting some work to them was not regarded as taking any undue risk. The usual standard of care needed for spending the Public funds and the basic safeguards against the possible extravagance could not be ensured under this system of 'contract basis'.

The Committee feel that the Department has not exercised proper check or verification in respect of items which are capable of check and verification before full and final payment was made in respect of the work done by the Institute during 1959-60. Similarly, in the case of 'on account' payments, it is not known to the Committee as to how the values of various items of work are determined and whether there are any arrangements to check and verify the work done by the Institute before 'on account' payments are made to the Institute. In the Committee's opinion this is an irregular

**practice especially in view of the fact that the data furnished by the Institute for evaluating the work have been inadequate.**

The Committee feel that the fact that the variation in the claims of the Institute had been marginal, adds weight to the justification for entering into suitable agreement at the time of giving contract for such work. This Institute has been in existence for the last 33 years and the Government had called upon it to take a leading part in organising the National Sample Survey as early as 1950. This has been a long enough period both for the Government and the Institute to have gained experience and fix the basis for payment. It is indeed paradoxical that the Statistical Institute of all India importance on the one hand, and the Central Statistical Organisation of the Union Government on the other hand failed to arrive at such a basis. The Committee, therefore, desire the Government to re-examine the whole matter and follow the normal and accepted procedure while entrusting the work to the Institute.

2. Explaining the reasons for the delay in finalising agreements with the Institute, the Secretary, Planning Commission stated that in regard to the work entrusted in 1959-60, the delay was due to the time taken in settling the basis of evaluation of different works. In 1959-60 the basis was the works in progress, but in 1960-61 the basis was changed to rounds of survey. But there was considerable correspondence with the Institute on the system of evaluation of different items of work. A memorandum could be finalised only in February, 1963. The Finance Ministry to whom the matter was referred twice, desired at first that the Cabinet Secretariat should make a check in respect of items which were capable of verification and furnish certificates. After a long probe, the Central Statistical Organisation were able to furnish the certificates in January, 1964. In the meantime, the Institute came up with additional claims for certain tabulation work, on the ground that the original costs were under-estimated in that they were based on the pay structures obtaining in 1959-60 after which there had been an increase in pay scales and allowances. Since the matter had already been delayed, it was considered that Government might wait till the claims were finalised and thereafter sign the contract in the final shape. The witness added that the question of reverting to a system of payment of Grants-in-aid which prevailed prior to 1959-60 also arose. This matter was stated to be under consideration of a Sub-Committee. The Committee have subsequently been informed on the 6th October, 1964 that it has since been decided to revert from 'contract' to 'grant-in-aid' system of payments to the Indian Statistical Institute for the National Sample Survey work done by them for Government from 1st April, 1964.

The Committee drew attention to the failure of the Institute to make available data required for checking the reasonableness of the cost of various items, which the Institute had agreed to furnish. The representative of the Cabinet Secretariat stated that at a meeting held in 1958, it had been agreed in general terms that the Institute would furnish particulars required by Government. When the contract was put into operation, the Institute furnished certain particulars which were found to be inadequate for a reasonable appraisal of the costs. After a protracted correspondence between the Institute and the Central Statistical Organisation, the Institute pointed out that in some cases, it would be difficult to keep records of the kind which the Central Statistical Organisation had required them to keep. There were certain inherent difficulties in making accurate calculations of expenditure on account of particular items of work. Certain operations were general and applied to more than one schedule and tabulation. So there was difficulty in finding out the proportionate share of the common cost distributed among different items of work. Efforts were, however, being made to sort out these things. The Institute had been asked to furnish the details. The witness added that by and large sufficient information was available to enable more or less a thorough check that the money had been properly spent. To a question whether any outside agency was consulted to check up whether the rates quoted by the Institute were reasonable, the representative of the Central Statistical Organisation replied in the negative. To a question whether the Gokhle Institute, Poona was doing similar work, the witness replied that it was not doing similar work on such a large scale and that it was not consulted about the reasonableness of the charges. The witness further stated that in the year 1962, the Institute's Council had set up an Expert Committee consisting of four eminent statisticians of whom three were Government representatives and they had unanimously recommended that the rates quoted by the Institute were on the lower side. The recommendations of the Expert Committee had, however, not been accepted by Government.

The Committee regret to note that there was undue delay in the finalisation of agreements with the Institute. It is surprising that even the Memorandum of Agreement for regularisation of the payments made during 1960-61 and 1961-62 is still awaiting acceptance by the Government. The Committee were informed during evidence that the Institute did similar work for the Government before, that is prior to the commencement of the contract system, on a different system of payment. The Government had no reason to suggest a revision in the nature of payment and it was the Institute which demanded the change. If so, the Committee are unable

to find any justification for accepting the demand without first finalising the agreement. Further, the Committee are surprised to note that advances for 'on account' payment were not made against a total specific sum but with the intention of settling the specific sums later. The Committee are unable to understand, why the payments made or demanded were not got checked even though the Gokhle Institute, Poona was doing similar work, though on a smaller scale.

As pointed out in the Audit para, owing to the inadequacy of the data furnished by the Institute, the reasonableness of the cost of various items could not be verified. This was confirmed during evidence by the representative of the Department of Statistics in the Cabinet Secretariat, who stated that their technicians found that the data furnished by the Institute would not be sufficient enough for them to come to a reasonable idea of the cost. It is therefore not clear how an Expert Committee formed by the Institute (in which there were three Government Statisticians) recommended that the claims of the Institute looked reasonable and that the rates quoted by the Institute were on the lower side. The Committee are in no way surprised to learn that the Government have not accepted the recommendations of the Expert Committee. The Committee feel that the entire question of rates and the extra claims made by the Institute needs a thorough and careful check and investigation before a decision is taken in the matter. In view of the abnormal delay that has already taken place, the Committee desire that this question should be finalised early. The Committee note that it has been decided to revert to 'grant-in-aid' system of payments from 1st April, 1964.

3. The Secretary, Planning Commission urged before the Committee that the audited accounts of the Institute had shown that they had incurred a larger expenditure than the amounts received by them as 'On account payments'. The Comptroller and Auditor General stated that according to the audited accounts, for the year ending 31st March, 1960, the expenditure of the Institute on certain items was as follows : Staff—Rs. 49 lakhs, Books and Journals—Rs. 1,13,817, hire charges for tabulating equipment 8,17,000. He enquired if the Government were satisfied that the expenditure was justified and it pertained to the particular work entrusted to the Institute. The Secretary, Planning Commission stated that the budget of the Institute was passed by its Council which looked into the justification of expenditure. Asked if Government had scrutinised the accounts of the Institute at any time the witness replied in the negative but added that Government representatives were serving on the Finance Committee of the Council.

The Committee view with concern the delay in finalisation of the agreement specifying the amounts payable for the work entrusted to the Institute (on contract basis) during the years 1960-61, 1961-62 and 1962-63. It is all the more serious that the Institute has not furnished full particulars for proper evaluation of the work entrusted to them, apart from the fact that the Institute has not been able to adhere to the agreed time schedule. The Committee are also not happy to note that the Government have not so far satisfied themselves about justification of the expenditure incurred by the Institute on the work entrusted to it. This matter assumes greater importance when it is noted that during the period 1958-59 to 1964-65 (October, 1964) the total amount of grants-in-aid and other payments made by Government to the Institute is as large as Rs. 6.13 crores (Appendix II). The Committee, therefore, recommend that a Reviewing Committee should be appointed under Section 9 of the Indian Statistical Institute Act, 1959, to review the work and also for inspection of the various assets created by the Institute from the grants given by the Government from time to time.

4. The Institute has not been able to tabulate the data on the agreed time schedule. The Central Statistical Organisation observed in January, 1962 " . . . tabulation is behind completed field work, by some 2½ years. The performance during the first three quarters of 1961-62 does not give any promise that this lag will be reduced in the near future, on the other hand, this lag is likely to aggravate".

When these delays were taken up with the Institute, Government were informed that remedial measures were being taken. A part of the work expected to be executed in 1960-61 and the following years was awaiting completion (January, 1964).

Explaining the present position of progress of the work entrusted to the Institute, the Secretary, Planning Commission, stated that nothing was pending in respect of work required to be completed upto 1960-61. The pendency of the work for the years 1961-62, 1962-63 and 1963-64 was 5 per cent., 20 per cent and 25 per cent., respectively. With regard to the remedial measures taken to improve the efficiency of the Institute, the representative of the Central Statistical Organisation stated that an incentive system had been introduced. A record of the out-put of each technician was kept and he was paid extra money for work done in excess of the normal.

The Committee note that remedial measures have been taken to improve the efficiency at the Institute though at an extra cost. The Committee would like the Government to take up with the Institute the question of completing the unfinished work relating to the years

1961-62, 1962-63 and 1963-64 without further delay. The Committee would also like the Government to examine whether there is any justification for entertaining extra claims for payment by the Institute for completing any portion of the work later than the time schedule.

5. The Committee enquired whether the data produced by the National Sample Survey had been useful to Government, even though most of it was out of date. The Secretary, Planning Commission replied in the affirmative and added that Government were depending on the information furnished by the National Sample Survey in regard to National Income and production trends etc. The representative, Central Statistical Organisation cited two instances where data furnished by the National Sample Survey proved useful to the Planning Commission. In connection with estimating population for the Third Plan period, the National Sample Survey gave an estimated rate of growth of nearly 1.9 in 1958 as against the official expectation of 1.4 which was based on the rate of growth between 1941 and 1951 censuses. On the basis of this, the Planning Commission had to revise their estimates. The census of 1961 revealed that even the figure of growth of 1.9 was an underestimate. Again the unemployment figure, according to the Census, was 1.5 million but according to the National Sample Survey it was 6.5 million which was found to be reasonable by other checks also.

From a statement furnished at the instance of the Committee (Appendix III) it is noted that the norm fixed for completion of all the tabulations of a particular Round of Socio-economic survey after the receipt of all the filled in schedules, is about two years. The Committee feel that this is too long a period and suggest that the feasibility of reducing this time lag may be examined. What surprises the Committee is the fact that inspite of such liberal allowance of time for tabulation, the tabulation work pertaining to the 15th Round which should have been completed by the end of 1962, remains unfinished to the extent of 20 per cent., and that pertaining to the 16th Round remains unfinished upto 25 per cent. and that 99 per cent. of the work relating to the 17th Round (which should be completed by the end of 1964) still remains to be done. The Committee also find from another statement furnished at their instance (Appendix IV) that there is much delay in finalising and publishing the Reports after their receipt from the Institute.

The Committee have no doubt that with the adoption of suitable measures and all round effort, the time lag involved in the various stages of work, especially in the preparation of the draft reports by the Institute and their printing by Government, could be reduced to the minimum. As such inordinate delays in finalising and publishing the reports are likely to detract from the usefulness of the data

collected, the Committee would urge upon the Government the need for taking early steps to remedy such a state of affairs.

6. The Committee drew attention to the discrepancy in figures relating to food production during the Second Plan which was 75 million tons according to the Planning Commission and 96 million tons according to the National Sample Survey, and to the statement of the late Prime Minister in the House on 14th April, 1961 that a working group of experts was verifying the figures. The representative of the Central Statistical Organisation stated that in order to find out the reasons for the variation in the official and the National Sample Survey estimates, types studies had been undertaken by the working group of the National Sample Survey, which would last for three years. The Committee regret to note the abnormal delay that has taken place in reconciling this huge discrepancy. They desire that this question should be given greater attention and a report explaining the discrepancy submitted to them.

*Grants-in-aid to Non-Government Institutions, Bodies and to individuals.—Utilisation Certificates—Para 85 (c) (i)—page 105.*

7. A certificate of the utilisation of the grant is required to be furnished by the sanctioning authority to the Accountant General for every grant, specifying that the grant has been utilised on the objects for which it was sanctioned and where the grant was conditional, the conditions have been fulfilled. If such certificates were issued in time, the sanctioning authorities can, before the payment of further grants-in-aid, satisfy themselves (by a scrutiny of certified accounts rendered by the body or the institution concerned) that the grants, already given, have been utilised in full and there was no heavy unspent balances lying with them. The extent to which delays have occurred in the issue of utilisation certificates is indicated in the case of Cabinet Secretariat as follows:

Name of the Ministry	Period to which the grant relates	No. of utilisation certificates outstanding at the end of October, 1963	Amount (In Lakhs of rupees)
Cabinet Secretariat	1961-63	41	204

Explaining the latest position regarding the submission of the utilisation certificates, the Secretary, Planning Commission stated that the amounts advanced to the Institute were under three heads *viz.*, non-project, project and capital grants. No utilisation certificates

were required regarding the project advances concerning the National Sample Survey which was the subject matter of the contract. As soon as the contracts were finalised, the end products and the results had been received. Out of Rs. 204 lakhs, the amount under project head was Rs. 82.6 lakhs. Utilisation Certificates in respect of 6 items under non-project and capital grants relating to 1961-62 had been furnished to audit.

At the instance of the Committee, a statement showing the latest position regarding submission of Utilisation Certificates and reasons for non-submission of outstanding certificates has been furnished by the Cabinet Secretariat (Appendix V). The Committee note that Utilisation Certificates in respect of six items totalling Rs. 37.20 lakhs and pertaining to 1961-62 have since been furnished and that the Government consider that Utilisation Certificates are apparently not necessary in respect of 13 items amounting to Rs. 82.62 lakhs shown under Project Sector as the work was to be done on contract basis and not on grant-in-aid basis. However, Utilisation Certificates in respect of 22 items (out of 41 items) involving an amount of Rs. 84.53 lakhs are still to be furnished. **The Committee regret the delay in furnishing the Utilisation Certificates. They desire that steps be taken to furnish the Utilisation Certificates which are still outstanding at an early date. They hope such delays in furnishing the certificates will not arise in future.**

## II

### MINISTRY OF COMMUNITY DEVELOPMENT AND COOPERATION

*Accounts of Loans to Cooperative Societies—Page 137, para 98.*

8. The following table indicates the position of the loans granted, outstanding and overdue as on 31st March, 1963, in respect of some of the Co-operative Societies for which detailed accounts are maintained by the Deputy Registrar of Co-operative Societies, Delhi:—

*Loans sanctioned by the former Ministry of Community Development*

Period during which and No. of Societies to whom loans were granted	Total amount granted	Amount recovered	Overdue amount outstanding (prin- cipal and interest) as on 31.3.1963
(In lakhs of rupees)			
1953—57			
103 Societies	6.44	4.83	2.65

The amount outstanding with interest as on 30th September, 1963 is stated to be Rs. 2.25 lakhs. All the cases are stated to have been referred to the Collector for recovery as arrears of land revenue.

Explaining the position regarding the grant of loans by the Block Development Officers to the Co-operative Societies, the Secretary, Ministry of Community Development and Co-operation stated that the total amount granted to 103 societies was Rs. 6.44 lakhs. Amount recovered was Rs. 4.83 lakhs and the balance as on 31st March, 1963 was Rs. 2.65 lakhs including interest. All the outstanding cases had been referred by the Delhi Administration to the Collector for the recovery of dues as arrears of land revenue. In reply to a question, the witness stated that all the 103 societies were existing. Out of them 52 societies had cleared their arrears and the arrears related to the remaining 51 societies. The Committee enquired the reasons for the delay in the recovery of loans. The Secretary stated that originally loans were granted by the Block authorities. The work was transferred to the Co-operative Department late in 1961. The Co-operative Department had been taking action in the matter since then.

The witness added that the recovery proceedings were generally prolonged. Asked whether any irregularities had been committed by the Block Development Officers in sanctioning loans, the Secretary replied that, no such case had come to light. In earlier years, Block Development Officers were also disbursing loans. Late in 1961, this work was transferred to the Co-operative Department. The question of any action against the Block Development Officers would arise only in respect of the loans granted earlier on an unsatisfactory basis.

The Committee regret to note that there was inordinate delay in proceeding against the Co-operative Societies for the recovery of outstanding loans granted during the period 1953 to 1957. When the work was transferred to the Co-operative Department in 1961, the Committee fail to understand the reasons for the delay of over 3 years on the part of the Department in taking suitable action for the recovery of loans.

The Committee are of the view that had the Block Development Officers taken due care and proper precaution before advancing the loans, there would not have been such an accumulation of huge amounts of loans outstanding against the Co-operative Societies. They are also of the view that no periodical check or investigation appears to have been made to see whether the Block Development Officers concerned maintained proper accounts of the loans advanced to Co-operative Societies and whether there were any lapses on the part of the Block Development Officers in regard to the execution of bonds and sureties etc. The Committee are also not sure whether the Co-operative Societies have sufficient assets to enable the Government now to realise the amounts and whether the whereabouts of the members of the defaulting Co-operative Societies are known to the Co-operative Department. Since the Delhi Administration are stated to be optimistic about the recovery of outstanding loans, the Committee hope that the recovery of loans would be expedited without loss to the public exchequer and a report submitted to them.

9. The Committee desired to be furnished with information on the following points:

- (i) What were the reasons for the delay in recovering outstanding loans from the Co-operative Societies in this case? What were the reasons for entrusting the recovery of loans to the Collector for recovery as land revenue? Did the Societies following the normal procedure in advancing loans to Members? Did the Co-operative Societies execute a bond with the borrowers?

**(ii) Did any Block Development Officer act in excess of his powers and authority in sanctioning loans?**

The Committee regret to note that the information is still awaited.

*Loss of Government money and Property due to fire—Page 164, Appendix I.*

10. On the 7th November, 1960, Government money amounting to Rs. 9,885 and some costly articles were burnt in an accidental fire which broke out in the private residence of a Block Development Officer at Shillai in Himachal Pradesh. The Officer had brought the cash on the same day from Dugana to make over the charge to his successor owing to shifting of the headquarters to Shillai. It was observed that the cash destroyed was drawn from the treasury much in advance of requirements during October, 1959 to March, 1960 (Rs. 7,677 were drawn on 31st March, 1960). Audit was informed (January, 1964) by the Department that disciplinary proceedings had been initiated against the officer for irregular retention of money for an unduly long period and for his failure to take proper precautions to protect Government money and property. The total loss had not been assessed and written off till January, 1964.

The Committee enquired the reasons for the delay in finalising the disciplinary action against the officer concerned in this case. The Secretary, admitted that there was some delay in instituting the Departmental proceedings and added that the matter had been referred to the police who took about 2 years but could not make out a case. Thereafter the Departmental proceedings were instituted. The latest position was that the proceedings had been completed and the whole case had been submitted to the Lt.-Governor, Himachal Pradesh, for orders. Asked why the Departmental proceedings were not started against the officer concerned immediately on detection of the loss, the witness stated that ostensible criminal cases were referred to the Police in the first instance and criminal proceedings were instituted, if a case was thought fit for that action.

In reply to a question, the witness stated that the main charge against the officer which was being enquired into was drawal of Rs. 7,677 in advance, not related to the actual requirements, which amounted to temporary misappropriation, although there was no intention to misappropriate. The Comptroller and Auditor General informed the Committee that the loss in this case was Rs. 9,885 cash, 180 yards of long cloth, hand driven 16 mm Projector, flash bulbs, camera bulbs and bitumen carpet.

The Secretary stated that as the case had been submitted to the Lt. Governor, the Ministry had not been able to get full facts of the case and actual charges against the officer.

The Committee regret to note that there was undue delay in instituting the Departmental proceedings against the officer concerned for irregular retention of the Government money for an unduly long period and for his failure to take proper precautions to protect Government money and property. The Committee are of the view that the drawal of the amount in advance by the officer concerned which was not immediately required amounted to temporary misappropriation of the Government money which called for immediate action against the officer concerned on the part of the Department. It is also surprising that the police took about two years to investigate into the case and come to a conclusion. It is very surprising that even after a lapse of several years the Government have not been able to assess the loss due to fire. They trust that immediate action will be taken to assess the total loss.

The Committee desired to be furnished with further information on the following points;

- (i) What was the issue referred to Police for investigation?  
Was it the cause of fire or loss of Government money?
- (ii) Was the charge against the Block Development Officer only on one count viz., keeping of cash over and above his requirements or was he also charged with having kept costly Government articles at his residence

The Committee regret to note that the information on the above points is still awaited. They also desire that the decision of the Lt. Governor on this case when taken may be intimated to the Committee.

### III

#### MINISTRY OF EDUCATION

##### NATIONAL DISCIPLINE SCHEME

##### (A) Training Institute, Sariska

*Non-execution of agreement and avoidable expenditure—Page 39, para 33(a).*

11. The premises with an area of about 30 acres were hired for the Institute on a monthly rent of Rs. 1,490 with effect from 23rd September, 1960. The landlord agreed verbally (i) to carry out at his own cost some major repairs, suggested by the C.P.W.D. at an estimated cost of Rs. 37,000; and (ii) also to provide water and electricity for the trainees. These commitments of the landlord were not recorded in writing. Government had to incur an expenditure of Rs. 1.13 lakhs for the supply of water and electricity, etc. and Rs. 17,675 on general repairs to premises as the landlord failed to implement the verbal commitment.

In evidence, the Secretary (Education) admitted that it was a mistake on the part of the late Director General of the National Discipline Scheme in not making a formal agreement with the landlord for hiring the premises, but added, in extenuation, that the urgent need for accommodation for opening the Central Training Institute justified this action. The Director-General tried for accommodation elsewhere but he had a great difficulty in finding suitable accommodation for 600 trainees. He had negotiated the agreement with the landlord over the telephone. The landlord had actually provided certain facilities like construction of additional lavatories and bath rooms at a cost of Rs. 37,000, but he declined to spend any further amount. The landlord had accepted a rent of Rs. 1,490 per month as against an assessment of Rs. 3,278 per month made by the C.P.W.D. In justification of an expenditure of about Rs. 1.3 lakhs incurred by Government for supply of electricity, water etc., the witness stated that as the building was to be used for housing 600 trainees and a large number of instructors, it had to be renovated. The facilities provided by the landlord were inadequate for such a large number of trainees and staff. The break-up of expenditure of Rs. 1.13 lakhs out of the total expenditure of Rs. 1.30 lakhs was given by the witness as follows: New Generator, Rs. 25,000; water pump and tank, Rs. 25,000; water reservoir, Rs. 12,000; repairs and expansion of roads, repair of dhobi-ghat and erection of pardha walls Rs. 27,000; and general repairs in three years Rs. 24,000.

The Committee were informed that the final agreement with the landlord was expected to be executed shortly. Since the proposed agreement was expected to continue for 20 years, the major repairs carried out by Government would be fully justified. It was also urged that because of the low rent charged by the landlord, he could not be expected to undertake repairs of a greater magnitude than what had already been agreed to by him, and also that since the agreement was from year to year basis this large amount on repairs was not incurred by the landlord. Asked to state the justification of spending such a large amount on repairs etc., without entering into a formal agreement with the landlord, the Secretary (Education) replied that there had been an understanding from the very beginning that the building would be required for a long time. In reply to another question, the witness stated that the landlord could give a month's notice to have the building vacated.

The Committee are unhappy at the unsatisfactory manner in which this case has been handled. Firstly, an irregular procedure was followed by the Director-General, National Discipline Scheme in hiring the premises merely on the basis of telephonic conversation without entering into a formal agreement with the landlord as required under the rules. The Committee are not convinced that the urgent requirement for accommodation justified this action. If any delay was anticipated in concluding a formal agreement, at least a letter of intent could have been obtained from the landlord. Such a tendency to enter into financial commitments without completing the normal formalities, cannot but be deprecated.

Again the Directorate undertook major repairs and improvements (including supply of water and electricity) entailing a heavy expenditure of Rs. 1.13 lakhs without finalising a lease deed with the landlord. The agreement has not been signed as yet, although four years have elapsed since the premises were hired. According to the Ministry's own admission the present position is that the landlord can have the premises vacated at a month's notice, resulting in most of the expenditure incurred by Government on repairs and improvements being rendered infructuous. The Committee desire that the agreement should be executed without further delay, to safeguard the interest of Government.

The Committee were given to understand that one of the reasons for the landlord not undertaking major repairs and improvements was that the agreement was on a year to year basis. If initially the intention was to hire the premises for a long time (20 years), a firm commitment to this effect should have been made to the landlord at the very beginning and a written agreement entered into with him.

*Non-recovery of lodging and service charges—Pages 39-40, para 33A (b)*

12. No house rent or service charges were recovered from the trainees, though the terms and conditions of their appointment specifically provided that "the lodging will be provided by the Government at his/her expenses at the Central Training Institute, Sariska". Similar recoveries were also not being effected from the resident staff members whose number ranged from 40 to 80.

In evidence the Secretary (Education) stated that the clause regarding providing of lodging at the expense of trainees was inadvertently included by the National Discipline Scheme Directorate in the proforma of the letters of appointment. It had never been the intention to recover lodging charges from trainees whose stipend was very small. In a note\* (Appendix VI) furnished to the Committee, the Ministry have stated that the inadvertent inclusion of the condition in the appointment letters came to notice only on receipt of the Audit Report in November, 1963, and it was removed in February, 1964. The trainees are, however, required to pay the incidental expenses e.g. drinking water charges and rent for furniture.

As regards the recovery of rent from the instructional staff, the witness stated during evidence that the rates had been finalised in consultation with the C.P.W.D. and orders to effect recoveries had been issued on the 28th April, 1964. The Committee understand from the Ministry's note sent subsequently that the question of assessment of rent payable by the staff was referred to the C.P.W.D. as late as 6th September, 1963 and their reply was received on 8th October, 1963, and that the arrears of rent have been recovered from the existing staff. The Committee were further informed that vigorous steps were being taken to assess and recover the dues from the staff who were no longer posted at the Sariska Institute; but that it was not possible as yet to say whether any one from whom the arrears of rent were due has retired from service.

**The Committee are surprised that the inadvertent inclusion of the condition regarding payment of lodging charges by the trainees in their letters of appointment was not detected till the receipt of the Audit para in November, 1963. The Committee are also perturbed over the inordinate delay in referring to the C.P.W.D. the question of assessment of rent payable by the instructional staff. They hope that the recoveries from the staff transferred from the Institute and**

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\*Not vetted by Audit.

also those retired from the Institute and also those retired from service, if any, will be effected early.

**(B) National Discipline Scheme Directorate**

*Drawal of amounts to avoid lapse of funds—page 40, para 33B(a)*

13. Purchases amounting to Rs. 1,34,971 were initiated towards the close of the financial years 1960-61 to 1962-63 and the amounts withdrawn from the treasury on the basis of advance bills collected from the suppliers and by recording certificates thereon that the stores had been received in good condition and had been accounted for in the Stock Register. The goods were actually received in the subsequent year after periods ranging upto one year in some cases. The amounts drawn on contingent bills were converted into Remittance Transfer Receipts in favour of suppliers and were not refunded to Government as it was anticipated that the supplies would be forthcoming anytime.

In evidence, the Secretary (Education) admitted that the procedure followed by the National Discipline Scheme Directorate during the years 1960-61 to 1962-63 was irregular. The officers had expected that the goods would be received very soon but in some cases delay took place. The officers concerned had been warned and there had been no repetition of the irregularity during 1963-64. The Ministry were convinced that no *malafides* were involved in this case and the stores had actually been received later.

In a note \* (Appendix VI) submitted to the Committee, the Ministry of Education stated that the stores were entered in the stock register as per dates given on bills. No written instructions appear to have been given by the Director General in the matter. The warning to the officers for following the wrong procedure is reflected in the character roll of the officers who were serving in the Directorate at the time of Audit. A special stock verification was done at the Central Training Institute in May-June, 1963, and similar stock verifications as on 1st April, 1964 had been made by the regional offices.

The Committee view with great concern the irregular procedure adopted by the Directorate during three years from 1960-61 to 1962-63 regarding withdrawal of funds to avoid lapsing of the same. They take a very serious view of the false certificates recorded by responsible officers of the Directorate on the advance bills that the goods have been received and entered in Stock Register, when actually the goods had not been received. The Committee have been given to understand that recorded warnings have been issued to the officers

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\*Not vetted by Audit.

**responsible for this irregularity. They hope that such cases will not recur.**

*Improper maintenance of Stock Accounts, page 40—para 33B (b)*

14. The Directorate stated in January, 1964 that (i) stores of the value of Rs. 6,447 still remained to be accounted for and these were also likely to be located shortly and (iii) acknowledgment of articles for Rs. 12,211 were awaited.

Explaining the present position of the un-accounted for stores, the Secretary (Education) stated that stores worth only Rs. 305 remained to be accounted for. The acknowledgments for stores worth only Rs. 2,532 were still awaited, and these were expected to be received in the course of next few weeks. The prescribed procedure had been in force and there had been no such case during 1963-64. A system of internal audit check had been introduced to eliminate all lapses in future, and a post of an Accounts Officer had been created in the National Discipline Scheme Directorate for the purpose.

**The Committee hope that with the posting of an Accounts Officer and introduction of a system of internal audit check, maintenance of stock Accounts will improve.**

*Evasion of leave rules—pages 40-41, para 34.*

15. In disregard of the instructions issued by Government in May, 1958, leave on full average pay was granted to an officer for attending to his "private affairs" for a total period of 15 months and 6 days within a period of 16 months and 3 days during which the officer was on duty for only 23 days in all on three occasions. The grant of leave after very short spells of duty enabled the officer to enjoy leave on average pay for 15 months and 6 days during the period and to draw an additional leave salary of about Rs. 4,600 beyond what he would have been entitled to if the entire absence had been continuous.

In evidence, the Secretary (Science) admitted that the Officer concerned should not have been granted leave after very short spells of duty and thus enabling him to draw an additional leave salary of about Rs. 4,600. The spirit of the leave rules had been evaded in this case.

**The Committee desire that all officers dealing with sanctioning of leave should be directed to strictly adhere to the instructions issued by Government in May 1958 to ensure that "all cases in which a fresh spell of leave is applied for by Government servants after a short**

interval of duty, are carefully examined with a view to see that the spirit of the rules is observed and that the competent authorities refuse the leave by exercising the discretion vested in them if they have reasons to believe that an attempt was being made to take undue advantage of the leave rules or to evade the spirit thereof".

*Internal check of the accounts of Government schools—pages 41-42, para 35.*

16. Consequent on enquiries following an embezzlement of a sum of Rs. 2,623 which came to notice in January, 1957 in a Government school in Delhi, the Delhi Administration sanctioned in May, 1959 at the instance of audit, a staff of 1 Accountant and 2 Upper Division Clerks from 1st September, 1959 for the internal check of accounts maintained in Government schools. Although the scheme of internal check has been in operation for over four years, only a very small number of schools have been covered as indicated below. According to Audit at this rate it would take about 10 years to cover in internal check, all the schools at present in existence.

Year	Total No. of H. S. Schools in existence	No. of schools audited
1-9-1959 to 1-3-1960	143	7
1960-61	158	22
1961-62	180	16
1962-63	203	23
1-3-1963 to 31-7-1963	208	7

A study of about 30 internal audit reports covering the period upto 31st March, 1963 showed that apart from minor recoveries and short realisation accountal of fees and fines, some more serious irregularities had come to light, e.g., there were about 20 cases of embezzlement, short accountal, etc. involving over Rs. 7,000 in all, and one case of substitution of tenders was under investigation of the Vigilance branch.

In evidence, the Secretary (Education) admitted that the present internal check of accounts maintained in Government schools was inadequate. Prior to sanctioning of special staff for the purpose in May, 1959, all auditing of school accounts was being done by the local audit parties of the AGCR, who could do only a test audit of two or three months accounts of some schools. Because of the

complicated nature of accounts, the AGCR had suggested sanctioning of staff for internal checks in order to supplement the audit done by his staff. The internal audit unit was actually sanctioned on an experimental basis consisting of one accountant, 2 U.D.Cs. and one L.D.C. The staff had conducted internal audit of 20 to 25 schools per year, besides, surprise checks of accounts of certain other schools. They had also conducted a course to train staff in maintenance of accounts. The witness added that in the meantime the number of Government schools had increased from 143 in 1959-60 to 222 at present, and this had increased the volume of work for the internal audit unit. The Finance Division of the Delhi Administration had agreed to the creation of 3 more posts of accountants, so that the internal checks might be intensified. The Committee were assured that the position would be reviewed every year to ensure adequate internal checks of accounts.

The Committee feel that the internal audit check of Government schools in Delhi has not received the attention it deserved. The fact that the internal check of the accounts of about 30 schools revealed 20 cases of embezzlement, short accountal of money etc. point to the wide spread financial irregularities, in Government schools and the imperative need for taking remedial measures. The Committee note that some additional staff is being sanctioned for the purpose. They hope that the Delhi Administration will ensure that adequate staff is posted to cope with the increasing number of schools. The internal audit parties should be able to cover all the schools within a specified period to be laid down by the Ministry.

#### THE SURVEY OF INDIA DEPARTMENT

*Delay in the functioning of a Magnetic Observatory—page 43, para 37*

17. After the flooding of the Magnetic Observatory in the Karanpur Estate of the Survey of India in 1943, a suitable site away from electrical and magnetic disturbances was selected in 1947 at Chakrata Road (near Dehra Dun). The C.P.W.D. were able to acquire the land from the Uttar Pradesh Government only in May, 1955. The construction of the building was started after about two years in April, 1957, and completed in October, 1960 at a cost of Rs. 1.24 lakhs, but the equipment worth Rs. 7,679 and Rs. 64,770 for the Observatory which were received in August, 1954 and August, 1958 respectively were not brought into use till January, 1964.

Explaining the reasons for delay in the acquisition of land, the Secretary (Education) stated that after the preliminary work had been done, the whole project was postponed by the Ministry of

Agriculture (which was the then Administrative Ministry concerned) till 1953. The administrative approval and expenditure sanction were received on 26th March, 1953. The C.P.W.D. approached the Collector, Dehra Dun for acquisition of land on the 30th March, 1955, and the Collector handed over the possession of land on the 12th May, 1955. As regards the delay of about 2 years in starting construction, the witness stated that preparation and revision of estimates and plans, and calling of tenders accounted for this time lag. The Additional Chief Engineer stated that initially tenders were invited thrice during the period August—October, 1955, but without any response. Because of high cost, the estimates were revised by the C.P.W.D. in August, 1956, and revised administrative approval was applied for by the Surveyer General in September, 1956. Tenders were again called for four times during the period 19th October to 4th December, 1956. Thereafter negotiations with the contractors were concluded. The approval of the Additional Chief Engineer for the award of the work was received on the 7th March, 1957. It was urged that because of the inaccessibility of the site and lack of facilities, contractors were not interested in the work.

Asked to explain the justification for ordering equipment even before the acquisition of land, the Secretary, (Science) stated that the time expected to be taken for its procurement was not known. The witness informed the Committee that the Observatory had started functioning, from the 10th January, 1964, in spite of difficulties regarding approach road and water supply. Negotiations were in progress with the U.P. Government for getting land for the approach road. As regards water supply, action was being taken to sink tubewells.

The Committee regret to observe that this case indicates lack of planning at various stages. The equipment worth Rs. 7,679 was received in August, 1954 even before the acquisition of land for the observatory and that worth Rs. 64,770 was received in August, 1958 more than two years before the completion of the building in October, 1960. The construction of the building itself which was started in April, 1957 was completed in October, 1960 i.e. 3½ years after the award of the contract. Even after completion of the building the equipment had been lying idle for more than three years. The Observatory started functioning from the 10th January, 1964 but the difficulties regarding the approach road and water supply are yet to be resolved on a permanent basis. It is not clear why these problems were not attended to simultaneously with the construction of the building, which itself was considerably delayed. The Committee

hope that the department would take immediate steps to provide approach road and water supply etc. for the Observatory.

*Excessive release of grants for the construction of buildings—pages 112-13, para 87.*

(18) (1) **Indian Audit Education Association**

18. In response to their request, the Ministry informed the Association in October, 1953 that it was willing to pay a grant of Rs. 86,000 if the Association could secure a site and collect the balance of Rs. 43,000 required to construct a three storeyed building.

In January, 1957, the Ministry of Works, Housing and Supply without consulting the Ministry of Education, allotted to the Association a plot of land in Indraprastha Estate, New Delhi on the stipulation that they should put up a multi-storeyed building thereon in conformity with structural surroundings.

The Association prepared a revised plan for a multi-storeyed building (including an auditorium) at an estimated cost of Rs. 6.77 lakhs and approach the Ministry of Education in March, 1958 for a grant of Rs. 4.51 lakhs for the building. In the meantime, the Association went ahead with their revised plan including the construction of an auditorium. In October, 1958, the Ministry approved an expenditure of Rs. 3.86 lakhs for construction up to 1st floor excluding the expenditure to be incurred on the auditorium and released an *ad hoc* grant of Rs. 86,000 on the condition that the balance of expenditure would have to be borne by the Association.

The Association were faced with financial difficulty in completing the building. At their request, Government sanctioned a further grant of Rs. 1.50 lakhs in August, 1960 and another grant of Rs. 39,000 in September, 1962, the latter to be utilised for the completion of the auditorium.

A total grant of Rs. 2.75 lakhs was thus paid against the original commitment of Rs. 86,000. The Association let out from April, 1962, 7,500 sq. feet to the Central Board of Secondary Education, a Government body at a monthly rent of Rs. 4,500. The rent charged thus works out to Rs. 60 per 100 sq. ft. against the usual C.P.W.D. rate of Rs. 45 per 100 sq. ft. for that area.

In evidence, the Secretary (Education) stated that the Adult Education Association, which had a significant role in the spread

of adult education in the country, were an expanding organisation. When the Association initially approached Government in 1953 for a small grant, they only wanted to make a beginning with the resource that was likely to be available. In 1953, the Association were expecting allotment of land in Bela Road area where they had proposed to construct a two storeyed building at an estimated cost of Rs. 1.29 lakhs. Government had agreed to pay two thirds of the estimated cost which came to Rs. 86,000. Later, when the Association were allotted a plot of land in the Indraprastha Estate with the stipulation that a multi-storeyed building should be put up thereon, they expanded their plan. The revised plan was based on their long term requirements. In view of the expanding activities of the Association, the Ministry felt that the building was not in excess of their requirements. The Ministry, however, pruned the Association's estimates of Rs. 6.77 lakhs to Rs. 3.86 lakhs and decided to release a grant of Rs. 86,000 only as originally agreed to. The Ministry had expected that the balance of the funds would be collected by the Association from other sources. The Association had spent Rs. 22,000 on the purchase of the land and had an amount of about Rs. 1 lakh in their Bank Account. But later, on a representation made by the Association mentioning, *inter alia*, the high cost of materials, stipulation of a construction of a multi-storeyed building etc., the matter was reconsidered by the Ministry and it was found that the Association would not be able to find the necessary additional funds. So it was decided to give a further grant for the main building. Subsequently, on further reconsideration it was also decided to give a grant for the auditorium. In a note\* (Appendix VII) submitted to the Committee the Ministry have stated that the total expenditure on main building upto March, 1962 was Rs. 4.66 lakhs. As against this Government approved a grant of Rs. 2.36 lakhs out of which a sum of Rs. 2.11 lakhs has been paid so far. Out of the grant of Rs. 39,000 approved for the auditorium a sum of Rs. 25,000 has been paid so far. The balance of the grants was yet to be paid.

To a question why the Association let out a part of building to the Board of Secondary Education, if the accommodation was required by themselves, the witness stated that the Association were unwilling to do this but as the Board had required accommodation, the Association agreed with a view to financing the construction of their Auditorium from the rent receipts. As regards the rates of rent payable by the Board, it was stated that the Board which was an autonomous body, had accepted the rates. With regard to

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\*Not vetted by Audit.

the Ministry's claim to share the rent receipts in proportion to the grants sanctioned by them, the witness stated that the Law Ministry had advised that the Ministry of Education had no share in the rent receipts, nor could they adjust it against the annual grant payable to the Association. To a question by the Comptroller and Auditor General, the Secretary (Education) replied that the question of reduction of the annual grant proportionately was under consideration.

The Committee regret to observe that the Association have been allowed to construct a building very much in excess of its requirements, more than 50% of the cost of which has been borne by Government (i.e. Rs. 2.36 lakhs out of 4.66 lakhs on main building plus Rs. 39,000 on the Auditorium). The Association have already let out a large part of the building to the Board of Higher Secondary Education at a high rental of Rs. 4,500 per month which works out to Rs. 60 per 100 sq. ft. against the usual C.P.W.D. rate of Rs. 45 per 100 sq. ft. for that area. Even allowing for future expansion of the Association, the Committee doubt whether they would need such a big building for their use. The Committee, therefore, find little justification for allotment of land to the Association in the Indraprastha Estate, with a stipulation to construct a multi-storeyed building. It is strange that the Ministry of Education were not consulted by the Ministry of Works & Housing while making allotment of land.

The Committee are surprised how, while approving the construction of the building at an estimated cost of Rs. 3.86 lakhs, the Ministry of Education expected that the Association would be able to collect funds from other sources (The Ministry initially sanctioned a grant of only Rs. 86,000). As the Association went ahead with the construction, and as the Ministry's expectation that the Association would be able to collect funds from other sources did not materialise, the Ministry had eventually to sanction a further grant of Rs. 1.50 lakhs in August, 1960 for completion of the building and again another grant of Rs. 39,000 in September, 1962 for completion of the Auditorium. Such a liberal attitude on the part of the Ministry in agreeing to the increase in the quantum of grant, over what was initially agreed to is likely to make the grantees extravagant in their expenditure, and hence should be discouraged.

The Committee are also unable to see adequate justification for the Association to charge higher rent from the Central Board of Secondary Education, which is financed by the Centre, specially when the building was constructed largely out of grant given by the Ministry.

Para 87(2)

### Bharat Scouts and Guides

19. In September, 1960, the organisation applied for a grant for the construction of a multi-storeyed building estimated to cost Rs. 8.80 lakhs for its headquarters at New Delhi. The Ministry released grant-in-aid of Rs. 1 lakh during 1960-61 and at the instance of the Ministry of Finance informed the organisation that the estimates of the building should be reduced drastically and that the Government's contribution would not exceed 50 per cent of the approved expenditure which was to be determined on receipt of revised estimates.

The organisation revised their estimates to Rs. 7.83 lakhs which was approved by the Ministry. On the representation of the organisation that they had a very limited source of income, Government contribution was increased, with the approval of the Ministry of Finance, from 50 per cent to 75 per cent of the total cost as finally evaluated by the C.P.W.D. or Rs. 4 lakhs whichever was less. The total amount of grant paid up to December, 1962 amounted to Rs. 3.5 lakhs.

The organisation was not in the need of a four-storeyed building but the Delhi Development Authority, which had allotted the plot on lease, insisted on the erection of multi-storeyed structures. In January, 1963 an area of 2,914 sq. ft. of the building was let out to the National Council of Educational Research and Training, an autonomous body set up by Government, at a monthly rental of Rs. 2,914 which works out to Rs. 100 per 100 sq. ft. as against the approved rate of Rs. 45 per 100 sq. ft.

In evidence the Secretary (Education) stated that the monthly rent of Rs. 2,914 payable by the National Council of Educational Research and Training for a portion of the building had been fixed provisionally. The Ministry had consulted the C.P.W.D. in the matter and the Bharat Scouts and Guides had agreed to accept the rent assessed by the C.P.W.D. In reply to a question, the witness stated that the completion certificate and the audited account of actual expenditure incurred on the construction and furnishing of the building had since been received, for Rs. 6,75,520. These would be forwarded to Audit.

The Comptroller and Auditor General enquired whether it was not possible for the organisation to ask the Delhi Development Authority to allot a plot of land in an area where they could build

a two-storeyed building. The Secretary (Education) replied that this aspect would be considered in future.

The Committee regret to point out that this is another case where the building constructed was bigger than the requirement of the Organisation *viz.*, Bharat Scouts and Guides. Although the Organisation was not in need of a four-storeyed building, the Delhi Development Authority insisted on the erection of a multistoreyed structure. It is not clear why the Organisation could not be allotted land in some other area where they could construct a building according to their requirement. The Committee suggest that a procedure should be evolved whereby some co-ordination is established between the agency responsible for allotment of land to such organisations and the Ministry responsible for release of grants, so that the Organisations are not given plots with stipulation of constructing multistoreyed structures, if they actually do not require them. In the opinion of the Committee the present practice of the Organisations letting out their surplus accommodation at high rentals and thus adding to their income is not satisfactory.

In the present case also, the Committee do not find adequate justification on the part of the grantee to charge a higher rent from the National Council of Educational Research and Training. The Committee were informed during evidence that the monthly rent payable by the National Council of Educational Research and Training had been fixed provisionally and that the Bharat Scouts and Guides had agreed to accept the rent assessed by the C.P.W.D. The Committee would like to be informed of the rent finally fixed in this as well as the previous case.

This practice of giving grants to private bodies to construct buildings in excess of their requirements and then permitting them to rent out the extra accommodation at exorbitant rates to semi Government institutions amounts to giving indirect subsidies to such bodies. In this connection, the Committee would like to draw attention to their observations in para 60 of their 20th Report (Third Lok Sabha) wherein they had taken strong exception to the circuitous way in which indirect subsidies are sought to be given to private bodies howsoever important their field of activity might be.

#### NATIONAL BOOK TRUST

General—page 117—para 89

20. The National Book Trust was established in pursuance of a resolution adopted by Government in June, 1957 and was registered 1565 (Aii) LS—3.

on 28th April, 1959 under the Societies Registration Act of 1860 with a view to producing and encouraging the production of good literature and to make them available at moderate prices to the public. In September, 1962 an Executive Committee was set up to administer, direct and control the affairs of the Trust.

Upto the end of 1962-63 the Trust had received grants from Government amounting to Rs. 10.16 lakhs for meeting expenditure on administration, technical personnel, translation, reading and writing of books; their other receipts amounted to Rs. 9,000.

The entire expenditure on the printing of books handed over to the Publication Division of the Ministry of Information and Broadcasting is, however, borne by Government and the sale proceeds credited to Government.

The Committee wanted to know the expenditure incurred by the Publications Division on the printing of the Publications of the National Book Trust. The Secretary (Education) stated that it would be a complicated process to separate the cost of printing in respect of the Publications of the Trust from other publications printed by the Publication Division. The witness, however, promised to obtain the figures from the Publications Division. *This information is still awaited.*

**The Committee feel that it is necessary to keep a proper account of the expenditure on Publications and their sale proceeds with a view to assessing the economics of pricing system and working of the Trust. They desire that the Trust should maintain such accounts.**

*Infructuous expenditure—page 117—para 89(a)*

21. In September, 1962, a reviewing Committee appointed by the Trust reviewed the books at different stages of publication and decided (i) that 44 titles need not be published; (ii) that the publication of 22 titles should be held in abeyance; and (iii) that 13 titles might be circulated among private publishers with a view to including them to publish these translations. An expenditure of Rs. 33,501, Rs. 18,000 and 12,722 respectively had been incurred on the preparation of the manuscript of these three groups of publications till July, 1963.

The Trust stated in November, 1963 that the Publication of the titles had to be dropped as the review of the sale of the books already published had shown that the average sale of many of the publications similar to those that had been dropped was extremely poor. The Trust also stated that it was making arrangements to bring out even the dropped titles through private publishers and that as

royalty would be payable to the Trust in respect of these publications, the expenditure incurred was expected to be recovered in course of time.

In evidence, the Secretary (Education) stated that the decision not to publish a large number of manuscripts was taken in light of the review of the policy of publication and experience gained by the Trust. Experience had shown that certain type of books did not attract readership. Out of 115 titles reviewed by the reviewing Committee, only 36 titles were approved and 79 rejected. Explaining the circumstances leading to the appointment of the reviewing committee, the witness stated that that was follow up action on Tara Chand Committee's Report, which evaluated the work of the Trust upto the 31st December, 1961. In the light of this review, the Ministry made certain changes in the composition and functions of the Trust in 1962. A new chairman was appointed, and an executive committee, which was a new feature, was set up. An advisory committee (Reviewing Committee) was appointed to advise the Trust on the selection of books. Certain other improvements had also been effected since then. The witness admitted that in the beginning there had been overlapping in the functioning of the Trust with other organisations, in that the selection of books was not correctly made. Books which should not have been selected were chosen for publication.

The Committee note from the Tara Chand Committee Report (a copy furnished by the Ministry at the instance of the Committee) that the scheme of production of literature by the Trust had been almost too comprehensive and therefore neither useful nor practicable. That Committee were not satisfied with the quality of the literature produced. They believed that more thought should have been given to this aspect which was of vital importance. In their view some of books published did not deserve publication and the funds could have been employed for more useful purpose. According to that Committee the main function of the Trust should be to propagate modern knowledge in Indian languages, set out in books suited to the educational qualifications and intellectual development of the large class of persons who have had the opportunity of only pre-university education:

**The Committee are perturbed to note that the selection of titles of publications was not made by the Trust on any scientific basis in the past. Out of 115 titles reviewed by the Reviewing Committee as many as 79 have been rejected resulting in expenditure of Rs. 64,223 being rendered infructuous. The Committee hope that the functions of the Trust have now been streamlined in the light of the Tara Chand**

**Committee Report, and that with the organisational changes since made in the Trust, its working will improve and its objective of catering to educational needs of persons who have had no opportunity of University education, would be achieved.**

**The Committee would like to know the outcome of the Trust's proposal to bring out dropped titles through private publishers.**

*Printing in excess of actual requirements—pages 117-18—para 89(b)*

22. During the period June, 1957 to 31st December, 1962 the Trust released 65 publications in different languages. The following table indicating the position of the copies printed, sold and distributed free as on 30th June, 1963 shows that some of these publications had remained completely unsold while the closing stock of other publications ranged between 54 per cent. and 89 per cent. of the copies printed and that after excluding the copies distributed free, the sales to the public ranged between 5 per cent to 42 per cent.

Language of the publication	No. of publications.	No. of copies printed	No. of copies			
			Sold	Distributed free	Unsold	
English	A	I	4,000	3,500	255	236
	B	II	37,545	16,759	1,210	19,576
Hindi	A	1	3,000	985	176	839
	B	8	20,000	13,785	965	5,250
Sanskrit	A	1	1,000	61	75	864
Other regional languages	A	16	38,000	8,791	2,212	26,997
	B	29	68,973	12,701	3,128	53,144
TOTAL	A	19	46,000	13,346	2,718	28,936
	B	48	1,26,518	43,245	5,303	77,970

A—Represents release of publications before 1960.

B—Represents release of publications from 1961 to June, 1963.

In evidence, the Secretary, National Book Trust stated that the sales had gone up a little. The percentages of sales of books of various languages were stated as follows: English 59%; Hindi 76%; Assamese 31%; Bengali 18%; Gujarati 15%; Kannada 18%; Malayalam 19%; Marathi 26%; Oriya 17%; Punjabi 25%; Tamil 17%; Telugu 12%; Urdu 24% and Sanskrit 5%. The witness agreed that one of the reasons for low sale of language publications was lack of publicity. Recently the publications had been advertised in all language papers and this was expected to yield good results. Another reason for low sales was stated as the books not being interesting to readers.

**The Committee feel concerned to note that the sale of books of the Trust has not been encouraging. They desire that vigorous efforts should be made to publicise these books in order to attract readership. The various libraries in the country should also be approached to buy these books.**

*Pricing of Publications—page 118 para 89(c)*

23. The expenditure of Trust during 1962-63 amounting to Rs. 2.80 lakhs was mainly on:—

- (i) Salaries Rs. 1,22,134
- (ii) Travelling allowance Rs. 20,498.
- (iii) Rent, electricity charges etc. Rs. 47,748 and
- (iv) Publishing Rs. 63,470.

The expenditure on items (i) to (iii) above (representing 'over heads') was over 340 per cent of the actual expenditure on publications [item (iv) above which included cost of manuscripts, actual cost of printing binding etc. but not the cost of printing incurred by the Publications Division].

In evidence, the Secretary (Education) admitted that the establishment charges were high as compared with the expenditure on production (including printing charges), but urged that the Trust was not a commercial organisation. Referring to the pricing policy the witness stated that the objective of the Trust was that the prices should be as moderate as possible. The price could not be obviously fixed on the basis of the entire establishment charges of the Trust and the Publication Division. The latest decision was that the price should be fixed on the basis of the cost of production plus 2 to 2½ times thereof to cover over-heads. The witness added that the position had improved in that previously the price included only 100% of the cost of production to cover overheads. Ultimately when books began to be produced in large numbers the operation would become self-supporting and no subsidy would be needed. He expressed the hope that that stage would be achieved fairly soon.

**The Committee desire that the pricing policy of the Trust should be kept under constant review and efforts should be made to make the Trust self supporting. The Ministry should examine the feasibility of the Trust undertaking printing of all their publications and receiving the sale proceeds, like Lalit Kala Akademi and Sahitya Akademi etc.**

*Rural Higher Education Scheme—page 119—para 90*

24. In 1956, Government selected 10 educational institutions for development as rural institutes for providing facilities for higher education beyond the secondary stage to the rural people in their own setting and to train manpower for specialised jobs in the Community Development Programme. The institutes started functioning from July, 1956.

The grants were released much in excess of the spending capacity of the grantees in the two cases indicated below:—

Name of the Institute	Year	Amount of non-recurring grants	Unspent balances at the close of 31-3-1961
(Rupees in lakhs)			
(i) Institute of Rural Higher Education, Sriniketan	1958-59 to 1959-60	3.00	1.59
(ii) Shri M. Vidyapeeth Rural Institute, Gargoti	December, 1960	1.00	1.12
	March, 1961	0.50	

Referring to the release of excessive grants to the Institute of Rural Higher Education Sriniketan, Secretary, (Education) stated that the grant was issued in two instalments of Rs. 2 lakhs and Rs. 1 lakh in February, 1959 and February, 1960, respectively. The first instalment was released against a demand for Rs. 3.2 lakhs at a time when the construction work was in progress and some bills were pending for payment. It was urged that since the entire expenditure was to be met from the Central Grant the money was paid to the institute to ensure unhampered progress of work. On 13th September, 1959 the institute had a balance of about Rs. 1.34 lakhs from the Central grant. It had intimated that it would spend another amount of Rs. 1.89 lakhs on the items already approved, besides a sum of Rs. 86,000 approved during 1959-60 for buildings and equipment. In view of this the release of the second instalment was considered justified. During the year 1960-61 no non-recurring grant was released to the institute as it had a sizable unspent balance of the previous years' grant. The reason for the unspent balance was that the institute had set apart a sum of Rs. 1 lakh for the purchase of land, but the land was actually purchased in 1961-62. In justification of the institute retaining the unspent balance for a long time the witness stated that the land acquisition proceedings were in

progress and it could not be foreseen when the institute would be called upon to pay for the land.

In reply to a question the witness stated that the institute had since been closed down and its functions had been taken over by a regular department of the Viswabharati University called Pali Shiksha Sadhan from 1st September, 1963. All assets created by the institute out of the Central grants, both recurring and non-recurring as also the unspent balance had been placed at the disposal of the University Grants Commission who would assess the needs of the new department.

The Committee feel that proper scrutiny of the demands of the Institute was not made by the Ministry before the release of the grants. The fact that out of the total grant amounting to Rs. 3 lakhs paid during 1958-59 and 1959-60, there was an unspent amount of Rs. 1.59 lakhs as on 31st March, 1961 (more than a year after payment of the second instalment) indicates that the grants were given much in excess of the requirements for the particular years. The amount required for the purchase of land could have been released after the acquisition proceedings had been finalised or when they were in their final stage. The Institute had still an unspent balance of the Central grants at the time of its winding up on the 1st September, 1963, which has been placed at the disposal of the University Grants Commission.

25. With regard to grants given to Shri M. Vidyapeeth Rural Institute, Gargoti, the Committee enquired the justification of the payment of supervision charges at the rate of 5% of expenditure incurred on construction works, even though the supervision was conducted by the Vidyapeeth itself. The Secretary, Education stated that according to the practice obtaining in that State, 5% of the cost of construction was payable to the State P.W.D. when they supervised a work. This payment was considered admissible to the Vidyapeeth who conducted supervision in this case. The Comptroller & Auditor General pointed out that paying of supervision charges could be justified if the Vidyapeeth had employed some technical staff for the purpose. The Committee understand from a note\* (Appendix VIII) furnished by the Ministry of Education that the construction was supervised by the Vidyapeeth itself through its own staff specially employed for the purpose. The Committee feel that there was no justification for payment of supervision charges to the Institute at the rate of 5 per cent. of the expenditure incurred on the construction works. It is also regrettable that Institute was paid grants in excess of its spending capacity to the extent of Rs. 1.12 lakhs.

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\*Not vetted by Audit.

**Outstanding utilisation certificates page 120, para 80 (3)**

26. The utilisation certificates in respect of the following grants were still (October, 1963) awaited from the Ministry:—

Year	Amount of grant
	(Rupees in lakhs)
1958-59 . . . . .	1.65
1959-60 . . . . .	2.00
1960-61 . . . . .	5.20
1961-62 . . . . .	8.87

In evidence, the Secretary (Education) stated that outstanding amounts were due to slow progress of construction works. The audited accounts had been recently received and were being examined after which utilisation certificates were expected to be issued. The latest position of outstanding Utilisation Certificates in respect of the grants sanctioned to the Rural Institutes upto the year 1961-62 has been stated by the Ministry in their note as under:

Year	Amount of grant outstanding as on 7-8-64
	Rupees in lakhs)
1958-59 . . . . .	..
1959-60 . . . . .	1.00
1960-61 . . . . .	1.20
1961-62 . . . . .	6.10

The Committee are glad to note the progress made in issue of the utilisation certificates in respect of the grants sanctioned upto the year 1961-62. They hope that efforts will be made to clear the backlog of utilisation certificates and avoid delay in their issue in future. The Institutes concerned should be impressed upon to submit their audited accounts in time.

*Grants paid to Cultural Institutions/Organisations etc. pages 120—125, para 91*

27. Grants aggregating Rs. 67.54 lakhs were paid during 1962-63 by the Ministry to Cultural Institutions/Organisations, etc.

**(a) Performance Reports**

According to the instructions issued by the Ministry of Finance in July, 1959, a performance report in respect of each grant has to be obtained from the grantee institutions and an annual review of such

grants had to be undertaken by the Ministry with the assistance of leading non-officials; a review of the utilisation of the grants-in-aid specifying the achievements and the amounts spent should also be included in the Annual Reports of the Ministry concerned. It was noticed by Audit in July, 1963 that no such review had been conducted by the Ministry in respect of the grants released in previous years.

In evidence, the Secretary (Science) stated that the question of obtaining performance reports from grantees was under consideration in consultation with the Ministry of Finance. The witness added that in the case of non-recurring grants given for specific purposes such as buildings, development of museums publishing of manuscripts etc. audited accounts and utilisation certificates were received in the Ministry and so the Ministry had already a report on the performance of the grantees. In the case of institutions receiving recurring grants, annual reports containing a review of their work were being received by the Ministry. Besides, the representatives of the Government were associated with most of the institutions, and this itself was a sufficient safeguard for ensuring the proper utilisation of grants. The officers also submitted reports to the Ministry on the working of the institutions. In the case of the institutions receiving *ad hoc* grants, the officers undertook a tour of the institutions and checked up their working. On his attention being drawn to non-inclusion of a review of utilisation of the grants-in-aid in the annual report of the Ministry for the year 1963-64, the witness promised to look into the matter.

The Committee note that the instructions regarding calling for performance reports from grantees and undertaking an annual review of grants with the assistance of some leading non-officials were issued by the Ministry of Finance pursuant to the recommendation of the Estimates Committee contained in para 17 of their 55th Report (Second Lok Sabha). While making this suggestion the Estimates Committee were aware of the utilisation certificates already obtained by the Administrative Ministry concerned from the grantees, which were generally taken into account before sanctioning future grants. The Estimates Committee felt that the checks exercised at the pre-budget stage were more with reference to the policy and size of the grants rather than with reference to the actual use to which the grants had been put by the grantees and the benefits derived therefrom. It was, therefore, with a view to have a review made of the actual use of the grants and benefits derived therefrom by the grantees that the Estimates Committee made the recommendation. The Committee note that the audited accounts of grants on which the

utilisation certificates are based are usually delayed. Further these accounts would not help in satisfying the Ministry about the fulfilment of the objectives of the grants and the benefits derived by the grantees. In view of this, the Committee emphasise that a systematic annual review based on the performance reports of the grantees is essential. The Committee also desire that as suggested by the Estimates Committee, a review of the utilisation of grants specifying in detail the achievements vis-a-vis the amount spent should be included in the annual report of the Ministry.

Para 91

(b) *Audited accounts of grants and Utilisation Certificates*

28. A test check of 196 cases of grants released during 1961-62 showed that audited accounts had not been submitted within the specified time limit in as many as 154 cases. Utilisation certificates in 25 cases, involving a sum of Rs. 7.02 lakhs relating to the 'Building grants' paid during 1960-62 and in 203 cases, involving a sum of Rs. 66.21 lakhs relating to 'Other grants' paid during the same period, were not issued by the Ministry upto June, 1963.

In evidence, the Secretary (Science) stated that a consolidated record to keep watch over the timely receipt of progress reports and audited accounts had been maintained in the Ministry from 1st April, 1963 in the form approved by the Comptroller & Auditor General. The witness added that the Ministry had issued orders that unless utilisation certificates were received no grant would be given to the grantees except under very exceptional circumstances. It was urged that utilisation certificates were usually delayed in respect of grants given for publication of books and construction of buildings; in the former case editors took more time than expected and in the later case construction was delayed due to scarcity of building materials.

From a note\* (Appendix IX) submitted by the Ministry of Education, the Committee learn that out of 154 cases relating to the year 1961-62 in which audited accounts had not been submitted within the specified time limit, Utilisation Certificates were still outstanding in respect of 84 cases. In 22 cases further grants were paid without receiving the audited accounts and in 8 cases grants were withheld.

As regards 25 cases involving Rs. 7.02 lakhs relating to the building grants, paid during 1960-62, Utilisation Certificates in respect of which had not been issued upto June, 1963, 13 cases involving Rs. 3.31 lakhs were still outstanding upto August, 1964. Out of 203 cases involving a sum of Rs. 66.21 lakhs relating to 'Other grants' paid during the same period (1960-62) outstanding upto June, 1963, 116

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\*Not vetted by Audit. Figurers are provisional and are under reconciliation between the Ministry and Audit.

cases involving Rs. 45.79 lakhs were still outstanding upto August, 1964.

The Committee feel concerned to note that in 154 cases out of a total of 196, audited accounts had not been submitted within the specified time limit. The Committee also view with concern that in large number of cases (129 relating to 1960-62, 84 cases relating to 1961-62). Utilisation Certificates had still not been received.

The Committee however note that the Ministry have taken some steps to get expeditious submission of certificates and audited accounts. They, however, feel that the cases of outstanding utilisation certificates and submission of outstanding audited accounts require constant watch to bring about significant improvement.

(c) *Special features noticed in some grants given by the Ministry*

**All India Fine Arts and Crafts Society,  
New Delhi**

29.	Grants paid	Date of sanction payment
	(i) Rs. 50,000	August, 1954
	(ii) Rs. 1,65,000	March, 1961

Against a demand for a total grant of Rs. 6 lakhs for the construction of a building to house the Society, a sum of Rs. 50,000 was initially paid in August, 1954 as outright grant and the balance of Rs. 5.50 lakhs was sanctioned as a loan and paid in three instalments commencing from June, 1955 to May, 1956. The loan was repayable in nine annual instalments on a sliding scale commencing from 1st January, 1957 with interest at 4 per cent per annum. The interest was to be paid half-yearly on 1st April and 1st September, every year.

The Society defaulted in repayment of loan and a sum of Rs. 1.65 lakhs was paid in March, 1961 as a grant, without the specific vote of Parliament, to enable the Society to repay three instalments of loan which had become over-due. It had been stated by the Ministry (December, 1963) that "The Grant was given primarily towards the expenses incurred by the Society for the construction of its building and it was incidental that the Society had been granted a loan for the same purpose and the Government of India decided not to give the grant in cash but to adjust it against the outstanding instalments towards repayment of the loan". Further, a loan of Rs. 90,000 was also sanctioned in two instalments in February, 1962 and March, 1963 for air-conditioning the Society's theatre-hall.

Although the building was completed in 1955, the mortgage deed, required to be executed according to the terms and conditions of the loan, had not been executed upto December, 1963.

In justification of the payment of the grant of Rs. 1.65 lakhs to the Society in March, 1961 for repayment of the loan, the Secretary (Science) stated that the Society was unable to pay the arrears of interest and capital. While sanctioning the grant, the Ministry had insisted that the Society should set up a building Committee with a senior Government officer as the Chairman to look after its income and expenditure until the remaining part of the loan had been completely repaid. On his attention being drawn to the Ministry's statement that the grant of loan instead of a grant for the construction was incidental, the witness stated that at the time of granting the loan it was expected that the Society would be able to repay the interest and capital. But it was later found that the Society was not in a position to do so. Asked why the grant for repayment of loan was paid without obtaining a vote of Parliament, the witness stated that it was not a New Service. The grant was paid towards the expenses incurred on the building from the funds intended for grants to cultural organisations, which had been voted by Parliament.

In reply to a question whether instead of giving a grant to the Society for repayment of the loan, the repayment could not be postponed for some time, the witness stated that it had already been postponed for 2—3 years but the Society was finding it difficult to repay the loan from its own resources. Although the building started yielding rent from 1957, the income had not been sufficient for repayment of the loan. The Society had since been repaying the subsequent instalments of the loan without default. In justification for granting a further loan of Rs. 90,000 for air-conditioning the Society's hall, the witness stated that the Society's income would be doubled after air-conditioning.

With regard to the execution of the mortgage deed for the building, the witness stated that the difficulty was in obtaining a completion certificate from the Municipal authorities, in the absence of which the Chief Commissioner could not grant a perpetual lease of the land.

The Committee feel that the Ministry has not set a good example in sanctioning a grant of Rs. 1.65 lakhs to the All India Fine Arts and Crafts Society to enable it to repay three outstanding instalments of the loan. If the grant was towards the construction of the building, its desirability should have been considered at the time of sanctioning the loan. Since, Government had deliberately decided to give a loan

of Rs. 5.5 lakhs, its repayment should have been insisted upon. From a note (Appendix X) furnished to the Committee at their instance, the Committee learn that the Society had earned an income of Rs. 6.85 lakhs (approximately) from the rent of its building from 1956-57 to 1963-64. This is an additional reason why the repayment of the loan in full should have been insisted upon. The Committee hope that the balance of this loan and also the subsequent loan of Rs. 90,000 would be recovered from the Society.

The Committee are not happy about the non-execution of a mortgaged deed of the building which was completed in 1955. They desire that the matter should be pursued vigorously and deed finalised early.

In this connection, the Committee would like the Ministry of Finance to examine, in the first instance, whether an unusual payment of this type involving the release of a grant to a private body for the partial repayment of a loan from Government, should be regarded as an item of 'New Service' and brought to the notice of Parliament.

#### Jallianwala Bagh National Memorial Trust, Amritsar

30.

Grants	Date of sanction/payment	Unspent Amount
Rs. 50,000	October, 1954	26,373 1-4-1957
2,50,000	March, 1955	2,10,661 1-4-1958
2,00,000	November, 1958	1,58,700 1-4-1959
1,60,000	November, 1959	2,38,432 1-4-1960
5,512	March, 1961	
10,000	January, 1962	
50,730	January, 1963	Audited Accounts not received June, 1963

Against the original estimate of Rs. 6 lakhs, the cost of the Memorial went up to Rs. 9.81 lakhs. While releasing each instalment, it was stipulated in the sanction that the audited accounts and a certificate of utilisation from the Chartered Accountant were to be submitted by the Trust by the 31st July of the year following that in which the grant was released. This condition was not complied with by the Trust resulting in excess release of grants in advance of requirements.

The Committee enquired the reasons for releasing subsequent grants without obtaining utilisation certificates for the previous grants of which the Trust had large unspent balance. The Secretary (Science) stated that the construction of the memorial was executed by the C.P.W.D. and looked after by the Prime Minister's Secretariat.

The grants had been released at the assurance given by the Prime Minister's Secretariat that the work had been done and utilisation certificates would be sent. The witness added that the present position of utilisation of grants was that except for a sum of Rs. 2,757 the Trust had spent the entire amount and had submitted the utilisation certificates. In reply to a question the witness stated that the utilisation certificates for the grants of Rs. 50,000 released in October, 1954 and for Rs. 2.5 lakhs released in March, 1958 were received in December, 1959.

The Committee asked for the reasons for the increase in the estimates for the memorial from Rs. 6 lakhs to Rs. 9.81 lakhs. The witness stated that the original estimate was only a preliminary estimate prepared by the architects and it was approved by the Cabinet in September, 1954. Due to subsequent decisions taken by the Trustees of the memorial and increase in the cost of materials the Cabinet sanctioned an additional amount of Rs. 3,00,532 in March, 1959, thus raising the original estimate to Rs. 9,00,532. As against this the actual expenditure came to Rs. 9,81,282 including Rs. 30,000 for relief work which was still to be carried out.

The Committee regret to note that in this case grants were released from time to time irrespective of the fact that the Trust had large unspent balance out of the grants released earlier. According to the instructions issued by the Ministry of Finance only so much of the grants should be paid during the financial year as is likely to be expended during that year. It is regrettable that excessive grants were issued in advance of the requirement in spite of the fact that the work was being executed by the C.P.W.D. The Committee are however glad to be informed during evidence that except for a small sum of Rs. 2,757 the Trust had been able to utilise the entire amount and had submitted the utilisation certificates for the same.

#### Hindustani Culture Society, Allahabad

31.

<i>Grants paid</i>	<i>Date of sanction payment</i>
Rs.	
(i) 25,000	March, 1952
(ii) 25,000	September, 1956
(iii) 25,000	January, 1962

Against the Society's original estimate prepared in February, 1952 for Rs. 50,000 for construction of their building at Allahabad, Government paid a grant-in-aid of Rs. 25,000. The payment was made without verifying whether the Society had the land and whether plans and designs of the buildings were ready. The plot was actually taken on lease at Kanpur later in August, 1954 from the Town Improvement Board.

In June, 1956, the Society revised the estimate of the building to Rs. 3 lakhs and the Ministry paid a further grant of Rs. 25,000. The building could not be completed by the Society and a further grant of Rs. 25,000 had to be paid in January, 1962 to complete a portion thereof.

In December, 1961, the C.P.W.D. assessed the cost of the portion completed at Rs. 34,040 as against the expenditure of Rs. 55,027 claimed by the Society. The C.P.W.D. estimated the cost of the entire building at Rs. 60,353.

The Committee asked for the reasons for increasing the grant to the Society from Rs. 25,000 to Rs. 75,000. The Secretary (Science) stated that the Society had initially requested for a grant of Rs. 50,000 for the construction of a building on a land which was stated to be available with it. The Ministry paid a grant of Rs. 25,000 in March, 1952. In June, 1956 when the Society revised the estimate to Rs. 3.33 lakhs the Ministry advised it to confine itself to the construction of the block under construction which was estimated to cost Rs. 1.17 lakhs, and it was agreed to release a further grant of Rs. 25,000. As the Society failed to raise funds from other sources, as was anticipated earlier, and as a large part of the work still remained to be completed, it asked for a further grant of Rs. 75,000. A grant of Rs. 25,000 was sanctioned in 1962 to complete the remaining part of the building. Before giving the grant the C.P.W.D. was asked to report on the project. The C.P.W.D. reported that unless another sum of Rs. 26,313 was spent, the portion already built would be useless. With regard to an assessment of Rs. 34,040 made by the C.P.W.D. of the completed portion, the witness stated that the valuation did not take into account the expenditure incurred on levelling the land, preparation of plans and estimates etc. which came to Rs. 13,000. The witness added that an audited statement of accounts showing an actual expenditure of Rs. 55,000 had been received. The building had not yet been completed.

With regard to the change of site of the building from Allahabad to Kanpur, the witness stated that the Society had informed the Ministry that it could not get land at Allahabad. The Ministry had received a letter from the U.P. Government in December, 1963 stating that the land at Kanpur was transferred to the Society by the Agriculture Department in 1962 and the lease deed had been registered. To a question whether the Society was asked to explain the wrong statement originally made about the possession of land at Allahabad, the witness stated that the grant was sanctioned at a high level and that there was nothing on record to show that displeasure of Government was expressed at the misrepresentation made by the Society.

The Committee are far from happy at the manner in which this case was handled. The initial grant of Rs. 25,000 was paid in March, 1952 without verifying the statement of the Society that it had land at Allahabad. This resulted in the construction of the building being started after more than two years of the payment of the grant. Although the usual practice is to pay grants upto 50% of the estimated cost of construction of buildings, in this case the entire cost has been borne by Government. Obviously the Ministry did not examine the financial position of the grantee and the Society submitted inflated estimates of the building. According to the C.P.W.D. the estimated cost of the entire building was Rs. 60,353 (the figure according to the Ministry does not include cost of levelling etc. which came to Rs. 13,000) against which Government have paid grants amounting to Rs. 75,000. A statement of accounts showing the actual expenditure of Rs. 55,000 has been received from the Society so far. The Committee would like to know about the actual cost of the building and the position of the audited account for the balance of the grant.

Hindustani Academy, Allahabad

32. Grant paid	Date of sanction/payment
Rs. 30,000	January, 1962.

The grant was given for the construction of the Academy's building, the land for which was stated to have been allotted by the State Government. The audited account and utilisation certificate were to be furnished by the 31st July, 1962.

In February, 1963, it was noticed that the lease for the land had not been executed. Although the amount collected by the Institution was Rs. 80,000 only the grant was not restricted to one-third thereof, as was originally stipulated in the sanction issued in January, 1962.

Asked to state the justification for the release of a grant of Rs. 30,000 in January, 1962 for construction of a building, while the lease of land had not been executed even in February, 1963, the witness stated that the Ministry had not anticipated any difficulty about the lease. The Academy had informed that a plot of land had been allotted to it. To a question whether it was ascertained from the State Government, the witness stated that while recommending the application of the Academy, the State Government had confirmed that they had sanctioned a grant of Rs. 30,000 to the Academy. The Ministry had, therefore, proceeded on the assumption that the statement of the Academy about the allotment of land must be correct. With regard to the Central grant not being restricted to 1/3rd of the amount of Rs. 80,000 collected by the Academy, the witness stated that the State Government having given a grant of Rs. 30,000 it was

decided to release a matching grant considering the good work done by the Academy and the recommendation of the State Government. It was urged that the Central Grant was not much in excess of the 1/3rd amount.

The Committee regret to note that this is yet another case where a grant (Rs. 30,000) was released even before the actual lease of the land by the grantee. They are surprised at the casual manner in which the Ministry assumed that the Academy's statement regarding allotment of land was correct, without making a specific enquiry in this regard from the State Government. The Committee desire that the Ministry should ensure in future that grants are not paid in advance of the actual requirement or without verifying all the relevant facts.

**Rasika Ranjani Sabha, Mylapore, Madras**

33.	Grants paid	Date of sanction payment
	Rs.	
	25,000	December, 1961

In April, 1961, the Sabha applied for a grant on the plea that it had incurred a debt of Rs. 83,000 in connection with the construction of its building and the repayment of the unliquidated portion of it (Rs. 56,000) would act as a great strain on its slender resources. Though the accounts of the Sabha for the three years 1958—60 showed that it had an excess of income over expenditure to the extent of Rs. 14,000 per annum, the Government sanctioned an *ad hoc* grant of Rs. 25,000.

Explaining the justification for sanction of an *ad hoc* grant of Rs. 25,000 to the Sabha in spite of its income being in excess of the expenditure to the extent of Rs. 14,000 per annum, the Secretary (Science) stated that the grants were sanctioned to cultural organisations on the recommendations of the State Governments for construction of buildings upto 50 per cent. of the estimated cost. In the present case if the Sabha had approached the Ministry before taking up construction, it could have asked for a grant of Rs. 40,000. As against this the Ministry had actually paid only Rs. 25,000 to help the Society to liquidate its debt, knowing that it had an annual income which could be used for its purposes.

In the case of Thyaga Brama Gana Sabha, Madras also a grant of Rs. 20,000 was paid in March, 1962 for partial liquidation of a debt of Rs. 86,300 incurred by the Sabha on the construction of its building.

**The Committee understand that under the rules grants should be made available on the basis of specific schemes drawn up in sufficient**

detail and duly approved by Government. The Committee are not satisfied over the grants being paid to enable the grantees to liquidate their debts on construction of buildings when the schemes had not been approved by the Ministry in advance. The Committee would like to know the details of all cases where such relaxation of rules had been made by the Ministry during the last three financial years and the justification for doing so.

#### LALIT KALA AKADEMI

34. The Lalit Kala Akademi was set up by Resolution of Government on 5th August, 1954 in order to foster and co-ordinate activities in the sphere of visual and plastic arts and to promote thereby the cultural unity of the country. It was registered as a corporate body on 11th March, 1957 under the Societies Registration Act XXI of 1860

*Receipts and Expenditure—page 125, para 92 (a)*

35. The Akademi is financed mainly through grants-in-aid paid by Government. An account of the receipts and expenditure of the Akademi for the years 1961-62 and 1962-63 is given below:

	In lakhs of rupees				
	Receipts		Expenditure		
	1961-62	1962-63	1961-62	1962-63	
Grants paid by the Central Government.	7.00	3.61	Establishment and office contingencies.	2.40	2.63
Sale proceeds of Akademi's publications	0.01	0.50	Travelling Allowance to members of the General Council, Executive Board and Committee.	0.21	0.24
Miscellaneous receipts.	0.02	0.12	Grants to Arts Organisations	1.03	0.90
			Art Publications	1.85	1.62
			Exhibitions	1.05	0.74
			Miscellaneous (exchange of Artists, contributions to Artists Aid Fund, Frescoes, etc., etc.)	0.18	0.85
<b>TOTAL</b>	<b>7.03</b>	<b>4.23</b>	<b>TOTAL</b>	<b>6.78</b>	<b>6.98</b>

The percentage of expenditure on administration to the total expenditure on various activities of the Akademi which was about 34 in 1961-62 went upto 41 in 1962-63.

In justification of a high percentage of expenditure on Establishment and office contingencies, the Secretary (Science) stated that this expenditure also included pay and allowances of technical and

artist staff. The increase in the percentage of expenditure on administration in 1962-63 was due to upward revision of pay scales pursuant to the recommendations of the Pay Commission. But there was not corresponding increase in the activities of the Akademi due to the Emergency. Only the existing activities were carried on, and no fresh activities were taken up.

According to Audit even after excluding the expenditure of Rs. 49,000 relating to the pay and allowances of technical staff namely, Exhibition Officers, Editors and Technical Assistants from the Establishment charges, the administrative expenditure worked out to 34 per cent. of the total expenditure of the Akademi during the year 1962-63. The Secretary (Science) stated that this percentage of administrative expenditure was not high for the nature of work of the Akademi. The activities of the Akademi were stated as bringing out art publications, payments of grants, holding exhibitions, copying frescoes, and holding get-togethers of painters, sculptors etc. The total strength of the Akademi was stated as 51 which included a Secretary, an Assistant Secretary, an Administrative Officer, an Editor, an Assistant Editor, an Exhibition Officer, an Assistant Exhibition Officer and other staff. On his attention being drawn to decrease in expenditure on art publications from Rs. 1.85 lakhs in 1961-62 to Rs. 1.62 lakhs in 1962-63 and on exhibitions from Rs. 1.05 lakhs to Rs. 0.74 lakh, the Secretary (Science) stated that these activities varied from year to year.

Asked if a review of the activities of the Akademi had been undertaken to assess whether the expenditure was commensurate with the activities, the Secretary (Science) stated that a Reviewing Committee had been appointed 3-4 months back which was due to submit its report next month (August, 1964).

**The Committee feel that the percentage of the administrative expenditure (41 per cent.) to the total expenditure on the various activities of the Akademi is on the high side. The Committee desire that the expenditure might be kept under constant review, so as to effect economy wherever possible. The Committee would like to be informed about the conclusions of the Reviewing Committee appointed to review the activities of the Akademi and the action taken thereon.**

*Publications—pages 125-126, para 92 (b) (i)*

36. During the period 1954 to the end of March, 1963, the Akademi published 19 ancient and 11 contemporary works at a total cost of Rs. 10.48 lakhs. No tenders or quotations from standard presses were invited by the Akademi for printing work. 20 out of 30 publications so far released, were got printed by one firm in Bombay to

which payments totalling about Rs. 2.89 lakhs were made upto the end of March, 1963.

The Ministry stated that "It was inescapable that printing had to be entrusted to Presses, working in Bombay because the Honorary Editor lives there" and that "there are only two three Presses in Bombay which could handle the job". They also added that "Before placing orders for printing, quotations are invited by the Honorary Editor, of the Akademi, who lives in Bombay, though in some cases formal written quotations may not have been invited".

The Committee asked the reasons for the Akademi not inviting tenders from some standard printers for printing of the 30 publications brought out by them upto the end of March, 1963. The representative of the Akademi stated that printing of these publications was work of a specialised nature which could be handled by only a few competent printers. The quality of printing was the highest consideration that weighed with the Akademi. It was urged that about 12 publications out of 30 had won the State awards for printing. Prior to 1962-63, the selection of printers for entrusting all the printing work of the Akademi had been left to the entire discretion of the Honorary Editor. The Honorary Editor who was the Vice-Chairman of the previous Executive Board and the Council, had advised the Board from time to time on receipt of Audit objections that in the interest of high quality printing it was necessary to restrict the orders to two or three selected printers. Asked why the Honorary Editor was not asked to invite 'tenders' the Secretary (Science) stated that he (Honorary Editor) had certified that the rates charged by a Bombay firm were reasonable. As the Honorary Editor lived in Bombay, he wanted the printing work to be done there so that he could supervise it.

The representative of the Akademi informed the Committee that the practice of inviting quotations in respect of "Contemporary Art Series" had been started from March, 1963, and that work was now being allotted on that basis. The quotations invited in March, 1963 for printing monograms in the Contemporary Art Series revealed that the rates of the Bombay firm which had been awarded work by the Honorary Editor, were the lowest. As regards the 'Ancient Series', the representative of the Akademi stated that the Executive Board had agreed vide their resolution dated the 23rd February, 1964 that block-making and printing thereof should be entrusted to any of the three specially named firms of Bombay at the entire discretion of the Honorary Editor, in the interests of highest standards of quality.

which it would not be possible to maintain, if the procedure of inviting quotations was insisted upon. Asked why the procedure of inviting quotations even from these three Bombay firms had not been followed, instead of leaving the selection of the firm to the entire discretion of the Honorary Editor, the Secretary (Science) stated that the rates of the three firms were fixed, and these were known to the Board while selecting them. Even though the selection of the firm was left to the discretion of the Honorary Editor, he could not vary the rates.

In reply to a question the Secretary, (Science) stated that before placing the printing order, the Honorary Editor communicated to the Akademi the rates and the likely cost of printing, but the detailed break up of the cost was known only on receipt of the bills. Asked whether the Akademi checked that the rates were reasonable, the witness replied that the Executive Board reposed enough trust in the Honorary Editor, who certified the bills as correct and that rates charged had been agreed to by him.

The Committee are not satisfied over the Akademi not following the normal procedure of calling tenders for printing its art works from 1954 to March, 1963, and leaving the selection of printers to the entire discretion of the Honorary Editor. (20 publications out of 30 were got printed through a particular firm in Bombay). While the Committee share the Akademi's anxiety to maintain high standard of printing, they see no justification for not inviting tenders from some standard printers. It is regrettable that in spite of Audit objections, the Honorary Editor continues to be authorised to place orders in respect of ancient series on any of the three specifically named firms of Bombay at his entire discretion. Granting that it is convenient to the Honorary Editor to supervise printing in Bombay, it is not clear why tenders could not be invited from standard printers in Bombay. The only redeeming feature is that the Akademi has started inviting tenders for printing of Contemporary Art series from March, 1963. The Committee desire that the practice of inviting tenders should also be adopted in the case of the ancient series. It is also surprising that the Akademi is not informed by the Honorary Editor about the detailed break-up of the cost of printing until the final bill is received.

The Committee would like the Ministry of Finance to issue general instructions to the administrative Ministries that even in the case of so called autonomous bodies which are financed mainly through grants-in-aid paid by government, the normal procedure laid down for safeguarding the interests of public exchequer should be strictly followed.

*Heavy accumulation of stocks of publications—page 126, para 92 (b) (ii)*

37. Out of a total number of 1,51,000 copies of 30 works published by the Akademi upto 31st March, 1963, 78,885 copies i.e. about 52 per cent—the sale price of which was Rs. 8.30 lakhs—were in stock on 31st March, 1963. A year-wise analysis of the stock is given below:—

Year of publication	No. of titles printed	No. of copies printed	No. of copies distributed free	No. of copies sold	No. of copies in stock on 31-3-63	Value
						Rs.
1959-60 and earlier years.	13	80,181	2,636	53,885	23,660	2,67,666
1960-61	8	26,983	639	8,528	17,816	1,35,795
1961-62	3	16,834	143	4,013	12,678	3,20,728
1962-63	6	27,002	327	1,944	24,731	1,06,085
TOTAL	30	1,51,000	3,745	68,370	78,885	8,30,274

The closing stock included:

- (i) 4 publications valued at Rs. 18,508 the covers of which had been damaged due to bad storage while in the custody of the printers.
- (ii) books valued at Rs. 6,746 damaged by white-ants, bad nailing etc.
- (iii) 10,011 books (out of 20,000 copies got printed in 1956) the covers of which were damaged while in the custody of the Akademi. 38 of these books were badly damaged beyond economic repairs, and the cost of repairs of the covers of the remaining copies was estimated at Rs. 4,986 or their replacement at Rs. 20,000.

In evidence, the representative of the Akademi stated that the Akademi started publishing art books from 1955. In the beginning, orders for printing 5000 copies of each publication used to be placed more or less on an *ad hoc* basis. Now, as a result of experience gained, orders for printing 5000 copies were being placed in most cases. Out of 30—32 publications printed so far, 7 had been sold out and were out of print in the course of last five years. In extenuation of heavy accumulation of stocks of most of the publications, the witness urged that art publications did not sell very fast.

Asked where the publications had been stocked, the witness stated that till lately the printers used to hold the stocks on behalf of the Akademi, but recently owing to the difficulty felt by the Printers, the publications had been transferred to the custody of the Akademi in Delhi.

Referring to the damage of covers of 4 publications valued at Rs. 18,508 while in the custody of the printers, the representative of the Akademi stated that they had agreed to have the damaged dust jackets on one publication replaced at a token cost of Re. 1 and the Akademi had agreed to supply them some paper. The total expenditure on repairs in this case would come to only Rs. 451. As regards the books valued at Rs. 6,746 damaged by white-ants, bad nailing etc. the witness admitted that that was a total loss except for books valuing Rs. 705 which could be sold. With regard to the damage of covers of 10,011 books, the witness stated that stocks of the books (Ajanta Portfolio) were held by the Akademi on behalf of the Ministry of Education. The Ministry were informed about the damage as soon as it was detected but they asked the Akademi to continue to hold the stocks. It was urged that the copies which had been damaged were selling quite fast.

The Committee feel concerned to find that about 52 per cent of the copies of the works published by the Akademi up to 1962-63 were still in stock as on 31st March, 1963. About 16 per cent of these copies were printed in 1959-60 and earlier years. It is regrettable that accumulation of stocks continued to be heavy in spite of the appointment of the sole selling agents in 1961. The Committee trust that the Akademi will take into consideration the various factors like purchasing power and art consciousness of people etc. which affect the demand before placing orders for printing of their publications.

The Committee also desire that the Akademi should take necessary steps to ensure proper storage of the publications in stock in order to prevent damage to them in future.

*Selling agents—page 127, para 92(c) (ii)*

38. Prior to May, 1961, the sale of publications was by the Akademi itself and the discount allowed to the book-sellers ranged between 25—35 per cent. With effect from May, 1961, a private firm which had been established only in April, 1961 was appointed as sole selling-agents for the Akademi's publications for a period of two years and was allowed a commission ranging from 25 per cent to 50 per cent.

The firm was appointed without inviting competitive offers. The contract with this firm had been renewed for a further period of two years.

The Committee enquired about the circumstances leading to the appointment of a private firm as the sole selling agents in May, 1961 without inviting tenders. The Secretary (Science) stated that in May, 1956 (i.e. 2 years after the Akademi had started functioning), tenders for appointment of selling agents had been invited from 11 publishers, but only one firm responded demanding a commission of 60 per cent. The Akademi considered the offer on the high side and decided to have its own selling agents, allowing them the usual discount of 25 to 35 per cent. But the sales were unsatisfactory. In May, 1961 a Bombay firm which had been registered in April, 1961 approached the Akademi with an offer of 50 per cent commission. The Board decided in May, 1961 to enter into a contract with the firm for 2 years. The contract with the firm had been renewed in 1962 for another term of 2 years after inviting tenders. Asked if the firm which had been established only in April, 1961 had any previous experience, the witness stated that one of the two partners of the firm had actually been in book trade. Asked about the paid up capital of the firm the witness stated that it gave a bank guarantee. To a question by the Comptroller and Auditor General whether the selling agents had been appointed on the recommendation of the Honorary Editor, the witness replied in the affirmative.

In reply to another question the witness stated that the firm had given a guarantee to take at least 2500 copies each of the publications having 5,000 printed copies within a year after their printing and 1500 copies subsequently till the edition was exhausted, but the firm failed to fulfil this condition. Asked why the contract with the firm was renewed in 1963 in spite of its failure to fulfil the guarantee, the witness stated that its terms were considered most advantageous. This clause had also been included in the new agreement. The matter was considered by the Board and no action was taken against the firm for non-fulfilling its obligations, considering that the firm could not do any better. The contract did not contain any penalty clause.

According to Audit the figures of sale proceeds and discount allowed for the years 1960-61, 1961-62 and 1962-63 were as under:

Year	Sales	Discount	Percentage
			of discount to sales
1960-61	Rs. 59,000	Rs. 16,735	28.36
1961-62	1,05,808	48,881	46.28
1962-63	1,38,955	69,758	50.28

In justification of the increase in the percentage of discount from 28 per cent prior to the appointment of the selling agents to 50 per cent in 1962-63 the Secretary (Science) stated that the sales had considerably increased since the award of the selling agency. Asked to state the reasons for variation in the percentages of discount allowed to the selling agents in 1961-62 and 1962-63, the witness stated that according to the agreement the rate of commission was 40 per cent in respect of publications printed before May, 1961 and 50 per cent in respect of those printed subsequently, as in the latter case the firm was to do all advertisement work. In reply to a question, the representative of the Akademi stated that at the time of the renewal of the contract, the details of actual sales were placed before the Finnace Committee who recommended its renewal.

In a note (Appendix XI) furnished to the Committee the Ministry have stated that the performance of the selling agents was about 50 per cent of the guaranteed sales. It has been urged that the gross average sale per year (Rs. 87,988) during the period of the first contract (1961--63) is better than the gross sale (Rs. 59,150) during 1960-61 i.e. the year preceding the year in which the contract came into force. It has also been stated that the taking over of the sales by the Lalit Kala Akademi itself will involve much larger expenditure on advertisements (particularly abroad) and larger expenditure on staff, postage etc., and would still not reduce expenditure on commissions as, to be effective, these commissions or a major portion would have to be given to the foreign sellers.

The Committee are not happy over the appointment of a firm established in April, 1961 as a sole selling agent of the Akademi in May, 1961 on the recommendation of the Honorary Editor. The fact that the tenders invited in 1956 (i.e. 2 years after establishment of the Akademi) did not bring forth satisfactory response cannot be considered a justification for not inviting tenders in 1961 i.e. five years after. The Committee find it difficult to resist the conclusion that the firm was established for the purpose of being awarded with the sole selling agency of the Akademi.

The Committee are surprised that no action was taken against the selling agents for not discharging wholly their contractual obligation to take the prescribed minimum number of copies of publications, as envisaged in the agreement. The performance of the selling agents was only about 50 per cent of the guaranteed sales.

The Committee desire that the full and faithful implementation of all the provisions of the agreement should be insisted upon and any default or breach must be taken seriously and compensation demanded therefor. It is regrettable that neither of the two agreements with

the firm contains any penalty clause for non-fulfilling the terms of the agreement. The Committee would like to know in due course about the performance of the selling agents during the term of their second contract (1963—65).

The Committee desire that in future agreements, a suitable penalty clause to cover non-fulfilment of the terms of the agreement should be inserted.

*Miscellaneous—page 127, sub-para 92(d)*

*Balance-sheet*

39. According to Audit, the Akademi had not prepared a statement in the form of balance sheet indicating the assets and liabilities. The Secretary (Science) stated that a statement of the assets and liabilities was being prepared by the Akademi. To a question why this information was not furnished to Audit, the representative of the Ministry of Finance stated that subsequent to the Audit Objection the question of devising a form for balance-sheet in respect of all the three Akademies viz. Lalit Kala Akademi, Sahitya Akademi and Sangeet Natak Akademi had been under examination in consultation with Audit. Lalit Kala Akademi was actually preparing a statement of the assets and liabilities, but the other two Akademies were not doing so. Recently it had been decided that the purpose would be served by the preparation of (i) an income and expenditure account and (ii) a statement of assets and liabilities, at the close of the financial year. This position had been clarified to three Akademies.

The Committee are surprised to learn that the Sahitya Akademi and the Sangeet Natak Akademi are not preparing their balance sheets showing assets and liabilities even after several years of their establishment. They hope that all the three Akademies will now regularly prepare (i) an income and expenditure account and (ii) statement of assets and liabilities in the prescribed form and furnish it to Audit.

*Framing of Rules—page 127, sub-para (d) (iii)*

40. No regulations, bye-laws and rules of procedure governing the service conditions of the staff have been prescribed.

The Committee asked about the present position regarding framing of regulations, bye-laws, and rules of procedure governing the service conditions of the staff. The Secretary (Science) stated that rules, as drafted by the Akademi had been examined by the Ministry and returned with certain suggestions.

The Committee are not a little surprised that the Akademi has not finalised the rules even after ten years of its establishment. They desire that these rules should be finalised without any further loss of time.

### SAHITYA AKADEMI

*Receipts and Expenditure—pages 127-128, para 93*

41. The Akademi was inaugurated by Government in March, 1954, but was registered as a society under the Societies Registration Act, 1860 only in January, 1956. The Akademi is required 'to work actively for the development of Indian letters and to set high literary standards, to foster and co-ordinate literary activities in all the Indian languages and to promote through them all the cultural unity of the country'.

The Akademi has two regional offices, one at Calcutta and the other at Madras. The Accounts of the Regional Offices are centralised in the headquarters' office in New Delhi.

The table below gives a broad analysis of receipts and expenditure of the Akademi since its inception:—

Year	In lakhs of rupees)					
	Receipts		Expenditure			Investment
	Government grants	Sale proceeds and royalties	Staff*	Publications	Miscellaneous	
1953-54 to 1959-60	18.81	0.26	4.94	7.38	6.52	0.12
1960-61	7.00	0.72	1.96	3.50	1.05	0.29
1961-62	6.00	1.05	2.32	1.88	2.16	1.15
1962-63	6.88	0.89	2.75	2.53	1.59	

The percentage of expenditure on pay and allowances of administrative staff (including travelling allowances of members) to the total grants was 38.7 and 40 during the years 1961-62 and 1962-63 respectively.

The representative of the Akademi stated that the heading 'Administrative staff' was misleading, as the bulk of the staff of the Akademi both at its headquarters in Delhi and its two regional

\*Includes pay and allowances of members of the administrative staff including travelling allowance to members of the Akademi.

offices at Calcutta and Bombay, was primarily of a literary and academic character. They were concerned with the coordination of activities in the various Indian languages involving wide and close public relations with writers, compiling of literary and bibliographical data, editing and compilation of press copies of literary and academic works, arranging or helping in organising seminars, literary forums, book exhibitions etc., running free public services like libraries and reading rooms etc. The witness added that it was very difficult to say as to what part of the staff was concerned purely with administration or what staff was concerned with academic and literary work. According to him, if administrative work was separated, the expenditure thereon would not exceed 10 to 15 per cent of the total grant. The witness further added that if the Akademi was to function efficiently it should have a competent editor of a scholarly type for each of the 16 Indian languages. At present such a provision existed only for two or three languages, with the result that there was no competent staff to correct a press copy or proof of publications in other languages. A proposal to appoint 16 scholar-editors in phases during the Fourth Five Year Plan had been put up to the Executive Board and the General Council. Asked whether, with the posting of additional scholar-editors, the volume of work would also increase proportionately, the witness stated that he hoped so and added that the quality of work would certainly improve. At present due to lack of the requisite academic staff, there was no arrangement in the Akademi to ensure whether work entrusted to an outside expert was properly done or proofs were properly checked.

The Committee feel that the present administrative expenditure of the Akademi is somewhat on the high side as compared to its activities, particularly taking into account the fact that the expenditure on staff increased from Rs. 1.96 lakhs in 1960-61 to Rs. 2.75 lakhs in 1962-63, whereas the expenditure on Publications and miscellaneous activities decreased from Rs. 4.64 lakhs to 4.12 lakhs during the same period. The Committee note the Akademi's proposal to create 16 posts of scholar-editors, one each for the 16 Indian languages in the interest of improving the quality of the respective language publications. They are, however, doubtful if the Akademi would have enough work to justify their whole-time engagement. The Committee suggest that a detailed and careful estimate of the quantum of work proposed to be undertaken by the Akademi should be made before taking a decision on the proposal to create 16 posts of scholar-editors. Alternative method of getting the work done on a project basis should also be examined. The Committee also suggest that

a review of the administrative expenditure of the Akademi may be undertaken with a view to keep it to the minimum consistent with the activities of the Akademi.

*Copies printed and sales—pages 128-29, para 93(1)*

42. An expenditure of Rs. 15.38 lakhs was incurred by the Akademi upto 1962-63 in bringing out publications including foreign classics of literary value in one or more of the Indian languages. The percentage of unsold copies of the Akademi's publications as at the end of March, 1962 ranged between 41 per cent to 71 per cent of the total copies printed over a period of 5 years as shown below:

Year	No. of publications published in the year.	Total No. of copies published in the year	Balance as on 31-3-62 of the unsold publications.	Percentage of unsold books to copies published.
1	2	3	4	5
1957	9	25,200	10,266	41
1958	12	19,200	11,826	62
1959	22	40,863	21,749	53
1960	16	24,501	17,409	71
1961	19	1,28,633	57,771	46

Note: Out of 14,225 copies earmarked for free distribution, 1,778 copies were distributed free to Government Departments and Institutions and 8,283 copies to individuals.

It was noticed that in 20 cases the sales were less than 10 per cent and in 8 cases the sales were even less than 1 per cent of the copies printed.

In extenuation of the low percentage of sale of publications of the Akademi upto the end of March, 1962, the representative of the Akademi stated that the sale of books depended on their nature. The Akademi were not allowed to publish text books or first novels of a popular writer, which had better sale prospects. While it was easy to sell books in English, it took a lot of time to sell books in

some other languages, such as, Tibetan, Nepali, Kashmiri etc. But the Akademi was obliged to publish books with particular attention to languages which were not highly developed. The witness urged that there were certain works which had run into second and third editions. In one case 90,000 copies had been sold out. Asked if the printing of copies of the publications which were slow to sell, were kept to the minimum, the witness replied that 1,000 copies of books, published for reasons other than commercial, were normally printed. The printing of lesser number of copies would be uneconomic. In reply to a question, the representative of the Akademi stated that one of the reasons for slow sales was lack of proper publicity and organised distribution system. Sales could improve if more staff was provided and a commercial section was created. At present the Akademi had some wholesale distributors for its publications but they declined to take the entire stock. Explaining the measures proposed to be taken to step up sales, the witness stated that they were approaching the State Governments to persuade their libraries to purchase these books which would normally cost them not more than Rs. 25 to Rs. 35 per annum per language. Each State has 500 to 1,000 libraries which receive grants. There had been a good response from the Mysore State and almost all the publications in Kannda had been sold. The witness added that if the State Libraries purchase these books, not only the Akademi would be able to sell 500 to 600 copies and thus cover their cost, but also its objective that books should reach the readers would be achieved.

Referring to the number of free copies distributed by the Akademi the witness stated that these included both books and journals. Normally about 100 copies of a publication were distributed free to the Members of the Akademi, other distinguished individuals and for the purpose of review and commercial publicity.

**The Committee feel concerned over the heavy accumulation of unsold copies of the Akademi's publications, particularly of those published in 1958 and 1960, (their percentage being 62 and 71 respectively as on 31-3-1962). The Committee note the measures proposed to be taken to persuade the libraries in the States to purchase these publications. They hope that the Akademi will get full cooperation from the State Governments. The Committee desire that the Akademi should also take other steps such as setting up a proper publicity and distribution system, provided the expenditure thereon is commensurate with the results achieved. Better circulation of its publications is also necessary to achieve the Akademi's objective of promoting the cultural unity of the country through coordination of literary activities in all the Indian languages.**

## SANGEET NATAK AKADEMI

*Receipts and Expenditure—page 130, para 94*

43. The table below shows, under the broad heads, the receipts and actual expenditure relating to 1962-63:—

In lakhs of rupees)

Receipts		Expenditure	
Opening balance	0.53	Office expenditure, travelling allowance to members of General Council	2.11
Grants from Government	16.20	Filming and recording	0.72
Miscellaneous Receipts (including sale of publications, tickets)	0.02	Grants-in-aid to institutions including publication grant)	6.59
Recoveries on Advances, Income-tax, Suspense Account, etc.	0.26	Awards and Prizes	0.34
Recoveries of overpayments	0.02	National School of Drama and Asian Theatre	2.75
		Rabindra Centenary	0.07
		Manipur Dance College	0.36
		Miscellaneous (Furniture, Publication, Library, Suspense, Advance, etc.)	0.06
		Closing balance	3.13
	17.03		17.03

According to Audit, the Sangeet Natak Akademi was paid grants amounting to Rs. 16.20 lakhs during the year 1962-63 as against its budget estimate of Rs. 15.15 lakhs. The Secretary (Science) stated that the Akademi submitted the original budget estimate of Rs. 15.15 lakhs in October-November, 1961 which was revised in October, 1962 to Rs. 15 lakhs. In February, 1963 an additional grant of Rs. 1.7 lakhs was given by the Ministry for production of certain documentary films. The closing balance of Rs. 3.13 lakhs with the Akademi at the end of the year was stated as due partly to its being allowed to retain an amount equal to about a month's expenditure to meet liabilities during the first month of the next financial year and partly to no payment being made to the producer of the documentary films because of delay in executing an agreement. Explaining the present position the witness stated that out of the three films, one had been delivered and another was nearing completion.

The Committee find no justification for the Akademi being paid a supplementary grant of Rs. 1.7 lakhs in February, 1963, which could not be utilised before the close of the financial year. They would like to reiterate that only so much of the approved grants should be issued to the Institutions during the financial year as is likely to be expended during that year.

*Production of a documentary film, page 130, para 94(1)*

44. The Akademi entered into a contract on 23rd April, 1958 for Rs. 1 lakh with a private producer for the production of a coloured documentary film on the Kathak dance. The Akademi made 'on account' payments in three instalments of Rs. 20,000 each in 1958, June, 1961 and March, 1962. The last instalment was paid without insisting on the production of evidence regarding the arrival of coloured picture negative as specified in the contract as a condition precedent to the payment.

The Committee asked why the payment of the third instalment of Rs. 20,000 was made to the producer in March, 1962 without insisting upon the production of evidence regarding the arrival of coloured picture negative as specified in the contract. The representative of the Akademi stated that the producer had approached the Akademi for the payment of the third instalment on the ground that he had to purchase some raw films, for want of which his work was held up. A Sub-Committee of the Executive Board examined the matter, and, on an assurance from the producer, recommended the payment of another instalment, as a few years had already elapsed since the execution of the agreement without any concrete results. Explaining the present position the witness stated that the film had not yet been completed. As the producer had not responded to a number of letters sent to him, he was being served with a legal notice by the Legal Adviser of the Akademi. In reply to a question, the witness stated that the contract did not stipulate any time-limit for completion of the film, but normally a film was expected to be completed in a year. The witness could not say as to why no time-limit was stipulated in the contract, but he added that the contract had been approved by the Executive Board. He, however, added that subsequently another contract had been vetted by the Ministry of Law, and that the Akademi had since then appointed a Legal Adviser. The witness expressed the hope that the producer might still complete the film in his own interest to get the rest of payment amounting to Rs. 40,000 and to maintain his reputation as a film maker. He had recently made a good film on Kashmir for the Ministry of Defence.

The Committee regret to observe that this is a bad case. A sum of Rs. 60,000 has been paid to the producer without any prospects of the film being produced. The contract did not stipulate the normal condition of time-limit for the completion of the film. The release of the third instalment of Rs. 20,000 was made in March, 1962 without the producer discharging his contractual obligation. It is surprising how the Executive Board of the Akademi placed so much reliance on the assurance given by the producer despite his past failure to show any concrete result. In the opinion of the Committee the Akademi did not act either prudently or in a business-like manner in this case. The Committee would like to know the outcome of the legal action proposed to be taken against the producer.

Unauthorised grants—pages 130-131, para 94(2)

45. The rules framed by the Executive Committee of the Akademi in 1961 provided that the institutions which were engaged entirely or mainly in the field of music, dance and drama might be given grants provided that they had been recognised by the Akademi for at least one year prior to the date of the application. Professional companies, if recognised by the Akademi were also eligible for assistance but only at the initial stage. A test check of the grants released by the Akademi showed that these rules had not been followed in a number of cases, as indicated below:

Name of Grantee	Year of Payment	Amount of grant	Remarks.
		Rs.	
International Centre for Kathakali, New Delhi	1962-63	10,000	(a) These institutions had not been formally recognised by the Akademi.
Karnataka Sangeet Sabha, New Delhi	Do.	1,000	
Central College of Karnataka Music, Madras	Do.	25,000	
Gouripur Trust, Calcutta	Do.	7,400	(b) The Central College of Karnataka Music, Madras though run by Government was paid grants aggregating Rs. 1.90 lakhs during 1959-60 to 1962-63.
Miscellaneous (a)	1960-61	10,000	(a) Paid to the head of a professional Troupe of dancers.
(b)	1961-62	5,000	(b) Paid to two individuals.
(c)	1962-63	8,000	(c) Paid to meet expenditure on erection of <i>pandal</i> for annual conferences, function of certain institutions, and remuneration of artistes.
(d)	1961-63		(d) Paid towards disbursement of scholarships to students ● Rs. 200 p.m.

The Committee asked about the justification of the issue of grants to four institutions which had not been recognised by the Akademi and to certain individuals in disregard of the rules. The Secretary (Science) stated that the Executive Board had power to issue grants to even unrecognised institutions or individuals in exceptional cases. These grants were ratified by the General Council. Explaining the exceptional circumstances obtaining in these cases, the witness stated that in the case of the Central College of Karnataka Music, although the college was started by the Madras Government, the Central Government was meeting its cost. With the setting up of the Akademi, the Central Government asked the Akademi to take over its liability. So, the question of recognition of the college did not arise. As regards the International Centre Kathakali, New Delhi, the Board sanctioned the grant in consideration of the valuable work done by it without waiting for its being recognised.

The representative of the Ministry stated that the Rules had been amended in July, 1963. Grants could now be issued to the deserving cultural organisations and institutions even though they were not recognised by the Akademi. In the case of Gouripur Trust, Calcutta, the grant was issued by the Board in anticipation of the modification of the rules.

Asked about the authority empowering the Executive Board to give grants to unrecognised institutions (under the old rules) and to individuals, the Secretary (Science) stated that according to a general Rule (Rule 8) the Executive Board could incur all expenditure subject to the provisions of the budget. He added that grants were part of the expenditure.

The Committee regret to point out that the grants in these cases were issued by the Akademi in contravention of its rules. The Committee find it difficult to accept the Ministry's view that the Executive Board of the Akademi had previously also power to issue grants to unrecognised institutions and individuals under the general Rule 8, since there was a separate rule specifically governing the issue of grants to only recognised institutions. (This rule has been subsequently amended to cover issue of grants to unrecognised institutions also). The Committee feel that there is no point in framing the rules, if they are violated in actual practice, and subsequently amended to regularise such violations. In the opinion of the Committee, the original rule that the grants should be given only to those institutions which were recognised by the Akademi for at least one year was a healthy rule. It provided a useful safeguard against the grants being given to undeserving institutions.

The Committee would like this rule to be restored both in theory and practice. It is also significant to note that even under the amended rules, the Executive Board is not authorised to issue grants to individuals. The Committee desire that the grants in question should be regularised.

*Publications—Pages 131-132—Para 94(3)*

46. A large percentage of the three publications brought out by the Akademi remained unsold as shown below:

Name of Publication (and price)	Approximate total cost.	Total No. of copies printed and year of printing	Copies sold	Copies issued as complimentary	Copies on credit	Stock of copies in hand	Percentage of unsold copies to total print order (as on 31-3-63)
Rs.							
Anthology of 100 songs of Rabindra Nath Tagore—Vol. I (Rs. 25.00)	20,400	1,000 (1961)	42	86	18	854	85%
Sang tagya ka sansmaran (Rs. 3.00)	1,800	970 (1959)	19	20	10	921	95%
Sangeet Natak Akademi Bulletin "Tagore Centenary" Number (Rs. 10.00)	16,000	2,200 (1961)	100	181	14	1,905	87%

In addition, grants-in-aid amounting to Rs. 19,100 had been paid during 1956-60 to five private publishers for bringing out five publications.

The Committee enquired about the present position of the publishing of the five publications for which grants amounting to Rs. 19,100 had been paid. The representative of the Akademi stated that in two cases involving Rs. 4,000 and Rs. 2,000 respectively the grantees had denied having received the money. These two cases along with several others were under police investigation. In the third case (grant Rs. 9,400) work had been finished and the question of publishing it was under consideration. In the other two cases (grants Rs. 2,000 and Rs. 1,700), the works had not yet been completed.

The Committee feel concerned over heavy accumulation due to non-sale of the three publications brought out by the Akademi during 1959 and 1961. The percentage of unsold copies to the total

print order as on 31st March, 1962 ranged from 85 to 95. The Committee desire that gaining experience from the accumulation of publications, the Akademi should in future keep the number of copies to be printed to the minimum. All out efforts should be made to sell the publications lying in stock.

As regards the five publications for which grants amounting to Rs. 19,100 had been paid during 1956-60, the Committee regret to note the inordinate delay that has occurred in their completion publishing. The Committee feel concerned to note that there were two likely cases of defalcations involving a sum of Rs. 6,000. They would like to be informed of the results of police investigations in these cases and also of the action taken against persons found responsible for this loss.

*Irregular Appointment—Page 132, para 94 (4)*

47. The Akademi appointed a Secretary on 19th March, 1962 on a salary of Rs. 1,500 (consolidated) in the scale of Rs. 850-50-1500 without obtaining prior approval of the Government as required by the Rules and Regulations of the Akademi. When the matter was referred to Government on 24th March, 1962, Government accorded *ex-post-facto* approval, subject to the appointment being reviewed after 3 months. In the meantime, the incumbent submitted his resignation and this was accepted on 19th June, 1962. He was paid a sum of Rs. 5,400 "as a measure of compassion" towards air fare for himself, his wife and daughter from Delhi to Paris which was not covered by the terms of the appointment.

In evidence, the Secretary (Science) stated that the post of the Secretary of the Akademi was advertised in June, 1960 but no suitable candidate was available. The post was finally offered to an Indian national in Paris. The witness admitted that it was an omission on the part of the Executive Board not to have obtained the approval of the Government for this appointment. After working for a short time, the Secretary resigned and returned to Paris as he was not satisfied with the post. The Akademi was also not satisfied with his work. An *ex-gratia* payment of Rs. 5,400 was made to him as a measure of comparison, considering that he had to wind up his affairs in Paris and come to India with his family at his expense. The Secretary (Science) added that there was a condition in the appointment letter that if his services were to be dispensed with, he would be given three months' salary or three months' notice and that this was an "agreed resignation".

The Committee are not happy over the appointment of the Secretary by the Akademi without obtaining the prior approval of Government as required by the Rules and Regulations of the Akademi. They hope that such cases will not occur in future.

*Ministry of Education*

*Subsidy for publishing a book—pages 132-133—para 95*

48. In June, 1959, Government entered into an agreement with a firm for publishing translations in Indian languages of a book in nine volumes entitled "Wonder World of Science" for which the firm held exclusive rights of publication. The agreement provided that the published price should be Rs. 3 a copy and that Government would pay a subsidy of Rs. 8,500 for each language edition of the first volume of the book in Hindi, Bengali, Tamil and Marathi. The firm demanded enhanced subsidies for the publication of the second and the third volumes of the said book. A further agreement was, however, entered into in May, 1961 for payment of subsidy at the same rate in respect of Volume I in five other languages and for the publication of Volumes II and III in Hindi, Bengali, Marathi and Tamil. A sum of Rs. 1,44,500 has been paid as subsidy to the firm against their production cost of Rs. 2,41,800.

The sale of these books had been poor as indicated below:—

Particulars	No. of copies printed	No. of copies held in stock on 1-2-1963
Volume I— Hindi and five other regional languages	35,000	23,044
Volume II— Hindi and Marathi	15,000	13,780
Volume III— Hindi, Marathi and Bengali	20,000	18,846

In evidence, the representative of the Ministry of Education stated that a subsidy of Rs. 8,500 for publication of each language edition of "Wonder World of Science" had been fixed with the concurrence of the Ministry of Finance. According to Audit, in connection with payment of subsidy for second and third volumes of the book, the Chief Controller of Printing and Stationery had expressed the view that a subsidy of Rs. 4,000 only would have been justified for publication of each language edition as against Rs. 8,500 already allowed. The representative of the Ministry stated that the Controller of Printing and Stationery's figure referred to only the printing aspect of the publication and did not include trade and publicity discount. The Manager of Publications who had been consulted,

informed that the sale price of Government publications was fixed by adding 60 per cent to the cost of production. The margin was intended to cover a trading discount of 25 per cent on sale price or 40 per cent of production cost and postal charges, and publicity charges amounting to 12½ per cent on sale price or 20 per cent of cost of production. On this basis, the total cost of production would work out to Rs. 3,61,300, against which subsidy of Rs. 1,44,500 was paid.

As regards the sale of publications, the representative of the Ministry furnished the following figures as on 31st December, 1963:—

	No. of copies printed	No. of copies sold
Vol. I, Hindi . . . . .	10,000	6,343
Bengali . . . . .	5,000	1,883
Tamil . . . . .	5,000	1,507
Marathi . . . . .	5,000	1,842
Urdu . . . . .	5,000	1,063
Vol. II, Hindi . . . . .	10,000	1,806
Vol. III, Hindi . . . . .	10,000	8,504

The witness stated that sales were steadily going up. The publisher was being pressed regularly to take steps to increase the sales. It was urged that it took time for a book of this type to be known to the reader. In reply to a question the witness stated that the question of subsidising publication of the language editions of the other volumes of the book would be taken up after the Ministry were satisfied about the sale of these publications.

The Committee desired to be furnished with a note stating whether the Ministry of Finance agreed to payment of the subsidy of Rs. 8,500 to the firm or whether they had asked the Ministry of Education to reduce the amount at any stage. In a note (*Appendix XII*) furnished to the Committee, the Ministry of Finance have stated that when the question was first considered in February, 1959 for translation of Vol. I, the Finance Ministry considered the proposed subsidy of Rs. 8,500 somewhat high and suggested that it might be reduced to Rs. 5,000. But the Ministry of Education reiterated their proposal explaining that the figure of Rs. 8,500 was based on the estimate furnished by the publishers and no reduction would be justified. A subsidy of Rs. 8,500 was ultimately agreed to by the Finance Ministry, particularly as the firm held the exclusive translation rights, and the question of competitive quotations did not arise. The same rate was agreed to in 1961 in regard to translations of Volumes II and III and further language translations of Volume I.

The Committee note that the payment of the subsidy of Rs. 8,500 for each language edition of the publication (*Wonder World of Science*) was agreed to as the publisher had exclusive translation rights. A sum of Rs. 1,44,500 has been paid as subsidy to the publisher against his production cost of Rs. 2,41,800, which appears to be on the high side.

The Committee feel concerned to note that the sales of the publication, particularly of regional language editions are poor. Thus the purpose of payment of subsidy to disseminate scientific knowledge among common people by keeping the price within reasonable limit has not been satisfactorily achieved. The Ministry should, therefore, take suitable steps to have the publication adequately advertised.

The Committee hope that before subsidising translations of subsequent volumes, the Ministry will reconsider the question of reasonableness of subsidy and of reducing the number of copies to be printed in the light of sale prospects of different publications.

*Non-utilisation of interest-free loan advanced to an Engineering Institute—page 138—para 99*

49. In February 1956, the Ministry of Education approved an interest-free loan of Rs. 3 lakhs to the National Institute of Engineering, Hoshiarpur, Punjab, a private institute, for the construction of a Hostel for 150 students, at an estimated cost of about Rs. 4.21 lakhs. The Ministry of Finance agreed to the release of the first instalment of Rs. 2 lakhs proposed by the Ministry on 6th February, 1956 on the understanding that most of the amount of the loan would be spent in the year 1955-56. However, no such condition was actually incorporated in the sanction issued on 11th February, 1956.

The loan was paid on the last day of March, 1956 when there was no prospect of its utilisation during 1955-56. The amount drawn was first deposited by the Institute in the State Bank of India as a deposit at call and was later on credited to a joint account of the Institute with the Director of Industries, Punjab. As the financial position of the Institute was unsound, it was not allowed to utilise the loan. The State Government took over the administration of the Institute on 1st July, 1962 along with its assets and liabilities. In April 1963, the Ministry informed the State Government that the

loan of Rs. 2 lakhs paid to the Institute might be treated as loan paid to the State Government towards the cost of construction of a students' hostel attached to another institution (Punjab Engineering College, Chandigarh).

Explaining the reasons for non-utilisation of a loan of Rs. 2 lakhs released to the National Institute of Engineering, Hoshiarpur, in March 1956, the representative of the Ministry stated that there had been delays at various stages. Besides the loans sanctioned to the Institute in February, 1956, a grant had been sanctioned to the institute on the recommendation of the State Government that they would participate in its development. In the first instance, there was delay on the part of the Institute to reconstitute its managing committee, as per the condition attached to the grant, pending which its utilisation was banned by the Ministry. The Institute agreed to reconstitute its managing committee in February, 1957. At the first meeting of the reconstituted managing committee which was also attended by the representative of the Ministry, it was noticed that the financial position of the Institute was not sound. The Ministry which had depended on the report of the State Government could not know about that earlier. As a result of this disclosure, the Ministry put a ban on spending the grant and loan, and they asked the State Government to underwrite the share of the Institute for the purpose of development. The State Government agreed to do this only in February, 1959. The amount was then placed at the disposal of the State Government and was deposited in the joint account of the Institute and the Director of Industries. But the State Government then took up with managing committee of the Institute the question of its being handed over to them. In view of the inordinate delay in the utilisation of the funds and no likelihood of an early settlement of the question of the State Government taking over the Institute, the Ministry asked the authorities concerned in January, 1960 and again in March, 1960 to refund the loan amount. After taking over the Institute in July, 1962, the State Government fixed priorities for the use of funds. The loan amount in question was adjusted against certain amounts due to the State Government towards construction of a hostel attached to another Government institute.

The Committee are not satisfied over the loan of Rs. 2 lakhs paid to the Institute in this case in March, 1956 remaining unutilised for about seven years. Although under the rules only so much of funds is to be paid during any financial year as is likely to be expended during the year, in this case the amount was paid on the last day of

March, 1956 when there was no possibility of its being utilised during the year 1955-56. It is surprising that the financial position of the Institute was not ascertained before the loan was given. It is regrettable that no action was taken by the Ministry on receipt of the report about the weak financial position of the Institute to get the loan refunded, and instead the amount was allowed to lie with the grantee unutilised till 1963.

50. The Committee desired to know how the Finance Ministry agreed to the release of the first instalment of Rs. 2 lakhs proposed by the Ministry of Education on 6th February, 1956 on the understanding that most of the amount of loan would be spent in the year 1955-56. In a note \*(Appendix XIII) submitted to the Committee, the Ministry of Finance have stated that they had agreed to this payment "on the understanding that the Education Ministry were fully satisfied that most of the amount of loan would be spent in the current financial year", and that "it was, therefore, the judgment of the Education Ministry rather than that of the Finance Ministry that appears to have been at fault". The Committee are not satisfied with this explanation. It passes their comprehension how the Finance Ministry could acquiesce in the view of the Education Ministry, when obviously an amount of Rs. 2 lakhs out of the total loan of Rs. 3 lakhs could not have been utilised by the Institute in two months. The Committee feel also concerned to note that the Ministry of Education could not assess correctly as to whether the amount of loan of Rs. 2 lakhs would be utilised at the fag end of the financial year. They hope that the Ministries of Finance and Education would be more careful while sanctioning loans/grants in such cases in future.

#### COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

*Nugatory expenditure—page 141—para 103*

51. During the period 1960-61 to 1961-62, the Council paid grants amounting to Rs. 1.6 lakhs to the Cinchona Department of Government of Madras for a scheme—"Cultural Research for the propagation of aromatic plants in Anamalais and Nilgiris". A visiting committee of the Council reported in May, 1962 that no definite programme of research had been chalked out and that "the scheme was run leisurely for providing the old employees with better paid

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\*Not vetted by Audit.

jobs expecting little in return from them". The scheme was discontinued with effect from 1st October, 1962 after incurring an expenditure of Rs. 1.09 lakhs.

In evidence, the representative of the C.S.I.R. stated that the Essential Oils Research Committee had decided to support this research scheme, and it was handled by the Cinchona Department of the Madras Government. Later a Sub-Committee of the Indian Medicinal Plants Organisation made an on-the-spot study and drew up a report on the working of the entire research activities of the State Cinchona Department including this scheme. It was found in the context of the over-all functioning of the State Cinchona Department that this scheme could not progress satisfactorily. The C. & A. G. pointed out that the Council could not get any progress report on the scheme in spite of repeated reminders till March, 1962. This led to the appointment of the visiting sub-committee.

Asked if the various details of the project had been scrutinized before sanctioning the scheme, the witness stated that certain details about the project had been furnished by the State Cinchona Department, but the Essential Oils Research Committee might not have gone into all the relevant details, as the scheme was to be handled by a Department of the State Government. In the case of the C.S.I.R.'s own scheme, the details and potentialities of research were scrutinized by their expert Committees.

The C. & A.G. pointed out that according to the report of the visiting Sub-Committee, research work of parallel type was being carried on in Nilgiris under the names of the different agencies. The Committee asked if the C.S.I.R. were aware of this at the time of sanctioning the scheme and whether in spite of the existence of these parallel schemes, they took a deliberate decision to sanction the scheme. The witness stated that it was difficult to say categorically whether it was a deliberate decision. Actually the C.S.I.R. were guided by the recommendation of the Essential Oil Research Committee, who must have been aware of the existence of the other schemes of parallel type. The witness added that certain directives had now been issued to the Chairmen of the various research committees of the Council to ensure that there was no avoidable duplication of work and that they should locate real gaps needing research effort.

The Committee asked about the reasons for delay of five months in discontinuing the scheme after the receipt of the report of the visiting Sub-Committee. The representative of the C.S.I.R. stated that the report was placed before the Executive Council of the Central Indian

Medicinal Plants Organisation, an organ of the Council, who recommended in September, 1962 that the scheme should be discontinued. The witness admitted that there had been delay in taking action in the matter.

The Committee would like to draw attention to the following observations of the Visiting Sub-Committee regarding working of the scheme:—

“...the work under Council of Scientific and Industrial Research Scheme had been run in a leisurely fashion and as a secondary side show for providing the old employees with better paid jobs and expecting little return from them... With inadequate, incompetent and indisciplined staff under him (Director, M.G.C.D.) and no effective supervision and guidance over the work done by them, it has almost been a tale of miserable failure for the Council of Scientific and Industrial Research Scheme in the Nilgiris”.

“In Nilgiris, work of almost parallel type on aromatic and medicinal plants is being carried on under the names of three different agencies, namely M.G.C.D., C.S.I.R. and I.C.A.R. Besides almost a common pattern of programme of work, even the plants on which studies are being made and some of the workers engaged on all the three projects appear to be common and overlapping. There are no clear cut and separate programmes of work, no separate lists of plants for study and development, no clearly separate staff units attached to each of the three agencies and no well defined, precise and distinct duties of the staff under each of the three agencies. Men, materials, programmes and results achieved are all being skilfully manoeuvred and brought up to suit the various exigencies and occasions”.

From the above facts, the Committee cannot escape the conclusion that the Scheme was ill-concieved and mis-managed, resulting in nugatory expenditure amounting to Rs. 1.09 lakhs. The Scheme was initially sanctioned in December, 1957 on the recommendation of the Essential Oils Research Committee, but could not be initiated on account of the non-appointment of staff. It was renewed in May, 1960, i.e after 3½ years. Obviously, before the renewal of the Scheme, the C.S.I.R. should have ascertained whether any parallel schemes had been started in the meantime. It is doubtful whether this was done in the present case. The result was that the scheme was run by the

Madras Government Cinchona Department "as a secondary side show for providing the old employes with better paid jobs and expecting little return from them." From the experience gained in this case, the Committee hope that the C.S.I.R. would in future properly scrutinize the schemes proposed to be taken up through the agencies of the State Government Departments and ensure effective supervision. Alternatively such schemes should be executed by the C.S.I.R.'s own staff. The Committee also regret to note that there was an avoidable delay in winding up the scheme after the receipt of the report of the Visiting Sub-Committee.

From a note (*Appendix XIV*) submitted by the Ministry, the Committee learn that during the years 1962-63 and 1963-64, 19 research schemes submitted by Scientists working in universities and other institutions were prematurely terminated, either as a result of the recommendations of the Expert Committees of the C.S.I.R. or the Scientists leaving the Institutions. This resulted in the grants amounting to about Rs. 1.5 lakhs being rendered mostly infructuous. The Committee suggest that the system of sanctioning such schemes should be regularly reviewed so as to ensure that the factors resulting in premature termination of schemes are eliminated.

*Lack of planning—page 141—para 104*

52. In April 1959, the Council sanctioned the setting up of a field laboratory with an oxidation pond near Nagpur to carry out certain experiments on sewage purification and sludge utilisation. An expenditure of Rs. 48,926 was incurred on the construction of building and the oxidation pond, Rs. 21,450 on the purchase of furniture, and Rs. 8,610 on the purchase of chemicals and drilling of a tubewell, upto December, 1960. It was found in January, 1963 that the walls of the oxidation pond required extensive repairs and replacements to enable it to be used.

The Institute stated in June, 1963 that the experiment could not be started till the electric supply was made available to the Institute as well as to the Nagpur Improvement Board for pumping the sewage to the farm. The chemicals and furniture (worth Rs. 17,743) purchased for the unit were stated (November, 1963) to have been diverted to the work at headquarters office, viz., Central Public Health Engineering Research Institute, Nagpur.

Referring to the delay in the supply of electricity, the representative of the Council stated that there was a dispute between the Electric Supply Company and the State Government and the Improvement Trust. The Nagpur Improvement Trust with whom the Council had negotiated, had promised to give electric supply, but the

**Nagpur Electric Supply Company obtained a Court injunction. The negotiations with the Improvement Trust and the local authorities for supply of sewage and other things, had since been finalised and the pond was expected to be utilised shortly.**

As regards the repairs to the walls of the pond, the representative of the Council stated that there were certain minor defects in the pond which had been partly rectified. It would be fit for use shortly.

**The Committee hope that as a result of the finalisation of negotiations with the local authorities for supply of sewage etc. and repair of the pond, the experiments will be started early, and the chemicals and furniture etc. would be utilised.**

*Losses due to time-barred claims—Pages 141-142—Para 105.*

53. An order for the supply of scientific apparatus costing Rs. 29,529 was placed on a foreign firm on 1st June, 1960 by the Central Electro-Chemical Research Institute, Karaikudi. The consignment was cleared by the clearing agents at Madras on 14th July, 1961, but was not despatched immediately to the Institute. When the consignment ultimately reached Karaikudi on the 18th November, 1961, it was noticed that major part of the apparatus had been damaged. A claim for damages, assessed at Rs. 15,320 was lodged with the insurance company but they rejected the claim as having become time-barred, as it had not been preferred within 60 days from the date of landing.

In evidence, the representative of the Council stated that the D.G.S. & D. had referred to arbitration the question of recovery of the damages from the clearing agents. The Comm'ttee would like to know the outcome of the arbitration proceedings. They hope that the C.S.I.R. will in future take necessary precautions to ensure that the goods are cleared in time and delivered to the site without delay.

*Misappropriation of funds—page 142—para 107.*

54. The Central Fuel Research Institute, Jealgora, a laboratory under the Council of Scientific and Industrial Research, received funds amounting to Rs. 26,184 during 1956-57 to 1957-58 direct from the Government for disbursement of stipends to trainees under the 'Practical Training Scheme of the Government of India'. A review conducted by the Council in July, 1963 showed that—

- (i) the separate cash book maintained to record the transactions of receipts and payments was written up only upto 5th January, 1957 and the transactions had not been attested by the drawing and disbursing officer;

- (ii) payees' acknowledgements existed for Rs. 16,147 only against the total disbursement of Rs. 18,376;
- (iii) a sum of Rs. 7,808 which remained unaccounted for, was alleged to have been misappropriated by the officials entrusted with handling of cash.

The Committee asked why the funds were given direct to the Central Fuel Research Institute, Jealgora, instead of through the C.S.I.R. The representative of the Ministry stated that under the scheme a large number of factories, workshops etc. including laboratories of the C.S.I.R. were imparting practical training to graduates. For the purpose of disbursement of stipends to trainees, all these establishments were paid grants direct by the Ministry. In order to watch the progress of the expenditure, the Ministry received quarterly progress reports from these establishments direct. Such reports were also obtained from the Central Fuel Research Institute direct. The witness admitted that this system was not fool-proof, otherwise the defalcation in the present case would have been detected earlier. He urged that the Ministry had to rely upon these establishments, and the present case of defalcation was a solitary instance. He added that necessary remedial measures would be considered after the receipt of the report of the enquiry in this case which was being investigated by the Special Police Establishment since last year.

The Committee feel concerned to note that in this case the defalcation of funds received by the Central Fuel Research Institute during the years 1956-57 and 1957-58 for disbursement to trainees came to notice only in July, 1963 *i.e.* 5-6 years after. In view of the fact that a large number of institutions are imparting training under the scheme and are receiving funds from the Ministry for disbursement to trainees, it is necessary that suitable remedial measures are taken without further delay to plug the loop-holes in the system in order to avoid recurrence of such cases. The Committee would like to know the outcome of the investigations into the present case and the remedial measures taken.

AUDIT REPORT ON THE ACCOUNTS OF THE COUNCIL OF SCIENTIFIC AND  
INDUSTRIAL RESEARCH FOR THE YEAR 1962-63

*Grants-in-aid by the Council (Headquarters)—utilisation certificates*

55. In a number of cases, the audited accounts had not been received from the grantee institutions in respect of grant-in-aid given by the Council. The following table indicates the grants paid by the

Council during the years 1960-61 to 1962-63 and the position of the receipt of audited accounts against them as on 30th September, 1963.

Year	Total No. of cases in which grants were paid	Total amount of grant paid	No. of cases in which audited accounts were awaited	Amount for which audited accounts were awaited	Percentage of grants for which accounts were awaited
		Rs.		Rs.	
1960-61 . . . . .	690	43,329	350	20,751	47.8%
1961-62 . . . . .	981	60,113	686	27,647	45.9%
1962-63 . . . . .	1158	71,144	1129	50,888	71.5%

NOTE :—The position of full utilisation of the grants given prior to 1960-61 could not be ascertained by Audit as the grant-in-aid registers were not complete.

Explaining the present position of the outstanding utilisation certificates, the representative of the C.S.I.R. stated that out of 2165 cases as on the 30th September, 1963, 1519 cases were still outstanding. The witness added that it had been impressed upon the grantees to expedite submission of utilisation certificates and the grantees were informed that unless utilisation certificates were received, it would be difficult to renew the grants. In the case of grantees whose accounts were audited by the Comptroller and Auditor General, extracts of the certificates recorded by the respective Accountants General were obtained from them. The Council was also in correspondence with the respective Accountants General in this regard. It was expected that the position regarding the issue of the utilisation certificates would improve.

The Committee are not happy over the delay in the submission of utilisation certificates by the grantees. Out of 2165 cases as on 30th September, 1963, 1519 cases are still outstanding. The Committee note the measures taken by the C.S.I.R. to expedite the submission of utilisation certificates. They hope that the position will be kept under constant review.

#### *Pool of Scientists—para 3*

56. The Council set up during 1959-60, a Pool for the placement of qualified scientists and technologists on their return from abroad after training. The scientists are paid by the Council and are posted to work at different laboratories/Institutes until they are able to secure employment elsewhere. No tenure is, however, fixed for the Pool Officers to remain in the Pool. The strength of the Pool and the

payments made to them by way of pay and allowances during the years 1959-60 to 1962-63 are given below:—

Year	No. of Pool officers working in the beginning of the year	No. added to the Pool during the year	Total	No. of officers released from the Pool	No. at the end of the year	Amount paid to Pool officers
1959-60		17	17	4	13	Rs. 25,461
1960-61	13	83	96	28	68	2,78,907
1961-62	68	202	270	58	212	9,64,832
1962-63	212	243	455	135	320	17,90,423

An analysis of the duration of stay of 320 officers who were working in the Pool as on 31st March, 1963, is given below:—

Duration	No. of officers who were working
0—1 year	203
1—2 years	94
2—3 years	22
3—4 years	1
	320

In evidence, the representative of the C.S.I.R. stated that a review of these scientists was made by the C.S.I.R. every six months and reports were called for from the heads of the institutions concerned. Some of these scientists were selected for regular employment in the C.S.I.R. laboratories. The U.P.S.C. also maintained a list of pool officers and interviewed them as and when necessary for their being considered for various posts. The C.S.I.R. also circulated the particulars of the Pool officers to the various employing agencies in the country. But the responsibility of finding employment was not of the C.S.I.R. There was only one case where a Pool officer who joined in 1959 remained unemployed for 3-4 years. In case a Pool officer

declined to accept a post offered by the C.S.I.R., he could no longer be continued in the Pool. But if he declined an offer from other institutions, the case was closely examined, and if the reasons for his non-acceptance of the post were not satisfactory, necessary action was taken. Asked if there had been a case where a Pool officer was removed because of his non-acceptance of a post, the witness stated that such an occasion had not arisen. He added that there had been a case in which a Pool officer was removed because of unsatisfactory report about his work. In reply to a question, the witness stated that the scheme did not provide for re-admission of a scientist to the Pool after his having left it once. In reply to another question the witness stated that a few scientists went back abroad due to non-availability of elaborate equipment which they were accustomed to, rather than due to less remuneration.

In para 23 of their 24th Report (Third Lok Sabha), the Public Accounts Committee pointed out the anomalous position that on one side there was delay in implementation of projects on account of non-availability of suitable qualified technical personnel and on the other hand there were a large number of scientists in the Pool awaiting employment. In a note submitted to the Committee, the Ministry have stated that the matter of proper utilisation and quick absorption of Pool officers had been constantly under review of the Government. Various steps are stated to have been taken to accelerate the progress of absorption of Pool officers in regular employment and proper utilisation of their talent and technical knowledge. The number of Pool officers leaving the Pool for regular appointments has been progressively increasing every year as will appear from the following figures.

Year	No. of persons leaving the Pool for regular appointments
1961	63
1962	101
1963	202
1964	110

(upto 31-5-64)

The Committee were informed that recently the Cabinet, while considering quick absorption of Pool Officers, decided as under:

- (i) All possible steps should be taken to hasten the absorption of scientists appointed to the Pool in regular appointments in research and other institutions as well as in industries in the public and private sectors.
- (ii) All approved scientific institutions should be authorised to create a certain number of supernumerary posts to which temporary appointments can be made quickly from among the scientists working and studying abroad whenever suitable candidates are available.
- (iii) In addition to the approved scientific institutions, the public sector undertakings should also have supernumerary posts specially in research units, which should, if necessary, be established in such undertakings to utilise the scientists' skill.

The Committee feel somewhat concerned at a large number of Scientists still in the Pool. As on 1st June, 1964, 530 Scientists were in the Pool out of whom 53 had been there for more than 2 years and 111 for more than a year. The Committee note the steps proposed to be taken to expedite the absorption of Scientists. They feel that in the context of the present Scientific and Technical Development in the country and the shortage of scientists, one year should be the maximum period by which the pooled officers should be able to get employment.

#### *Non-Utilisation of Machinery and Equipment*

57. Instances where scientific equipment and machinery had been lying unused for long periods ranging from 2 to 13 years are given below:—

Sl. No.	Name of Laboratory/Institute	Particulars of equipment & machinery	Month of purchase	Amount Rs.	Reasons for keeping the machinery idle
1	2	3	4	5	6
1	C.E.C.R.I. Karaikudi.	Furnace Salt Bath. Furnace Muffle, Heat Treatment Apparatus and Sheer Cam.	Sept. 51 and Dec. 54	17,027	The Council stated that these items were meant for large scale experiments and that there had been no necessity to use them so far.

1	2	3	4	5	6
2	C.L.R.I., Madras.	Pilot Plant consisting of Evaporator and Spray Dryer.	Nov. 56	69,625	It was stated (Nov. 63) that the plant could not be commissioned due to the inability of the suppliers to rectify the defects in the machinery.
3	I.I.B.E.M., Calcutta.	(i) Brawn Westburg apparatus, leitz micromanuplator, Ultra centrifuge etc.	July 61 to April 62	73,782	Could not be commissioned for want of electric power and accommodation.
		(ii) Laboratory Cen- trifuge.	March 59	9,117	Equipment received in damaged condition.

Referring to the equipment mentioned at S. No. 1 above lying at Karaikudi, the representative of the C.S.I.R. stated that this was purchased in 1951 before coming into existence of the Institute. At that time it was not envisaged that the equipment would not fit in with the research programme of the institute. He admitted that there was a slight lapse in this case. At present, a part of the equipment was being used, and the laboratory expected to use its various other parts.

**The Committee regret to observe that this case is indicative of lack of proper planning and foresight. They would like to be informed when the entire equipment is brought into use.**

58. As regards the pilot plant mentioned at S.No. 2 above, the witness stated that the building for the plant was ready in 1957, but the supplier delayed its installation. Between July, 1958 and January, 1963, the plant failed in a number of trials. Certain parts had to be replaced and defects removed. The institution issued a final certificate only in February, 1963. The plant had since been functioning.

**The Committee regard 4½ years (July 1958 to January, 1963) as too long a period for the equipment remaining under trials. In their opinion it is a fit case for the suppliers being asked to pay penalty for the delay in commissioning the plant.**

59. In regard to Brawn Westburg apparatus mentioned at S. No. 3 above, the witness stated that there was some delay in testing the equipment and putting it into commission. It had since been put

into use. As regards the laboratory centrifuge received in damaged condition in March, 1959 the witness stated that it had been repaired in the laboratory workshop, and it was in use now.

**The Committee feel concluded at the inordinate delay in bringing the equipment into use. They hope that such delays will not occur in future.**

60. Asked if any survey had been undertaken to find out whether the equipment and machinery acquired for the various laboratories was being utilised, the witness stated that a survey strictly in that sense had not been carried out. But the reports received from the Directors revealed that there was now a better utilisation of the machinery. The total cost of the machinery with the 23 laboratories was stated as Rs. 9.12 crores inclusive of imported items. At the instance of the Committee the Ministry furnished a statement showing a laboratory-wise break-up of the value of the equipment, plant and machinery etc. (Appendix XV) (According to this statement the value of assets in respect of 29 laboratories as 31-3-1963 was Rs. 8.60 crores).

**The Committee desire that the C.S.I.R. should undertake a review to ascertain the extent to which the equipment, machinery etc. held by the various laboratories/institutions (costing Rs. 9.12 crores) are being utilised. The Committee would like to be informed of the outcome of the review.**

*University Grants Commission*

*Release of grants not covered by the University Grants Commission Act—pages 142-143, para 108.*

61. In April, 1963, the Ministry was requested by Audit to examine the following cases, in consultation with the Ministry of Law to ascertain whether the payments would fall within the ambit of section 12 of the Act.

Name of Institution	Amount paid (In lakhs of rupees)
Indian Institute of Science, Bangalore	37.22
Indian School of International Studies, Delhi	2.42
College of Engineering and Technology, Jadavpur	5.98
J & D College of Sciences and Technology, Andhra University	0.88
Department of Chemical Technology, Bombay University	1.14
College of Engineering, Annamalai University	1.28
Department of Applied Chemistry	2.19

The Ministry of Law advised in August, 1963, that grants for any purpose which had no relation to the 'Development' of the universities would be outside the scope of the Act, except as regards the Central Universities to which the payment of 'maintenance' as well as 'Development' grants are specifically provided for in the Act. But on further examination, the Ministry of Law advised in February, 1964 that other than development grants were admissible even to the Universities other than Central Universities, provided these were relatable to the main purpose set out in Section 12 of the University Grants Commission Act i.e. promotion and coordination of University Education and maintenance of standards of teaching, examination and research in universities. The Committee asked whether in view of two conflicting interpretations given by the Law Ministry, it was proposed to refer the matter to the Attorney General for his opinion. The representative of the Ministry stated that the latter opinion had been given by the Secretary, Ministry of Law and it had been accepted as final.

The Comptroller and Auditor General expressed the view that under the Act, while the Central Universities were entitled to both development and maintenance grants, the State Universities and other institutions recognised as universities were entitled to only development grants. The representative of the Ministry stated that the Law Ministry had clearly opined that the other institutions were covered by provisions of Section 12(b) which was applicable to the Central Universities, since these had been deemed to be universities under a Central Act, viz., UGC Act. After considering the opinion of the Law Ministry, the UGC had decided that out of the seven institutions mentioned in the Audit para, only the Indian Institute of Science, Bangalore and the Indian School of International Studies, Delhi which were deemed to be Universities, would continue to receive maintenance grants from the Commission. As regards the remaining five institutions, the Commission had decided to discontinue payment of maintenance grants, even though the Law Ministry's opinion suggested that if a broad view was taken, these institutions could be given such grants. These institutions might be given maintenance grants by the Ministry of Education.

The Committee feel that according to the spirit of Section 12 of the University Grants Commission Act maintenance grants are admissible only to universities established or incorporated by or under a Central Act, as in their case the word 'maintenance' has been specifically mentioned in the Act. There is no mention about 'maintenance' in the case of other Universities mentioned in Section 12(c) of University Grants Commission Act 1956. The Committee note that the University Grants Commission have decided to discontinue

payment of maintenance grants to the five institutions viz. College of Engineering and Technology, Jadavpur, J. & D. College of Sciences and Technology, Andhra University, Department of Chemical Technology, Bombay University, College of Engineering, Annamalai University and Department of Applied Chemistry), even though the Law Ministry's second opinion suggests that if a broad view is taken they can be given such grants. The University Grants Commission also feel that it would not be right to give them maintenance grants.

The Committee, however, suggest that in view of the two conflicting opinions given by the Ministry of Law, the Attorney General's opinion regarding admissibility of maintenance grants to Universities other than Central Universities may be obtained for future guidance.

*Delay in disposal of surplus equipment—page 143, para 109.*

62. Equipment and stores valued at about Rs. 6.65 lakhs were rendered surplus in March, 1961 consequent to the abandonment of a scheme for supply of water from the bed of the river 'Ajoy' to the Vishwa Bharati University. The surplus stores have not been disposed of.

The Committee asked the reasons for delay in disposal of the surplus equipment and stores. The representative of the Ministry stated that in February 1962, the University negotiated with the neighbouring State Governments for the sale of surplus pipes, but they were not interested. Tenders were invited in June, 1962 and September, 1962 but the offers received were very low. The University was now negotiating with a Municipality and the State Public Health Directorate.

The Committee feel concerned over the delay of more than three years in the disposal of the equipment and stores valued at about Rs. 6.65 lakhs. They desire that the matter should be vigorously pursued and they should be informed of the final outcome.

*Extra expenditure on creation of posts without sanction pages 143-144—Para 110.*

63. In December, 1959, the University Grants Commission sanctioned non-recurring grants amounting to Rs. 6.85 lakhs to the constituent colleges of the Banaras Hindu University for implementing the three years' Degree Course in Arts and Science. The University created 93 posts of teaching staff against 24 posts allowed by the University Grants Commission for these colleges. On representation

by the University, the Commission on 4th April, 1962 agreed to the creation of 20 additional posts and directed the University to abolish the remaining 49 posts forthwith.

In evidence the representative of the Ministry stated that in this case as against 93 posts created by the Banaras Hindu University, the U.G.C. had sanctioned 71 posts in all. Subsequent to 24 original posts and 19 additional posts, 5 posts for pre-professional courses and 23 posts for professional courses in technology and agriculture had been sanctioned by the U.G.C. On a directive issued by the U.G.C., the Executive Committee of the University abolished the remaining 22 posts at its meeting held on the 15th March, 1963. The Commission had informed the University that it would not meet the expenditure on unauthorised posts which came to about Rs. 5 lakhs. The witness added that the University was examining in consultation with Audit the possibility of meeting the expenditure out of the interest accumulated on certain funds received by the University for certain specific purposes.

The Committee view with concern the creation of posts by the Banaras Hindu University in excess of those authorised by the University Grants Commission. They hope that such cases will not recur. The Committee would like to know the final decision taken in meeting the unauthorised expenditure from the accumulated interest on certain funds.

#### AUDIT REPORT ON THE ACCOUNTS OF THE UNIVERSITY GRANTS COMMISSION FOR 1962-63

##### *Non-Plan Expenditure—Item 3—Block Grants to Central Universities.*

64. Block Grants of Rs. 188.95 lakhs and Rs. 185 lakhs were paid to the Central Universities during the years 1961-62 and 1962-63 respectively on an 'on account' basis. The Reviewing Committee appointed by the Commission to fix the Block grants for the Central Universities for the quinquenni 1961-66 submitted its report in December, 1962 which was accepted by the Commission. The representative of the U.G.C. stated that the question whether the block grants should be paid for a period of 5 years as previously or on an annual basis, was still under consideration in consultation with the Universities. In the meantime maintenance grants had been given to the Universities on an 'on account' basis with reference to their annual budgets.

The representative of the Ministry of Education stated that the U.G.C. had indicated to the Central Universities about the manner in which grants for the period 1961-66 would be given. The main-

tenance grants for 1961-62 and 1962-63 would be paid on the basis of the actual deficit of the Universities for these two years. The maintenance grant for 1963-64 would be payable on the basis of the committed expenditure for 1962-63, plus the normal increments and such other items accepted by the Commission. The Commission had asked for details of items provided for in the budget for 1963-64 over and above the committed expenditure. The required information was awaited from the Universities. It was expected that the whole question about the grants would be decided in about three months on receipt of the required information. It was proposed to fix the subsequent grants every year on the same basis as for 1963-64.

The Committee are not happy over the inordinate delay in determining the final block grants payable to the Central Universities for the years 1961-62 onwards. They desire that the matter should be finalised without further delay.

*Utilisation of the Grants made by the Commission para 2 page 5*

65. The following table gives a yearwise analysis of the amounts disbursed as grants by the University Grants Commission and the amounts for which utilisation certificates have not been issued by the Commission (Up to 20th September, 1963):

Year	Grants Paid		Utilisation Certificates not issued.		Percentage of the grants for which the utilisation certificates are yet to be issued.
	No. of cases.	Amount (in lakhs of rupees)	No. of cases.	Amount (in lakhs of rupees)	
1955-56 . . .	341	265.75	224	210.48	79%
1956-57 . . .	405	334.00	231	153.10	46%
1957-58 . . .	390	346.57	247	140.27	40%
1958-59 . . .	807	592.02	621	344.57	58%
1959-60 . . .	1580	798.24	1169	552.50	69%
1960-61 . . .	2365	808.96	1778	678.26	83%
1961-62 . . .	2981	1055.01	2597	1013.79	96%
<b>TOTAL</b> . . .	<b>8869</b>	<b>4200.55</b>	<b>6867</b>	<b>3092.97</b>	<b>73%</b>

In evidence, the representative of the U.G.C. stated that as a result of steps taken to expedite clearance of utilisation certificates

out of the total amount of Rs. 30·93 crores outstanding as on 20th September, 1963, utilisation certificates had been submitted for more than Rs. 15 crores. The earliest year to which the outstanding certificates related was stated as 1955-56. Explaining the reasons for non-issue of utilisation certificates in respect of the old cases, the witness stated that audited accounts were awaited from some universities. The C. & A. G. pointed out that accounts of the Central universities were audited by his officers and their Audit reports were usually received within a year after the close of the financial year concerned. So, utilisation certificates relating to period upto 1959-60 should have been issued by the U.G.C. The witness stated that quite a large amount of grants was given for capital expenditure on buildings etc. which took a long time to be completed. He added that every effort was being made to pursue the old cases with universities. While there was not much difficulty in the receipt of audited accounts from Central Universities, difficulties arose in the case of the State Universities. In reply to a question, the witness stated that it was difficult to stop the release of further grants to the defaulting universities, as that would affect their development programmes.

The Committee desired to be furnished with a statement showing the latest position of the outstanding utilisation certificates, the years to which these related and names of the universities concerned. The information is still awaited.

The Committee feel concerned over the delay in submission of utilisation certificates by the universities. The certificates relating to the grants given during the period as far back as 1955-56 are yet to be issued. The Committee note that out of the outstanding amount of Rs. 30·93 crores as on 20th September, 1963 (pertaining to the years upto 1961-62), utilisation certificates had been submitted for more than Rs. 15 crores. They desire that the position should be kept under constant review and all out efforts should be made to clear the back-log of the utilisation certificates and ensure their submission in future in time. In the cases of persistent defaults without valid reasons, the question of with-holding further grants till the utilisation certificates are furnished should be seriously considered to enforce financial discipline.

*Unauthorised payment of interim relief to Members of staff of a university para 3—page 5.*

66. Annual Block Grants of Rs. 37 lakhs were given to Aligarh Muslim University to meet their annual maintenance expenditure during the five years ending 1960-61 subject to the condition that proposals involving questions of policy e.g. revision of scales of pay and

rates of dearness allowance etc. were to be implemented only with the prior approval of the Commission. The University, however, paid interim relief pending revision of pay scales to various categories of staff amounting to Rs. 1,80,375 during the period 1st November, 1957 to 31st March, 1960 without the prior approval of the Commission even though the Commission's representative on the Finance Committee of the University had objected to it. Since the payment had already been made, the commission had to accord *ex-post-facto* sanction in September, 1962 to regularise the unauthorised expenditure.

The Committee asked the reasons for the Commission according an *ex-post-facto* sanction to this unauthorised expenditure. The representative of the U.G.C. stated that the Commission was satisfied that the expenditure was for the right purpose and had to be incurred in any case. The officer of the Commission on the Finance Committee of the University had only objected to the expenditure being incurred without the approval of the Commission. The University had utilised the savings under the block grant for the purpose. The witness added that the University had been asked not to incur any unauthorised expenditure in future.

**The Committee hope that such instances of unauthorised expenditure by the Central Universities would not recur.**

67. In reply to a question, the witness stated that the officer of the Commission on the Finance Committee of the University was the Visitor's nominee and did not represent the Commission. The representative of the Ministry of Finance stated that an officer each of the Ministries of Education and Finance was also serving on the Finance Committee as the Visitor's nominee.

Asked whether the Commission had taken any steps to ensure that the Central Universities did not incur expenditure more than authorised by the Commission, the representative of the U.G.C. stated that its administrative control was now being tightened. For the last two or three years proper understanding and relations had been established between the Central Universities and the Commission, and there had not been many occasions where the Universities had gone beyond the sanction of the U.G.C. The witness added that it was difficult to have complete control over certain matters of a University, for in some cases there were academic reasons for incurring expenditure. In the case of block grants for maintenance, the Universities enjoyed powers to reappropriate moneys from one head to another within the total grant. But in case of a new item it was the duty of the University to obtain a special grant from the Commission. **The Committee**

suggest that Government should examine the feasibility of the officers of the Commission and the Ministries of Education and Finance being appointed on the Finance Committees of the Central Universities as their representatives with responsibility to them, rather than as Visitor's nominees for securing better and more efficient financial co-ordination.

AUDIT REPORT ON THE ACCOUNTS OF NATIONAL COUNCIL OF EDUCATIONAL RESEARCH AND TRAINING 1962-63

*Grants in-aid to Private Institutions—Para 1 (ii)—*

68. Grants amounting to Rs. 23.30 lakhs were given by the Council to 526 Institutions during 1962-63 for the following purposes:—

	No. of Institutions	Amount in lakhs of Rupees.
1. Extension Services Centre for Secondary School Teachers	92	15.67
2. Extension Services Centre for Primary Teachers	25	5.03
3. Experimental Projects	154	0.88
4. Science Teachers Association, Delhi	1	0.04
5. National Education Organisation Working in the Field of Audio-Visual Education	11	0.13
6. Research Schemes	243	1.55
	526	23.30

Utilisation certificates of grants in respect of only 2 institutions for Rs. 0.01 lakh had been received by October, 1963.

In respect of similar grants amounting to Rs. 1.31 lakhs paid to 54 institutions in 1961-62, only ten institutions had reported utilisation of grants till October, 1963 (Rs. 0.23 lakhs).

In evidence, the representative of the Ministry stated that the grantees included some Government institutions in whose case it had been expected that the respective Accountants General would furnish utilisation certificates, but it had not materialised. It was now proposed to issue the grants to State Governments who would finance the extension services centres attached to the Government institutions, and some State Governments had agreed to this procedure. The C. & A. G. pointed out that even so, Audit would not be concerned with these accounts.

As regards the delay in receiving utilisation certificates from private institutions, the witness stated that their accounts were audited by private auditors and they waited till the entire accounts were taken up for auditing, so that they had not to spend on auditing twice a year. The Council was now taking steps to send its own audit party to audit cases where grants exceeded Rs. 2000; in case utilisation certificates were delayed. In cases involving less than Rs. 2000, audit would be done with the help of the local audit party.

The Committee regret to find that the progress of the submission of utilisation certificates has been extremely slow particularly in this Council in the past. Out of 526 institutions which were paid grants during 1962-63 only two had submitted utilisation certificates by October, 1963. In respect of similar grants paid to 54 institutions in 1961-62 only 10 had reported utilisation till October, 1963. The Committee hope that with the audit of accounts of grantees being taken up by the Council's own audit party, the issue of certificates will be accelerated. The Committee would like to watch the progress through future audit reports.

*Annual Accounts—para 2*

69. The rules of the Council provide that it shall prepare an annual statement of accounts including the balance sheet, whereas the Council has prepared only a Receipts and Payments accounts. The forms in which the final accounts of the Council are to be prepared have not been finalised so far.

The Committee asked if it was not possible for the Council to prepare its accounts on the lines of the Council of Scientific and Industrial Research. The representative of the Ministry stated that enquiries were being made from that organisation. But he added that the Council's working and accounting was closer to that of Universities and it was thinking of adopting their form of accounts.

The Committee are surprised that even after three years of its establishment the Council had not been able to finalise the form for preparation of its accounts. They desire that early decision should be taken in the matter.

*Assets and liabilities transferred to the Council—para 3*

70. With the formation of the Council (September, 1961), five Government offices and Institutions were transferred to it together with their assets and liabilities. But the Council had not prepared any statement showing the value of assets taken over and the liabilities to be discharged by it (November, 1963).

Explaining the present position the representative of the Ministry stated that assets and liabilities had been jointly checked by the Ministry and the Council and the final sanction for their transfer to the Council, had been issued by the Ministry recently.

**The Committee regret the inordinate delay in the formal transfer of the assets and liabilities to the Council.**

#### IV

### MINISTRY OF EXTERNAL AFFAIRS

#### *Relaxation of rules in individual cases—Para 39, page 44*

71. Three Officers of the Indian Foreign Service were sanctioned Personal Pay of Rs. 250 p.m. in addition to the prescribed pay of Rs. 2,250 of the post of a Joint Secretary on their appointment to such posts during 1961 and 1962. The Personal Pay was stated to have been given on the ground that had these officers been posted abroad they would have been entitled to the grade pay of Rs. 2,500 in the I.F.S.

Two of these officers had been officiating in Grade III of the service from July, 1961 while in the third case, the officer was promoted to officiate in Grade III in November, 1962 but was not actually posted to an appointment in that grade.

Explaining the circumstances in which three Joint Secretaries had been given personal pay of Rs. 250/- per month which was not permissible under the rules, the Special Secretary, Ministry of External Affairs stated in evidence, that in the I.F.S. there was a system of grades namely, Grade I, II, III, IV and V which carried a fixed salary of Rs. 3000/-, Rs. 2,750/-, Rs. 2,500/-, Rs. 2,250/- and Rs. 1,800—2000, p.m. respectively. He pleaded that the Ministry would be deprived of the services and experience of a number of senior officers, if Grade III officers were excluded from coming as Joint Secretaries in the Ministry of External Affairs. Under the I.F.S. system, the grade went with the officer. He added that each case was examined in consultation with the Ministry of Finance and their approval was obtained before this special pay was granted.

In reply to a question whether granting of Personal Pay to the officers was justified under the rules, the witness stated that proposals had been made about 3 months ago to the Ministry of Finance for the amendment of the rules so that a greater measure of flexibility could be introduced. The matter was under discussion with the Finance Ministry. Denying that the permanent strength of the I.F.S. cadre had been deliberately kept flexible, he stated that the number of officers in each grade in the Ministry had been fixed and

the Ministry of Finance were also fully aware of it. The number\* of officers in each grade were as follows:

Grade I—10+3 Secretaries.

Grade II—15 (including one Additional Secretary).

Grade III—14 (including three Joint Secretaries).

Grade IV—15 (including three Joint Secretaries).

The witness further explained that the system of flexibility operated in the manner that sometimes a senior officer posted to a post of lower category carried his grade pay with that post.

In a note (Appendix XVI) subsequently furnished to the Committee, however, it has been stated that it has not been found practicable to fix the permanent strength in Grades I to IV separately because of the powers retained by Government to appoint non-service Heads of Missions and Posts.

**The Committee regret that such discrepancy should have occurred during evidence.**

Explaining why the Ministry of External Affairs did not wait for the approval of the Finance Ministry, the witness stated that it was regarded as unfair to drop an officer of Grade III to the grade of Rs. 2,250 p.m. after he had been brought to the Headquarters because of some special merit. In another case, an officer who had been serving in Grade III as an Ambassador abroad was brought to the Ministry and in his case also a special pay had been granted.

When it was pointed out that the question of granting personal pay would arise in the case of an officer's substantive pay only, as it was not unusual for a Government servant to officiate in a higher post and then revert to a junior post, the special Secretary admitted that it was a valid point. He stated, however, that in the Ministry of External Affairs when an officer was due for promotion, he was given officiating promotion in the next higher grade but in fact he was never reverted. One important reason for this practice of giving only officiating promotion was that it should be possible for the Ministry to revert an officer if the post was required to be filled by a non-official as head of the Mission. There was a considerable number of non-officials as Heads of Missions and when such a person was posted, a post in a suitable grade had to be found for him.

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\*According to History of Services of the Indian Foreign Service... (as on the 1st July 1963) the total strength on 1-7-1963 was 56.

As regards the third case, the witness stated that the officer had served in the Ministry for just two years and he became due for promotion to Grade III. The Government were faced with the option of posting him abroad thereby losing the benefit of his services in the Ministry and incurring a good deal of additional expenditure on his transfer Travelling allowance or giving him a special pay plus Rs. 2,250/- which was his grade pay. Therefore, action was taken under Rule 41 of the Indian Foreign Service Rules, and a personal pay was given.

In reply to a question whether giving more pay on *ad hoc* basis to particular officers did not amount to discrimination and was not *ultra vires* of the Rules, the Director (Finance) Ministry of External Affairs stated that when the first case was referred to the Ministry of Finance, it was turned down by them in the first instance. Then the Ministry of External Affairs cited a precedent in which the Finance Ministry had themselves decided to protect the present pay of an officer.

Explaining the opinion of the Ministry of Finance in these cases, the Financial Adviser stated that in the first two cases the Officers had come on transfer to the Ministry of External Affairs as Joint Secretaries whereas in the third case the officer was already there. Ministry of Finance had considered all the background and the administrative reasons before treating these cases as exceptions. It was agreed to regularise the third case as an exceptional one because the officer had become due for promotion. This was the main consideration and one of the subsidiary reasons was that the officer would have to go away earlier than the normal period of three years. The Finance Ministry had stated that they had no objection to the special pay being drawn but it should be treated as a special case and not regarded as a precedent. The Finance Ministry twice opposed the proposal and finally agreed in the meeting held between the Finance Secretary and the Foreign Secretary.

The Committee understand that Under Indian Foreign Service Rules, 1961, a member of the Indian Foreign Service appointed to a post of Joint Secretary in the Government of India, is entitled to draw a pay of Rs. 2,250/- p.m. Moreover, under the Rules personal pay is granted to an Officer only to save him from loss of his substantive pay. In other words, personal pay is now admissible for the purpose of protecting the officiating pay of an officer. In the first two cases, the officers were only officiating in the higher grade and had been posted as Joint Secretaries, which posts were in the lower grade. The Committee are, therefore, unable to accept the arguments advanced for treating these cases as exceptional ones and

allowing personal pay to the officers to protect them from loss in their officiating pay. In the opinion of the Committee such irregular grant of personal pay for protecting the officiating pay of an officer is in contravention of the Rules and amounts to discrimination.

The Committee also feel unhappy to note that when an officer is reverted to the Ministry of External Affairs from the Mission and posted as a Joint Secretary, he carries his grade pay (officiating) with him and draws the difference in pay as his personal pay, but is not treated as having reverted to a lower grade. The Committee are unable to appreciate how and why such a procedure which cannot be justified under the Rules, came to be adopted by the Ministry. In the Committee's view, the pay attached to a particular post is on the basis of particular functions to be performed. Therefore, the Committee feel that unless the Joint Secretaries in the Ministry of External Affairs actually performed duties of higher responsibilities than those attached to such posts in the Secretariat, there would be no justification for granting personal pay in such cases.

The Committee regret to note that in the third case in spite of the fact that the officer was not actually promoted to Grade III and did not actually take up the duties of the post in that grade in the Mission, he was treated as having been promoted to that grade and allowed the personal pay of Rs. 250/- p.m. in addition to his pay of Joint Secretary. It passes their comprehension how in this case the question of giving protection to the pay would arise; nor do they know what the special circumstances were which necessitated such an extraordinary action. The Committee have also not been enlightened as to what additional and compelling arguments or reasons were advanced in the meeting between the Foreign Secretary and the Finance Secretary which led the Ministry of Finance to agree to the proposal for the grant of personal pay after rejecting the same twice. In the opinion of the Committee the Ministry of Finance are also not blameless in these cases as they have acquiesced in the relaxation of the rules in individual cases without recording any valid or convincing reasons in justification therefor.

The Committee desire that the Ministry of External Affairs should re-examine the whole position in consultation with the Ministry of Finance and Home Affairs and take suitable steps to ensure that such an anomalous position does not arise again.

*Grant of daily allowance in lieu of foreign allowance—Para 40, pages 44-45.*

72. The Ministry sanctioned with effect from 6th October, 1959, the grant of daily allowance in lieu of foreign allowance for a maxi-

imum period of twenty eight days to Government servants and members of their families who were accommodated in hotels on first arrival at a foreign post due to non-availability of residential accommodation. In June, 1960, the maximum period for this purpose was extended to ninety days.

It was pointed out by Audit (November, 1959) that the concession would not be justified in cases where the hotels, in which the officers were accommodated, provided normal kitchen facilities. The Ministry accepted this view only in May, 1961 and issued orders withdrawing the concession in cases where the hotel accommodation provided to officers had kitchen facilities.

These orders were, however, modified in July, 1961 to the extent indicated below:

- (a) "Where the officers and members of the staff who are accommodated in a hotel where kitchen facilities are provided but cooking is not feasible the Head of the Mission may allow daily allowance terms in lieu of foreign allowance after satisfying himself that cooking is not feasible for justifiable reasons", and
- (b) "Where, however, the existing kitchen facilities are used only partially, say, for cooking some form of breakfast or light meal, the cash allowance may be reduced by one-fourth of the admissible amount."

The recovery of over-payments made under earlier orders, i.e., from 6th October, 1959 was also waived.

According to Audit, in actual practice the concession was being allowed as a matter of course to all officials on their first arrival in the U.S.A. The payment of daily allowance involved extra expenditure which was often three to four times the amount admissible as Foreign Allowance for the same period. The additional payment during the period October, 1959 to April, 1963 to 162 officers amounted to Rs. 3.31 lakhs. In Canada where the hotels have similar facilities, no such payments of daily allowance have been made as has been allowed in the U.S.A.

In February, 1963, the Ministry stated that Government proposed to examine the matter in all its aspects. The examination was proposed to be entrusted to the Foreign Service Inspectorate (January, 1964).

In evidence, the Special Secretary, Ministry of External Affairs stated that as a general proposition, it was true that hotels did not

provide normal kitchen facilities to their guests. In U.S.A. certain hotels, especially where suites were engaged, contained kitchenettes which could not be described as kitchens. Kitchenettes could not be used for cooking meals.

When the orders were issued in May, 1961, withdrawing the concession of daily allowance in lieu of foreign allowance in cases where the hotels provided kitchen facilities, the Ambassador pointing out the difficulties in implementing the instructions stated that even if a hotel provided a kitchenette, it did not result in temporary accommodation being equivalent to regular accommodation. Further, most of the baggage and utensils of the officer staying in a hotel would remain in storage and therefore, he would have to take meals thus incur extra expenditure as long as he occupied the hotel accommodation. Thereupon, modifications were made in rules in July, 1961 to the effect that where officers were accommodated in hotels where kitchen facilities were provided but cooking was not feasible, the Head of the Mission might allow daily allowance after satisfying that cooking was not feasible. Where the kitchen facilities were used only partially the cash allowance might be reduced by one fourth of the admissible amount. When the Committee enquired whether it was not a fact that during the period October, 1959, to April, 1963, invariably all the officers were allowed this facility in Washington, the witness replied that the Ministry had been trying to enquire as to how in Washington the Ambassador's discretion was exercised in that particular way. He further stated that in Washington there was a very heavy competition for accommodation of all kinds and a long time was taken before houses could be found.

As regards Ottawa in Canada, the witness stated that the Mission was a very small one and the housing position was very much easier.

In reply to a further question, the witness stated that before drawing any conclusion in this case it would be fair to carry out inspection by the Inspectors when they went to America and rectify the situation if rectification was necessary. In reply to a question, the representative of the Ministry stated that although the problems were similar in New York and South America (though not so acute) in many other Missions daily allowance had been paid in lieu of foreign allowance. A representative of the Ministry added that no body was allowed to stay permanently in Hotels. It was a concession allowed by the Government because it had been recognised that when an officer was posted to a new station, it was difficult to find residential accommodation immediately. The question was examined in 1959, 1960 and 1961 and it was found to be more economical to permit the officers to stay in Hotels until residential accommodation was

hired for them. He added that in certain countries this problem might not arise and sometimes it might be possible for the new comers to arrange for accommodation in advance, if departure of the officer leaving and arrival of the new officer coincided. In reply to a question, it was stated by the representative of the Ministry that the method of reimbursement of the actual amounts spent by the officer could not be followed as it involved production of vouchers etc. and was also not covered by the orders. Normally daily allowance was sanctioned and paid at the rates sanctioned by the Government. The additional payment of Rs. 3.31 lakhs mentioned in the Audit para related to the Embassy and all the offices located in the U.S.A.

The Committee desired to be furnished with a statement showing the amounts of daily allowance paid in lieu of foreign allowance to the officers in the various Missions during the period of their stay in hotels from October, 1959.

The Committee find it difficult to accept that in all the cases of officers in Washington the grant of concession of drawing daily allowance in lieu of foreign allowance was justified, as it appears that during the last three years there has not been a single exception. The fact that in Canada where comparable facilities are available in hotels, such situations did not arise, indicates, in their opinion, that the discretion by the Head of the Mission in Washington has not been properly exercised.

The Committee would like the Ministry to ensure that there is proper and equitable exercise of discretion by the Heads of Missions in such matters and that the procedure followed in different Missions is uniform. Since, however, the Ministry are not in a position now to explain as to why the Ambassador exercised his discretion in a particular way, the Committee would await the examination of the matter in all its aspects by the Foreign Service Inspectorate. A copy of the Report submitted by the Foreign Service Inspectorate may be furnished to the Committee, on receipt. They hope that this examination will be conducted at an early date so that such additional expenditure is reduced if not eliminated.

*Uninvested surplus balances held in the current account—Para 41, pages 45-46.*

73. The Permanent Mission of India to the U.N. received from November, 1958 onwards amounts totalling U.S. \$127,195 upto February, 1959 on account of collections made from the personnel of the Indian Armed Forces by the Field Post Offices abroad. The Mission kept these balances in their current account in a local Bank. It was

suggested to Government in November, 1958 that these receipts might be utilised towards meeting the current expenditure of the Mission, thus obviating the need for remittances from India. Government, however, accorded the necessary permission only in June, 1959 stating the final instructions regarding disposal of surplus balances would be communicated later. The surplus balances continued to rise and amounted to over U.S. \$2.4 millions by June, 1962, when they were transferred under instructions from the Ministry to the India Supply Mission for investment along with the other surplus dollar balances held by them.

The loss of interest as a result of the undue delay in taking action for the investment of the balances has been estimated by Audit at U.S. \$34,000.

Explaining the position, the Special Secretary, Ministry of External Affairs stated in evidence that the remittances to the Missions abroad were normally made through the High Commissioner of India, London. The permanent Mission of India, in New York, the Consul-General in New York and other offices were receiving funds from the Embassy in Washington, while Washington was getting the remittances from London. In March, 1959 orders were issued that the Missions in New York could get their funds direct from London. In April of that year the Embassy in Washington reported that the India Supply Mission had surplus dollar funds and recommended that it would be unnecessary to finance the Missions in New York from London. In September of that year, the Government issued orders that the Missions in New York would be financed from the India Supply Mission. The Department of Economic Affairs who were consulted had indicated that the arrangement could continue till early 1960 upto which time the funds were expected to last with India Supply Mission.

As regards the loss of 34,000 dollars, the witness stated that it was a hypothetical loss. He further stated that the whole thing began with the situation in Gaza where the Indian contingent received daily allowance etc. By an arrangement with the United Nations, those funds were then paid into the account of the Permanent Mission. Till February, 1959, the receipts in that account amounted to 1.27 lakh dollars. The Mission had made enquiries from the local Banks as to whether the amount could be deposited in the Savings Bank account so that it could earn interest. The Banks had informed the Mission that their rules did not permit taking an account of that nature from a Government or any foreign organisation, but the Mission persisted with the enquiries and it was almost after two years

that two Banks eventually agreed to take on that account. In the meanwhile, the balances with the Mission in New York had increased. Then there was a large influx of funds with the Congo operations. There were discussions between the Ministries of Defence, Finance and External Affairs and it was finally agreed that the Mission could use the amount as the expenditure in New York was of the order of 30,000 to 50,000 dollars per month. It was admitted by the witness that when large amounts had started coming in from Congo, the matter should have been reconsidered. It did not, however, occur to any body that while the Mission in New York could draw on the I.S.M. for funds, they could have easily transmitted funds to the I.S.M. for deposits. In August, 1961, the final decision was arrived at to send the amount to I.S.M. Washington.

In reply to a question, the representative of the Ministry stated that when the first reference was made by the Mission on 26th November, 1958 followed by a telegram on 22nd February, 1959, the balance was about a lakh of dollars. So the decision was communicated to them in June to the effect that the balances could be utilised for current purposes. He further stated that it appeared that those who were handling the matter were not aware of the possibility of the I.S.M. using the Government funds for investment. It was known only to a very few people even in the Department of Economic Affairs. He added that the final instructions as conceived in June were issued in September, 1959 and nothing was to be supplemented thereafter.

The Committee are not happy with the manner in which this case (resulting in an estimated loss of \$34,000) has been dealt with. They are unable to find any justification for the delays that occurred. They are surprised to learn that when large amounts had started coming in from Congo, no one in the Ministry seemed to know what action was called for. The fact that when the Mission made a reference on 26th November, 1958, a reply could be sent only in June, 1959 and the final instructions by the Ministry could be issued only in June, 1962, clearly indicates laxity on the part of the officials who handled this case in the Ministry. The Committee desire that (1) Responsibility should be fixed for not sending the instructions promised in June, 1959 till June, 1962. (2) The explanation given for the loss of \$34,000 (i.e. the Banks not prepared to open Account etc.) is not convincing. The Committee would like the Ministry to take suitable steps to ensure that such cases do not recur.

*Shortage of stores—page 165—Appendix I*

74. In an Outpost of the Lohit Frontier Division in the North East Frontier Agency shortage of stores worth Rs. 8,903 was detected on 10th May, 1960 on physical verification of stock at the time of handing over charge by one storekeeper. The matter was reported to the N.E.F.A. Administration in March, 1961 and their reply was awaited (October, 1963).

It was stated in evidence that the matter was referred to the Special Police Establishment and the investigation was going on. When it was pointed out that the S.P.E. had stated in August, 1962 that departmental action should be taken against the officers concerned, it was stated by the representative of the Ministry that the S.P.E. took the documents and released them only on the 13th December, 1963. After that the Commissioner was conducting an enquiry. In reply to a question why till October, 1963 no reply was received when the matter was reported to the N.E.F.A. Administration in March, 1961, it was stated that it was not known whether any interim reply was sent by the Administration.

\* At the instance of the Committee a note stating the latest position regarding the departmental enquiry into the losses and action taken against the officers has been furnished by the Ministry (Appendix XVII).

The Committee are surprised that the results of the enquiry are still awaited. They regret that so much delay has taken place already in taking departmental action in this case. They hope that the enquiry would be concluded at an early date and the results communicated to the Committee.

*Waiving of recovery—Page 165, Appendix I*

75. The laundry charges of guest linen supplied at the residence of the Head of Mission, though not debitable to Government funds were being irregularly paid by the Mission from November, 1954. At the instance of Audit, Government issued orders in May, 1957 for the immediate recovery of these charges paid since November, 1954. Instead of making recovery immediately, the Mission continued to pay the laundry charges in disregard of Government orders and resorted to correspondence till recovery became unfeasible as both the Heads of Mission from whom recovery was due had in the meantime left service.

Government issued orders in January, 1962 waiving the recovery of Rs. 1,749 paid as laundry charges during the period November, 1954 to January, 1958.

Explaining the position, the Special Secretary stated that the matter was first discussed by one of the Ambassadors. The Ambassador was under the impression that as in the case of washing charges for curtains the charges on account of washing guest linen were payable by Government. There was some correspondence and before the claim for recovery was raised the officer concerned had retired (in May, 1958) and so the matter was allowed to be closed and the recovery waived.

**The Committee feel that this is yet another case where the Ministry have shown laxity. The failure of the Ministry to recover the charges lacks justification in view of the fact that orders were issued by Government for immediate recovery of the charges in May, 1957, whereas both the Heads of Missions retired in May, 1958 and May, 1959, i.e. one or two years after the issue of the orders.**

**The Committee take a serious view of the fact that in spite of clear and categorical orders of May, 1957, no recovery was made even though these orders were issued at the instance of Audit. The Committee desire that the Ministry should take due note of this fact and issue clear instructions to Indian Missions abroad to remove any ambiguity or doubt in matters relating to expenditure on items on which payments are to be made by the Heads of Missions or other officers themselves so as to avoid similar cases in future.**

## V

### GENERAL

76. The Committee would like to draw the attention of the Ministry of Finance to the following cases considered in the Report which indicate need for tightening up financial control and, in particular, the need for adequate financial scrutiny before grants are sanctioned to the non-Government institutions and for ensuring that a proper procedure is followed by the Ministries to watch the utilisation of such grants. The role of the representative of the Finance Ministry in the institutions receiving grants also requires consideration with a view to securing the effective functioning of such representatives.

#### *Paras 1-6*

Release of large "on account" payment to Indian Statistical Institute without formal agreement and without any check of the work actually done.

#### *Paras 18-19 and 43*

Release of grants to private institutions for construction of buildings in excess of requirements.

#### *Para 27*

Non-receipt of "Performance Reports" from grantee institutions and failure to conduct an annual review of such grants, as required under the instructions issued by the Ministry of Finance.

#### *Para 28*

Payment of further grants to institutions which had not submitted audited accounts for grants paid to them on earlier occasions.

#### *Para 29*

Release of grant to a private body without specific vote of Parliament to enable it to repay instalments of loan.

#### *Para 33*

Release of grants to institutions to liquidate their debts incurred prior to the approval of the schemes by Government.

#### *Para 36*

Ineffectiveness of the representative of the Finance Ministry on an autonomous body to secure the observance of proper procedure in awarding contracts.

**Para 45**

Release of grants by Sangeet Natak Akademi in contravention of rules.

**Para 73**

Loss due to delay in investment of surplus balances with an Indian Mission abroad.

NEW DELHI;  
November 25, 1964  
Agrahayana 4, 1886 (Saka).

R. R. MORARKA,  
Chairman,  
Public Accounts Committee.

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**APPENDICES**

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## APPENDIX I

(See Para 1 of Report)

### CABINET SECRETARIAT

*Record note of discussion held on 25th October, 1958, concerning the arrangements for undertaking of various types of work by the Indian Statistical Institute, Calcutta*

#### PRESENT :

1. Prof. P. C. Mahalanobis.
2. Shri Vishnu Sahay, I.C.S., *Secretary to the Cabinet.*
3. Shri N. N. Wanchoo, *Secretary (Department of Expenditure), Ministry of Finance.*

Also present:—

1. Shri N. Chakravarti, *Joint Secretary, Indian Statistical Institute.*
2. Shri Pitambar Pant, *Joint Secretary, Indian Statistical Institute.*
3. Shri S. K. Bose, *Deputy Secretary to the Cabinet.*

1. Prof Mahalanobis initiating the discussion suggested that as communicated by him in his letter No. 3467 D 58 dated the 21st October, 1958 (Enclosure I), the discussion may in the first place be confined to the broad question of form and conditions of financial support, if any, from Government to the Institute in future. He felt that outstanding points relating to expenditure already incurred and grants already sanctioned may more conveniently be considered at a later stage. With regard to the basic question of the form and conditions of financial support from Government to the Indian Statistical Institute in future, Prof. Mahalanobis stated that he had prepared a note (Enclosure II) which may be taken as the basis for discussion Prof. Mahalanobis further stated that he had been authorised to inform Government that the Institute will not be prepared to accept from 1-4-1959 any "project" work except on contract basis.

2. After a short discussion as to what is to be included in "project" work for which payment on a contract basis is to be made to the Institute in future, it was agreed that only work connected with sample surveys may be treated as "project" work and so far

as other work was concerned it would be open for Government to decide after ascertaining the views of the Institute whether for any particular work contractual payment was to be made or grants-in-aid were to be paid.

3. Secretary (Expenditure) agreed to obtain the orders of the Finance Minister on the general principle of making payment on contract to the Indian Statistical Institute for undertaking work associated with sample survey which was to be treated as "project" work.

4. The form of contract to be adopted in case it was decided by Government to make payments to the Institute for "project" work on a contract basis was broadly discussed. It was agreed that the Indian Statistical Institute would send as early as possible a draft form indicating the manner in which the contract may be entered into between Government and the Institute.

It was further agreed that the Institute will give estimates on the basis of work with broad backgrounds so as to facilitate understanding of the manner in which the total amount of payment required has been arrived at.

It was further agreed that the contract will

- (a) have to be for a specified period of years, say 2-3 years;
- (b) provide for an "escape clause" to cover any unforeseen basic changes which may require alterations in the parts of the contract;
- (c) have a time schedule for the performance of the Institute's obligations consequently on successful completion of field work.

5. It was agreed that the Institute would maintain records of different stages of work covered by the contract, to the maximum extent feasible, for calculation of rates for such work and such information would, if required, be made available to Government.

**APPENDIX II**  
(See Para 3 of Report)  
(Cabinet Secretariat)

*Statements showing grants-in-aid and other payments made to the Indian Statistical Institute, Calcutta from 1958-59 onwards.*

Year	Non-Project Sectors— Research and Training School including Computing Machines and Electronic Laboratory, International Statistical Education Centre, Statistical Quality Control Sector, Planning Division and UNTAR Sector.	Project sector—Tabulation of data and other work connected with National Sample Survey.	Capital Expenditure—on lands, buildings, equipment, furniture, etc.	Total
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs.
1958-59	25.83	50.31	4.27	80.41
1959-60	24.98	48.06	6.56	79.54
1960-61	24.50	53.60	6.22	84.32
1961-62*	37.20 †	26.28	21.76	85.24
1962-63*	43.53 †	57.00	19.60	120.13
1963-64*	52.39	47.05	18.20	117.64
1964-65 (to date)	26.70	15.00 (As on 1-8-64)	4.00	45.70
				612.98

\* The payments for these years were financed by the following amounts received by the Institute from the State Bank of India, Shambazar, Calcutta, on overdraft guaranteed by the Government vide copy of d.o. letter No. 10/7/61, Estt. III dated the 13th September, 1963 (attached) to cover the out of work-in-progress which qualifies for regular payment only when it is completed and delivered:—

1961-62	Rs. 22.66 lakhs
1962-63	Rs. 7.34 lakhs.
1963-64	Rs. 20.00 lakhs.

Rs. 50.00 lakhs.

† A grants-in-aid of Rs. 3 lakhs included in Rs. 37.20 lakhs under 1961-62 and Rs. 34940 included in Rs. 43.53 lakhs under 1962-63 was sanctioned in reimbursement of the expenditure incurred by the Institute during 1960-61.

**APPENDIX III**  
(See para 5 of Report)  
(Cabinet Sectt.)

*Latest position in regard to pendency of regular Socio-Economic tabulations with the Indian Statistical Institute*

No. of Rounds	Period during which the date was collected	Details of Tabulations still pending to be completed	Total value as indicated by the Institute in June 61 for the Round as a whole	Approximate value of pending tabulations as percent age of total value of Round's work	Value of pending work	When roughly* the tabulations should normally have been completed
1	2	3	4	5	6	7
(a) Upto 14th Round (b) 15th Round	Up to June 1958 July 59 June 60	Nil (i) Schedule 12 Priority IX tables and some of the Priority I tables. (ii) Schedule 10 Employment and Unemployment.	Rs. 49.52 lakhs	20%	Rs. 9.90 lakhs	End of 1962.
(c) 16th Round	July 60 June 61	(i) Schedule 12 population Births and Deaths. (ii) Schedules 6.1 and 6.2—Land holdings Priority II Tables. (iii) Schedule 1.0—Consumer Expenditure Priority II tables.				
(d) 17th Round	September 1961 August 1962	All tabulations except 5.0 series (Land Utilisation).	Rs. 69.85 lakhs	99%	Rs. 69.15 lakhs	End of 1964.

\* This is based on the norm that after the receipt of all the filed in schedules concerning a Round, it would require about two years to complete all the tabulations of the Round.

*NOTE Comment by Audit:* "The details given in the Statement are not susceptible of verification by Audit".

**APPENDIX IV**

(See para 5 of Report)

(Cabinet Sectt.)

Directorate of National Sample Survey

**PART A**

Round	Date of Start	Date of completion	Date of despatch of* schedules
1	2	3	4
<b>SOCIO-ECONOMIC SURVEY</b>			
12th Round	Feb. 1957	15-9-1957	31-10-1959
13th Round	Sept. 1957	15-6-1958	30-6-1958
14th Round	July 1958	30-6-1959	31-8-1959
15th Round	July 1959	30-6-1960	31-8-1960
16th Round	July 1960	31-10-1961	31-12-1961
17th Round	Sept. 1961	31-8-1962	31-10-1962
18th Round	Feb. 1963	31-3-1964	31-5-1964
	19th Round in Progress		
<b>ANNUAL SURVEY OF INDUSTRIES</b>			
7th Round (SSMI-57)	July, 1958	31-3-1959	N.A.
8th Round (SSMI-58)	April, 1959	31-8-1960	N.A.
ASI-1959	August, 1960	31-8-1961	31st December, 1961
ASI-1960	Sept. 1961	31-5-1962	31st August, 1962
ASI-1961	June, 1962	30-4-1963	30th June, 1963
ASI-1962	May, 1963	29-2-1964	30th April, 1964
	ASI-63-in progress		

*Note:* In the case of Annual Surveys of Industries the dates in columns 3 and 4 indicate the dates when over 90% of the work was completed and when over 90% of the schedules were despatched.

\*Processing of the data collected by the Directorate of National Sample Survey commences after the receipt of all the filled in schedules. The date shown in column 4 is the date when the last filled in schedules are despatched to the Indian Statistical Institute.

PART B

*Processing of data collected by the Dte. of N.S.S. since 1957-58 onwards at the Indian Statistical Institute, Calcutta*

Serial No.	Duration of the round	N.S.S. round No.	Draft report No.	*Date of submission of the draft report by I.S.I. Calcutta	Printed report No.	Report printed on	Title of the report
1	2	3	4	5	6	7	8
1	Aug., 1956—Aug., 1957	11th & 12th	31	27th Sept., 1958	33	19-12-1960	Tables with notes on wages, Employment, Income and Indebtedness of Agricultural labour Households in Rural Areas.
2	Dec., '55—Aug., 1957	10th & 12th	67	31st March, 1960	45	28-9-1961	Report on Indian villages— A study of some social and Economic Aspects.
3	Aug., '56—Aug., 1957	11th & 12th	32	4th Oct., 1958	46	23-10-1961	Tables with notes on consumer Expenditure of Agricultural labour households in Rural Areas.
4	Aug., '56—May, 1958	11th & 13th	63	31st March, 1960	49	19-12-1961	Report on Morbidity.
5	Aug., '56—Aug., 1957	11th & 12th	43	31st March, 1960	52	10-1-1962	Tables with notes on Employment and Unemployment.

6	Aug., '56—May, 1958	11th & 13th	56	30th March, 1960	53	15/16-2-1962	Tables with notes on Internal Migration.
7	March—Aug., 1957	12th	82	30th June, 1961	67	17-9-1962	Tables with notes on Housing Conditions.
8	Do.	Do.	50	25th March, 1960	69	26-10-1962	Notes on the results of the Land Utilisation Survey and Crop-cutting Experiments.
9	Do.	Do.	77	9th June, 1961	72	29-1-1963	Tables with Notes on Milk Production.
10	Do.	Do.	79	27/28th June, 1961	78	2-8-1963	Tables with notes on consumer Expenditure.
11	Aug., '56—Aug., 1957	11th & 12th	95	25-10-1961	87	21-5-1964	Tables with notes on average Budget of Agricultural Labour Households in Rural Areas.
12	Do.	Do.	103	28th Sept. 1962			Tables with notes on Consumer Expenditure.
13	Sept., '57—May, 58	13th	53	30th March, 1960	37	31-3-1961	Survey of Book Reader's Preference in India.
14	Do.	Do.	40	25th July, 1959	38	March 1961	Some Results of the Land Utilisation Survey and Crop Cutting Experiments.
15	Aug., '56—May, 1958	11th to 13th	63	31st March, 1960	49	19-12-1961	Report on Morbidity.
16	Aug., '56—May, 1958	11th to 13th	56	30th March, 1960	53	15/16-2-1962	Tables with Notes on Internal Migration.
17	Sept., '57—May, 1958	13th	44	31st March, 1960	63	25-7-1962	Tables with Notes on Employment and Unemployment.

\* Date to the Govt. is taken to be the date when the processing was completed.

1	2	3	4	5	6	7	8
18	Sept. '57—May, 1958	13th	84	30th June, 1961	64	3-9-1962	Indian Villages—A study of some social and Economic Aspects.
19	Do.	Do.	69	1st April, 1960	71	12-11-1962	Consumer Expenditure by Level of Household Expenditure.
20	Do.	Do.	80	27th June, 1961	80	24-8-1963	Tables with Notes on Consumer Expenditure.
21	1958-1959		92	29th July, 1961	84	30-12-1963	Tables with Notes on S.S. M.I. 1957 Survey of Scheduled Industries.
22	1958-59		91	14th Sept., 1961	86	1-4-1964	Tables with Notes on the Sample Survey of Manufacturing Industries 1957(2).
23	July '58—June 1959	14th	36	31st March, 1960	48	13-12-1961	Preliminary Estimates of Birth and Death Rates and of the Rate of Growth of Population.
24	Do.	Do.	61	30th March, 1960	73	1-2-1963	Some Results of the Land Utilisation Survey and Crop-cutting Experiments.
25	Do.	Do.	89	31st July, 1961	76	5-6-1963	Fertility and Mortality Rates in Rural India.
26	Do.	Do.	68(1)	31st March, 1960 30th Oct., 1962.			Tables with Notes on Small Scale Manufacture—Rural (Household enterprises smaller than regd. factories.)

27	Do.	Do.	68(2)	29th July, 1961		Tables with Notes on Small Scale Manufacture Rural and Urban Household Enterprises, (smaller than Regd. factories).
28	Do.	Do.	87	28-7-1961	85	18-3-1964 Tables with Notes on Employment and Unemployment—Urban Areas.
29	Do.	Do.	88	29-7-1961		Tables with Notes on Rural Employment and Unemployment.
				31-3-1962		
30	Do.	Do.	90	31-7-1961	88	19-5-1964 Tables with Notes on Household Receipts and Disbursements in Urban Areas.
31	Do.	Do.	93	8-9-1961		
32	Do.	Do.	99	30-7-1962	will be printed as one report.	Tables with Notes on Consumer Expenditure in Urban Areas.
33	Do.	Do.	107	30-10-1962		
34	Do.	Do.	115	23-3-1963		Tables with Notes on Indian villages.
35	Do.	Do.	49/1	25-3-1960	}	Preliminary Estimates of Rural Retail Prices.
			49/2	28-7-1961		
			49/3	26-12-1961		
36	1959-60		98	10-4-1962		Tables with notes on the Survey of Scheduled Industries, 1958.

1	2	3	4	5	6	7	8
37	March '59—Feb. 1961	..	117	27-4-1963	..	..	Tables with Notes on the Sample Survey of Manufacturing Industries, 1958 (Factory Establishments: Summary Results).
38	March '59—Feb. 1961	..	126	28th April, 1964	..	..	Tables with Notes on Sample Survey of Manufacturing Industries 1958: Factory Establishments : Detailed Results.
39	July '59—June 1960	15th	76	22-4-1961	79	7-8-1963	Some Results of Land Utilisation Survey and Crop-cutting Experiments.
40	1958-59	..	86	28th July, 1961	83	13-12-1963	Report on Sample Survey of Manufacturing Industries, 1959 (1).
41	July '59—June 1960	15th	97	18-4-1962	..	..	Tables with Notes on Consumer Expenditure (Preliminary).
42	Do.	Do.	101	31-7-1962	..	..	Tables with Notes on Household Non-registered Trade.
43	Do.	Do.	104	25-10-1962	..	..	Tables with Notes on Capital Formation (Rural).
44	Do.	Do.	106	27-10-1962	..	..	Tables with Notes on Disposal of Cereals by Producer Households in Rural Areas.
45	1960-1962	..	108	20-12-1962	..	..	Tables with Notes on A.S.I. 1959 (Sample Sector—Summary Results).

46	1959-1960		109	12-3-1963	..	..	Report on Type Study on Consumption and Disposal of Cereals and Capital Formation by Household (1959-60).
47	July '59—June, 1960	15th	110	30-1-1963	..	..	Rates of Birth, Death and Growth of Rural Population.
48	Do.	Do.	120	27-5-1963	..	..	Tables with Notes on Consumer Expenditure.
49	Do.	Do.	100	30-7-1962	..	..	Tables with Notes on Live-stock Products.
50	Do.	Do.	105	25-10-1962	..	..	Tables with Notes on Household Non-Mechanised Transport and Utilisation of Working Animals.
51	1960-1962		127	29-4-1964	..	..	Tables with Notes on Annual Survey of Industries 1959—Sample Sector : Detailed Results.
52	1960-1962		96	13-12-1961	..	..	Tables with Notes on Dwelling Habits of occupant of the two room Govt. Residences in New Delhi (July 1960).
53	July '60—June 1961	16th	111	31-1-1963	..	..	Tables with Notes on Urban Labour Force.
54	Do.	Do.	112	31-1-1963	..	..	Some results of the Land Utilisation Survey and Crop-cutting Experiments.
55	Do.	Do.	113	11-3-1963	..	..	Tables with Notes on Consumer Expenditure (Preliminary).

1	2	3	4	5	6	7	8
56	1961-1962		114	12-3-1963			Annual Survey of Industries—1960—Sample Sector—Summary Results.
57	July '60—June 1961	16th	116/1 116/2	29-4-1963 24-3-1964	}		Tables with Notes on Family Planning.
58	Do.	Do.	118	30-4-1963			Tables with Notes on Household indebtedness.
59	Do.	Do.	121	3-6-1963			Tables with Notes on Employment and Unemployment in Rural Areas.
60	Do.	Do.	122	15-6-1963			Tables with Notes on Agri. Holdings in Rural India.
61	July, '61—June 1962	17th	124	12-2-1964			Tables with Notes on Land Utilisation Survey and Crop-cutting Experiments.
62	July, '62—June 1963	18th	125	28-4-1964			Tables with Notes on Land Utilisation Survey and Crop-cutting Experiments.

**APPENDIX V**  
 See para 7 of Report)  
 (CABINET SECRETARIAT)

*Detailed break-up in regard to utilisation certificates shown in audit para 85 as pending in respect of grant-in-aid and other payments made to the I.S.I. Calcutta, during the years 1961-62 and 1962-63.*

Year	Non-Project Sector comprising of Re- search and Training School including Com- puting Machines and Electronic Laboratory, International Statisti- cal Education Centre Statistical Quality Control Sector, Plan- ning Division and UNTAA Sector		Project Sector Tabu- lation of data and other work connected with National Sample Survey		Capital Expenditure on lands, building equipment, furniture, etc.		Total	Remarks	
	No. of items	Amount	No. of items	Amount	No. of items	Amount			
1	2	3	4	5	6	7	8	9	10
		Rs. in lakhs		Rs. in lakhs		Rs. in lakhs		Rs. in lakhs	
1961-62	6	16.08	3	52.62(a)	7	22.88(b)	16	84.58	Utilisation certificates for 6 items pertaining to 1961-62 and totalling Rs. 37.20 lakhs were furnished to the A.G. in March-April 1963. These have since been acknowledged by him vide letter No. RBP/9/ Grants-in-aid/1962-63/202
1962-63	10	43.17(c)	10	57.00(a)	5	19.60	25	119.77	
<b>TOTAL</b>	16	79.25	13	82.62	12	42.48	41	204.35	

1	2	3	4	5	6	7	8	9	10
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dated 10th July, 1964 (A.G. West Bengal, Calcutta). In regard to 13 items amounting to Rs. 82.62 lakhs shown under Project Sector, no utilisation certificates are apparently necessary as the work was to be done on contract basis and not on Grant-in-aid basis. The position in regard to the pendency of the rest i.e. 22 items amounting to Rs. 84.53 lakhs is explained in the annexure.

NOTES:—(For reconciliation of the figures given above with the figures furnished in separate statements of payments made to the Institute during 1961-62 and 1962-63).

- (a) This does not include the sanction of Rs. 66,000 and 60,000 given for payment to the Army Statistical Organisation for part of the NSS contract work done by them on behalf of the Institute.
- (b) A sum of Rs. 1.12 lakhs was transferred from out of the capital grant to the grant-in-aid for current expenditure.
- (c) A grant-in-aid of Rs. 35,000 approximate sanctioned in reimbursement of the expenditure for 1960-61 has not been included in this figure by the A.G.C.R.

**ANNEXURE**  
I. *Current Expenditure*

S. No. and date of sanction letter No.	Purpose of the Grant	Amount	Present state of the matter
<i>Non-Project Sectors 1962-63</i>			
1.	10/2/62-Estt. III dt. 10-4-1962 . Quarterly advance grant-in-aid for meeting expenditure in the non-project sectors during 1962-63	Rs. 800000	All these payments, though given out piecemeal, related to the grant-in-aid sanctioned to the Institute for meeting current expenditure in the Non-Project Sectors. The grant was sanctioned on the basis of the recommendations made by the committee appointed under section 8(t) of the I.S.I. Act. The audited accounts and the utilisation certificates in respect of these amounts have already been received from the Institute's auditors and will shortly be forwarded to the A.G. As per the audited accounts, the Institute has incurred an excess expenditure of Rs. 4.25 lakhs over the sanctioned grant and a claim for reimbursement of this sum is now pending consideration with the Government.
2.	10/2/62-Estt. III dt. 20-7-1962 . Do.	883000	
3.	10/5/62-Estt. III dt. 3-10-1962 . Do.	841000	
4.	10/5/62-Estt. III dt. 1-1-1963 . Do.	842000	
5.	10/8/62-Estt. III dt. 17-10-1962 . For meeting additional expenditure occasioned by the enhancement in dearness allowance rates to staff in the non-project sectors.	59000	
6.	10/5/62-Estt. III dt. 24-9-1962 . For meeting additional expenditure on expansion of activity in the SQC Sector.	70000	
7.	10/5/62-Estt. III dt. 19-3-1963 . Do.	22580	
8.	10/5/62-Estt. III dt. 3-9-1962 . For meeting expenditure in the UNTAA Sector.	250000	
9.	10/2/62-Estt. III dt. 19-3-1963 . Do.	300000	
10.	10/5/61-Estt. III dt. 24-9-1962 . For Development expenditure to be incurred on the discretion of the Instt.	250000	

II. Capital Expenditure

S. No.	No. and Date of sanction letter	Particulars of grant	Amount	Present state of the matter
	1961-62		Rs.	
1.	17/2/61-Bstt. III dt. 19-8-1961	'On-account' payment for capital expenditure during 1961-62 on lands, buildings and equipment.	550000	} Out of the three payments amounting to Rs. 17.5 lakhs, a sum of Rs. 1.12 lakhs was transferred towards grant for current expenditure. Against the balance of Rs. 16.38 lakhs, a grant of Rs. 12.61 lakhs based on audited actuals was sanctioned in September, 1963 and the unspent balance of Rs. 3.77 lakhs was allowed to be carried over to 1962-63. The submission of the utilisation certificate in respect of this grant is now pending only for want of a proper completion certificate in respect of the buildings constructed during 1961-62.
2.	17/2/61-Bstt. III dt. 6-2-1962	Do.	800000	
3.	17/2/61-Bstt. III dt. 7-3-1962	Do.	400000	
4.	17/1/61-Bstt. III dt. 27-11-1961	'On-account' payment in reimbursement of capital expenditure incurred during 1959-60.	93840	This is part payment against a claim for reimbursement of about Rs. 1 lakh incurred on laboratory equipment calculating machines, furniture, etc. The balance has been withheld for stock verification certificates from the auditors. Utilisation certificate can be furnished only after these certificates are received and a regular sanction issued.
5.	17/3/61-Bstt. III dt. 14-2-1963	'On-account' payment in reimbursement of capital expenditure incurred during 1960-61.	300000	Similar position as under item (4). (The total claim is for Rs. 3.46 lakhs.)

		Rs.		
6.	17/1/61-Estr. III dt. 20-3-1962	Grant towards reimbursement of contingent charges on land acquisition claimed during 1959-60.	24376	The utilisation certificate will be furnished shortly.
7.	16/9/57-Estr. III dt. 31-8-1961	'On account' payment towards reimbursement of expenditure incurred on repairs, renovations and constructions at 202, B.T. Road, Calcutta up to 1958-59.	120000	This is a part payment against a total expenditure of Rs. 6.59 lakhs incurred by the Institute up to March 1959 on the premises, the liability in respect of which has been accepted by Government subject to verification by CPWD. On the basis of verification certificates so far received from the CPWD. 'On-account' payments of Rs. 5.7 lakhs have already been made. The balance of the claim is yet to be admitted. Utilisation certificate can be furnished only after verification is completely over.

1962-63

1.	17/2/62-Estr. III dt. 19-6-1962	'On-account' payment for capital expenditure on lands, buildings and equipment.	700000	} Against these payments amounting to Rs. 19.6 lakhs and the carry forward of the unspent balance of Rs. 3.77 lakhs, the total expenditure incurred by the Institute as per audited statements comes to Rs. 24.87 lakhs. A final sanction for the capital grant for 1962-63 has not yet been issued for want of the detailed particulars called for from the Institute in respect of the various items included in the expenditure programme viz. purchase of land, construction of buildings, purchase of equipment etc. Besides completion certificates of buildings are also awaited.
2.	17/2/62-Estr. III dt. 20-10-1962	Do.	160000	
3.	17/2/62-Estr. III dt. 18-2-1963	Do.	100000	
4.	17/2/62-Estr. III dt. 20-3-1963	Do.	550000	
5.	17/1/62-Estr. III dt. 24-9-1962	Do.	250000	

*Note*:—From the information given above, it would be seen that in almost all the cases, expenditure incurred by the Institute exceeds the payment received from the Government. The question of unspent balances remaining with the Institute does not, therefore, seem to arise.

## APPENDIX VI

(See para 12 of Report)

### MINISTRY OF EDUCATION

Pages 30-40, Para 33(b)—*Non-recovery of lodging and service charges.*

- (i) At the time of issue of appointment letters did trainees object to the existence of the condition that the lodging will be provided by the Government at his/her expenses at the Central Training Institute Sariska? No objection appears to have been received from any of the trainees.
- (ii) At the time of the approval of the training scheme by Government was it the intention not to charge rent from trainees? Is this borne out by the records? There was no intention on the part of the Government to charge rent from the trainees. This is borne out by the under mentioned records:  
Extract from the proceedings of the Expenditure Finance Committee meeting held on 11-3-1958, read with letter No. JS/88/58 dated 17-3-1958 from Ministry of Education and letter No. 2277-EG-III. B/58 dated 21-3-58 from Ministry of Finance. (Copies enclosed at Annexures I to III.)
- (iii) When was the inadvertent inclusion of this condition first noticed? Was it after the receipt of the audit objection or earlier? The advertent inclusion of the condition in the appointment letters regarding the recovery of rent from the trainees was first noticed when the audit report was received in November, 1963.
- (iv) When was the clause in question removed? The clause in question was removed in February, 1964.
- (v) Are the trainees required to pay incidental expenses such as water charges, rent of furniture etc. and are these charges being recovered from them? The trainees are required to pay for drinking water at Sariska which is brought daily from Alwar. They are also paying rent for the furniture i.e. a cot only.
- A copy of the letter dated 22nd May, 1961 from the Director, National Discipline Scheme and the Ministry's reply thereto may be furnished. A copy of the letter dated 22nd May, 1961 from the Director, National Discipline Scheme and this Ministry's reply thereto sanctioning the introduction of stipend in replace-

ment of regular pay during the period of training are enclosed (Annexure IV & V).

(vi) When was the question 156 of assessment of rent payable by the instructional staff referred to the C.P.W.D. and when was their reply received?

The question of assessment of rent payable by the instructional staff was referred to the C.P.W.D. on 6th September, 1963 and their reply was received on 8th October, 1963.

Have the arrears of rent been recovered from the staff? Has any member of the staff since retired and if so, what is the amount due from such staff and how is it proposed to be recovered?

The arrears of rent have been recovered from the existing staff of the Institute. As regards the recoveries from such members of the staff who are not at present posted at the Sariska Institute, vigorous steps are being taken to assess and recover the dues.

It is not possible as yet to say whether any one from whom arrears of rent are due has retired from service. This will be known when complete data have been collected and verified about the staff who served at Sariska from time to time from 1960 to 1963.

2. Page 40, para 33(B)(a)—*Drawal of amounts to avoid lapse of funds and page 185, Appendix VIII, item 7 Pump Engine.*

(i) In the case of Pump Engine also, was a certificate recorded to the effect that the stores had been received in good condition and had been accounted for in the stock Register?

Only the following certificate and no other certificate had been recorded:—  
"Entered in the stock register under folio No. 101."

(ii) A statement showing the dates on which the various items have been shown as received in the stock register may be furnished?

The requisite statement is enclosed (Annexure VI.)

(iii) Was the warning given to the defaulting officer recorded?

It is reflected in the character rolls of the officers who were serving in the National Discipline Scheme Directorate at the time of the Audit.

(iv) Had the officer concerned received any written instructions from the Director-General in regard to

No written instructions appear to have been given by the Director-General in the matter. However,

- recording certificates on advance bills received from the suppliers ?
- the enclosed extracts (Annexure VII) of the notings recorded in February, 1963 have some bearing on the subject.
- (v) Was at any time stock verification done before or after the receipt of the stores ?
- A special verification was done at the Central Training Institute, Sariska in May-June, 1963. Similar verifications of the stocks as on 1st April, 1964 have also been made by the Regional Offices.

## ANNEXURE I

*Extract from the proceedings of the Expenditure Finance Committee meeting held on 11-3-1958 to consider the proposal of the Ministry of Education on National Discipline Scheme*

“Gen. Bhonsle stated that States were expected to provide the expenditure on such training centres. Punjab and Bombay have already agreed. They will now tackle the West Bengal Government. He, however, stated that boarding expenses are being met by the trainees themselves while free lodging is arranged in schools. As such there was no drain on State resources. If in future free lodging in schools becomes difficult the States were expected to make necessary arrangements. It was stated that no expenditure on this account was expected to be debited to this Scheme”.

COPY

ANNEXURE II

D.O. No. JS/88/58.

MINISTRY OF EDUCATION & S.R.  
INDIA

New Delhi, March 17, 1958.

My dear Bhatnagar,

I have just gone through the minutes of the Expenditure Finance Committee held on 11th March, 1958, to consider the proposal on National Discipline Scheme.

2. I am in general agreement with the minutes, but suggest two minor alterations which, I think, would conform the text of the minutes to the sense of the meeting.

On page 3, paragraph 3, last line may be amended as follows:

'It was stated that no expenditure on this account was expected to be debited to this scheme for the present.'

On page 4, paragraph 3:

'He did not envisage any investment on these beyond the present estimate of Rs. 10,000/-.'

(In the present draft of the proceedings, there is no reference to Rs. 10,000/- which was proposed in the scheme and agreed to by the Committee.).

3. I have discussed these points with Genl. Bhonsle, who is anxious that these modifications should be made. I hope these suggestions are agreeable to the Ministry of Finance.

Your Sincerely,

(Sd/-) P. N. KIRPAL

Shri S. C. Bhatnagar,  
Attached Financial Adviser,  
Ministry of Finance, New Delhi.

(COPY)

ANNEXURE III

D.O. No. 2277-EG. III. B/58

MINISTRY OF FINANCE, DEPTT. OF EXPENDITURE

(Education & Labour Division)

*New Delhi, the 21st March, 1963.*

Dear Shri Kirpal,

Kindly refer to your d.o. letter No. Js/88/58 dated the 17th March, 1958 regarding certain amendments to the minutes of the Expenditure Finance Committee's meeting on National Discipline Scheme. Regarding the proposed amendment to para. 3 on page 3, we will have no objection to your suggestion provided that the Ministry of Education agree to the further amplification that if expenditure on this account (training) was involved subsequently, it will be met from within the funds available for the sanctioned scheme.

The other amendment to para 3 on page 4 is, however, acceptable. If you kindly confirm the above, I will issue the necessary corrigendum to the minutes.

Yours Sincerely.

(Sd/-) S. C. BHATNAGAR

Shri Prem Kirpal,  
Joint Secretary,  
Ministry of Education & S. R.  
Government of India  
*New Delhi.*

ANNEXURE IV

*Most Immediate*

No. F. 1(22).61-NDS-DTE.  
GOVERNMENT OF INDIA  
MINISTRY OF EDUCATION  
[National Discipline Scheme Dte.,  
Room No. 24, 24 Block (Civil)]

New Delhi-11, the 22 May, 1961 'Vaisakha, 1883 (S)

From  
The Director,  
National Discipline Scheme Dt.

To  
The Secretary to the Government of India,  
Ministry of Education,  
NEW DELHI.

(Attention U.S.P.E. & R.)

SUBJECT :— *National Discipline Scheme—Payment of stipend to the N.D.S.  
Instructor (Trainees)*

Sir,

I have the honour to state that National Discipline Scheme trainees in Grade I and Grade II have so far been paid their regular salary in the pay scale of Rs. 110-4-15-EB-4-170-5-180-EB-5-200 and Rs. 95-3-131-EB-4-155 respectively. It is now proposed that a uniform amount of Rs. 85.00 only should be paid to the trainees as stipend during the training period and on their successful completion of training, which is of 6 to 8 months duration, they will be brought on to their regular pay scales. This has been considered necessary in view of the limited budget resources and also to further reduce the training costs.

2. The trainees are required to lead a simple life as in the 'Gurukul' and the amount of Rs. 85/- as stipend is considered barely sufficient to meet their barest needs. The details of the expenditure necessary for their upkeep as under :—

- |   |                |
|---|----------------|
| (i) Food (Meals)  | Rs. 45.00 P.M. |
| (ii) Incidental expenses e.g. payment of water charges rent of furniture etc. | Rs. 5.00 P.M.  |
| (iii) Milk etc.   | Rs. 10.00 P.M. |

(The very nature of the duties of the trainees is so arduous and laborious that they have to supplement their duties).

3. The balance of Rs. 25/- is proposed to be utilised by the trainees for the purchase of P. T. equipments like canvas shoes, shorts etc. They are also required to purchase P. T. shirts, balzer, pull-over etc. Some of the appural get worn out rather too frequently and need replacement. Besides some amount is required to meet the expenses on soaps, oil and other miscellaneous items of daily use.

4. In the circumstances explained about the Ministry of Education are requested to accord approval to the payment of Rs. 85/- P.M. as stipend to the trainees who will be put under training in first week of June, 1961. As the appointment letter etc. incorporating this clause are to be issued in the next week immediate approval of this proposal is solicited. This will result in a net saving of Rs. 16,500 P.M.

Yours faithfully,  
Sd/-H.K.L. Chaddha,  
Director.

ANNEXURE V  
No. F. 10(12)/61-NDS  
GOVERNMENT OF INDIA  
MINISTRY OF EDUCATION

New Delhi-2, the 4th July, 1961

To

The Director General,  
National Discipline Scheme Directorate,  
'E' Block, New Delhi.

SUBJECT :—*National Discipline Scheme—Payment of stipend to the N.D.S. Instructor-trainees.*

Sir,

I am directed to refer to your letter No. 1(22)/61-NDS-Dte dated 225-1961 on the above subject and to convey the approval of the President to the payment to the N.D.S. Instructor-trainees of the current batch, a sum of Rs. 85/- each as stipend during the course of training at the central training centre Sariska Palace, Alwar, instead of their grade pay.

They will be entitled to their grade pay after completion of their training and from the date of their posting in schools/institutions.

The rate of stipend indicated above will be payable from the date of commencement of the training course *vis.*, 15-6-1961.

Yours faithfully,

Sd,- (K. R. RAMACHANDRAN),  
*Deputy Secretary.*

Copy with ten spare copies forwarded to the Ministry of Finance for onward transmission to the A.G.C.R., New Delhi and the Accountant Generals, West Bengal, Maharashtra and Punjab. This has the concurrence of that Ministry *vide* their U.O. No. 5326-EG III/61 dated the 17th June, 1961.

Sd,- (K. R. RAMACHANDRAN),  
*Deputy Secretary.*

Copy also to :

1. Treasury Officer, New Delhi, Calcutta, Poona and Ambala City.
2. Director N.D.S. Directorate, with a copy of Ministry of Finance U.O. No. 5326-EG-III/61 dated the 17th June, 1961 for necessary action.
3. A. 7/A9 Sections, Ministry of Education.
4. Guard file (N.D.S. Unit).

Sd/- (K. R. RAMACHANDRAN),  
*Deputy Secretary.*

ANNEXURE VI

S. No.	Particulars of articles purchases	Amount	Dates indicated in the stock reg- isters as per date given on the bills.
		Rs.	
1	Uniforms . . . . .	24,292.00	8-3-1961
2	Uniforms . . . . .	37,071.00	17-3-1962
3	Diesel Generating set . . . . .	8,965.00	24-3-1962
4	Musical Instruments . . . . .	4,235.40	19-3-1962
5	Refrigerators . . . . .	8,570.70	19-3-1962
6	Mattresses ] . . . . .	20,667.63	22-3-1962
7	Kanats . . . . .	1,000.00	18-3-1962
8	Shamianas . . . . .	1,430.50	19-10-1961
9	Malkhams . . . . .	15,916.00	18-3-1962
10	Carpet . . . . .	6,000.00	23-3-1962
11	Furniture for Sariska . . . . .	3,700.00	29-3-1963 !
12	Pump Engine . . . . .	3,530.00	27-3-1963

## ANNEXURE VII

*Extracts of notings recorded in February, 1963 in the N.D.S. Directorate's file.*

"The delay on the part of M/s. Marquis & Co. was brought by me to the notice of the Director and the Director General about two weeks ago. We may request the firm to complete the order so that their bill may be paid in full. In this connection, the Director General had very kindly observed that the firm may be paid for the band sets already supplied to avoid them financial hardship and embarrassment. This can be done. In that case, the R.T.R will have to be cashed, the amount due to the firm for the supplies made today would be paid to them and the balance would be credited to Govt. It would be drawn again. In the alternative another R.T.R. may be got prepared in favour of the firm for the balance amount payable to them. This would be paid to the firm when the remaining band sets are supplied by them. Action would be taken, as approved. Submitted for orders please. The D.F.A. on the file would also be amended after orders are passed on the suggestions made above.

(Sd./-) L. B. MATHUR,  
(Deputy Director)  
16-2-63.

*Director*

(Sd/-) J. S. TYAGI,  
(Director)  
18-2-63.

*D.G.*

Amount equal to the cost of band sets supplied by the firm may be paid to the firm now and the balance when all the band sets are completed.

(Sd/-) J. K. BHONSLE  
(Director-General)  
19-2-63."

## APPENDIX VII

(See para 18 of Report)

### MINISTRY OF EDUCATION

*Additional information asked for by the Public Accounts Committee regarding audit para 87 (i) of Audit Report (Civil) 1964 on "Excessive release of grants for construction of buildings" to the Indian Adult Education Association, New Delhi.*

Ref.—Item No. 5 of the list of points appended to the Lok Sabha Sectt. O.M. No. 2/1/6/64/PAC dated 25-7-64.

<i>Additional information called for</i>	<i>Additional information supplied</i>
(i) When was it decided to make a further grant of Rs. 39,000/- to the Association for the Auditorium? What were the considerations for granting the amount for the purpose?	The decision to make a grant of Rs. 39,000/- to the Association for the construction of the auditorium was taken on 20th August, 1962.  Nearly half the construction of the auditorium was already completed with the funds collected by the Association. It was found that if an additional sum of Rs. 78,000/- could be collected, the auditorium would have been completed. The Association also promised that if the Government was willing to pay a part of the funds, they would raise the rest. It was under these circumstances that the Ministry sanctioned a grant of Rs. 39,000/-.
(ii) What was the floor area for the building envisaged in the original estimates of Rs. 1.29 lakhs?	8,200 Sq. Ft.
(iii) What is the total expenditure incurred on the building? What is the break-up of the expenditure borne by the Government and the Association?	The total expenditure on the main building till March 1962 was Rs. 4,65,654. The Central Govt., approved a grant of Rs. 2,36,000/- for the building, out of which a grant of Rs. 2,11,000/- has been paid so far.
(iv) Had the Ministry's Adviser on Social and Adult Education submitted any report on the working of the Association?	No. But the Assistant Educational Adviser, incharge of Social and Adult Education who was asked to evaluate the work of the Association submitted his report on 23rd September, 1959.

## APPENDIX VIII

(See para 25 of Report)

### MINISTRY OF EDUCATION

*Para 90—Rural Higher Education Scheme—Sub-para (i)—Excess release of grants Information in further points regarding—*

The further information desired by the P.A.C. is given below :

(i) The construction work of Shri Mouni Vidyapeeth Rural Institute, Gargoti, was supervised by Shri Mouni Vidyapeeth the parent body—through its own staff specially employed for the purpose.

(ii) The latest position of outstanding Utilisation Certificates in respect of the grants sanctioned to the Rural Institutes upto the year 1961-62 is as under :

Year	Amount of grant for which Utilisation Certificates are outstanding (Rupees in lakhs).	As in the Audit Report.	As on 7-8-1964
1958-59	. . . . .	1.65	..
1959-60	. . . . .	2.00	1.00
1960-61	. . . . .	5.20	1.20
1961-62	. . . . .	8.87	6.19

**APPENDIX IX**  
(See para 28 of Report)  
No. F. 10-15/64-C3  
GOVERNMENT OF INDIA  
MINISTRY OF EDUCATION

*New Delhi, the 23rd October, 1964.*

**SUBJECT :—Public Accounts Committee—Consideration of Appropriation  
Accounts (Civil), 1962-63 and Audit Report.**

Reference Lok Sabha Secretariat Office Memorandum No. 2/1/6/64/PAC dated the 25th July, 1964, on the above subject.

We are concerned with the following para of Audit Report 1964 :—

Para 8. Page 120—125, para 91—Grants paid to Cultural Institutions Organisations, etc.

*Sub-para (a) —Performance Reports :—*

(i) A statement showing the break-up of the institutions which submitted performance reports and those which were given further grants without obtaining performance reports may be furnished. This information may be given year-wise since 1959.

■ *Sub-para (b)—Audited accounts of grants and Utilisation Certificates :—*

(i) Out of 154 cases relating to 1961-62 in which audited accounts had not been submitted within the specified time-limit, in how many cases were further grants paid withheld? Have the accounts been since received?

(ii) What is the present position of submission of Utilisation Certificate<sup>s</sup> in respect of 25 cases involving Rs. 7.02 lakhs relating to the building grants paid during 1960-62 and 203 cases involving Rs. 66.21 lakhs relating to other grants paid during the same period?

The following comments are offered.

*Sub-para (a)—Performance Reports.*

Hitherto no performance reports as such were being obtained from any of the cultural institutions, organisation thus the question of submission of performance reports by the institutions did not arise. We would henceforth however call for such reports, on the recommendations of the Public Accounts Committee, in respect of schemes which land themselves for such processing.

Under the Scheme Development of Modern Indian Languages<sup>1</sup> grants-in-aid are sanctioned for bringing out suitable publications and no performance reports as such are called for from the grantees. Only audited statements of accounts, together with an utilisation certificate and some complimentary copies of the publications after completion of the projects, are called for. These documents show that the purpose for which a grant was sanctioned, is achieved and as such, no separate performance reports are called for.

*Sub-para (b)—Audited statement of accounts and utilisation Certificates**(i) (Cases relating to 1961-62).*

Utilisation Certificates out- standing upto June, 1963	Further grants paid/ refused		Utilisation certificate <sup>a</sup> outstanding.
154	22	8	84

*(ii) (a) Building grants.*

Utilisation certificates awaited in respect of grants sanctioned during 1960-61 and 1961-62.

Upto June 1963		Upto August 1964	
No. of cases	Amount	No. of cases	Amount
25	7,02,280	13	3,30,500
203	66,21,219	116	45,79,244

The factual data contained above have been verified by a representative of the office of the Accountant General Central Revenues, New Delhi vide their D.O. No. RR5. 24/64-65:418 dated the 8th October, 1964.

This has been approved by Joint Secretary (Culture).

Sd/-

*for Deputy Secretary*

## APPENDIX X

(See para 29 of Report)

### MINISTRY OF EDUCATION

*Public Accounts Committee—Consideration of Audit Report (Civil) 1964—  
Further information required*

S. No. 8 of list of points : *Para 91-sub-para (d)*

What is the income of the All India Fine Arts and Crafts Society from the rent of the Building ?

*Information supplied by the Ministry :*

The income of the Society from rent of its building from 1956-57 to 1963-64 is given below :—

#### RENTALS :

<i>British Council :</i>	Year	Amounts
	1956-57	30,000.00 (including Rs. 6,000/- for 1955-56).
	1957-58	24,000.00
	1958-59	24,000.00
	1959-60	24,000.00
	1960-61	24,000.00
	1961-62	24,000.00
	1962-63	25,000.00
	**1963-64	30,000.00 2,05,500.00

#### *University Grants Commission :*

October	1957-58	3,770.30	
	1958-59	7,540.00	
	1959-60	11,626.20	
	1960-61	11,626.20	
	1961-62	11,626.20	
	1962-63	10,657.35	56,846.25
	(upto 28-2-63).		

\*\*Accounts for the year 1963-64 have not so far been audited.

	Year	Amounts	
<i>National Book Trust :</i>			
October	1957-58	7,426.40	
	1958-59	14,852.50*	
	1959-60	9,244.80	
	1960-61	8,628.48	40,152.18
<i>Cooperative League of the U.S.A.</i>			
July	**1963-64	18,000.00	18,000.00
<i>Income from the Theatre.</i>			
	1956-57	33,165.33	(including Rs. 4,245.00 for 1955-56).
	1957-58	45,856.00	
	1958-59	50,512.00	
	1959-60	48,786.00	
	1960-61	34,779.59	
	1961-62	57,409.00	
	1962-63	40,420.00	
	**1963-64	53,883.00	3,64,819.92
	<b>GRAND TOTAL</b>	<b>6,85,318.35</b>	

\*Out of the amount of Rs. 14,852.50 the Society has yet to receive a sum of Rs. 2,803.00 from the National Book Trust, which is under dispute.

\*\*Accounts for the year 1963-64 have not so far been audited.

This Society has explained that regular income from rent of its building started from 1956-57. Income which accrued in 1955-56 is included in the figures for 1956-57.

NOTE: The figures above do not include the income from the rental of the galleries. This is so in view of the fact that the Building Committee set up by Government consequent on the payment of additional grant and loan is concerned with only the income derived from the Theatre and rent paid by other parties (e.g. British Council and University Grants Commission) using the building. The use of galleries is part of the normal work of the All India Fine Arts and Crafts Society and the small income from the galleries has therefore been excluded.

## APPENDIX XI

### MINISTRY OF EDUCATION

(See para 38 of Report)

Para 92(c) of Audit Report (Civil), 1964

*Item 9 of the list of points appended to the Lok Sabha Secretariat O.M. No. 2/1/6/64/P.A.C. dated 25-7-64.*

A note showing progress made in the sale of publications during the term of the first Contract (1961-63) with the selling agents may be furnished.

A comparative statement showing the position of sales of publications by the sole selling agents of the Akademi during the period April, 1961 to March, 1963 is enclosed. These figures have been furnished by the Akademi. The following analysis may be given:—

- (i) The selling agents do not appear to have discharged wholly their contractual obligation to sell the prescribed minimum number of copies of the titles to which clause (3) of the agreement \*\*\*applies. The performance of the agents was about 50% of the stipulated sales.
- (ii) The gross average sale per year (Rs. 87,988.87) during the period of contract is better than the gross sale (Rs. 59,150.04) during 1960-61 i.e. the year preceding the year in which the contract came into force.
- (iii) During 1960-61 the discount and other over-heads amounted to about 28% of the gross sale; whereas during 1961-62 these charges amounted to about 48%. The increase is mainly due to higher rate of discount allowed to the selling agents.

The following should, however, be borne in mind while analysing these figures:—

- (1) As more and more art publications come into the market, it will be more and more difficult to sell earlier publications due to the competition amongst the new and the old books and due to the limited and diminishing purchasing power within the country.
- (2) Due to the rising staff and storage expenditure, it is extremely difficult to secure whole-sale selling agents who would agree to receive less than 40 to 50% discount.
- (3) The taking over of the sales by the Lalit Kala Akademi itself will involve much larger expenditure on advertisements (particularly abroad) and larger expenditure on staff, postage etc. and would still not reduce expenditure on commissions as to be effective, these Commissions or a major portion would, have to be given to the foreign sellers.
- (4) It will be seen that Four Oceans have been able to sell the earlier publications also (upto gross value of Rs. 97,697). Building up a sales campaign requires time and performance cannot be judged on a short term period.

*Statement showing the Position of Sales of Publications by the Sole Selling Agents of the Lalit Kala Akademi, New Delhi during the period April, 1961 to March, 1963*

Serial No.	Name of the Publication	Sale price each	Year of Publication	Quantity printed	No. of copies expected to be taken by the sole Agents upto 30-4-63 as per Clause of the Agreement	No. of Copies actually taken	Rate of discount	Gross Amount	Discount	Amount realised
1	2	3	4	5	6	7	8	9	10	11

(A) PUBLICATIONS PRINTED PRIOR TO THE AGREEMENT:

1	Krishna Legend . . . . .	10 00	Oct-56	5,200	(Guarantee Clause does not apply.)	84	40%	840 00	336 00	504 00
2	Newer Paintings . . . . .	10 00	Sep-57	5,200	Do.	1227	40%	12270 00	4908 00	7362 00
3	Kishangarh Paintings . . . . .	28 75	Sept-59	5,000	Do.	887	40%	25301 25	10200 50	15300 75
4	Birbhum Terracottas . . . . .	10 00	Nov-59	3,000	Do.	24	40%	240 00	96 00	144 00
5	Bundi Paintings . . . . .	10 00	Oct-59	5,000	Do.	1854	40%	12540 00	5016 00	7524 00
6	Miniature Paintings . . . . .	25 00	Dec-60	1,000	Do.	679	40%	16975 00	6790 00	10185 00

1	2	3	4	5	6	7	8	9	10	11	
7	Lalit Kala 1 & 2	16.00	Oct-56	2,100	(Guarantee Clause does not apply)	232	33%	3712.00	1237.35	2474.67	
8	Lalit Kala 3 & 4	36.00	Oct-58	750	Do.	235	25%	8460.00	2115.00	6345.00	
9	Lalit Kala 5	10.00	Sep-59	2,100	Do.	240	30%	2400.00	720.00	1680.00	
10	Lalit Kala 6	10.00	April-60	2,000	Do.	268	30%	2680.00	804.00	1876.00	
11	Lalit Kala 7	10.00	Oct-60	2,000	Do.	314	30%	3140.00	942.00	2198.00	
12	Bendre	2.00	Aug-59	4,831	Do.	681	40%	1362.00	544.80	817.20	
13	Ravi Verma	2.50	Apr-60	5,000	Do.	1008	40%	2520.00	1008.00	1512.00	
14	Hebbar	2.50	Aug-60	5,000	Do.	1036	40%	2590.00	1036.00	1554.00	
15	Chavda	2.50	Aug-60	5,000	Do.	987	40%	2467.50	987.00	1480.50	
									97697.75	36740.63	60957.12

(B) PUBLICATIONS PRINTED AFTER THE AGREEMENT :

16	Paintings of Sultans Emperors of India in American Collection	20.00	May-61	5,000	4,000	2152	50%	43040.00	21520.00	21520.00
17	Golden Flute	13.00	Apr-62	5,000	2,625	1000	50%	13000.00	6500.00	6500.00
18	Lalit Kala 8	15.00	Aug-61	2,000	1,375	414	30%	6210.00	1863.00	4347.00
19	Lalit Kala 9	15.00	July-62	2,000	1,042	327	30%	4905.00	1471.50	3433.50
20	Lalit Kala Contemporary I	10.00	Dec-62	2,000	417	250	30%	2500.00	750.00	1750.00
21	Halder	3.75	Jan-63	5,000	667	421	50%	1578.75	789.37	789.38

22	Paniker	3 75	Jan-63	5,000	667	396	50%	1485.00	742.50	742.50
23	Ramkinker	3 75	Jan-63	5,000	667	371	50%	1391.25	695.62	695.63
24	Prodosh Das Gupta	3 75	Jan-63	5,000	667	371	50%	1391.25	695.62	695.63
25	Hussain	3 75	Jan-63	5,000	667	741	50%	2778.75	1389.37	1389.38
								<u>78280.00</u>	<u>36416.98</u>	<u>41863.02</u>

GRAND TOTAL  
A and B

175977.75 73157.61 102880.14

Amount realised from M/s. Four Oceans after allowing discount	1,02,820.14
Less incidental expenses incurred by the Akademi on Advertisements, Packing and forwarding etc.	10,842.92
Net amount realised on publications	<u>91,977.22</u>

## APPENDIX XII

(See para 48 of Report)

### MINISTRY OF FINANCE

(Education Division)

#### NOTE

para 95—*Subsidy for publishing a book:*

The question of the translation of the 'Wonder World of Science' an American Publication in 9 volumes into Hindi, Tamil, Bengali and Marathi was first considered in February, 1959. The subsidy proposed to be paid to M/s Rajkamal Prakashan Private Ltd. was Rs. 8,500 for translation of Volume I into each of the languages mentioned above. This was based on a sale price of Rs. 3/- per copy. It was, however, considered by us that the subsidy proposed was somewhat high and might be reduced to Rs. 5,000. The Ministry reiterated their proposal and explained that the figure of Rs. 8,500 was based on the estimates furnished by the Publishers and that no reduction would be justified. A subsidy of Rs. 8,500 was ultimately agreed to by us particularly as this firm held the exclusive translation rights and the question of competitive quotations did not arise.

2. In early 1961 the question of translation of volume I in Telugu, Gujerati, Malyalam, Oriya and Urdu and translation of volumes II & III in Hindi, Bengali, Marathi and Tamil was considered. In this case also the Ministry proposed a subsidy of Rs. 8,500 per volume per language to which this Ministry agreed.

## APPENDIX XIII

(See para 50 of Report)

### MINISTRY OF FINANCE

#### NOTE

*Para 99—Non-utilisation of interest-free loan advanced to an Engineering Institute:*

An interest-free loan of Rs. 2 lakhs was sanctioned on the 11th February, 1956 to the National Institute of Engineering, Hoshiarpur, for the construction of a Students' Hostel. This sanction was accorded with the concurrence of the Ministry of Finance. In accordance with Rule 207 (2) of General Financial Rules Vol. I, 1955, only so much of the grant is to be paid to a grantee during any financial year as is likely to be expended during that year. Accordingly, this Ministry agreed on the 3rd February, 1956, to the payment of a sum of Rs. 2 lakhs being the 1st instalment of interest-free loan towards the construction of a Students' Hostel to the Institute "on the understanding that the Education Ministry were fully satisfied that most of the amount of the loan would be spent in the current financial year". The intention was that if the Administrative Ministry were not satisfied about the capacity of the Institution to spend such a large amount during the remaining part of the financial year, the matter would be referred to us again for consideration. In this event and on the basis of the Administrative Ministry's advice, the Finance Ministry would have suggested the release of a smaller amount which the Institution would have no difficulty in spending during that financial year. In reply to the Finance Ministry's note, the Ministry of Education recorded a note on their file that they were satisfied (on this score) and proceeded to issue the necessary sanction. It was, therefore, the Judgement of the Education Ministry rather than that of the Finance Ministry that appears to have been at fault in this case.

## APPENDIX XIV

(See para 51 of Report)

### MINISTRY OF EDUCATION

The research schemes are submitted by Scientists working in Universities and other Institutions. These are considered by Expert Committees dealing with different scientific and engineering subjects. Normally a research scheme if considered promising by the Expert Committee concerned, is approved for a period of two years but the financial grant is sanctioned only for one year. In some cases an extension of one year is also granted on the advice of the Expert Committee. Where however the Committee on the basis of the progress report comes to the conclusion that the scheme is not progressing satisfactorily the Committee decides to terminate the scheme. The position of the research schemes sanctioned and terminated during the last two years is given below:—

	1962-63	1963-64	Total
1. No. of research schemes, Retired Scientists, Research Centres sanctioned . . . . .	529	593	1122
2. No. of Research Schemes etc. terminated . . . . .	94	97	191
3. No. of schemes terminated prematurely	8	11	19**

\*\* (included in Serial No. 2 above)

The details of schemes prematurely terminated are given in the statement enclosed herewith.

Sd/-

*Under Secretary.*

S No.	Name of the Scheme	Name of the I/C & place of operation	Date of sanction	Date of actual commencement	Duration of the scheme	Grant paid	Date of termination	Reasons for termination	Remarks
1	2	3	4	5	6	7	8	9	10
1	Investigations on the photosynthesis of amino acids.	Dr. Krishna Bahadur, Allahabad University, Allahabad.	20-4-61	25-5-61	3 years	Rs. 9267.04	31-8-63	On the recommendation of the Chemical Res. Cte.	
2	Enzymes of fatty acids metabolism in protein malnutrition etc.	Dr. T.A.V. Subramanian, Sardar Vallabhbhai Patel Chest Instt., Delhi.	21-4-61	9-8-61	3 years	Rs. 12175.66	29-2-64	Do.	
3	Synthetic studies in colchicine & analogues.	Dr. D. Naipuri, Calcutta University, Calcutta.	20-4-61	1-5-61	3 years	Rs. 10749.24	29-2-64	Do.	
4	Studies on the possibility of the use of mixed cultures of Algae and protozoa for Sewage purification.	Prof. C. V. Ramakrishna, Prof. C. H. Khadilkar & Dr. C. H. Pathak, M.S. University of Baroda, Baroda.	27-4-62	1-9-62	2 years	Rs. 4968.08	30-4-63	On the recommendation of the Ex. Council CIPHERI.	
5	Structural changes in alloys of transition elements with those of B-Group etc.	Dr. Suraj Bhan, Banaras Hindu University, Varanasi-5.	27-4-62	15-7-62	2 years	Rs. 2387.09	29-2-64	On the recommendation of the Metal Res. Committee.	

1	2	3	4	5	6	7	8	9	10
6	Cultivation on medicinal and Aromatic plants at the Drug Farm at Punjab University, Chandigarh.	Dr. C.K. Atal, Punjab University, Chandigarh.	31-10-63	1-1-64	2 years	Rs. 1965.08	15-7-64	Dr. C. K. Atal has been appointed as Asstt. Director, RRL, Jammu-Tawi.	
7	Influence of rare earths alloying elements on the low temperature impact properties of low alloys.	Shr. P.K. Chakravarty, Tata Iron & Steel Co. Ltd., Jamshedpur.	7-11-59	1-4-61	2 years	Rs. 18440.00	31-3-62	Work completed.	
8	Synthesis of Hetrocyclic compounds.	Dr. K.N. Menon, Retd. Scientist, Mahara-ja's College, Ernaculam.	6-6-61	1-6-61	2 years	Rs. 14395.00	15-5-63	Accepted the responsibility for directing Post Graduate studies & Research in the Sacred Heart College, Ernaculam.	
9	Studies on coagulation by different Electrolytes and measurement of Zeta potential.	Dr. A. K. Bhattacharya, Retd. Scientist, Agra College, Agra.	6-6-62	1-7-62	2 years	Rs. 9791.67	10-9-63	Left Agra and settled down at Calcutta.	
10	Geological research on the Precambrians of India.	Prof. C. S. Pichamuthu, Retd. Scientist, Dept. of Mines & Geology, Bangalore.	15-7-61	1-8-61	2 1/2 years	Rs. 12378.20	28-2-63	Appointed as Prof. of Geology, Andhra University, Waltair.	
11	(a) Daylighting (b) Thermal problems in tropical buildings.	Shri T.N. Seshadri, Retd. Scientist, Central Leather Research Instt., Madras	6-6-61	12-6-61	2 years	Rs. 6213.78	1-5-62	Appointed as Principal, Vivekanand College, Madras.	

12	Spectra and Potential Energy curves of diatomic molecules.	Dr. Y. P. Varshni, Allahabad University, Allahabad.	1-11-59	1-11-59	3 years	Rs. 5933.77	10-6-62	Recommendation of Physical Res. Cte. based on non-receipt of renewal application.
13	Study of relation between fine structure and mechanical properties of modified cellulosic Fibres.	Dr. T. Radhakrishnan, Ahmedabad Textile Industries Research Association, Ahmedabad.	10-8-61	10-10-62	3 years	Rs. 5638.67	29-2-64	Work envisaged in the Scheme was carried out in the Instt. itself. Further inability to secure staff.
14	Spectroscopic investigations of Fluora-aromatics.	Dr. Achyuta Rao, Gauhati University, Assam	27-4-62	1-8-62	2 years	Rs. 9000.00	7-1-63	Due to Investigator's leaving the University.
15	Structure and properties of alloys by X-rays and other methods.	Dr. B. N. Srivastava, Indian Association for the Cultivation of Science, Jadavpur, Calcutta.	17-11-61	1-12-61	3 years	Rs. 7996.66	29-2-64	Fulfilment of main purpose of the scheme.
16	Development of Electronic Teleprinter.	Dr. N. N. Biswas, Roorkee University, Roorkee	4-10-61	22-5-62	2 years	Rs. 10878.07	29-2-64	Non-availability of suitable Research workers.
17	Basic study and application of Sands, Aggregates & Lime available in Rajasthan.	Dr. Alam Singh, M.B.M. Engineering College, Jodhpur.	1-4-61	May 1961	3 years	Rs. 750.00	14-11-61	The I/C declined to do further research work.

1	2	3	4	5	6	7	8	9	10
18	Characteristics of two Dimensional submerged jet.	Shri S. Naga- ratnam, P.S.G. College of Technology, Coimbatore.	1-4-61	1-9-61	3 years	Rs. 7199.82	19-1-63	The I/C left the college and there was no body to do the work in the scheme.	
19	Use of Jamuna Sand in High Grade Concrete.	Shri K. M. Ba- huddin, Ali- garh Muslim University, Ali- garh.	1-12-61	Jan. 62	2 years	Rs 750.00	28-2-63	The Civil Engg. & Hydraulics Res. Cte. recommended the scheme for termination as no renewal application was received.	

**APPENDIX XV**

(See para 60 of Report)

**MINISTRY OF EDUCATION**

*Laboratory/ Institute wise break up under Heads Apparatus and Equipment, Plant Machinery and Pilot Plant of Balance Sheet as on 31st March, 1963.*

S. No.	Laboratory/Institute	Equipment & Apparatus	Plant & Machinery	Pilot Plant
1	2	3	4	5
1	Central Mining Research Station, Dhanbad	12,14,706·00	..	..
2	Indian Institute of Petroleum, Dehra Dun	2,09,917·00	3,58,781·00	..
3	Central Public Health Engineering Research Institute, Nagpur	14,23,938·00	1,79,187·00	65,963·00
4	Central Electronics Engineering Research Institute, Pilani	24,56,279·00	..	..
5	Regional Research Laboratory, Jammu & Kashmir	11,31,806·00	..	55,452·91
6	Indian Institute of Biochemistry and Experimental Medicine, Calcutta	9,38,833·00	..	..
7	Indian National Scientific Documentation Centre, New Delhi	3,01,033·00	..	..
8	Central Leather Research Institute, Madras	15,95,222·00	5,57,596·00	1,38,037·00
9	Central Indian Medical Plants Organisation, Lucknow	61,708	..	..
10	Central Drug Research Institute, Lucknow	26,34,609·00	5,02,215·00	3,62,852·00
11	Central Food Technological Research Institute, Mysore	32,95,523·00	10,91,053·00	4,17,024·00
12	Central Glass and Ceramic Research Institute, Calcutta	16,84,423·00	26,95,248·00	..
13	National Metallurgical Laboratory, Jamshedpur	58,00,772·00	29,21,864·00	38,96,548·00 4,96,560·00

1	2	3	4	5
14	Central Salt and Marine Chemicals Research Institute Bhavnagar	87,250·00	8,44,687·00	3,85,262·00
15	National Botanic Gardens, Lucknow	9,45,321·00	2,23,954·00	..
16	Central Mechanical Engineering Research Institute, Durgapur	17,14,405·00	4,79,772·00	..
17	Central Building Research Institute, Roorkee	26,26,998·00	2,60,122·00	..
18	National Chemical Laboratory, Poona	20,74,686·00	47,23,597·00	1,15,233·00
19	Regional Research Laboratory, Assam	1,34,822·00	33,047·00	..
20	National Aeronautical Laboratory, Bangalore	18,51,885·00	11,63,215·00	..
21	Central Electro Chemical Research Institute, Karaikudi	14,90,195·00	4,67,047·00	59,464·00
22	Birla Industrial and Technological Museum, Calcutta	2,46,104·00	1,96,762·00	..
23	Regional Research Laboratory, Hyderabad	20,68,039·00	26,48,301·00	1,20,158·00
24	Central Road Research Institute, New Delhi	16,05,587·00	3,10,912·00	3,945·00
25	Central Fuel Research Institute, Jalgora	43,60,156·00	..	52,59,598·00
26	National Physical Laboratory, New Delhi	98,85,807·00	4,44,883·00	5,27,738·00
27	Indian Ocean Expedition, New Delhi	6,119·00	..	..
28	Central Scientific Instruments Organisation, Chandigarh	78,902·00	52,095·00	..
29	National Geophysical Research Institute, Hyderabad	98,799·00	11,730·00	..
		5,20,23,844·00	2,01,66,068·00	*1,19,03,835·00

\* This denotes only the cost of Plant and Machinery and is excluding of cost of Buildings for Pilot Plant (Rs. 19,05,096·00).

## APPENDIX XVI

(See para 71 of Report)

### MINISTRY OF EXTERNAL AFFAIRS

*Audit Report (Civil) 1964*

(Further information called for *vide* Lok Sabha Secretariat O.M. No. 2/1/7/64/PAC dated 7th August, 1964.)

*Points on which further information is required by P.A.C.*

*Page 44—Para 39 : Relaxation of Rules of individual cases.*

A copy of the History of Services relating to the fixation of strength of I.F.S. may be furnished.

A copy of the booklet "History of Services" showing the fixation of strength of Indian Foreign Service is enclosed.

It has not been found practicable to fix the permanent strength in Grades I to IV separately because of the powers retained by Government to appoint non-service Heads of Missions and Posts.

Sd. (R. G. RAJWADE)

*Joint Secretary to the Government of  
India.*

## APPENDIX XVII

(See para 74 of Report)

### MINISTRY OF EXTERNAL AFFAIRS

#### *Page 165—Appendix I—Shortage of Stores*

A note stating the latest position regarding the Departmental Enquiry into the losses and action taken against the officers may be furnished.

The records of the Central Purchasing Organisation, Walong Centre, which were seized by the Special Police Establishment in November 1961 were released only in the middle of December, 1963. Action to initiate departmental proceedings against the delinquent officials had, therefore, to wait till the records were released. According to the report of the Special Police Establishment sufficient evidence was available for taking departmental action against the Store-keeper and the Base Superintendent, Walong. The allegation against the Storekeeper was that he failed to maintain the accounts of the Central Purchase Organisation Stores, Walong correctly and upto date while that against the Base Superintendent was that he failed to verify the stock and report the shortages to the Higher Authorities in time and that he allowed the sale of stores on credit and kept the sale proceeds with himself. On 16-12-1963, in consultation with the Legal Adviser, NEFA it was decided to drop the disciplinary proceedings against the Base Superintendent but to continue action against the Storekeeper only, the charges against whom were of a grave nature. This decision to drop proceedings against the Base Superintendent, is, however, being reconsidered in the light of subsequent information available. An order appointing an Enquiry Officer to inquire into the case against the Store-keeper was issued on 11-12-1963. As the Enquiry Officer so appointed was transferred to another Division, a Second Officer had to be appointed for the purpose very recently and the results of the Enquiry are still awaited.

Sd. (R. G. RAJWADI)

*Joint Secretary to the Government of  
India.*

## APPENDIX XVIII

### *Summary of Main Conclusions/Recommendations*

Serial No.	Para No. of Report	Ministry/Department concerned	Conclusion/Recommendation
1	2	3	4
1	1	Cabinet Secretariat <hr/> (Department of Statistics) <hr/> Finance	The Committee do not appreciate the manner in which the work had been entrusted to the Indian Statistical Institute on a so-called 'contract basis' wherein neither the amount payable, nor the work to be done nor the time within which the work was to be completed were specified. Most of the essential requisites of a valid contract are thus missing. Further, the work had been entrusted to the Institute without entering into any formal agreement, even though the Ministry of Finance had insisted on the same. The Committee strongly disapprove of the fact that the agreements specifying the amounts payable for the work entrusted to the Institute on 'contract basis' during the years 1960-61, 1961-62 and 1962-63 are yet to be finalised, in spite of the fact that as early as 25th October, 1958, a discussion was held amongst the representatives of the Indian Statistical Institute and the Secretary to the Cabinet and the Secre-

tary, Ministry of Finance (Department of Expenditure) and certain principles of making payment to the Institute for undertaking work associated with sample survey were agreed upon. A copy of the record note of these discussions furnished to the Committee is at Appendix I. Such deviation from the, normally accepted procedure, in favour of any organisation, howsoever eminent should be scrupulously avoided. In case there was difficulty in evaluating the entire volume of work (*i.e.*, time and labour) involved, the Committee see no reason why a contract specifying the amounts payable during each year could not be made before the commencement of the work. The Committee are also not convinced with the argument that because of the special position of the Institute and its relationship with the Government, just entrusting some work to them was not regarded as taking any undue risk. The usual standard of care needed for spending the Public funds and the basic safeguards against the possible extravagance could not be ensured under this system of 'contract basis'.

The Committee feel that the Department has not exercised proper check or verification in respect of items which are capable of check and verification before full and final payment was made in respect of the work done by the Institute during 1959-60. Similarly, in the case of 'on account' payments, it is not known to the Committee as to how the values of various items of work are determined and whether there are any arrangements to check and verify the work done by the Institute before 'on account' payments are made to the Institute. In the Committee's opinion this is an irregular practice especially in view of the fact that the data furnished by the Institute for evaluating the work have been inadequate.

The Committee feel that the fact that the variation in the claims of the Institute had been marginal, adds weight to the justification for entering into suitable

agreement at the time of giving contract for such work. This Institute has been in existence for the last 33 years and the Government had called upon it to take a leading part in organising the National Sample Survey as early as 1950. This has been a long enough period both for the Government and the Institute to have gained experience and fix the basis for payment. It is indeed paradoxical that the Statistical Institute of all India importance on the one hand, and the Central Statistical Organisation of the Union Government on the other should have failed to arrive at such a basis. The Committee, therefore, desire the Government to re-examine the whole matter and follow the normal and accepted procedure while entrusting the work to the Institute.

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Cabinet Secretariat

(Department of  
Statistics)

Finance

The Committee regret to note that there was undue delay in the finalisation of agreements with the Institute. It is surprising that even the Memorandum of Agreement for regularisation of the payments made during 1960-61 and 1961-62 is still awaiting acceptance by the Government. The Committee were informed during evidence that the Institute did similar work for the Government before, that is prior to the commencement of the contract system, on a different system of payment. The Government had no reason to suggest a revision in the nature of payment and it was the Institute which demanded the change. If so, the Committee are unable to find any justification for accepting the demand without first finalising the agreement. Further the Committee are surprised to note that advances for 'on account' payment were not made against a total specific sum but with the intention of settling the specific sums later. The Committee are unable to understand, why the payments made or demanded were not got checked even though the Gokhale Institute, Poona was doing similar work, though on a smaller scale.

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As pointed out in the Audit para, owing to the inadequacy of the data furnished by the Institute, the reasonableness of the cost of various items could not be verified. This was confirmed during evidence by the representative of the Department of Statistics in the Cabinet Secretariat, who stated that their

technicians found that the data furnished by the Institute would not be sufficient enough for them to come to a reasonable idea of the cost. It is therefore not clear how an Expert Committee formed by the Institute (in which there were three Government Statisticians) recommended that the claims of the Institute looked reasonable and that the rates quoted by the Institute were on the lower side. The Committee are in no way surprised to learn that the Government have not accepted the recommendations of the Expert Committee. The Committee feel that the entire question of rates and the extra claims made by the Institute needs a thorough and careful check and investigation before a decision is taken in the matter. In view of the abnormal delay that has already taken place, the Committee desire that this question should be finalised early. The Committee note that it has been decided to revert to 'grant-in-aid' system of payments from 1-4-1964.

3

3

Cabinet Secretariat  
 (Department of  
 Statistics)  
 Finance

The Committee view with concern the delay in finalisation of the agreement specifying the amounts payable for the work entrusted to the Institute (on contract basis) during the years 1960-61, 1961-62 and 1962-63. It is all the more serious that the Institute has not furnished full particulars for proper evaluation of the work entrusted to them, apart from the fact that the Institute has not been able to adhere to the agreed time schedule. The Committee are also not happy to note that the Government have not so far satisfied themselves about justification of the expenditure incurred by the Institute on the work entrusted to it. This matter assumes greater importance when it is noted that during the period 1958-59 to 1964-65 (October, 1964) the total amount of grants-in-aid and other payments made by the Government to the Institute is as large as Rs. 6.13 crores (Appendix III). The Committee, therefore, recommend that a Reviewing Committee should be appointed under Section 9 of the Indian Statistical Institute Act, 1959, to review the work and also for inspection of the various assets created by the Institute from the grants given by the Government from time to time.

- 4            4        Cabinet Secretariat  
                  (Department of  
                  Statistics)  
                  Finance
- The Committee note that remedial measures have been taken to improve the efficiency at the Institute though at an extra cost. The Committee would like the Government to take up with the Institute the question of completing the unfinished work relating to the years 1961-62, 1962-63 and 1963-64 without further delay. The Committee would also like the Government to examine whether there is any justification for entertaining extra claims for payment by the Institute for completing any portion of the work later than the time schedule.
- 5            5        Cabinet Secretariat  
                  (Department of Statistics)  
                  Finance
- The Committee feel that the norm (about 2 years) fixed for completion of all the tabulations for a round of Socio-Economic Survey is too long a period and suggest that the feasibility of reducing this time lag may be examined. What surprises the Committee is the fact that in spite of such liberal allowance of time for tabulation, the tabulation work pertaining to the 15th Round which should have been completed by the end of 1962, remains unfinished to the extent of 20%, and that pertaining to the 16th Round remains unfinished upto 25% and that 99% of the work relating to the 17th Round (which should be completed by the end of 1964) still remains to be done. The Committee also find from another statement furnished at their instance (Appendix V) that there is much delay in finalising and publishing the Reports after their receipt from the Institute.
- The Committee have no doubt that with the adoption of suitable measures and all round efforts, the time lag involved in the various stages of work, especially in the preparation of the draft reports by the Institute and their printing by Government, could be reduced to the minimum. As such inordinate delays in finalising and publishing the reports are likely to detract from the usefulness of the data collected, the Committee would urge upon the Government the need for taking early steps to remedy such a state of affairs.
- 6            6        Cabinet Secretariat  
                  (Department of Statistics)  
                  Finance
- The Committee regret to note the abnormal delay that has taken place in reconciling this huge discrepancy (in the figures relating to food production during the second Plan period). They desire that this question should be given greater attention and a report explaining the discrepancy submitted to them.

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7 Cabinet Secretariat  

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(Department of Statistics).

The Committee regret the delay in furnishing the Utilisation Certificates. They desire that steps be taken to furnish the Utilisation Certificates which are still outstanding at an early date. They hope such delays in furnishing the certificates will not arise in future.

8

8 Community Development & Cooperation.

The Committee regret to note that there was inordinate delay in proceeding against the Co-operative Societies for the recovery of outstanding loans granted during the period 1953 to 1957. When the work was transferred to the Co-operative Department in 1961, the Committee fail to understand the reasons for the delay of over 3 years on the part of the Department in taking suitable action for the recovery of loans.

The Committee are of the view that had the Block Development Officers taken due care and proper precaution before advancing the loans, there would not have been such an accumulation of huge amounts of loans outstanding against the Co-operative Societies. They are also of the view that no periodical check or investigation appears to have been made to see whether the Block Development Officers concerned maintained proper accounts of the loans advanced to Co-operative Societies and whether there were any lapses on the part of the Block Development Officers in regard to the execution of bonds and sureties etc. The Committee are also not sure whether the Co-operative Societies have sufficient assets to enable the Government now to realise the amounts and whether the whereabouts of the members of the defaulting Co-operative Societies are known to the Co-operative Department. Since the Delhi Administration are stated to be optimistic about the recovery of outstanding loans, the Committee hope that the recovery of loans would be expedited without loss to the public exchequer and a report submitted to them.

9

9 Community Development and Co-operation.

The Committee desired to be furnished with information on the following points:

(i) What were the reasons for the delay in recovering outstanding loans from the Co-operative Societies in this case? What are the reasons for entrusting the recovery of loans to the Collector for recovery as land revenue? Did the Societies follow the normal procedure in advancing loans to Members? Did the Co-operative Societies execute a bond with the borrowers?

(ii) Did any Block Development Officer act in excess of his powers and authority in sanctioning loans?

The Committee regret to note that the information is still awaited.

10

10 Community Development and Co-operation.

(i) The Committee regret to note that there was undue delay in instituting the Departmental proceedings against the officer concerned for irregular retention of the Government money for an unduly long period and for his failure to take proper precautions to protect Government money and property. The Committee are of the view that the drawal of the amount in advance by the Officer concerned which was not immediately required amounted to temporary misappropriation of the Government money which called for immediate action against the officer concerned on the part of the Department. It is also surprising that the police took about 2 years to investigate into the case and come to a conclusion. It is very surprising that even after a lapse of several years the Government have not been able to assess the loss due to fire. They trust that immediate action will be taken to assess the total loss.

(ii) The Committee desired to be furnished with further information on the following points :

(i) What was the issue referred to Police for investigation? Was it the cause of fire or loss of Government money?

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(ii) Was the charge against the Block Development Officer only on one count, viz., keeping of cash over and above his requirements or was he also charged with having kept costly Government articles at his residence?

The Committee regret to note that the information on the above points is still awaited. They also desire that the decision of the Lt. Governor on this case when taken may be intimated to the Committee.

11

11

Education

The Committee are unhappy at the unsatisfactory manner in which this case relates to non-execution of agreement has been handled. Firstly, an irregular procedure was followed by the Director-General, National Discipline Scheme in hiring the premises merely on the basis of telephonic conversation without entering into a formal agreement with the landlord as required under the rules. The Committee are not convinced that the urgent requirement for accommodation justified this action. If any delay was anticipated in concluding a formal agreement, at least a letter of intent could have been obtained from the landlord. Such a tendency to enter into financial commitments, without completing the normal formalities, cannot but be deprecated.

Again the Directorate undertook major repairs and improvements (including supply of water and electricity) entailing a heavy expenditure of Rs. 1.3 lakhs without finalising a lease deed with the landlord. The agreement has not been signed as yet, although four years have elapsed since the premises were hired. According to the Ministry's own admission the present position is that the landlord can have the premises vacated at a month's notice, resulting in most of the expenditure incurred by Government on repairs and improvements being rendered infructuous. The Committee desire that the agreement should be executed without further delay, to safeguard the interest of Government.

The Committee were given to understand that one of the reasons for the landlord not undertaking major repairs and improvements was that the agreement was on a year to year basis. If initially the intention was to hire the premises for a long time (20 years), a firm commitment to this effect should have been made to the landlord at the very beginning and a written agreement entered into with him.

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|----|----|--|---|
| 12 | 12 | Education  | The Committee are surprised that the inadvertent inclusion of the condition regarding payment of lodging charges by the trainees in their letters of appointment was not detected till the receipt of the Audit para in November, 1963. The Committee are also perturbed over the inordinate delay in referring to the C.P.W.D. the question of assessment of rent payable by the instructional staff. They hope that the recoveries from the staff transferred from the Institute and also those retired from the institute and also those retired from service, if any, will be effected early.                                 |
| 13 | 13 | Education<br><hr style="width: 100%; border: 0.5px solid black; margin: 5px 0;"/> Finance        | The Committee view with great concern the irregular procedure adopted by the Directorate during three years from 1960-61 to 1962-63 regarding withdrawal of funds to avoid lapsing of the same. They take a very serious view of the false certificates recorded by responsible officers of the Directorate on the advance bills that the goods have been received and entered in stock Register, when actually the goods had not been received. The Committee have been given to understand that recorded warnings have been issued to the officers responsible for this irregularity. They hope that such cases will not recur. |
| 14 | 14 | Education  | The Committee hope that with the posting of an Accounts Officer and introduction of a system of internal audit check, maintenance of stock Accounts will improve.   |
| 15 | 15 | Education<br><hr style="width: 100%; border: 0.5px solid black; margin: 5px 0;"/> All Ministries | The Committee desire that all Officers dealing with sanctioning of leave should be directed to strictly adhere to the instructions issued by the Government in May 1958 to ensure that "all cases in which a fresh spell of leave is applied for by Government servants after a short interval of duty, are carefully examined  |

with a view to see that the spirit of the rules is observed and that the competent authorities refuse the leave by exercising the discretion vested in them if they have reasons to believe that an attempt was being made to take undue advantage of the leave rules or to evade the spirit thereof".

16            16            Education

The Committee feel that the internal audit check of Government schools in Delhi has not received the attention it deserved. The fact that the internal check of the Accounts of about 30 schools revealed 20 cases of embezzlement, short account of money etc., point to the wide spread financial irregularities in Government schools and the imperative need for taking remedial measures. The Committee note that some additional staff is being sanctioned for the purpose. They hope that the Delhi Administration will ensure that adequate staff is posed to cope with the increasing number of schools. The internal audit parties should be able to cover all the schools within a specified period to be laid down by the Ministry.

17            17            Education

The Committee regret to observe that this case indicates lack of planning at various stages. The equipment worth Rs. 7,679 was received in August, 1954 even before the acquisition of land for the observatory and that worth Rs. 64,770 was received in August, 1958 more than two years before the completion of the building in October, 1960. The construction of the building itself which was started in April, 1957 was completed in October, 1960, i.e., 3-1/2 years after the award of the contract. Even after completion of the building the equipment had been lying idle for more than three years. The Observatory started functioning from the 10th January, 1964 but the difficulties regarding the approach road and water supply are yet to be resolved on a permanent basis. It is not clear why these problems were not attended to simultaneously with the construction of the building, which itself was considerably delayed. The Committee hope that the department would take im-

mediate steps to provide approach road and water supply etc., for the Observatory.

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Education

Finance

Works & Housing

The Committee regret to observe that the Association have been allowed to construct a building very much in excess of its requirements, more than 50% of the cost of which has been borne by Government (*i. e.* Rs. 2.36 lakhs out of 4.66 lakhs on main building plus Rs. 39,000 on the Auditorium). The Association have already let out a large part of the building to the Board of Higher Secondary Education at a high rental of Rs. 4,500 per month which works out to Rs. 60 per 100 sq. ft. against the usual C.P.W.D. rate of Rs. 45 per 100 sq. ft. for that area. Even allowing for future expansion of the Association, the Committee doubt whether they would need such a big building for their use. The Committee, therefore, find little justification for allotment of land to the Association in the Indraprastha State with a stipulation to construct a multi-storeyed building. It is strange that the Ministry of Education were not consulted by the Ministry of Works & Housing while making allotment of land.

The Committee are surprised how, while approving the construction of the building at an estimated cost of Rs. 3.86 lakhs, the Ministry of Education expected that the Association would be able to collect funds from other sources (The Ministry initially sanctioned a grant of only Rs. 86,000). As the Association went ahead with the construction, and as the Ministry's expectation that the Association would be able to collect funds from other sources did not materialise, the Ministry had eventually to sanction a further grant of Rs. 1.50 lakhs in August, 1960 for completion of the building and again another grant of Rs. 39,000 in September, 1962 for completion of the Auditorium. Such a liberal attitude on the part of the Ministry in agreeing to the increase in the quantum of grant, over what was initially agreed to is likely to make the grantees extravagant in their expenditure, and hence should be discouraged.

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The Committee are also unable to see adequate justification for the Association to charge higher rent from the Central Board of Secondary Education, which is financed by the Centre, specially when the building was constructed largely out of grant given by the Ministry

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Education

Finance

Health

The Committee regret to point out that this is another case where the building constructed was bigger than the requirement of the Organisation viz. Bharat Scouts and Guides. Although the Organisation was not in need of a four-storeyed building, the Delhi Development Authority insisted on the erection of a multistoreyed structure. It is not clear why the Organisation could not be allotted land in some other area where they could construct a building according to their requirement. The Committee suggest that procedure should be evolved whereby some co-ordination is established between the agency responsible for allotment of land to such Organisation and the Ministry, responsible for release of grants, so that the Organisation are not given plots with stipulation of constructing multi-storeyed structures if they actually do not require them. In the opinion of the Committee present practice of the Organisations letting out their surplus accommodation at high rentals and thus adding to their income is not satisfactory.

In the present case also, the Committee do not find adequate justification on the part of the grantee to charge a higher rent from the National Council of Educational Research and Training. The Committee were informed during evidence that the monthly rent payable by the National Council of Educational Research and Training had been fixed provisionally and that the Bharat Scouts and Guides had agreed to accept the rent assessed by the C.P.W.D. The Committee would like to be informed of the rent finally fixed in this as well as the previous case.

This practice of giving grants to private bodies to construct buildings in excess of their requirements and then permitting them to rent out the extra accommodation at exorbitant rates to semi Government institutions amounts to giving indirect subsidies to such bodies. In this connection, the Committee would like to draw attention to their observations in para 60 of their 20th Report (Third Lok Sabha) wherein they had taken strong exception to the circuitous way in which indirect subsidies are sought to be given to private bodies howsoever, important their field of activity might be.

20.            20            Education

(i) The Committee wanted to know the expenditure incurred by the Publications Division on the printing of the Publications of the National Book Trust. The Secretary (Education) stated that it would be a complicated process to separate the cost of printing in respect of the Publications of the Trust, from other publications printed by the Publications Division. The witness, however, promised to obtain the figures from the Publications Division. This information is still awaited.

(ii) The Committee feel that it is necessary to keep a proper account of the expenditure on Publications and their sale proceeds with a view to assessing the economics of pricing system and working of the Trust. They desire that the Trust should maintain such accounts.

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21.            21            Education

The Committee are perturbed to note that the selection of titles of publication was not made by the Trust on any scientific basis in the past. Out of 115 titles reviewed by the Reviewing Committee as many as 79 have been rejected resulting in expenditure of Rs. 64,223 being rendered infructuous. The Committee hope that the functions of the Trust have now been streamlined in the light of the Tara Chand Committee Report, and that with the organisational changes since made in the Trust, its working will improve and its objective of catering to educational needs of persons who have had no opportunity of University education, would be achieved.

The Committee would like to know the outcome of the Trust's proposal to bring out dropped titles through private publishers.

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1	2	3	4
22	22	Education	The Committee feel concerned to note that the sale of books of the Trust has not been encouraging. They desire that vigorous efforts should be made to publicise these books in order to attract readership. The various libraries in the country should also be approached to buy these books.
23	23	Education	The Committee desire that the pricing policy of the Trust should be kept under constant review and efforts should be made to make the Trust self supporting. The Ministry should examine the feasibility of the Trust undertaking printing of all their publications and receiving the sale proceeds, like Lalit Kala Akademi and Sahitya Akademi etc.,
24	24	Education	The Committee feel that proper scrutiny of the demands of the Institute was not made by the Ministry before the release of the grants. The fact that out of the total grant amounting to Rs. 3 lakhs paid during 1958-59 and 1959-60, there was an unspent amount of Rs. 1.59 lakhs as on 31st March, 1961 (more than a year after payment of the second instalment) indicates that the grants were given much in excess of the requirements for the particular years. The amount required for the purchase of land could have been released after the acquisition proceedings had been finalised or when they were in their final stage. The Institute had still an unspent balance of the Central grants at the time of its winding up on the 1st September, 1963, which has been placed at the disposal of the University Grants Commission.
25	25	Education	The Committee feel that there was no justification for payment of supervision charges to the Institute at the rate of 5% of the expenditure incurred on the construction works. It is also regrettable that Institute was paid grants in excess of its spending capacity to the extent of Rs. 1.12 lakhs.

26	26	Education	<p>The Committee are glad to note the progress made in issue of the utilisation certificates in respect of the grants sanctioned up to the year 1961-62.</p> <p>They hope that efforts will be made to clear the backlog of utilisation certificates and avoid delay in their issue in future. The Institutes concerned should be impressed upon to submit their audited accounts in time.</p>
27	27	<u>Education</u> Finance	<p>The Committee note that the instructions regarding calling for performance reports from grantees and undertaking an annual review of grants with the assistance of some leading non-officials were issued by the Ministry of Finance pursuant to the recommendation of the Estimates Committee contained in para 17 of their 55th Report (Second Lok Sabha) while making this suggestion the Estimates Committee were aware of the utilisation certificates already obtained by the Administrative Ministry concerned from the grantees, which were generally taken into account before sanctioning future grants. The Estimates Committee felt that the checks exercised at the prebudget stage were more with reference to the policy and size of the grants rather than with reference to the actual use to which the grants had been put by the grantees, and the benefits derived there from. It was, therefore, with a view to have a review made of the actual use of the grants and benefits derived there from by the grantees that the Estimates Committee made the recommendation. The Committee note that the audited accounts of grants on which the utilisation certificates are based are usually delayed. Further these accounts would not help in satisfying the Ministry about the fulfilment of the objectives of the grants and the benefits derived by the grantees. In view of this, the Committee emphasise that a systematic annual review based on the performance reports of the grantees is essential. The Committee also desire that as suggested by the Estimates Committee, a review of the utilisation of grants specifying in detail the achievements <i>vis-a-vis</i> the amount spent should be included in the annual report of the Ministry.</p>
28	28	Education Finance	<p>The Committee feel concerned to note that in 154 cases out of a total of 196 audited accounts had not been submitted within the specified time limit. The</p>

Committee also view with concern that in large number of cases (129 relating to 1960-62, 84 cases relating to 1961-62) Utilisation Certificates had still not been received.

The Committee however note that the Ministry have taken some steps to get expeditious submission of certificates and audited accounts. They, however, feel that the cases of outstanding utilisation certificates and submission of outstanding audited accounts require constant watch to bring about significant improvement.

(i) The Committee feel that the Ministry has not set a good example in sanctioning a grant of Rs. 1.65 lakh to the All India Fine Arts and Crafts Society to enable it to repay three outstanding instalments of the loan. If the grant was towards the construction of the building, its desirability should have been considered at the time of sanctioning the loan. Since Government had deliberately decided to give a loan of Rs. 5.5 lakhs, its repayment should have been insisted upon. From a note (Appendix XI) furnished to the Committee at their instance, the Committee learn that the Society had earned an income of Rs. 6.85 lakhs (Approximately) from the rent of its building from 1956-57 to 1963-64. This is an additional reason why the repayment of the loan in full should have been insisted upon. The Committee hope that the balance of this loan and also the subsequent loan of Rs. 90,000 would be recovered from the Society.

The Committee are not happy about the non-execution of a mortgage deed of the building which was completed in 1955. They desire that the matter should be pursued vigorously and deed finalised early. (ii) In this connection, the Committee would like the Ministry of Finance to examine, in the first instance, whether an unusual payment of this type involving the release of a grant to a

private body for the partial repayment of a loan from Government, should be regarded as an item of 'New Service' and brought to the notice of Parliament.

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Education  
Finance

The Committee regret to note that in this case grants were released from time to time irrespective of the fact that the Trust had large unspent balance out of the grants released earlier. According to the instructions issued by the Ministry of Finance only so much of the grants should be paid during the financial year as is likely to be expended during that year. It is regrettable that excessive grants were issued in advance of the requirement in spite of the fact that the work was being executed by the C.P.W.D. The Committee are however glad to be informed during evidence that except for a small sum of Rs. 2,757/- the Trust had been able to utilise the entire amount and had submitted the utilisation certificates for the same.

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Education

The Committee are far from happy at the manner in which this case was handled the initial grant of Rs. 25,000 was paid in March 1952 without verifying the statement of the Society that it had land at Allahabad. This resulted in the construction of the building being started after more than two years of the payment of the grant. Although the usual practice is to pay grants upto 50% of the estimated cost of construction of buildings, in this case the entire cost has been borne by Government. Obviously the Ministry did not examine the financial position of the grantee and the Society submitted inflated estimates of the building. According to the C.P.W.D. the estimated cost of the entire building was Rs. 60,353 (the figure according to the Ministry does not include cost of levelling etc. which came to Rs. 13,000) against which Government have paid grants amounting to Rs. 75,000. A statement of accounts showing the actual expenditure of Rs. 55,000 has been received from the Society so far. The Committee would like to know about the actual cost of the building and the position of the audited account for the balance of the grant.

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Education

The Committee regret to note that this is yet another case where a grant (Rs. 30,000) was released even before the actual lease of the land by the grantee.

They are surprised at the casual manner in which the Ministry assured that the Academy's statement regarding allotment of land was correct, without making a specific enquiry in this regard from the State Government. The Committee desire that the Ministry should ensure in future that grants are not paid in advance of the actual requirement or without verifying all the relevant facts.

33	33	Education Finance	The Committee understand that under the rules grants should be made available on the basis of specific schemes drawn up in sufficient detail and duly approved by Government. The Committee are not satisfied over the grants being paid to enable the grantees to liquidate their debts on construction of buildings when the schemes had not been approved by the Ministry in advance. The Committee would like to know the details of all cases where such relaxation of rules had been made by the Ministry during the last three financial years and the justification for doing so.
34	35	Education	The Committee feel that the percentage of the administrative expenditure (41%) to the total expenditure on the various activities of the Akademi is on the high side. The Committee desire that the expenditure might be kept under constant review, so as to effect economy wherever possible. The Committee would like to be informed about the conclusions of the Reviewing Committee appointed to review the activities of the Akademi and the action taken there on.
35	36	Education Finance	The Committee are not satisfied over the Akademi not following the normal procedure of calling tenders for printing its art works from 1954 to March, 1963, and leaving the selection of printers to the entire discretion of the Honorary Editor. (20 publications out of 30 were got printed through a particular

firm in Bombay). While the Committee share the Akademi's anxiety to maintain high standard of printing, they see no justification for not inviting tenders from some standard printers. It is regrettable that in spite of Audit objections the Honorary Editor continues to be authorised to place orders in respect of ancient series on any of the three specifically named firms of Bombay at his entire discretion. Granting that it is convenient to the Honorary Editor to supervise printing in Bombay, it is not clear why tenders could not be invited from standard printers in Bombay. The only redeeming feature is that the Akademi has started inviting tenders for printing of contemporary Art series from March, 1963. The Committee desire that the practice of inviting tenders should also be adopted in the case of the ancient series. It is also surprising that the Akademi is not informed by the Honorary Editor about the detailed break-up of the cost of printing until the final bill is received.

- (ii) The Committee would like the Ministry of Finance to issue general instructions to the administrative Ministries that even in the case of so called autonomous bodies which are financed mainly through grants-in-aid paid by government, the normal procedure laid down for safeguarding the interests of public exchequer should be strictly followed.

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Education

The Committee feel concerned to find that about 52% of the copies of the works published by the Akademi up to 1962-63 were still in stock as on 31st March, 1963. About 16% of these copies were printed in 1959-60 and earlier years. It is regrettable that accumulation of stocks continued to be heavy in spite of the appointment of the sole selling agents in 1961. The Committee trust that the Akademi will take into consideration the various factors like purchasing power and art consciousness of people etc. which effect the demand before placing orders for printing of their publications.

The Committee also desire that the Akademi should take necessary steps to ensure proper storage of the publications in stock in order to prevent damage to them in future.

1	2	3	4
37	38	Education	<p>The Committee are surprised that no action was taken against the selling agents for not discharging wholly their contractual obligation to take the prescribed minimum number of copies of publications, as envisaged in the agreement. The performance of the selling agents was only about 50% of the guaranteed sales.</p> <p>The Committee desire that the full and faithful implementation of all the provisions of the agreement should be insisted upon and any default or breach must be taken seriously and compensation demanded therefor. It is regrettable that neither of the two agreements with the firm contains any penalty clause for non-fulfilling the terms of the agreement. The Committee would like to know in due course about the performance of the selling agents during the term of their second contract (1963—65.)</p> <p>The Committee desire that in future agreements, a suitable penalty clause to cover non-fulfilment of the terms of the agreement should be inserted.</p>
38	39	Education	<p>The Committee are surprised to learn that the Sahitya Akademi and the Sangeet Natak Akademi are not preparing their balance-sheets showing assets and liabilities even after several years of their establishment. They hope that all the three Akademis will now regularly prepare (i) an income and expenditure account and (ii) statement of assets and liabilities in the prescribed form, and furnish it to Audit.</p>
39	40	Education	<p>The Committee are not a little surprised that the Akademi has not finalised the rules even after ten years of its establishment. They desire that these rules should be finalised without any further loss of time.</p>

- . The Committee feel that the present administrative expenditure of the Akademi is somewhat on the high side as compared to its activities, particularly taking into account the fact that the expenditure on staff increased from Rs. 1.96 lakhs in 1960-61 to Rs. 2.75 lakhs in 1962-63, whereas the expenditure on Publications and miscellaneous activities decreased from Rs. 4.64 lakhs to Rs. 4.12 lakhs during the same period. The Committee note the Akademi's proposal to create 16 posts of scholar-editors, one each for the 16 Indian languages in the interest of improving the quality of the respective language publications. They are, however, doubtful if the Akademi would have enough work to justify their whole-time engagement. The Committee suggest that a detailed and careful estimate of the quantum of work proposed to be undertaken by the Akademi should be made before taking a decision on the proposal to create 16 posts of scholar-editors. Alternative method of getting the work done on a project basis should also be examined. The Committee also suggest that a review of the administrative expenditure of the Akademi may be undertaken with a view to keep it to the minimum, consistent with the activities of the Akademi.

- . The Committee feel concerned over the heavy accumulation of unsold copies of the Akademi's publications, particularly of those published in 1958 and 1960, (their percentage being 62 and 71 respectively as on 31-3-1962). The Committee note the measures proposed to be taken to persuade the libraries in the States to purchase these publications. They hope that the Akademi will get full cooperation from the State Governments. The Committee desire that the Akademi should also take other steps, such as setting up a proper publicity and distribution system, provided the expenditure thereon is commensurate with the results achieved. Better circulation of its publications is also necessary to achieve the Akademi's objective of promoting the cultural unity of the country through coordination of literary activities in all the Indian languages.

Insert at the top of page 172

37      38      Education      The Committee are not happy over the appointment of a firm established in April, 1961 as a sole selling agent of the Akademi in May, 1961 on the recommendation of the Honorary Editor. The fact that the tenders invited in 1956 (i.e. 2 years after the establishment of the Akademi) did not bring forth satisfactory response cannot be considered a justification for not inviting tenders in 1961 i.e. five years after. The Committee find it difficult to resist the conclusion that the firm was established for the purpose of being awarded with the sole selling agency of the Akademi.

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42	43	Education <hr/> Finance	The Committee find no justification for the Akademi being paid a supplementary grant of Rs. 1.7 lakhs in February, 1963, which could not be utilised before the close of the financial year. They would like to reiterate that only so much of the approved grants should be issued to the Institutions during the financial year as is likely to be expended during that year.
43	44	Education	The Committee regret to observe that this is a bad case. A sum of Rs. 60,000 has been paid to the producer without any prospects of the film being produced. The contract did not stipulate the normal condition of time-limit for the completion of the film. The release of the third instalment of Rs. 20,000 was made in March, 1962 without the producer discharging his contractual obligation. It is surprising how the Executive Board of the Akademi place so much reliance on the assurance given by the producer despite his past failure to show any concrete result. In the opinion of the Committee, the Akademi did not act either prudently or in a business-like manner in this case. The Committee would like to know the outcome of the legal action proposed to be taken against the producer.
44	45	Education <hr/> Finance	The Committee regret to point out that the grants in these cases were issued by the Akademi in contravention of its rules. The Committee find it difficult to accept the Ministry's view that the Executive Board of the Akademi had previously also power to issue grants to unrecognised institutions and individuals under the general Rule 8, since there was a separate rule specifically governing the issue of grants to only recognised institutions. (This rule has been subsequently amended to cover issue of grants to unrecognised institutions also.) The Committee feel that there is no point in framing the rules, if they are violated in actual practice, and subsequently amended to regularise such violations. In the opinion of the Committee, the original rule that the

grants should be given only to those institutions which were recognised by the Akademi for at least one year, was a healthy rule. It provided a useful safeguard against the grants being given to undeserving institutions. The Committee would like this rule to be restored both in theory and practice. It is also significant to note that even under the amended rules, the Executive Board is not authorised to issue grants to individuals. The Committee desire that the grants in question should be regularised.

45      46      Education      The Committee feel concerned over heavy accumulation due to non-sale of the three publications brought out by the Akademi during 1959 and 1961. The percentage of unsold copies to the total print order as on 31-3-1963 ranged from 85 to 95. The Committee desire that gaining experience from the accumulation of publications, the Akademi should in future keep the number of copies to be printed to the minimum. All-out efforts should be made to sell the publications lying in stock.

46      47      Education 7      The Committee are not happy over the appointment of the Secretary by the Akademi without obtaining the prior approval of Government as required by the Rules and Regulations of the Akademi. They hope that such cases will not recur.

47      48      Education      The Committee note that the payment of the subsidy of Rs. 8,500 for each language edition of the publication (Wonder World of Science) was agreed to as the publisher had exclusive translation rights. A sum of Rs. 1,44,500 has been paid as subsidy to the publisher against his production cost of Rs. 2,41,800 which appears to be on the high side.

The Committee feel concerned to note that the sales of the publication, particularly of regional language editions, are poor. Thus, the purpose of payment of subsidy to disseminate scientific knowledge among common people by keeping the price within reasonable limit has not been satisfactorily achieved. The Ministry should, therefore, take suitable steps to have the publication adequately advertised.

Insert at page 178 after Sr. No. 45

- 46 Education (i)DAs regards the five publications for which grants amounting to Rs 19,100 had been paid during 1956-60, the Committee regret to note the inordinate delay that has occurred in their completion/publishing. The Committee feel concerned to note that there were two likely cases/defaultations involving a sum of Rs 6,000 /of They would like to be informed of the results of police investigations in these cases and also of the action taken against persons found responsible for this loss.

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			The Committee hope that before subsidising translations of subsequent volumes, the Ministry will reconsider the question of reasonableness of subsidy and of reducing the number of copies to be printed in the light of sale prospects of different publications.
48	49	Education	The Committee are not satisfied over the loan of Rs. 2 lakhs paid to the Institute in this case in March, 1956 remaining unutilised for about seven years. Although under the rules only so much of funds is to be paid during any financial year as is likely to be expended during the year, in this case the amount was paid on the last day of March 1956, when there was no possibility of its being utilised during the year 1955-56. It is surprising that the financial position of the Institute was not ascertained before the loan was given. It is regrettable that no action was taken by the Ministry on receipt of the report about the weak financial position of the Institute to get the loan refunded, and instead the amount was allowed to lie with the grantee unutilised till 1963.
49	50	Education <hr/> Finance	The Committee are not satisfied with the explanation of the Ministry of Finance. It passes their comprehension how the Finance Ministry could acquiesce in the view of the Education Ministry, when obviously an amount of Rs 2 lakhs out of the total loan of Rs. 3 lakhs could not have been utilised by the Institute in two months. The Committee feel also concerned to note that the Ministry of Education could not assess correctly as to whether the amount of loan of Rs. 2 lakhs would be utilised at the fag-end of the financial year. They hope that the Ministries of Finance and Education would be more careful while sanctioning loans/grants in such cases in future.
50	51	Education	The Committee would like to draw attention to the following observations of the visiting Sub-Committee regarding working of the scheme relating to Cultural Research for the propagation of aromatic plants :— “... the work under Council of Scientific and Industrial Research Scheme had been run in a leisurely fashion and as a secondary side show for pro-

viding the old employees with better paid jobs and expecting little return from them. . . . With inadequate, incompetent and indisciplined staff under him (Director, M.G.C.D.) and no effective supervision and guidance over the work done by them, it has almost been a tale of miserable failure for the Council of Scientific and Industrial Research Scheme in the Nilgiris".

"In Nilgiris, work of almost parallel type on aromatic and medicina plants is being carried on under the names of three different agencies, namely MGCD, CSIR and ICAR. Besides almost a common pattern of programme of work, even the plants on which studies are being made and some of the workers engaged on all the three projects appear to be common and overlapping. There are no clear cut and separate programmes of work, no separate lists of plants for study and development, no clearly separate staff units attached to each of the three agencies and no well defined, precise and distinct duties of the staff under each of the three agencies. Men, materials, programmes and results achieved are all being skilfully manoeuvred and brought up to suit the various exigencies and occasions".

From the above facts, the Committee cannot escape the conclusion that the Scheme was ill-concieved and mismanaged, resulting in nugatory expenditure amonunting to Rs. 1.09 lakhs. The Scheme was initially sanctioned in December, 1957 on the recommendation of the Essential Oils Research Committee, but could not be initiated on account of the non-appointment of staff. It was renewed in May, 1960 i.e., after 3½ years. Obviously, before the renewal of the Scheme, the C.S.I.R. should have ascertained whether any parallel shemes had been started in the meantime. It is doubtful whether this was done in the present case. The result was that the scheme was run by the Madras Government Cinchona Department "as a secondary side show for providing the old employees with better paid jobs and expecting little return from them." From the experience gained in this case, the Committee hope that the C.S.I.R. would in future properly

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scrutinize the schemes proposed to be taken up through the agencies of the State Government Departments and ensure effective supervision. Alternatively, such schemes should be executed by the C.S.I.R.'s own staff. The Committee also regret to note that there was an avoidable delay in winding up the Scheme after the receipt of the report of the visiting Sub-Committee.

(ii) From a note (Appendix XV) submitted by the Ministry, the Committee learn that during the years 1962-63 and 1963-64, 19 research schemes submitted by scientists working in universities and other institutions were prematurely terminated, either as a result of the recommendations of the Expert Committees of the C.S.I.R. or the Scientists leaving the Institutions. This resulted in the grants amounting to about Rs. 1.5 lakhs being rendered mostly infructuous. The Committee suggest that the system of sanctioning such schemes should be regularly reviewed so as to ensure that the factors resulting in premature termination of schemes are eliminated.

51	52	Education	The Committee hope that as a result of the finalisation of negotiations with the local authorities for supply of sewage etc. and repair of the pond, the experiments will be started early, and the chemicals and furniture etc. would be utilised.
52	53	Education <hr/> Dept. of Supply & Technical Development.	In evidence, the representative of the Council stated that the D.G.S. & D. had referred to arbitration, question of recovery of the damages from the clearing agents. The Committee would like to know the outcome of the arbitration proceedings. They hope that the C.S.I.R. will in future take necessary precautions to ensure that the goods are cleared in time and delivered to the site without delay.

- 53            54            Education            .            .            The Committee feel concerned to note that in this case the defalcation of funds received by the Central Fuel Research Institute during the years 1956-57 and 1957-58 for disbursement to trainees came to notice only in July 1963, i.e. 5-6 years after. In view of the fact that a large number of institutions are imparting training under the scheme and are receiving funds from the Ministry for disbursement to trainees, it is necessary that suitable remedial measures are taken without further delay to plug the loop-holes in the system in order to avoid recurrence of such cases. The Committee would like to know the outcome of the investigations into the present case and the remedial measures taken.
- 54            55            Education            .            .            The Committee are not happy over the delay in the submission of utilisation certificates by the grantees. Out of 2165 cases as on 30-9-1963, 1519 cases are still outstanding. The Committee note the measures taken by the C.S.I.R. to expedite the submission of utilisation certificates. They hope that the position will be kept under constant review.
- 55            56            Education            .            .            The Committee feel somewhat concerned at a large number of Scientists still in the Pool. As on 1st June, 1964, 530 Scientists were in the Pool, out of whom 53 had been there for more than 2 years and 111 for more than a year. The Committee note the steps proposed to be taken to expedite the absorption of Scientists. They feel that in the context of the present Scientific and Technical Development in the country and the shortage of scientists, one year should be the maximum period by which pooled officers should be able to get employment.
- 56            57            Education            .            .            The Committee regret to observe that this case is indicative of lack of proper planning and foresight. They would like to be informed when the entire equipment is brought into use.
- 57            58            Education            .            .            The Committee regard 4½ years (July 1958 to January, 1963) as too long a period for the equipment remaining under trials. In their opinion, it is a fit case for the suppliers being asked to pay penalty for the delay in commissioning the plant.

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58	59	Education	The Committee feel concerned at the inordinate delay in bringing the equipment into use. They hope that such delays will not occur in future.
59	60	Education	The Committee desire that the C.S.I.R. should undertake a review to ascertain the extent to which the equipment, machinery etc. held by the various laboratories/institutions (costing Rs. 9-12 crores) are being utilised. The Committee would like to be informed of the outcome of the review.
60	61	Education <hr/> Law	<p>The Committee feel that according to the spirit of Section 12 of the University Grants Commission Act, maintenance grants are admissible only to universities established or incorporated by or under a Central Act, as in their case the word 'maintenance' has been specifically mentioned in the Act. There is no mention about 'maintenance' in the case of other Universities mentioned in Section 12(c) of University Grants Commission Act, 1956. The Committee note that the University Grants Commission have decided to discontinue payment of maintenance grants to the five institutions (<i>viz</i>: College of Engineering and Technology, Jadavpur, J&amp;D College of Sciences and Technology, Andhra University, Department of Chemical Technology, Bombay University, College of Engineering, Annamalai University and Department of Applied Chemistry), even though the Law Ministry's second opinion suggests that if a broad view is taken, they can be given such grants. The University Grants Commission also feel that it would not be right to give them maintenance grants.</p> <p>The Committee, however, suggest that in view of the two conflicting opinions given by the Ministry of Law, the Attorney General's opinion regarding admissibility of maintenance grants to Universities other than Central Universities may be obtained for future guidance.</p>

61	62	Education	The Committee feel concerned over the delay of more than three years in the disposal of the equipment and stores valued at about Rs. 6.65 lakhs. They desire that the matter should be vigorously pursued and they should be informed of the final outcome.
62	63	Education	The Committee view with concern the creation of posts by the Banaras Hindu University in excess of those authorised by the University Grants Commission. They hope that such cases will not recur. The Committee would like to know the final decision taken in meeting the unauthorised expenditure from the accumulated interest on certain funds.
63 <sup>c</sup>	64	Education	The Committee are not happy over the inordinate delay in determining the final block grants payable to the Central Universities for the years 1961-62 onwards. They desire that the matter should be finalised without further delay.
64	65	Education	(i) The Committee desired to be furnished with a statement showing the latest position of the outstanding utilisation certificates, the years to which these related and names of the universities concerned. The information is still awaited. (ii) The Committee feel concerned over the delay in submission of utilisation certificates by the universities. The certificates relating to the grants given during the period as far back as 1955-56 are yet to be issued. The Committee note that out of the outstanding amount of Rs. 30.93 crores as on 20-9-63 (pertaining to the years upto 1961-62), utilisation certificates had been submitted for more than Rs. 15 crores. They desire that the position should be kept under constant review and all-out efforts should be made to clear the back-log of the utilisation certificates and ensure their submission in future in time. In the cases of persistent defaults without valid reasons, the question of withholding further grants till the utilisation certificates are furnished, should be seriously considered to enforce financial discipline.
65	66	Education	The Committee hope that such instances of unauthorised expenditure by the Central Universities would not recur.

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66	67	Education Finance	The Committee suggest that Government should examine the feasibility of the officers of the Commission and the Ministries of Education and Finance being appointed on the Finance Committees of the Central Universities as their representatives with responsibility to them, rather than as Visitor's nominees for securing better and more efficient financial co-ordination.
67	68	Education	The Committee regret to find that the progress of the submission of utilisation certificates has been extremely slow particularly in this Council in the past. Out of 526 institutions which were paid grants during 1962-63 only two had submitted utilisation certificates by October, 1963. In respect of similar grants paid to 54 institutions in 1961-62 only 10 had reported utilisation till October, 1963. The Committee hope that with the audit of accounts of grantees being taken up by the Council's own audit party, the issue of certificates will be accelerated. The Committee would like to watch the progress through future audit reports.
68	69	Education	The Committee are surprised that even after three years of its establishment the Council had not been able to finalise the form for preparation of its accounts. They desire that early decision should be taken in the matter.
69	70	Education	The Committee regret the inordinate delay in the formal transfer of the assets and liabilities to the Council.
70	71	External Affairs	(i) The Committee regret that such discrepancy should have occurred during evidence.

External Affairs.

Home Affairs

Finance.

(ii) The Committee understand that Under Indian Foreign Service Rules, 1961, a member of the Indian Foreign Service appointed to a post of Joint Secretary in the Government of India, is entitled to draw a pay of Rs. 2,250/- p.m. Moreover, under the Rules personal pay is granted to an Officer only to save him from loss of his substantive pay. In other words, personal pay is not admissible for the purpose of protecting the officiating pay of an officer. In the first two cases, the officers were only officiating in the higher grade and had been posted as Joint Secretaries, which posts were in the lower grade. The Committee are, therefore, unable to accept the arguments advanced for treating these cases as exceptional ones and allowing personal pay to the officers to protect them from loss in their officiating pay. In the opinion of the Committee such irregular grant of personal pay for protecting the officiating pay of an officer is in contravention of the Rules and amounts to discrimination.

The Committee also feel unhappy to note that when an officer is reverted to the Ministry of External Affairs from the Mission and posted as a Joint Secretary, he carries his grade pay (officiating) with him and draws the difference in pay as his personal pay, but is not treated as having reverted to a lower grade. The Committee are unable to appreciate how and why such a procedure which cannot be justified under the Rules, came to be adopted by the Ministry. In the Committee's view, the pay attached to a particular post is on the basis of particular functions to be performed. Therefore, the Committee feel that unless the Joint Secretaries in the Ministry of External Affairs actually performed duties of higher responsibilities than those attached to such posts in the Secretariat, there would be no justification, for granting personal pay in such cases.

The Committee regret to note that in the third case in spite of the fact that the officer was not actually promoted to Grade III and did not actually take up the duties of the post in that grade in the Mission, he was treated as having been promoted to that grade and allowed the personal pay of Rs. 250/- p.m. in addition to his pay of Joint Secretary. It passes their comprehension how in this case the question of giving protection to the pay would arise; nor do

they know what the special circumstances were which necessitated such an extraordinary action. The Committee have also not been enlightened as to what additional and compelling arguments or reasons were advanced in the meeting between the Foreign Secretary and the Finance Secretary which led the Ministry of Finance to agree to the proposal for the grant of personal pay after rejecting the same twice. In the opinion of the Committee the Ministry of Finance are also not blameless in these cases as they have acquiesced in the relaxation of the rules in individual cases without recording any valid or convincing reasons in justification therefore.

(iii) The Committee desire that the Ministry of External Affairs should re-examine the whole position in consultation with the Ministry of Finance and Home Affairs and take suitable steps to ensure that such an anomalous position does not arise again.

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### External Affairs

The Committee find it difficult to accept that in all the cases of officers in Washington the grant of concession of drawing daily allowance in lieu of foreign allowance was justified, as it appears that during the last three years there has not been a single exception. The fact that in Canada where comparable facilities are available in hotels, such situations did not arise, indicates, in their opinion, that the discretion by the Head of the Mission in Washington has not been properly exercised.

The Committee would like the Ministry to ensure that there is proper and equitable exercise of discretion by the Heads of Missions in such matters and that

the procedure followed in different Missions is uniform. Since, however, the Ministry are not in a position now to explain as to why the Ambassador exercised his discretion in a particular way, the Committee would await the examination of the matter in all its aspects by the Foreign Service Inspectorate. A copy of the Report submitted by the Foreign Service Inspectorate may be furnished to the Committee, on receipt. They hope that this examination will be conducted at an early date so that such additional expenditure is reduced, if not eliminated.

The Committee are not happy with the manner in which this case (resulting in an estimated loss of \$ 34,000 has been dealt with. They are unable to find any justification for the delays that occurred. They are surprised to learn that when large amounts had started coming in from Congo, no one in the Ministry seemed to know what action was called for. The fact that when the Mission made a reference on 26th November, 1958, a reply could be sent only in June, 1959 and the final instructions by the Ministry could be issued only in June, 1962, clearly indicates laxity on the part of the officials who handled this case in the Ministry. The Committee desire that (1) Responsibility should be fixed for not sending the instructions promised in June, 1959 till June, 1962. (2) The explanation given for the loss of \$34,000 (i.e., the Banks not prepared to open Account etc.) is not convincing. The Committee would like the Ministry to take suitable steps to ensure that such cases do not recur.

The Committee are surprised that the results of the enquiry are still awaited. They regret that so much delay has taken place already in taking departmental action in this case. They hope that the enquiry would be concluded at an early date and the results communicated to the Committee.

The Committee feel that this is yet another case where the Ministry have shown laxity. The failure of the Ministry to recover the charges lacks justification in view of the fact that orders were issued by Government for

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External Affairs  
 Finance

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External Affairs

immediate recovery of the charges in May, 1957, whereas both the Heads of Missions retired in May, 1958 and May, 1959 *i.e.*, one or two years after the issue of the orders. The Committee take a serious view of the fact that inspite of clear and categorical orders of May, 1957, no recovery was made even though these orders were issued at the instance of Audit. The Committee desire that the Ministry should take due note of this fact and issue clear instructions to Indian Missions abroad to remove any ambiguity or doubt in matters relating to expenditure on items on which payments are to be made by the Heads of Missions or other officers themselves so as to avoid similar cases in future.

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Finance

The Committee would like to draw the attention of the Ministry of Finance to the following cases considered in the Report which indicate need for tightening up financial control and, in particular, the need for adequate financial scrutiny before grants are sanctioned to the non-Government institutions and for ensuring that a proper procedure is followed by the Ministries to watch the utilisation of such grants. The role of the representative of the Finance Ministry in the institutions receiving grants also requires consideration with a view to securing the effective functioning of such representatives.

*Paras 1—6*

Release of large "on account" payment to Indian Statistical Institute without formal agreement and without any check of the work actually done.

*Paras 18—19 and 43.*

Release of grants to private institutions for construction of buildings in excess of requirements.

*Para 27*

Non-receipt of "Performance Reports" from grantee institutions and failure to conduct annual review of such grants, as required under the instructions issued by the Ministry of Finance.

*Para 28*

Payment of further grants to institutions which had not submitted audited accounts for grants paid to them on earlier occasions.

*Para 29*

Release of grant to a private body without specific vote of Parliament to enable it to repay instalments of loan.

*Para 33*

Release of grants to institutions to liquidate their debts incurred prior to the approval of the schemes by Government.

*Para 36*

Ineffectiveness of the representative of the Finance Ministry on an autonomous body to secure the observance of proper procedure in awarding contracts.

*Para 45*

Release of grants by Sangeet Natak Akademi in contravention of rules.

*Para 73*

Loss due to delay in investment of surplus balances with an Indian Mission abroad.

