

PUBLIC ACCOUNTS COMMITTEE
(1969-70)

(FOURTH LOK SABHA)

NINETY-SEVENTH REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 71st Report (Fourth Lok Sabha) on Appropriation Accounts (Civil), 1966-67 and Audit Report (Civil), 1968 relating to the Ministries of Steel and Heavy Engineering (Department of Steel); Health, Family Planning, Works, Housing & Urban Development; Food, Agriculture, Community Development and Cooperation (Department of Cooperation) and Irrigation and Power]



LOK SABHA SECRETARIAT
NEW DELHI

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PUBLIC ACCOUNTS COMMITTEE
(1969-70)

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SECRETARIAT

Shri A. L. Rai—Deputy Secretary.

Shri K. Seshadri—Under Secretary.

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Ninety-Seventh Report on the Action Taken by Government on the recommendations contained in their Seventy-First Report (Fourth Lok Sabha) relating to the Ministries of Steel and Heavy Engineering (Department of Steel), Health, Family Planning, Works, Housing and Urban Development; Food Agriculture, Community Development and Cooperation (Department of Co-operation) and Irrigation and Power.

2. On the 7th June, 1969, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with following members :—

1. Shri N. R. M. Swamy—*Convenor*
2. Shri H. N. Mukerjee
3. Shri K. M. Koushik
4. Shri Tayappa Hari Sonavane
5. Prof. Shanti Kothari
6. Shrimati Sushila Rohatgi

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on the 26th December, 1969 and finally adopted by the Public Accounts Committee on the 22nd January, 1970 (Magha 2, 1891(S)).

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

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

NEW DELHI;
January 24, 1970.
Magha 4, 1891(S).

ATAL BIHARI VAJPAYEE,
Chairman.
Public Accounts Committee.

CHAPTER I

REPORT

This Report deals with action taken by Government on the recommendations contained in the Seventy-First Report of the Public Accounts Committee (Fourth Lok Sabha) on Appropriation Accounts (Civil), 1966-67 and Audit Report (Civil), 1968 relating to the Ministries of Steel and Heavy Engineering (Department of Steel); Health, Family Planning, Works, Housing and Urban Development; Food, Agriculture, Community Development and Cooperation (Department of Cooperation) and Irrigation and Power, which was presented to the House on 30th April, 1969.

1.2 Replies to all the recommendations (19 in number) contained in the Report have been received from Government.

1.3 The Action Taken Notes|Statements on the recommendations|observations of the Committee contained in the Report have been categorised under the following heads :

(i) *Recommendations|observations that have been accepted by Government.*

S. Nos. 1, 2, 12, 13, 14, 18 and 19.

(ii) *Recommendations|observations which the Committee may not like to pursue in view of the replies of Government.*

S. No. 5.

(iii) *Recommendations|observations replies to which have not been accepted by the Committee and which require reiteration.*

S. Nos. 3, 4, 6, 7, 8, 9, 10, 11, 15, 16 and 17.

(iv) *Recommendations|observations in respect of which Government have furnished interim replies.*

1.4 The Committee hope that final replies in regard to recommendations|observations to which interim replies have been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.5. The Committee will now deal with action taken by Government on some of the recommendations|observations.

Ministry of Health, Family Planning, Works Housing and Urban Development

(Department of Health)

Idle vehicles—National Malaria Eradication Programme—Paras 2.5-2.6 (S. Nos. 3 and 4).

1.6 In paras 2.5 and 2.6, the Public Accounts Committee made the following observations about the utilisation of vehicles acquired in con-

nection with the implementation of National Malaria Eradication Programme:

“2.5. The Committee are not very happy about the position in regard to the utilisation of vehicles placed at the disposal of the States for the implementation of the National Malaria Eradication Programme. The information furnished by Government shows that nearly 50 per cent of the fleet of 2,653 vehicles is off the road. The Committee had occasion to comment on the unsatisfactory maintenance and upkeep of these vehicles in para 2.72 of their 42nd Report (Third Lok Sabha). It is a matter for regret that, despite the creation of an organisation to improve the situation, the position has actually deteriorated.”

“2.6. The Committee note that in the opinion of the Department of Health and Urban Development, a number of these vehicles have become unserviceable due to age. The Committee would like to know whether any detailed examination of the position in this respect has been conducted by the Central Health Transport Organisation. Before these vehicles are condemned or scrapped, it is essential that a detailed survey should be made, so that only vehicles which are established to be beyond economic repairs are condemned or sold.”

1.7 In their Action Taken note dated 29-10-1969, the Ministry of Health, Family Planning and Works, Housing and Urban Development have replied to the foregoing observations as follows :

“The total number of vehicles supplied under the NMEP upto date is 2,728 (2,653 plus 75 vehicles subsequently procured in 1968). Out of this, at present 1,370 vehicles (51 per cent), are on road. 1,083 (39 per cent) vehicles are off road for major repairs and 275 (10 per cent) are unserviceable. A statement showing statewise position of NMEP vehicles is attached. (Please see page 49).

1.8 As explained in subsequent paragraphs relating to para 2.6 of the 71st Report of the Public Accounts Committee, 97 per cent vehicles of the old fleet have outlived their normal span of life and have done more mileage than what is required for a vehicle to be declared unserviceable. These vehicles are not dependable for strenuous work in rural areas

and difficult terrain. However, the NMEP Directorate has been supplying spare parts to enable the State Governments to keep these vehicles on the road as far as practicable. On the request made by the State Health Transport Officers, major assemblies have been purchased and issued to the States so that the Mobile Units may be able to replace the assemblies in the remote units and remove the unserviceable ones for repairs at the State Health Transport Workshop. It is expected that with the supply of assemblies recently made, it may be possible for the State Health Directorate to get the NMEP vehicles repaired and keep them road worthy. The progress of repairs to NMEP vehicles with the help of spare parts supplied and also with major assemblies given, is being watched by the NMEP Directorate. While it is not possible to indicate the exact number of vehicles which have been made road worthy after receipt of spare parts and major assemblies by the States, an idea about the improvement effected can be had from the undermentioned data which shows that with the supply of spare parts since 1966, the number of vehicles on the road has been going up and that of vehicles off the road going down :

Year	No. of vehicles on road	Decrease in "off road" vehicles
1966	679	—
1967	1094	415
1968	1283	189
1969	1358	75

"The age of the vehicles supplied under the National Malaria Eradication Programme is as under :

- (1) 1813 vehicles are 11 to 16 years old.
- (2) 450 vehicles are 10 years old.
- (3) 205 vehicles are 9 years old.
- (4) 182 vehicles are 8 years old.
- (5) 78 vehicles 1 to 4 years old.

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It will be appreciated that it is extremely difficult to keep the vehicles of the above age groups (1) to (4) in road worthy condition since these

vehicles are required to operate in rural and difficult terrain areas. In C.P.W.D. and P. & T., Departments, if a vehicle is 10 years old and has covered more than 80,000 miles, it is considered to have outlived its useful life. Further, the WHO has recommended that a vehicle may be replaced after 5 years or after more than 30,000 mileage.

The Central Health Transport Organisation has not undertaken detailed examination of the condition of the NMEP vehicles operating throughout the country as at present it is intended to provide repairs and maintenance facilities for the vehicles in the Union Territory of Delhi only. A detailed note explaining its objectives and the phased programme for its development has been separately furnished in reply to S. No. 5 of the Appendix to the 71st Report (Para 2.7) of the P.A.C.—1968-69, Fourth Lok Sabha.

An examination of the unserviceable vehicles is being carried out by the States Health Transport Organisations in collaboration with the State Malariologists and by the Officers of the NMEP Directorate from time to time so as to recommend condemnation of vehicles which are beyond economical repairs. The C.H.T.O., could not be associated in the examination conducted in the past due to the non-appointment of its officer-in-charge. The C.H.T.O., is now associated with the pilot project to recondition 40 vehicles and will be associated in future in technical surveys if necessary.

A detailed procedure for the condemnation and disposal of unserviceable NMEP vehicles has now been evolved and communicated to all State Governments, Union Territories vide this Ministry's circular letter No. F. 8-9/67C&CD, dated the 19th September, 1969. (Please see page 50), It has been laid down that in the first instance the State Health Transport officer should inspect unserviceable vehicles and submit his Inspection Report. The vehicles may then be examined by a condemnation Board consisting of (i) the State Health Transport Officer who is the technical representative of the State, (ii) the State Malariologist and (iii) the Regional Deputy Director, R.C.O., N.M.E.P., concerned. Recommendations of the Board will then be forwarded to the Director, National Malaria Eradication Programme, Delhi, for clearance. After obtaining clearance, the vehicles will be disposed of like any other Government property in accordance with procedure laid down in the rules."

1.9 The Committee note that in connection with the procedure for condemnation of vehicles Government have in certain instructions issued

to the State Government on 19th September, 1969 laid down the following criteria for condemnation :

- (a) The State Health Transport Officer should take a pragmatic view of the possibility of repair of each unit|assembly of the vehicle while filling the form (Page 52-53) and assessing the cost of repairs.
- (b) He should carefully study the history of all major (not minor) repairs done and the mileages performed thereafter and the severe accidents the vehicle has suffered.
- (c) Normally vehicles which are below 8 years old and which have covered less than 1.25 lakh miles or 2 lakhs kilometres should not be proposed for scrapping save in exceptional circumstances.
- (d) Depending on the work to be done and the estimated cost, he would decide the feasibility of repairs of the vehicle or otherwise.

1.10 Audit have offered the following comments on Government's reply to the recommendation in paragraph 2.5 :

"It has stated in the 'Note' that 'with the supply of spare parts since 1966, the number of vehicles on the road has been going up and that of vehicles of the road going down'. This statement does not seem to be correct as would be observed from the following table, which compares the position of vehicles on road|off the road etc., in 1969 with that obtaining in November, 1964 and January, 1968 :—

year	No. of vehicles on road	No. of vehicles off road	remarks
Nov. 64	1827	829	<i>vide</i> para 98 of Audit Report (C) 1965.
Jan. 68	1485	1171 (including 184 unserviceable vehicles)	<i>(vide</i> para 111 of Audit Report (C) 1968.
1969	1370 (including 75 new vehicles added to the fleet in 1968)	1358 (including 275 unserviceable vehicles)	<i>vide</i> opening para of Ministry's reply to the Public Accounts Committee's present recommendations.

1.11 In the Committee's opinion, the position regarding utilisation of vehicles acquired for the National Malaria Eradication Programme remains unsatisfactory. In para 2.5 of their Seventy-First Report (Fourth Lok Sabha), the Committee had pointed out that nearly 50 per cent of the total fleet strength was off the roads. The data now furnished by Government indicates only a marginal improvement, in as much as 49 per cent of the fleet strength is out of commission. If the position is viewed with reference to data supplied to the Committee by Audit, there would appear to have been a deterioration, because the number of vehicles on road has come down from 1827 in November, 1964 to 1485 in January 1968 to 1370 in October, 1969.

1.12. The Committee note that a procedure has been worked out for condemnation of unserviceable vehicles by the State Health authorities, acting in consultation with the Regional Deputy Directors of Malaria Eradication Programme. The instructions issued on this point by Government of India provide that vehicles, less than 8 years old and which have covered less than 2 lakhs kilometers should normally be continued in service. Data about kilometrage has not been furnished by Government, but the age particulars given indicate that all except 78 vehicles out of the total fleet of 2,728 vehicles are 8 years old or over. It is therefore likely that condemnation will take place on a very large scale. To ensure that its interest are protected, the Committee would like the Government of India to ensure that an expert on behalf of the Central Government is associated with the decisions taken by the Condemnation Board.

1.13. The Committee are not happy that Government are now faced with a situation wherein the whole fleet of vehicles of the National Malaria Eradication Programme will be practically due for condemnation. The proper course would have been to have had them replaced over the years as and when they became unfit. The Committee hope this will be done in future.

Ministry of Health, Family Planning, Works, Housing and Urban Development (Department of Works, Housing and Urban Development)

Working of the Slum Clearance Improvement Scheme and Scheme for Removal of Jhuggies and Jhompries—Paras 2.19 to 2.22 and 2.31—2.32 (S. Nos. 6 to 11).

1.14. In paras 2.19—2.22 and 2.31—2.32 of their Seventy-First Report, the Public Accounts Committee drew attention to several shortcomings in the Slum Clearance Improvement Scheme and the Scheme for re-

removal of Jhuggies and Jhompries. The Committee made *inter-alia* the following observations :

Slum Clearance|Improvement Scheme :

"2.19. The Committee cannot resist the impression that the execution of the Slum Clearance|Improvement Scheme in Delhi is far from satisfactory. A sum of over Rs. 6 crores had been given by Government till the end of October, 1968, to different local bodies in charge of the Scheme at different stages. Against 6,756 dwelling units required to be completed during the seven years ending 1967-68, the number of actually completed was only 2,488. Assistance for meeting the cost of the work was to be regulated with reference to specific ceiling of cost for each dwelling unit. However, after completion of about one-third of the work, not more than a sum of Rs. 9.92 lakhs was reported as available on 31st August, 1968 with the Municipal Corporation out of the total assistance of over Rs. 6 crores extended to the Scheme. The accounts of expenditure incurred by the Corporation on the Scheme over a period of seven years are still to be properly prepared and audited. It is clear that the scheme was not properly planned and the cost of the work was not controlled at any stage. It would also appear that assistance given by Government for the Scheme was diverted to other purposes."

"2.21. The Committee would like Government, in the light of these findings, to have a comprehensive investigation made of the working of the Scheme to ascertain how far funds made available for the Scheme were used for the purposes intended and where and to what extent there was laxity in supervision over the proper working of the Scheme. There is obvious need to rationalise the strength of staff and to effect economy. Based on the results of such an investigation, Government should come to a considered decision about the future set up for the Scheme, which would ensure that it is soundly and properly administered. Government should in this context give consideration to some of the useful suggestions made by the Officer on Special Duty."

Scheme for removal of Jhuggies|Jhompries :

"2.31. The Committee cannot resist the impression that the scheme for the removal of 'jhuggies' and 'jhompries' in Delhi was very tardily planned and executed. About 50,000 families of squatters were to be resettled under the scheme but, till September, 1967, only less than half of the number (21,799) could be resettled. In some cases, after the squatters had been removed from the sites, fresh squatting again took place, due to the cleared sites not having been promptly taken up for development necessitating fresh clearance operations. Accounts of expenditure incurred on the Scheme have not been made available to Audit over a period of seven years and land was acquired for the scheme far in excess

of requirements, without any detailed programme for its utilisation. An examination of the Scheme by an Officer on Special Duty disclosed that there was no procedure for the maintenance of accounts or control of expenditure over the Scheme. The situation that developed ultimately led to the further release of funds for the scheme being stopped with effect from 1st April, 1967."

"2.32. The Committee would like Government to have a comprehensive examination of the working of the Scheme undertaken so that the various omissions that occurred could be identified and steps taken to avoid their recurrence through planning and close supervision. The following points in particular need consideration:

- (i) This Scheme as well as the Scheme for Slum Clearance and Improvement referred to earlier in this Report are closely inter-related. These were being executed by the same agency till 1st March, 1968, when Government decided that the scheme for removal of jhuggies and jhompries should be transferred from the Municipal Corporation, Delhi, to the Delhi Development Authority. It requires examination whether it would not be in the interest of a coordinated implementation of the Schemes if both of them were entrusted to one agency.
- (ii) The Municipal Corporation, Delhi, which was till recently executing these schemes, never kept separate accounts of the funds received for implementation of the Schemes or of the expenditure incurred on the Schemes. The funds got merged with the general revenues of the Corporation. The financial stringency faced by the Corporation, which has been 'living from hand to mouth', inevitably created a situation in which the Schemes were starved of funds. It is necessary for Government to recognise that a similar situation will arise in future unless steps are taken to put the Corporation's finances on a sound footing. The Committee understand that a Commission is at the moment engaged in an examination of the subject. The Committee hope that this Commission's efforts would supply a lasting basis for an improvement of the Corporation's finances.
- (iii) The position in regard to land acquired for this as well as the Slum Clearance and Improvement will have to be gone into in detail to ascertain whether proper records of lands acquired are available and the best use to which the lands can be put.
- (iv) Lands cleared of squatters under the scheme should be promptly taken up for development and suitable protective measures taken to ensure that fresh squatting does not take place again.

- (v) Above all, it will be necessary to ensure that both the schemes are efficiently executed and costs strictly limited to stipulated ceilings. Accounts of expenditure should also be separately maintained and subjected to timely audit."

1.15 In a note dated 1st December 1969, the Ministry of Health, Family Planning Works, Housing and Urban Development have brought the following position to the notice of the Committee :

"The Commissioner for Delhi Municipal Corporation and the Delhi Administration have been asked to furnish detailed replies to these paragraphs. However, since the P.A.C. have made an observation on the unsatisfactory execution of the Slum Clearance and Jhuggi and Jhompri Schemes, we have as desired by the Committee in paras 2.21 and 2.23, requested the Lt. Governor to have a comprehensive review of the two Schemes with a view to suggest remedial measures, where needed, in the light of the observations of the P.A.C. We have also sought the advice of the Lt. Governor on whether it would not be in the interests of co-ordinated implementation if both the Schemes are entrusted to one agency as desired by the Committee in para 2.32(i). It is obvious that in a matter like this, Government will have to be guided by the advice of the Lt. Governor. A comprehensive review of the two Schemes will naturally take some time. Hence, while action has already been initiated on the Report of the P.A.C., we are unable to say that the review has been completed or that Government have taken a decision on the basis of the review.

The shortcomings in the implementation of the Jhuggi and Jhompri Scheme as implemented by the D.M.C. have since been rectified to a considerable extent after the transfer of the Scheme to D.D.A. All sites which are cleared are immediately taken up for development, thereby preventing fresh squatting. A separate Jhuggi and Jhompri Cell has been created in the D.D.A. for maintenance of the accounts of expenditure on the Scheme. During the current year funds to the extent of Rs. 62.5 lakhs, out of a budgeted amount of Rs. 90.00 lakhs has already been released. Several suggestions for improvement of the Jhuggi and Jhompri Schemes evolved after a series of discussions both under the Chairmanship of the Home Minister as well as the Minister for Health and Family Planning and Works, Housing and Urban Development, have since been incorporated in a note to be submitted to the Cabinet for orders. The suggestions made *inter alia* provide for better amenities and allocations of funds for development of plots for incligi-

bles also. The ceiling for expenditure for eligibles has already been enhanced from Rs. 1,000 to Rs. 1,200 per plot so as to provide reasonably satisfactory amenities, as it was felt that the amenities being provided earlier were much below the desirable levels.

In short, Government will be guided by the advice of the Lt. Governor and take a decision on the basis of the comprehensive review of both the Schemes that would be carried out. Government will thereupon take a decision in the light of the observations of the Public Accounts Committee."

1.16. The Committee note that Government have requested the Lieutenant Governor, Delhi to have a comprehensive review made of the working of the Slum Clearance as well as the Jhuggi Jhompries removal Schemes, in the light of the observations made by the Committee in the Seventy-First Report (Fourth Lok Sabha). They would like the review to be completed as early as possible and a satisfactory arrangement to be worked out in respect of issues mentioned in para 2.32 of their Seventy-First Report (Fourth Lok Sabha).

1.17. The Committee would like to be informed as to how the funds allotted for the Slum Clearance Improvement scheme got diverted to other purposes and the result of audit of the accounts of expenditure incurred over the period of seven years.

Department of Cooperation

Delhi Consumers Co-operative Wholesale Stores Ltd.—Paras 3.28 to 3.30 (S. Nos. 15 to 17).

1.18. In paras 3.28 to 3.30, the Public Accounts Committee had expressed concern about the working of the Delhi Consumers Co-operative Wholesale Stores Ltd. In this connection, the Committee observed as follows :

"3.28. The Committee are concerned about the state of affairs in the Delhi Consumer Cooperative Wholesale Store. Over a period of five years since its inception, the Store has accumulated losses amounting to Rs. 4.1 lakhs, which have wiped out about a third of its share capital of Rs. 13 lakhs. Due to its unsatisfactory financial position, the Store has been obliged to borrow heavily; its indebtedness as at the end of June, 1968 amounted to Rs 38.21 lakhs. Interest on these borrowings alone accounted on an average for 25 per cent of the working expenses of the Store, exclusive of its trading expenses. The Store has extended credit to primary societies without regard to the limits fixed by the General Body (which themselves have not been approved by the Registrar of Cooperative Societies) or to the past performance of some of these primaries in the matter of repaying

advances given earlier. As on 30th June, 1967, the credit extended to primaries in excess of the limits amounted to Rs. 3.18 lakhs and a sum of Rs. 9.1 lakhs was overdue for recovery. The Store has been forced to have recourse to arbitration proceedings for recovery of major portion of these overdues. The turnover of the Store too has declined from Rs. 2.28 crores in 1966-67 to Rs. 1.20 crores in 1967-68, but its expenses on establishment continue to be virtually the same, i.e., Rs. 3.84 lakhs."

"3.29. The Committee note that Government themselves are exercised about the working of the Store and that a statutory enquiry into its affairs has been ordered. The Managing Committee of the Store has also been reconstituted and Government expect that the Store will be run by them in a better way in future. The Committee, however, feel that concerted measures will have to be taken to re-organise the Store to make it function on sound and business like lines. The following aspects of its working should in particular receive attention :

- (i) The Store is far too heavily dependent on borrowed funds and interest on its borrowings has been acting as a drag on its finances. It should be examined how best dependence on borrowings can be reduced through expeditious realisation of dues from Primaries and other parties, which at present are very heavy. To obviate dependence on borrowings, it may be examined whether the Primaries should not be persuaded to contribute to the share capital of the Store in a larger measure. The Store should also extend credit facilities very sparingly in future.
- (ii) The expenditure on the Store's establishment is heavy and shows no relation to its turnover. The scope for economies in this direction should be examined. The Committee understand that an administrative Committee has been set up to go into this question.
- (iii) Systematic and continuing efforts will have to be made to identify promptly unprofitable lines of business and to close them down. The Committee note that the accounts of the Store as at present kept do not indicate which of the lines of business are profitable and which of them are not. It will have to be examined how best the accounts could be rationalised to make this information available to the Management.
- (iv) The data at pages 40 and 41 of this Report would indicate that control over the cash and stores transactions is lax. As any slackness in this regard could lead to substantial leakage, the Management should exercise closer supervision over these matters.

- (v) The audit of the accounts of the Store has not been conducted beyond 1965-66. This should be expeditiously got done and appropriate action initiated on the Auditor's observations."

"3.30. The Committee would like to be apprised of the action taken by Government pursuant of these suggestions. They would also like to be informed of the corrective action taken on the basis of the findings of the statutory enquiry now under way and specific instances of irregularities mentioned in that Report."

1.19. In their Action Taken note dated 22-12-1969, the Department of Co-operation have replied to the foregoing observations as under :

"The observations of the Committee are noted."

"In order to remedy the deterioration in the working of the society, the Managing Committee was superseded by the Delhi Administration on 28-6-67. However, the order of supersession was challenged by the superseded Managing Committee, which filed a writ petition in the Delhi High Court. On 21-3-68, the Delhi High Court quashed the order of supersession on the ground that full reasons for removing the Managing Committee had not been given in the impugned order. In July, 1968, the Delhi Administration ordered an enquiry under section 43 of the Bombay Cooperative Societies Act, 1925 as extended to Delhi to look into the constitution, working and financial condition of the store.

As a result of the enquiry, the Lt. Governor of Delhi has on 4th October, 1969 removed all the members of the Managing Committee and nominated a new Managing Committee.

The action taken on the various recommendations of the Committee is indicated below seriatim—

- (i) The Collector, Delhi, has been referred to for realisation of an amount of Rs. 3.69 lakhs from the defaulting primary stores an arrears of land revenue. Some of the officers of the Co-operative Department have been conferred with the powers of an Asstt. Collector in October, 1948, and have been directed to pursue the recovery cases vigorously. Besides, a sum of Rs. 3.80 lakhs is recoverable from some primary stores under liquidation. The liquidators have been directed to complete the liquidation proceedings expeditiously. Arbitration proceedings are also pending in respect of 4 cases involving a sum of Rs. 50,000. The arbitrators have been requested to complete the arbitration proceedings expeditiously.

In respect of the balance amount of Rs. 8.59 lakhs, special efforts are being made to recover the amount from the delinquent primary societies. A Recovery Officer from the

Coop. Department has been deputed to the wholesale store and has been placed exclusively in charge of pursuing these cases. He will refer the cases to arbitration, wherever necessary for obtaining awards so that the recoveries could be enforced through the Collector as arrears of land revenue. He has also initiated action against the primaries by issuing demand notices to them.

It is mentioned, in this connection, that credit sales to primary societies have been stopped from the date the nominated Managing Committee took over charge of the Store i.e., 4th October, 1969.

In view of the unsatisfactory performance of the store, it is not possible at present to persuade primary stores to contribute to the share capital of the wholesale store in a larger measure.

- (ii) 23 employees have been retrenched effecting a saving of Rs. 5,500 per month. The newly nominated Managing Committee will consider the scope for reduction of expenditure. Restrictions have already been imposed on the expenditure on T.A., entertainment and telephones etc.

The Administrative Committee set up by the Delhi Consumers Coop. Wholesale Store Ltd., Delhi in December 1968 to examine the scope for economy in expenditure on staff, further appointed a Job Analysis Sub-Committee. This Sub-Committee recommended the retrenchment of 7 to 8 person but the Administrative Committee took no action on the recommendation and did not submit any report for the consideration of the Managing Committee.

- (iii) The store suffered losses in the business of controlled commodities like foodgrains and consequently, stopped dealing in these commodities. On the other hand, the store has started dealing in commodities giving more profit. Special attention is also being given to business in imported goods like dry fruits, confiscated goods etc. The store has also undertaken the distribution of cycle tyres and tubes.

The new committee is now examining the trade activities and will stop unprofitable lines of business. The new Managing Committee will also pay special attention to the maintenance of accounts on proper lines, so as also determine the lines of business that are unprofitable. Results of this examination and steps taken to rationalise the system of accounts will be intimated to P.A.C. in due course.

- (iv) The Committee's observations have been noted and strict control is being exercised over cash and stores transactions.
- (v) Audit for 1966-67 has since been completed. The audit of the accounts for 1967-68 and 1968-69 will be taken up as soon as the accounts for these years are completed, for which necessary instructions have been issued to the society.

It is mentioned, in this connection, that observations of the Statutory Auditor on the accounts for 1966-67 were conveyed to the Managing Committee of the society to set right the irregularities pointed out by him but no action was taken. A Senior Auditor from the Coop. Department of the Delhi Administration with knowledge of accounts has been deputed to settle all the outstanding audit observations. The compilation of the final accounts for 1967-68 and 1968-69 is in arrears as the books of account are not yet quite complete. The Senior Auditor from the Cooperative Department, Delhi Administration who has been deputed to the store has been entrusted with the task of compiling the accounts for these years after which the audit of the accounts will be taken up.

As a result of the findings of the enquiry, the Managing Committee of the society was superseded with effect from 4th October, 1969, and a new Committee has been nominated. The new Managing Committee is taking steps to effect an all-round improvement in the working of the society. The services of an experienced Assistant Registrar of the Delhi Administration have been lent to work as General Manager of the Society. Action has also been initiated to recover losses amounting to Rs. 2.30 lakhs from individual members of the former Managing Committee where responsibility has been fixed on them. Efforts are also being made to recover the dues from primary stores and individuals as explained in detail against para 3.29(i).

With a view to ensure proper maintenance of accounts and streamlining accounting procedures, the services of an SAS Accountant of the Indian Audit Department have been obtained and placed at the disposal of the society.

1.20 The Committee asked for a copy of the Report on the inquiry conducted into the working of the society which has been furnished by the Department of Cooperation. A perusal of the report indicates the following position :

(i) Financial condition of the stores:

The financial condition of the stores is "far from satisfactory". The "heavy recurring losses" have depleted the funds of the stores and "business as such is shrinking". According to the Inquiry Officer, "on a rough estimate an amount of Rs. 1,600 is added to the losses every day."

(ii) Arrears in repayment of loans:

Apart from share capital contribution of Rs. 8.65 lakhs (against the stores contribution of Rs. 4.63 lakhs), Government have given Rs. 11.39 lakhs as loan and Rs. 2.40 lakhs as subsidy. As on February, 1968, the store had repaid Rs. 2.12 lakhs leaving a balance of Rs. 6.27 lakhs. An amount of Rs. 46,233 as principal and Rs. 13,571 as interest is overdue for repayments.

(iii) Heavy overheads:

The percentage of total expenses to sales between November, 1968 and March, 1969 was 17.6% in the wholesale section and 12% in the Departmental stores section. "Obviously, against the average gross margin of 5% in wholesale section and 10% in Cooperative Departmental store the percentage of expenses is alarming."

(iv) Management of Affairs

"A number of instances of mismanagement, corruption, jobbery and other unfair deals have been noticed" for which "members of the managing Committee (which has since been superseded) are accountable".

"Members of the Managing Committee have been found accountable to the tune of Rs. 2,26,641 for imprudent and *mala fide* purchases."

"Injudicious expenses on excessive staffing tantamount to misfeasance have been held recoverable to the tune of Rs. 65,406.45."

"Unauthorised expenditure on T.A. & conveyance to the tune of Rs. 13,688.19 has become recoverable."

"Besides heavy amounts of advances have been found held up by various parties including members of the Managing Committee." The Inquiry Officer has concluded that "the Delhi Consumers Cooperative Wholesale Stores has virtually failed... But it must succeed because if it fails, the cooperative movement in Delhi will also fail."

1.21. In a communication on 17th December 1969, the Department of Cooperation has apprised the Committee of the following steps taken to improve the working of the stores :

"In March, 1967, a sum of Rs. 18.01 lakhs was outstanding from the primary societies. Since then, there have been realisations

and the amount outstanding as on 30th November, 1969, was Rs. 16.58 lakhs.

The action taken for realisation of this amount is briefly stated below:—

The Collector, Delhi, has been referred to for realisation of an amount of Rs. 3.69 lakhs from the defaulting primary stores as arrears of land revenue. Some of the officers of the Cooperative Department have been conferred with the powers of an Asstt. Collector in October, 1968, and have been directed to pursue the recovery cases vigorously. Besides, a sum of Rs. 3.80 lakhs is recoverable from some primary stores under liquidation. The liquidators have been directed to complete the liquidation proceedings expeditiously. Arbitration proceedings are also pending respect of 4 cases involving a sum of Rs. 50,000. The arbitrators have been requested to complete the arbitration proceedings expeditiously.

In respect of the balance amount of Rs. 8.59 lakhs, special efforts are being made to recover the amount from the delinquent primary societies. A recovery officer from the Cooperation Department has been deputed to the wholesale store and has been placed exclusively incharge of pursuing these cases. He will refer the cases to arbitration wherever necessary, for obtaining awards so that the recoveries could be enforced through the Collector as arrears of land revenue. He has also initiated action against the primaries by issuing demand notices to them.

It is mentioned, in this connection, that credit sales to primary societies have been stopped from the date the nominated Managing Committee took over charge of the store i.e., 4th October, 1969.

The Delhi Consumers Coop. Wholesale Stores is selling mainly through its Department Store "Coops", a variety of commodities like groceries and provisions, leather goods, general merchandise textiles and ready-made garments, and household goods. Goods such as textiles, ready-made garments and leather goods yield a high margin of profit whereas groceries and toilet goods yield a comparatively low margin. During the period from January to September, 1969, the percentage of high margin goods ranged from 38 per cent to 51 per cent. In October, 1969, it rose to 45 per cent and further increased to 56 per cent in November, 1969.

The Managing Committee was superseded by the Delhi Administration, and a nominated Committee was appointed which took over on the 4th October, 1969. The new Committee is doing its best to improve the position. It has taken a number of steps to improve sales with accent on goods giving relatively high margins. Goods are now being obtained mostly on consignment basis from manufacturers, especially those giving a higher margin of profit. More emphasis is being laid on the sale of textile, leather and ready-made goods. A hand-loom Section has been opened by the Delhi Government Cooperative Emporium with effect from 6th December, 1969, in the 'Coops'; they pay commission to the wholesale society on the sales. It is also proposed to open an opticals section. It is expected that with all these measures the sales of high margin goods will improve. The quota of sugar has been increased from 10 trucks to 60 trucks from November, 1969 to improve sales.

As the books of account of the society for 1968-69 are not yet complete, it is not possible to send the accounts of the society for the year ended 30th June, 1969. However, tentative accounts have been drawn up for the period 1st July 1968 to 31st March 1969, which reveal a net loss of Rs. 1.28 lakhs. 10 copies of these accounts are enclosed. (Not printed).

An experienced Senior auditor from the Cooperative Department of the Delhi Administration with good knowledge of accounts has been deputed to complete the accounts."

1.22. The Committee observe that the management of the Delhi Consumers Co-operative Wholesale Store Ltd., has been superseded and that, after an enquiry, a new Managing Committee has been constituted for the administration of the Store. The Committee also note that a number of steps are being taken by the new Managing Committee to streamline the working of the Store. The data furnished to the Committee, however, shows that the Store is still not out of the woods. The dues awaiting realisation on various accounts aggregate Rs. 16.58 lakhs. This amounts to about 125 per cent of the Store's share capital of Rs. 13 lakhs. The Society still continues to run at a loss, the tentative accounts for the period 1st July 1968 to 31st March 1969 showing a loss of Rs. 1.28 lakhs. It is obvious, therefore, that drastic steps will have to be taken to overhaul the Store's working. The following steps would seem to be urgently needed:

- (i) **The Sales operations of the Store should be re-oriented so that it deals in high margin goods.**

- (ii) The position of inventories should be carefully watched to safeguard against capital getting blocked in purchases which have no relevance to sales.
- (iii) Stock taking should be done at regular intervals.
- (iv) Particular watch should be kept on the overhead expenses of the Store to ensure that they are regulated with reference to turnover and available margins.
- (v) All pending dues should be closely pursued so that they are realised as early as possible.
- (vi) The accounts of the Store should be rationalised, so that they serve as a useful management tool and keep the administration of the Store posted with financial position of the Store in various branches of its activity.

1.23. The Committee are distressed to learn that a statutory inquiry into the working of the Stores conducted in 1968-69 brought to light "a number of instances of mismanagement, corruption, jobbery and other unfair deals" for which members of the former Managing Committee have been held accountable." The report of the Inquiry Officer drew attention to "important and mala fide purchases" to the tune of Rs. 2.26 lakhs, besides "injudicious expenses on excessive staffing", "unauthorised expenditure on T.A. and conveyance" and "heavy advances held up by various parties including members of the Managing Committee." The Committee would like the possibility of instituting criminal proceedings for these irregularities to be speedily examined and suitable action to be taken in the matter promptly.

1.24. The Committee have reasons to doubt whether the Store would survive as a viable unit particularly if, as estimated by the Inquiry Officer, its operation are, causing a loss of Rs. 1,600 daily. The suggestions given earlier in this report are prescriptions, which could possibly salvage the Store's position, but Government would do well to keep a close watch on the working of the store. If the situation shows no improvement within the next year or so, it will have to be seriously considered whether the Store should be wound up.

CHAPTER II

RECOMMENDATIONS|OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee feel that if a concession in terms of the loans given to Hindustan Steel Limited was considered justified, necessary relief should have taken the form of a subsidy rather than a waiver of interest. This is the procedure prescribed by the rules and it has the merit of bringing the matter specifically to Parliament's notice. The Committee hope that in future this course will be strictly followed when loans are given to Government undertakings or corporations on concessionary terms.

[Serial No. 1 of Appendix (Para No. 1.10) of 71st Report—4th Lok Sabha]

Action taken

The observations of the Public Accounts Committee have been noted for future compliance.

[Ministry of Steel and Heavy Engineering O.M. No. Parl(9)-20|69 dated 1st December 1969.]

Recommendation

The Committee are not convinced by the reasons given by the Department of Steel for deferring till 1964 the inclusion of a clause regarding the charging of penal interest on over-due instalments of interest on the loans. The Ministry of Finance issued general instructions in April, 1962 for the inclusion of such a clause in all loan agreements but the Department did not incorporate this clause till 1964. In the meanwhile even normal interest payments due were allowed to be paid in instalments resulting in a loss of Rs. 1 crore to the public exchequer. The Committee hope that Government will recognise that Government undertakings have to function on commercial principles and that any deviation in this regard only results in inefficiency being subsidised at public cost.

[Serial No. 2 of Appendix (Para No. 1.11) of 71st Report—4th Lok Sabha.]

Action taken

The observations of the Public Accounts Committee have been noted for future compliance.

[Ministry of Steel and Heavy Engineering O.M. No. Parl (9)—20|69 dated 1st December, 1969.]

Recommendation

While the Committee note with satisfaction the efforts being made to popularise the Family Planning Programme, they are concerned over the fact that certain activities forming part of the programme have not yet gathered the necessary momentum. The scheme for popularising the use of conventional contraceptives, for instance, has not achieved the degree of success expected, the number of users, which was expected to be 4 per thousand or over, has remained 0.9 per thousand both in 1966-67 as well as 1967-68. The figures of I.U.C.D. insertions under the programme for the years 1966-67 and 1967-68 shows that this scheme is losing ground due, apparently to lack of adequate public response. Besides, the Family Planning Programme as a whole has not made much headway in two viz., Bihar and Uttar Pradesh, out of the six States, where the density of population is even higher than the national average.

[Serial No. 2 of Appendix Para No. 1.11) of 71st Report—4th Lok Sabha.]

Action taken

The use of conventional contraceptives has been increasing gradually. Under the free supply scheme during 1967-68, 22.5 million pieces of Nirodh (condoms) were supplied centrally. Besides, States were allowed to make purchases on their own. The figure of central supplies has increased to 66.42 million pieces during 1968-69. Besides, commercial distribution of Nirodh has commenced during the year 1968-69 and during six months of its operation, 22.98 million pieces of Nirodh have been supplied to the selling outlets. Thus the total supplies of Nirodh during 1968-69 were 89.40 millions which is more than thrice the number of Nirodh pieces supplied during 1967-68. As a result of the efforts so far made, 1.6 per cent of the eligible couples have been protected during 1968-69 by the use of conventional contraceptives. The use of conventional contraceptives is continuing to show upward trend during 1969-70.

In this connection it may be mentioned that the actual use of this device is related to the intensity of education and easy availability of supplies to the users or the potential users. Steps are being taken in both these directions.

It is true that the IUCD programme has met with some set back and does not have the same public response as it had when the programme was launched. This is due to the reasons indicated below:—

1. Initially some of the conditions regarding proper selection of cases, the education of the acceptors about the possible complication and the follow up of these people when they developed some complications were perhaps not adequately attended

to. Sometimes the follow up was not satisfactory because the patients came from far away places and adequate number of well trained staff to do the preinsertion examination and post-insertion follow up work efficiently was not forthcoming.

2. While those women who had found IUCD insertions successful did not talk about it, the few women who had complications were quite vociferous and affected other potential cases adversely as is natural.
3. Lack of trained Lady Doctors and para medical staff in Rural areas.

In order to step up the work and to regain the lost ground, suggestions have been made to the State Administrative Medical Officers and the State Family Planning Officers from time to time for taking steps with a view to improving the tempo of work. Some of them are:—

1. In all urban and rural areas, a survey of all the target complexes should be made so that married women with 3 or less children are located for motivation for IUCD placement, as far as possible.
2. Every woman for IUCD placement should be properly examined and only such of those who are fit for receiving the loop should be given the same.
3. Such selected women should be properly prepared by being given instructions as to what to expect by way of possible side effects and what to do if complications set in, after IUCD placement. They are also given medicine to combat some of the complications.
4. As far as possible, cases be selected from the Headquarters of the ANM and the villages in the vicinity thereof in the initial stages, so that every case could be followed up regularly by the A.N.M. Lady Health Visitors and, if necessary, by the doctors.
5. In some places each case is given a reference card in a distinct colour so that the case can be given prompt treatment when she goes to a clinic for treatment of complications.
6. Education by means of Mass-Media and other educational means be arranged to combat rumours of mis-information about loop.
7. In order to create confidence in doctors, articles published on IUCD by various prominent gynaecologists are distributed so that they could compare notes regarding their findings.

8. In areas where there is shortage of doctors the State Governments have been advised to use senior experienced Nurses and Lady Health Visitors for IUCD placement after giving them proper certified training. Curriculum for training has also been worked out and issued to States for following the training pattern.
9. Central Family Planning Corps doctors have been appointed in certain States where there is shortage of Lady Doctors, specially to help in IUCD programme.
10. Post-partum scheme has been recently sanctioned to boost IUCD programme along with other methods in large hospitals where large number of deliveries are conducted.

As a result of these measures there has been a revival of climate in favour of IUCD in some areas like Tamil Nadu, Madhya Pradesh, Kerala, Maharashtra, Bihar, Delhi, Manipur and Tripura which have done better during the first quarter of this year than during similar period last year.

As regards position of the programme in Bihar and Uttar Pradesh from the statement I and II, it will be seen that the number of sterilization operation in both the states had been sharply rising upto 1967-68. In 1968-69 there was slight fall in Uttar Pradesh and a more pronounced one in Bihar. The use of conventional contraceptives particularly nirodh has during the last three years been going up steadily. However, there has been some decrease in the number of IUCD insertions but that is in keeping with general trend of decline in I.U.C.D. throughout the country due to a number of factors explained earlier. No doubt compared to the indicative targets and the progress in other States, the performance of the States of Uttar Pradesh and Bihar in the face of high density of their population is lagging behind. They do pose a real problem. This fact has already been taken note of and the steps taken by way of remedial action include the following :—

1. Intensification of Mass Education activity.
2. Involvement of the District level staff of various departments in the programme.
3. Setting up of organisation at all levels-divisional district and peripheral-employment of Field Workers and Auxiliary Nurse Midwives and provisioning for their proper training to enable them to do their job efficiently and construction of buildings

for locating the rural centres and sub-centres so that the medical and paramedical staff can be attracted to rural areas.

4. Intensified programme in the selected areas of Varanasi Division comprising of five districts and two other districts viz. Kanpur and Gorakhpur in Uttar Pradesh and Mazzafarpur and Darbhanga District in Bihar.
5. Post-partum programme in some selected hospitals.
6. Intensification of training programme.
7. Preparation of eligible couples registers.

[Deptt. of Family Planning O.M. No. 2—4|69—Ply., dated 29th November, 1969.]

The Committee would like Government to intensify family planning programme activities, particularly in States which have a high population density. Further, efforts should be concentrated on winning the acceptance of vulnerable sections of the society to whom the requisite facilities under the programme will have to be effectively made available. In this connection, the Committee note that in the area covered by the Assam branch of Indian Tea Plantation Association it has been possible to achieve an impressive reduction in the birth rate, through the good offices of the Association. The committee suggest that the assistance of such voluntary organisations of employers and employees should be taken in all parts of the country to carry the message of family planning to the sections of society which need it most.

[S. No. 13 of Appendix (Para 2.47) of 71st Report—4th Lok Sabha.]

Action taken

Government has already realised the need for adoption of special measures for furthering of the Family Planning Programme in areas with higher population density. An examination of the census report, 1961 has revealed that 51 populous Districts out of a total of 335 districts in the various States have around 1|3rd of the population of the country. It has been decided to provide increased equipment and manpower to these Districts so that they receive a fortified treatment and consequently produce correspondingly better results within a given period of time. As the first phase of this scheme, 17 Districts mentioned in statement III to this note have been selected under this scheme.

It is the policy of the Government to pay intensified attention to vulnerable sections of the Society.

The Government has evolved a special scheme for enlisting the co-operation of employers and employees in the organised sector of the population. For this purpose 100 per cent financial assistance is being made

available to the employers for providing Family Planning Services for the benefit of their employees in accordance with prescribed pattern. The Industries in public and private sector, including mining and plantation industries are covered by this arrangement.

[Deptt. of Family Planning O.M. No. 2-49|69—Ply., dated 29th November, 1969.]

Recommendation

It will also be necessary to recognise that efforts at popularising the programme will have greater success if it is made as broad-based as possible by devising new, simple and effective techniques of family planning and improving the existing ones through continuous research. The committee note that efforts in this regard are already under way and hope these will be successful. A systematic evaluation of the results achieved will have also to be attempted, so that the success of the programme can be gauged and the causes of resistance identified and eliminated by educative propaganda.

[S. No. 14 of Appendix (Para 2.48) of 71st Report—4th Lok Sabha.]

Action taken

Achievements under the Programme are constantly under examination by the evaluation and intelligence wing of this Department. They are also subjected to review from time to time by independent agencies like Programme Evaluation Organisation of the Planning Commission. The programme has also been reviewed twice by U.N. Teams—1st in 1965 and again in year 1969. While the final report of the second team is awaited the useful suggestions made by the 1st team have already been acted upon. The intention is to feed the result of evaluation into the programme for making it more effective.

A District-wise analysis of the acceptance and implementation of the programme has been done and on that basis further studies by independent agencies including Demographic Training and Research Centre, Chembur, Central Family Planning Institute and some other organisations are proposed so as to locate the bottlenecks and suggest possible solutions and remedies for a more effective implementation on a sustained basis in areas where the programme has not proceeded satisfactorily.

Research has also been given attention. Practitioner of every system of medicines (including Ayurvedic, Siddha, Yunani and Homoeopathy) have been encouraged to come forth with their suggestions and recipes. All such suggestions are screened by Committee of experts and subjected to investigation under the auspices of the Indian Council of Medical Research. Research in Demography, Communication Action and Bio-Medicine are

provided assistance by the Department of Family Planning. Some of the research work in these fields in India has won international recognition.

A constant watch on the developments in this field in foreign countries is also kept with the object of adopting successful innovation there in India also. This is done in consultation with expert bodies like I.C.M.R.

K.A.P. and Demographic studies and research projects are also undertaken and results thereof fed back into the programme.

[Deptt. of Family Planning O.M. No. 2—46|69—Ply., dated 29th November, 1969.]

STATEMENT I

Progress of Family Planning Programme in Bihar

Year	Sterilisations	IUCD Insertions	Condoms	Diaphragms	Jelly/cream tubes	Foam Tablets	No. of C.C. users.
1965-66 . . .	4058*	12677	134496	26855	47009	589080	30193
1966-67 . . .	57056	35195	94092	—	7056	204716	5158
1967-68 . . .	144044	32499	178467	922	8545	358339	9062
1968-69 . . .	92004	25041	820174	2347	51662	486456	26687

*Under clarification.

Total No. of Contraceptors by some method.

1965-66 . . .	46928
1966-67 . . .	97409
1967-68 . . .	185605
1968-69 . . .	144292

STATEMENT II

Progress of Family Planning Programme in Uttar Pradesh

Year	Distribution of conventional contraceptives						No. of C.C. users	Total users
	Sterilizations	IUCD insertions	Condoms	Diaphragms	Jelly/cream Tubes	Foam Tablets		
1965-66 . . .	53,613*	45,358	1,472,976	2934	22179	2,629,399	61613	160,584
1966-67 . . .	79,435	106,462	1,472,976	3002	35638	2,629,399	63570	249,487
1967-68 . . .	159,168	103,042	1,923,162	1659	44328	783,043	44749	306,959
1968-69 . . .	155,883	90,792	2,509,704 @	1424 @	40085 @	523,274 @	48564 @	295,239

*For Calendar year 1965.

@Figures under clarifications.

STATEMENT III

List of 17 Districts for the Intensive District Programme in first phase

1. Guntur	Andhra Pradesh.
2. Kamrup	Assam
3. Darbhanga	Bihar
4. Mazaffarpur	
5. Mehsana	Gujarat.
6. Hissar	Haryana
7. Ernakulum	Kerala
8. Raipur	Madhya Pradesh
9. Coimbatore	Tamil Nadu
10. Poona	Maharashtra
11. Dharwar	Mysore
12. Cuttack	Orissa
13. Jullundur	Punjab
14. Udaipur	Rajasthan
15. Kanpur	
16. Gorakhpur	Uttar Pradesh
17. Nadia	West Bengal.

Recommendation

The Committee regret that the Ministry of Irrigation and Power have, despite reminders, failed to furnish information on some of the points arising out of this case. The Committee would like to impress on the Ministry the need to ensure that data called for by the Committee is furnished expeditiously.

[Sl. No. 18 of Appendix (Para 4.16) of 71st Report 4th Lok Sabha.]

Action taken

The delay in furnishing information to the Committee is regretted. The observations of the Committee in this respect have been noted for future compliance. All concerned in the Ministry as well as the Attached|Subordinate|Project authorities have been instructed again *vide* this Ministry's Office Order No. 6(13)|68-FBP(i) dated the 25th September, 1969 (copy enclosed—Annexure I) to furnish the information required by the Public Accounts Committee expeditiously.

2. The outstanding information mentioned in Paras 4.12 and 4.15 of the Report is as under :

- (i) What exactly was the commitment of Government to the Contractor in the matter of providing power for the execution of the work?

Relevant extract of the Contract is given below:—

“Clause 29—power Supply—

The Government will arrange to supply power at the following locations during the particular year mentioned therein. Electric Power charges at the rate of 25 paise per Kilowatt hour shall be paid by the contractor. The lines will be drawn upto substation by the Government but the Contractor shall extend the lines beyond the sub-station at his own cost.

- (i) Location and number of Sub-stations seasons by season.
round the year
- (1) Camp at Dhulian—300 KW—for all seasons (400—440V).
(2) Along Feeder Canal (on the left Bank).

(a) For 1965-66.

(a)	R.D. 47.5	.	.	.	.	300 KW up to	30-6-1966.
(b)	R.D. 40.5	.	.	.	.	100 K W	”
(c)	R.D. 32	.	.	.	.	100 KW	”

500 KW

For 1966-67.

(a)	R.D. 32	.	.	.	.	100 KW from	1-11-1966 to
							30-6-1967.
(b)	R.D.	.	.	.	.	100 KW	”
(c)	R.D. 10	.	.	.	.	100 KW	”
						300 KW	

For 1967-68.

(a)	R.D. 49	.	.	.	.	300 KW from	1-11-1967 to
							30-6-1968
(b)	R.D. 58	.	.	.	.	100 KW	”
(c)	R.D. 62	.	.	.	.	100 KW	”
						500 KW	

(ii) Voltage at which power is to be supplied at each point 400—440 volts.

(iii) Maximum demand at each point of supply Maximum demand—as in (i).

(iv) Minimum guaranteed load

(1) Camp— $1\frac{1}{3} \times 300$ —100K.W.(2) Along Feeder canal
Off Season—Nil.On season— $1\frac{1}{3}$ of the maximum demand.

In case of any failure in power supply-Government shall not be held responsible and no claim in this regard shall be entertained by the Government.

Meter-panelling shall be constructed by the Contractor at each sub-station. They shall also provide a circuit breaker on the L.T. side”.

- (ii) The basis or anticipation on which this commitment was given—whether any firm commitment was obtained by Government from the Electricity Board in the matter of making the power available before they committed themselves to the Contractor.

A: Negotiations with West Bengal State Electricity Board were under way long before entering into agreement with the Contractor. The West Bengal State Electricity Board had assured that power Supply would be made available by the end of the year 1965.

- (iii) The reasons for which power did not become available and whether Government had claimed any damage from the Electricity Board. West Bengal State Electricity Board undertook Construction of H.T. Line and sub-stations for supply of power to the Project as deposit work. The work on 11 K.V.H.T. Line and sub-station at Dhulian Camp commenced in June, 1966 and was completed by August, 1966. The West Bengal State Electricity Board did not, however, start supplying power as the agreement for such supply had not been concluded by the Project. After persuasion they agreed on 18th November, 1966 to supply power, pending signing of agreement. Simultaneously the agreement was signed on 21st November, 1966 and power supply commenced on 29th November, 1966.

2. There is no practice of executing any agreement for carrying out such deposit work by West Bengal State Electricity Board and hence no damage was claimed from West Bengal State Electricity Board for delay in supplying power. Even in the agreement entered into with West Bengal State Electricity Board for supply of power no claim for any failure|interruption or defect in supply due to war strike etc. or causes beyond its control is admissible.

The Staff employed by the Department for the work of Feeder Canal, the expenditure incurred on them and how they were kept fully employed when the work was retarded.

The details of staff employed by the Department for the work of Feeder Canal together with expenditure incurred on them are as under:

Sl. No.	Designation	No.	Expenditure incurred.	
<i>Regular Establishment.</i>				
1.	Executive Engineer.}	1 No.	} Rs.	41,072.46
2.	Assistant Engineer.	3 Nos.		
3.	Overseers.	18 Nos.	} Rs.	69,687.70
<i>Workcharged Establishment.</i>				
4.	Work Assistant.	8 Nos.	Rs.	23,463.40
5.	Surveyor	1 No.	Rs.	434.15
6.	Khalasi.	24 Nos.	Rs.	19,966.65
Total:—			Rs.	1,54,624.36

Note :—Out of the expenditure of Rs. 154,624.36 an amount of Rs. 51,354.00 has been recovered from the Contractor during 1966-67 in respect of Staff employed for recording the working hours of the machinery loaned to the Contractor as per terms of hire charges.

The engagement of staff cannot be directly co-related with the progress of work. As the volume of work executed during the above period was much more than the normal yard-stick of C.P.W.D. Division, the staff employed for the work were more than fully employed and hence the question of under utilization of the staff does not arise.

[Ministry of Irrigation and Power O.M. No. 6 (13) 69-EBP dated 29th September, 1969.]

Recommendation

At this stage, the Committee would like to comment only on one point arising out of the case. The contract with the firm executing work on the Farakka Barrage provides for machinery purchased by the firm out of foreign exchange released to them being purchased by Government at their option on the completion of the work on mutually agreed terms. In view of the unhappy experience of the contractor with some of the items of imported machinery, the Committee hope that due vigilance will be exercised by Government if they choose to avail themselves of the option.

[S. No. 19 of Appendix (para 4.17) of 71st Report—4th Lok Sabha.]

Action taken

The above recommendation of the Public Accounts Committee has been accepted by the Government and the Project authorities have been instructed *vide* this Ministry's letter No. 6(13)|68FBP(ii) dated the 25th September, 1969 (copy enclosed Annexure II) to act accordingly.

[Ministry of Irrigation and Power O.M. No. 6(13)|68 FBP dated 29th September, 1969.]

ANNEXURE I

No. 6(13)|68-FBP(i)

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

New Delhi-1, the 25th September, 1969

OFFICE ORDER

SUBJECT :—Expeditious supply of information to the Public Accounts Committee.

While examining the Appropriation Accounts (Civil) 1966-67 of this Ministry relating to the Farakka Barrage Project, the Public Accounts Committee in their 71st Report have adversely commented on our inability to supply certain information, in time. They have impressed on the Ministry the need to ensure that date called for the Committee is furnished expeditiously.

2. The Public Accounts Committee have repeatedly emphasised the need for timely supply of information connected with their recommendations or otherwise asked for during the course of examination of a subject. The observations of the Public Accounts Committee contained in its 5th Report (4th Lok Sabha) and the procedure to be followed for supply of information to the Lok Sabha Secretariat in this respect as contained in O.M. No. F. 12(30)-E (Coord)|67, dated the 18th December, 1967 from the Ministry of Finance (Department of Expenditure) and No. 10|8|68|PAC, dated the 5th July, 1968 from the Lok Sabha Secretariat have already been brought to the notice of all concerned for compliance (copies enclosed). However, it is observed that the instructions are not being followed properly.

3. The need for a very strict compliance with these instructions cannot be overemphasised. All matters pertaining to the Public Accounts Committee|Estimates Committee|Committee on Public Undertakings and other Parliamentary Committee must receive attention at the highest level in the Ministry, and the attached and subordinate offices and on a top priority basis.

K. P. MATHRANI,

Secretary to the Government of India.

Copy, with enclosures, forwarded to :—

(i) All Joint Secretaries|Deputy Secretaries|Under Secretaries.

(ii) All Sections in the Ministry.

2. Copy, with enclosures, also forwarded for similar action to the :—

1. Chairman, Central Water and Power Commission (Water Wing), New Delhi.
2. Vice-Chairman, Central Water and Power Commission (Power Wing), New Delhi.
3. Superintending Engineer, Ganga Discharge Circle, New Delhi.
4. Secretary, Chambal Control Board, New Delhi.
5. General Manager, Farakka Barrage Project, P.O. Farakka Barrage, District Murshidabad, West Bengal.
6. Secretary, Farakka Barrage Control Board, New Delhi.
7. Financial Adviser and Chief Accounts Officer, Farakka Barrage Project, P.O. Farakka Barrage, District Murshidabad, West Bengal.
8. Secretary, Damodar Valley Corporation, Calcutta.
9. The National Projects Construction Corporation, New Delhi.
10. Central Board of Irrigation and Power, New Delhi.
11. Secretary, Badarpur Thermal Project Control Board, Badarpur, New Delhi-44.
12. Secretary, Bhakra Management Board, 78, Sector 9-A, Chandigarh.
13. Secretary, Beas Construction Board, Talwara (Punjab).
14. Secretary, Irrigation Commission, 37—40, Kaka Nagar, New Delhi.
15. Chairman, Rural Electrification Corporation, Parliament Street, New Delhi.
16. Krishna Godavari Water Disputes Tribunal, New Delhi.
17. Chairman and Managing Director, Water and Power Development Consultancy Services (India), L-18, New Delhi South Extension, New Delhi.
18. Delhi Electric Supply Undertaking, New Delhi.
19. Central Electricity Authority, New Delhi.

20. The Financial Adviser and Chief Accounts Officer, Badarpur Thermal Project Control Board, New Delhi-44.
21. Secretary, Delhi Thermal Project Control Board, New Delhi-44.
22. General Manager, Beas Project, Talwara Township.
23. Financial Adviser and Chief Accounts Officer, Beas Project, Talwara Township.
24. Project Engineer, Badarpur Thermal Project Construction Organisation, Badarpur, New Delhi-44.

Copy of O.M. No. F. 12(30)-E(Coord)67, dated the 18th December, 1967, from the Ministry of Finance (Department of Expenditure), New Delhi to all the Ministries/Department of Government of India.

SUBJECT:—5th Report of the Public Accounts Committee (4th Lok Sabha).

The Public Accounts Committee, commenting on the delays in submission of final replies to their recommendations on the part of various Ministries, have observed in Paras 1.5, 1.8 to 1.13, 1.15 and 1.17 of their 5th Report (4th Lok Sabha) as follows :—

*Para 1.5.—*It is regretted that despite reminders to the Ministries/Departments the number of recommendations to which either no reply has been received or to which only interim replies have been received remains substantial.

*Para 1.8.—*The Committee are constrained to observe that, in spite of their repeated recommendations and requests to the Ministries that replies should be furnished within three months, the majority of the Ministries/Departments have not adhered to this target.

*Para 1.9.—*The Committee feel that the delay in initiating action on the recommendations detracts from the value of the recommendations and suggestions, particularly those which have financial implications and call for immediate remedial measures.

*Para 1.10.—*The Committee realise that it may not be possible for Ministries to furnish conclusive information, duly vetted by Audit, within three months of the presentation of the Report to the House. The Committee, therefore, agree to extend the time-limit for submitting the action taken notes/state-

ments to the Committee to six months from the date of presentation of the Report to the House.

Para 1:15—In respect of number of recommendations, which have plies should not be interpreted as implying that the Committee do not attach importance to prompt action being initiated on other recommendations. What the Committee envisage is that the Government should draw up a well thought out plan for processing the recommendations of the Committee as soon as a report is presented to the House. The Committee consider that it should be reasonably possible for Government to draft the replies on these recommendations|observations within four months of their receipt and that these should be got vetted by Audit in the next two months so that final replies, vetted. by Audit could be sent to the Committee not later than six months of the date of presentation of the Report. With a view to ensuring that this time schedule is adhered to scrupulously, the Committee would suggest to Government that the Finance Secretary (Expenditure) should be made responsible for securing compliance. as a coordinating officer, and he could get the Financial Advisers attached to the different Ministries to watch that a final reply is furnished to the Lok Sabha Secretariat in respect of recommendations concerning the relevant administrative Ministry.

Para 1.12.—The Committee would also suggest that Government may furnish replies to all the related recommendations of the Committee concerning an Audit para in a Report in one instalment to facilities processing and consideration by the Committee.

Para 1.13.—Notwithstanding the normal limit of six months indicated above, in such of those cases where the Committee desire to have the Government's reply within a specific time-limit, Government should make every endeavour to ensure that replies duly vetted by Audit are furnished within that time limit.

Para 1.15.—In respect of number of recommendations, which have been included in Appendix IV, the Committee observe that the Ministries have replied as 'noted'. It is not clear from such replies as to what specification Government have taken or intended to take to give effect to the Committee's recommendations in letter and spirit. The Committee desire that Government's replies should be explicit and self-contained. In particular, where, remedial measures are called for the details of action taken should be specifically spelt out.

Para 1.17.—The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them within the next three months, after getting them vetted by Audit.

2. The Ministry of Commerce etc., are requested to note the observations of the Committee for information and compliance. The recommendation contained in para 1.11 regarding the coordinating role of Finance Secretary (Expenditure) is under consideration and suitable instructions as necessary will be issued when a decision is taken.

3. The Lok Sabha Secretariat have also desired that the observance of the following procedure should be ensured while furnishing replies to the Committee's recommendations :—

- (i) The replies should be furnished (with 40 copies) as in the revised proforma attached, duly vetted by audit and signed by the Secretary|Additional Secretary|Joint Secretary concerned.
- (ii) Only one recommendation should be dealt with in one page.
- (iii) The replies to recommendations|observations should be framed with reference to the summary of recommendations as appear in the body of the Report, irrespective of whether they are included or not in the relevant Appendix at the end of the Report showing the "Summary of main conclusions|recommendations".

These requirements may also kindly be noted for compliance.

ANNEXURE

Action taken on the recommendation of the Public Accounts Committee

Name of Ministry|Department

Recommendations of the Committee

(Text)

S. No. Appendix

Para No. of Report

* *Action taken by Government*

Text of Note|Memo. etc.

O.M. No.

Dated

Copy of O.M. No. 10|8|68-PAC dated the 5th July, 1968 from the Secretariat, New Delhi to Dr. Vikram Sarabhai, Secretary, Department of Atomic Energy, and Chairman, Atomic Energy Commission, Bombay etc. etc.

SUBJECT:—Expeditious supply of information by Ministries for the use of the Public Accounts Committee.

It has been noticed during the recent sittings of the Public Accounts Committee that the written information, asked for from the Ministries|Departments of the Government of India on some paras or items appearing in the Audit Reports and Appropriation Accounts, to facilitate the examination of the subject by the Committee, is supplied on the eve of the meeting with the result that it is not possible to circulate it in time to the Members, before the meeting. The Ministries|Departments are requested kindly to ensure that replies in all such cases are sent by the date specified in this respect and that in any case the reply reaches at least four clear days (96 hours) before the date of sitting so that it can be circulated to the Members.

2. To facilitate the vetting of notes by Audit, the Ministries|Departments are also requested to make available the relevant papers to the Audit in time.

3. It has also been noticed that a sufficient number of copies of notes are not being supplied with the result that it does not become possible to process and circulate them in time. It is requested that in all such cases (except those involving supply of copies of exhaustive agreements, Reports etc.) 40 copies of the notes should be furnished so that these can be circulated to the Members straightway without avoidable loss of time.

The receipt of this communication may kindly be acknowledged.

ANNEXURE II

REGISTERED

No. 6.13.68-FBP(ii)

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

New Delhi-1, the 25th September 1969.

To

The General Manager,
Farakka Barrage Project,
P.O. Farakka Barrage,
District Murshidabad,
West Bengal.

SUBJECT :—Appropriations Accounts (Civil) 1966-67 Farakka Barrage Project.

Sir,

I am directed to state that Clause 31 of the agreement with M/s. Taraport and Co., regarding excavation of Feeder Canal provides that :—

“The equipments procured through the assistance of the Government shall not be removed from the site of the Project, till the completion of the work. Even after the completion of the work Government reserves the right of taking over the equipments on mutually agreed terms.”

Accordingly certain foreign exchange was released in favour of M/s. Taraport and Co., for the import of Russian Tractor drawn scrappers and Russian motorised scrappers from U.S.S.R., and the equipment were procured by them. M/s. Taraport and Co., while giving the reasons for slow progress of work, complained about the low performance of the equipment. The Public Accounts Committee (1968-69) (Fourth Lok Sabha) in their 71st Report has *inter-alia* recommended that :

“At this stage, the committee would like to comment only on one point arising out of the case. The contract with the firm executing work on the Farakka Barrage provides for machinery purchased by the firm out of foreign exchange released to them being purchased by Government at their option on the completion of the work on mutually agreed terms. In view of the unhappy experience of the contractor with some

of the items of imported machinery, the Committee hope that due vigilance will be exercised by Government if they choose to avail themselves of the option”.

2. The above recommendation of the Public Accounts Committee has been accepted by the Government. With a view to ensuring its proper implementation, I am to request that a proper case may be made out and prior approval of Government may be taken before undertaking any negotiations with the firm for purchasing any equipment so that due vigilance could be exercised if we choose to avail ourselves of the option to retain the machinery in question.

Receipt of the letter may please be acknowledged.

Yours faithfully,

R. L. MOHAN,

Under Secretary to the Government of India.

Copy to :—

1. The Secretary, Farakka Barrage Control Board, New Delhi.
2. The Financial Adviser and Chief Accounts Officer, Farakka Barrage Project, P.O. Farakka Barrage, District Murshidabad, West Bengal.

R. L. MOHAN,

Under Secretary to the Government of India.

CHAPTER III

RECOMMENDATIONS|OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

MINISTRY OF HEALTH, F. P., WORKS, HOUSING AND URBAN DEVELOPMENT

(Department of Family Planning)

CENTRAL HEALTH TRANSPORT ORGANISATION

Recommendation

The Committee observe that the Central Health Transport Organisation set up in the Ministry of Health and Urban Development is meant to function largely as a service agency to similar organisation already set up in the various States. Most of the duties entrusted to this Organisation are of a nature that the State Organisations could themselves discharge, with suitable assistance from the Transport Organisations that exist in the States. The Committee would like Government if examine whether a full-fledged Organisation of this nature at the Central level is at all necessary.

[S. No. 5 of Appendix (Para 2.7) of 71st Report—4th Lok Sabha]

Action taken

The observation of the Public Accounts Committee that the CHTO is meant to function largely as a service agency to similar Organisations already set up in the various States is not correct. In addition to its being a service Organisation it is the Fleet Management Institute of the whole of India and is also to work as an All India Store House for the spare-parts of the vehicles and equipment gifted by aiding International Agencies e.g., UNICEF, USAID, WHO etc. It will also develop itself into a Research and Development Organisation for Health equipment repairs as per the Agreement entered into with the UNICEF.

Extract from the UNICEF Agreement dated the 30th July, 1965 regarding the objectives of the CHTO is attached as Annexure.

In terms of the Agreement the CHTO is to provide training, refresher courses, etc., for the following personnel for the State Health Transport

Organisations :—

Asstt. Director Public Health (TPT)	15	(One from each State)
Dy. A.D.P.H. (TPT)	15	-do-
Officers-in-Charge of spare parts	15	-do-
Officers-in-Charge of Vehicle— Control	15	-do-
Mobile maintenance Foremen	100	
Mobile Mechanics	300	
Mobile Technicians for maintenance of Health equipment	100	
Central Workshop Foremen	15	(One from each State)
Central Workshop Specialists for Vehicles	300	
Central Workshop Technicians for repairs/maintenance of Health equipment	100	
	<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>	
	975—say	1,000

Estimated 20% to 25% personnel
Loss per Annum requiring training
new personnel 200 to 250

For these categories training will be done at State level co-ordinated by Central Health Transport Organisation.

The above training cannot be imparted at the various State levels and has necessarily to be given at one place i.e., at the Central level. For this purpose the Central Health Transport Organisation will have to start a Model Workshop, Laboratories, Class-Rooms etc., and will have to acquire a large number of training aids. All this at various State levels will not only mean duplication but will also not be economical. In addition to this, it will have to organise training courses for repairs and maintenance of Health Equipment. Thus the functions of the CHTO are such which cannot be discharged by S.H.T.Os.

The CHTOs also to provide repair and maintenance facilities for all the vehicles associated with Health and Family Planning Programmes in the Union Territory of Delhi. It is also to repair and maintain the vehicles of the Departments of Health and Family Planning of the Government of India. For all this, CHTO will have to establish a

workshop which will also serve as a model workshop for training of personnel referred to on pre-page.

The CHTO is also to establish a spare parts storage Department for UNICEF/NMEP vehicles and other various types of vehicles engaged in Health and Family Planning Programmes all over the country. It will be responsible for provisioning, indenting, procurement, storage, accounting distribution etc., of these stores. At present, these functions are being carried out by the UNICEF in collaboration with M/s. Mahindra and Mahindra and are required to be taken over by the CHTO before January, 1970.

Originally, the CHTO was set up to cater to the needs of only Health vehicles in India but now it is to cater to the needs of the Family Planning Fleet also. USAID has agreed in June, 1969 to provide Rupees 60 million to support the efforts of the Government of India to provide 1540 vehicles for the Family Planning Programme and to maintain and to operate these vehicles during the first three years of the Fourth Plan period and also to provide additional Rupees 24 million during the last two years of the Plan. The establishment of CHTO and SHTOs is one of the conditions precedent to the release of these funds. Thus, it is not only necessary in the interest of economy and co-ordination but obligatory for the Government of India to establish the CHTO under the agreement signed with USAID.

Consequent upon the setting up of the CHTO the State Health Transport Organisations have been established in 14 out of 17 States and one out of 11 Union Territories. The SHTOs in other States are in the process of being established. The norms for the staff, machinery, equipment, land requirement, plans for building, purchase intelligence organisational and functional charts, job requirements, qualifications and experience and pay scales etc., for SHTOs have been drawnout and communicated to the States. The CHTO is in the process of taking over the UNICEF stores at Mahindra and Mahindra, Bombay and also the UNICEF supply functions with regard to spare parts to all States and Union Territories and this work is expected to be completed by 1970-71. The CHTO has so far conducted 5 Training Courses and have planned for 47 courses. The CHTO has already established a Workshop on the *ad-hoc* basis pending the construction of the permanent building on the acquired land of 2.5 Acres and has established a Mobile Maintenance Unit for the preventive maintenance, and minor and major repairs of the local fleet

consisting of approximately 90 vehicles. Other Health and Family Planning Vehicles under Delhi Administration and Local Bodies will also be included under this maintenance shortly.

[Deptt. of Family Planning O.M. No. F. 15-18/69-ST dt. 12-12-69].

ANNEXURE

Extract from Second addendum to the revised plan of operations for the development of Health Services in Community Development Areas.

PART III

OBJECTIVES

The establishment of the Central Health Transport Organisation has the following objectives :—

1.1 As a first phase, to provide co-ordination as between the various State Health Transport Organisations and to render any assistances or guidance as may be necessary.

1.1.1 To establish a spare parts storage department for UNICEF/NMEP vehicles and for other vehicles engaged in Health Programmes.

1.2 As a second phase, to organise, for the personnel in the Transport Division of the Health Directorates in the State/Union Territories, suitable courses of training, refresher courses, seminars, etc., at the Central Health Transport Organisation and, where possible at State/District levels in the modern methods of :

- (a) Vehicle Fleet Management;
- (b) Spare Parts Management;
- (c) Prevention and reduction of costly vehicles repairs, through systematic and timely preventive maintenance;
- (d) Vehicle repair procedures;
- (e) Maintenance and repair and other Health equipment.

1.3 As a third phase, to establish courses of training in and facilities for repairs of Health equipment other than vehicles, i.e., refrigeration equipment, sterilisation equipment etc.

2. The Central/State Health Transport Organisation will also maintain and repair UNICEF vehicles and equipment associated with other programmes and departments.

3. The Central Health Transport Organisation will ultimately take over from the UNICEF and functions as regards co-ordination and technical guidance, at present provided to the States by the UNICEF.

4. The Central Health Transport Organisation will eventually assume all the responsibilities, connected with the collection, repairs, assembly, servicing, proper storage, payment for such services, and timely issues of vehicles to consignees. To the extent of present UNICEF Commitments, that Organisation will reimburse the Government of India, annually and expenditure incurred in this behalf.

CHAPTER IV
RECOMMENDATIONS|OBSERVATIONS REPLIES TO WHICH HAVE
NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH
REQUIRE REITERATION

Recommendation

The Committee are not very happy about the position in regard to the utilisation of vehicles placed at the disposal of the States for the implementation of the National Malaria Eradication Programme. The information furnished by the Government shows that nearly 50 per cent of the fleet of 2653 vehicles is off the road. The Committee had occasion to comment on the unsatisfactory maintenance and upkeep of these vehicles in para 2.72 of their 42nd Report (Third Lok Sabha). It is a matter for regret that, despite the creation of an Organisation to improve the situation, the position has actually deteriorated.

[S. No. 3 of Appendix, (Para 2.5) of 71st Report—4th Lok Sabha].

Action taken

The total number of vehicles supplied under the NMEP upto date is 2728 (2653 plus 75 vehicles subsequently procured in 1968). Out of this, at present 1370 vehicles (51 per cent) are on road, 1083 (39 per cent) vehicles are off road for major repairs and 275 (10 per cent) are unserviceable. A statement showing statewise position of NMEP vehicles is attached (Annexure-I).

As explained in subsequent paragraphs relating to Para 2.6 of the 71st Report of the Public Accounts Committee, 97 per cent vehicles of the old fleet have outlived their normal span of life and have done more mileage than what is required for a vehicle to be declared unserviceable. These vehicles are not dependable for strenuous work in rural areas and difficult terrain. However, the NMEP Directorate has been supplying spare parts to enable the State Governments to keep these vehicles on the road as far as practicable. On the request made by the State Health Transport Officers, major assemblies have been purchased and issued to the States so that the Mobile Units may be able to replace the assemblies in the remote units and remove the unserviceable ones for repairs at the State Health Transport Workshop. It is expected that with the supply of spare parts so far made and with the supply of assemblies recently made, it may be possible for the State Health

Directorate to get the NMEP vehicles repaired and keep them road worthy. The progress of repairs to NMEP vehicles with the help of spare parts supplied and also with major assemblies given, is being watched by the NMEP Directorate. While it is not possible to indicate the exact number of vehicles which have been made road worthy after receipt of spare parts and major assemblies by the States, an idea about the improvement effected can be had from the undermentioned data which shows that with the supply of spare parts since 1966, the number of vehicles on the road has been going up and that of vehicles off the road going down :—

Year	No. of vehicles, on road	Decrease in off road vehicles
1966	679	—
1967	1094	415
1968	1283	189
1969	1358	75

[Deptt. of Health letter No. 1-24/69-C&CD dt. 25-11-69].

Recommendation

The Committee note that in the opinion of the Department of Health and U.D., a number of these vehicles have become unserviceable due to age. The Committee would like to know whether any detailed examination of the position in this respect has been conducted by the Central Health Transport Organisation. Before these vehicles are condemned or scrapped, it is essential that a detailed survey should be made, so that only vehicles which are established to be beyond economic repairs are condemned or sold.

[S. No. 4 of Appendix (Para 2.6) of 71st Report—4th Lok Sabha].

Action taken

The age of the vehicles supplied under the National Malaria Eradication Programme is as under:—

- (1) 1813 vehicles are 11 to 16 years old.
- (2) 450 vehicles are 10 years old.
- (3) 205 vehicles are 9 years old.
- (4) 182 vehicles are 8 years old.
- (5) 78 vehicles 1 to 4 years old.

It will be appreciated that it is extremely difficult to keep the vehicles of the above age groups (1) to (4) in road worthy condition since these vehicles are required to operate in rural and difficult terrain areas. In C.P.W.D., and P. & T., Departments, if a vehicle is 10 years old and has covered more than 80,000 miles, it is considered to have outlived its useful life. Further, the WHO has recommended that a vehicle may be replaced after 5 years or after more than 30,000 mileage.

The Central Health Transport Organisation has not undertaken detailed examination of the condition of the NMEP vehicles operating throughout the country as at present it is intended to provide repairs and maintenance facilities for the vehicles in the Union Territory of Delhi only. A detailed note explaining its objectives and the phased programme for its development has been separately furnished in reply to S. No. 5 of the Appendix to the 71st Report (Para 2.7) of the P.A.C.—1968-69, Fourth Lok Sabha.

An examination of the unserviceable vehicles is being carried out by the State Health Transport Organisations in collaboration with the State Malariologists and by the Officers of the NMEP Directorate from time to time so as to recommend condemnation of vehicles which are beyond economical repairs. The C.H.T.O., could not be associated in the examination conducted in the past due to the non-appointment of its Officer-Incharge. The C.H.T.O., is now associated with the pilot project to recondition 40 vehicles and will be associated in future in technical surveys if necessary.

A detailed procedure for the condemnation and disposal of unserviceable NMEP vehicles has now been evolved and communicated to all State Governments/Union Territories *vide* this Ministry's circular letter. No. F. 8-9/67-C&CD, dated the 19th September, 1969, (Annexure II). It has been laid down that in the first instance the State Health Transport Officer should inspect unserviceable vehicles and submit his Inspection Report. The vehicles may then be examined by a condemnation Board consisting of (i) the State Health Transport Officer who is the technical representative of the State, (ii) the State Malariologist and (iii) the Regional Deputy Director, R.C.O., N.M.E.P. concerned. Recommendations of the Board will then be forwarded to the Director, National Malaria Eradication Programme, Delhi, for clearance. After obtaining clearance, the vehicles will be disposed of like any other Government property in accordance with procedure laid down in the rules.

[Deptt. of Health letter No. 1-24/69-C & CD dt., 25-11-69].

ANNEXURE I

Statement of off Road Vehicles

Sl. No.	Name of the State	On Road	Off Road	for major repair unserviceable
1.	Andhra Pradesh	94	88	38
2.	Assam	46	44	34
3.	Bihar	146	109	35
4.	Gujarat	68	56	7
5.	Jammu & Kashmir	13	2	6
6.	Kerala	37	19	8
7.	Madhya Pradesh	139	70	19
8.	Maharashtra	105	90	15
9.	Madras	79	102	1
10.	Mysore	102	5	41
11.	Orissa	56	50	18
12.	Punjab	45	9	12
13.	Haryana	34	5	12
14.	Rajasthan	78	24	7
15.	Uttar Pradesh	129	263	5
16.	Himachal Pradesh	14	8	1
17.	Manipur	11	—	1
18.	West Bengal	106	101	9
19.	Tripura	8	4	—
20.	Andaman	2	1	—
21.	Goa	1	2	—
22.	Nagaland	6	6	2
23.	Delhi	4	14	—
24.	N.E.F.A.	9	5	3
25.	Sikkim	4	1	1
26.	Bhutan	4	—	—
27.	Chandigarh Union Territory	2	—	—
28.	NMEP Hqrs. & R.C.Os	28	5	—
Total		1370	1083	275

ANNEXURE II

No. F. 8-9|67-C&CD

GOVERNMENT OF INDIA

MINISTRY OF HEALTH AND F.P. AND W.H. AND URBAN
DEVELOPMENT

(DEPARTMENT OF HEALTH)

New Delhi, dated the 19th September, 1969.

To

The Secretary,

Health Department

All State Governments|Union Territories.

SUBJECT :—N.M.E.P.—Unserviceable Vehicles—disposal of

Sir,

I am directed to say that under the National Malaria Eradication Programme, large number of vehicles were received on loan from the USAID and were subsequently allotted to the State Governments|Union Territories for the successful implementation of the National Malaria Eradication Programme. These vehicles were supplied to the States on loan basis. As a result of the constant use of these vehicles in the N.M.E.P. operations for the last few years, some of them, have become unserviceable for use in the programme. The question of condemnation and disposal of these unserviceable N.M.E.P. vehicles has been under consideration for quite some time. It has now been decided that the following procedure should be adopted for the condemnation and disposal of unserviceable N.M.E.P. vehicles :—

1. The State Health Transport Officer should be in the first instance be asked to inspect the unserviceable vehicle and submit his Inspection Report in the form (*vide pages 52-53*).
2. On receipt of the Inspection Report, the State|Union Territory Government may have the vehicle examined by a Condemnation Board consisting of (i) The State Health Transport Officer who is technical representative of State, (ii) the State Malariologist and (iii) the Regional Deputy Director, RCO, N.M.E.P., concerned who may be required to submit their recommendations in the form (*vide pages 53-54*).
3. Recommendation of the Condemnation Board in Enclosure II with a copy of the initial Inspection Report in enclosure I, may then be forwarded to the Director, National Malaria

Eradication Programme, Delhi, alongwith full particulars about the vehicles in the enclosed form (*vide* page 53) for their clearance.

4. After obtaining clearance from the Government of India, these vehicles may be disposed of like any other government property in accordance with the procedure laid down in rules 123 and 124 of General Financial Rules (extracts enclosed) in a manner advantageous to Government. The sale proceeds of the vehicles may be credited to the Central Government under the Receipt Head "XXIV—Public Health (Central) Miscellaneous—Miscellaneous".

2. Criteria to be adopted for condemnation of vehicles will be as follows :

Condition of the Vehicles

- (a) The State Health Transport Officer should take a pragmatic view of the possibility of repair of each unit/assembly of the vehicle while filling the form in Annexure I and assessing the cost of repairs.
- (b) He should carefully study the history of all major (not minor) repairs done and the mileages performed thereafter and the severe accidents the vehicle has suffered.
- (c) Normally vehicles which are below 8 years old and which have covered less than 1,25 lakh miles or 2 lakhs kilometres should not be proposed for scrapping save in exceptional circumstances.
- (d) Depending on the work to be done and the estimated cost, he would decide the feasibility of repairs of the vehicle or otherwise.

Economic

The condemnation Board should take into account (a) their own opinion on the condemnation of the vehicle, (b) the estimated cost of repairs to the various assemblies of the vehicle and (c) its relationship with the present cost of new vehicle. By and large if the cost of repairs including tyres and battery exceed 25 per cent to 30 per cent of the cost of new vehicle, the vehicle becomes "beyond economical repairs".

3. It is requested that a quarterly report in respect of the disposal of unserviceable NMEP vehicles may kindly be furnished to this Ministry, Directorate General of Health Services and the Dte., N.M.E.P. regularly and in time to enable them to assess the position of the N.M.E.P. vehicles in operation.

4. The receipt of this communication may please be acknowledged.

Yours faithfully,

M. C. Jain,

Under Secretary.

No. F. 8-9|67-C&CD.

Copy forwarded to the A.G.C.R., New Delhi.

Copy to all Accountant Generals.

Copy to the Dte. G.H.S., New Delhi.

Copy to Dte.. NMEP, 22 Alipore Road, Delhi.

Copy to US (PH).

ENCLOSURE

INSPECTION REPORT

Date of Inspection
Vehicle Regn. No.

Sl. No.	Condition repairable or unserviceable	If defective brief nature of defect and probable cause	Approximate cost of repairs/replacement	If the vehicle is proposed for condemnation (give here the list of parts and units suggested for salvaging retrieving)
---------	---------------------------------------	--	---	--

1. Engine
2. Transmission
3. Drive and Axles
4. Steering and Brakes
5. Chassis and Suspension
6. Electrical System
7. Body and Cab
8. Tyres
9. Fitting of items on Specialist vehicle

Inspected by :
Name
Designation

REMARKS

CERTIFICATE:

(To be signed if the vehicle is proposed for condemnation)

After careful inspection of this vehicle and history of the repairs done, I am of the opinion that it is no longer fit for economical operation.

I recommend that the vehicle be disposed off in "as is where is" condition
Scrapped after removal of
all retrievable units/items

State Health Transport Officer.

ENCLOSURE II

CONDEMNATION BOARD
 AND
 TECHNICAL INSPECTION REPORT (VEHICLES)

(To be filled in by State Health Transport officer)

Regn. No. _____ VEH on charge to _____
 Make and type _____ Year of Manufacture _____
 Chassis No. _____ Date of commission _____
 Engine No. _____ Issued by _____
 Total distance covered _____ On road off road _____
 Date of off road _____

Brief history of the vehicle (mention briefly the vehicle user's name Designation, programme used and year and purpose used for)

(To be filled in by the Board)

General Condition

Brief reasons for condemnation:

Approximate price expected in auction Rs. Upset price Rs. ~

The board having assembled at _____ on _____ pursuant to order proceed to inspect on and classify the vehicle Regn. No. _____

Considering the inspection report (attached) and the extent of damage/ wear and tear caused to the vehicle, the board classify the vehicle beyond economical repairs
repairable

recommend for condemnation
and _____
repairs

Date _____ Chairman _____

- Members 1. _____
2. _____
3. _____
4. _____

ENCLOSURE III

FORM GFR 17

SURVEY REPORT OF UNSERVICEABLE VEHICLES FOR DISPOSAL

Sl No.	Name of State	Particulars of Vehicles			Book/Market Value	Year of purchase and circumstances leading to the vehicle becoming unserviceable.	Mode of disposal (sale, public auction or otherwise) as recommended by the Officer declaring the vehicle as unserviceable	Name and designation of the Office issuing the unserviceability certificate (copy of certificate to be attached)	Remarks
		Make	Chassis Number	Registration Number					
1	2	3	4	5	6	7	8	9	10

No. F. 8-9|67-C&CD
 GOVERNMENT OF INDIA
 MINISTRY OF HEALTH AND F. P. AND WORKS, HOUSING AND
 URBAN DEVELOPMENT
 DEVELOPMENT
 (DEPARTMENT OF HEALTH)
 New Delhi, dated the 8th October 1969

To

The Secretary,
 Health Department,
 All State Governments|Union Territories.

SUBJECT :—*N.M.E.P. unserviceable Vehicles—disposal of—*

Sir,

I am directed to invite a reference to this Ministry's letter No. F. 8-9|67-C & C D dated the 19th September, 1969 on the subject noted above and to forward herewith extracts of Rules 123 and 124 of the General financial Rules referred to in sub-para 4 of para 1 of the above mentioned letter.

The receipt of this Communication may pleased be acknowledged.

Yours faithfully,
 N. S. BHATIA,
 For Under Secretary.

No. F. 8-9|67-C & CD

Copy forwarded to the :—

1. A.G.C.R., New Delhi.
2. All Accounts Generals.
3. Directorate General of Health Services, New Delhi.
4. Director, N.M.E.P., [Copy to U.S. (PH)].

N. S. BHATIA,
 for Under Secretary.

(Copy of the General Financial Rules 123 and 124)

123. *Sale and Disposal of Stores and Write off of Stores :—*

The previous sanction of the competent authority shall be obtained to the writing off of all losses, deficiencies or depreciation in the value of stores (See Schedule VII to the Delegation of Financial Rules, 1958).

124.

(1) Subject to any special rules or order applicable to any particular department, stores which are reported to be obsolete, surplus or unservice-

able may be declared as such and ordered to be disposed of by an authority to whom powers may be delegated in this behalf. Such authority shall also specify the manner in which the stores are to be disposed of, except in the case of stores which are required to be declared to the Directorate General of Supplies and Disposals.

(2) Each order declaring the stores as obsolete, surplus or unserviceable shall specify the full reasons for declaring them as such and proper records of all such stores shall be maintained for watching disposal thereof.

(3) All stores which may be declared as obsolete, surplus or un-serviceable and ordered to be disposed of under sub-rule (1) of this rule shall be physically disposed of by sale or otherwise under orders of an authority to whom powers may be delegated in this behalf.

Government of India's Decision (1)

The following general instructions should invariably be followed by all officers entrusted with the disposal of obsolete, surplus or unserviceable stores :—

- (i) Where the articles are sold by public auction, the Head of Office or any other gazetted officer should invariably attend the auction and record the final bids.
 - (ii) The Head of Office or any other gazetted officer should also be present when the articles sold are released, his presence being most essential when the release of the articles takes place some time after the auction or when it involves processes such as weighment, etc.
 - (iii) A report of surplus stores for disposal should be prepared in Form G.F.R. 17. This report should be signed by the Head of Office or other gazetted officer after satisfying that all the surplus stores have been correctly included in the surplus report.
- A sale account should also be prepared in Form G.F.R. 18.
- (iv) The sale Account should be signed by the officer who supervised the auction after comparing the entries made in the Sale Account with report of surplus stores. If the articles are released in the presence of an officer other than the one who supervised the auction, the entries in column 9 of the Sale Account should be attested by dated signature of such officer.

[Ministry of Finance O.M. No. 11 (5)-I, II(A)59, dated the 13th February, 1959 and the 27th February, 1959].

Government of India's decision (2)

(i) Before a competent authority declares stores as obsolete, surplus or unserviceable, whether due to nominal wear and tear or due to abnormal wear and tear and orders their disposal, it should take into account the circumstances in which stores have become obsolete, surplus or unserviceable. Where the competent authority holds that stores have become obsolete, surplus or unserviceable owing to normal wear and tear, no question of loss arises. Where the competent authority holds that stores have become obsolete, surplus or unserviceable owing to negligence, fraud, etc., on the part of individual Government servants, it will be necessary to fix the responsibility for the loss and to devise remedial measures to prevent recurrence of such cases. In either case, the order of the competent authority declaring the stores in question as obsolete, surplus or unserviceable and ordering their disposal would be sufficient to cover the loss to Government, if any and no separate sanction for write off of the loss is necessary. A formal survey report as prescribed in Government of India's decision (1) above, should be prepared in all such cases.

(ii) A copy of each order declaring stores as unserviceable, obsolete or surplus should be endorsed by the competent authority to the Audit Officer and/or the Accounts Officer, as the case may be, in accordance with the procedure prescribed in rule 39.

(ii) As indicated in clause (i) of this decision, a sanction for write off of loss would not be necessary where the stores are bodily present. It is only in such cases where the stores are missing (as in the case of fire, theft etc.) that formal sanctions for write off of losses will be necessary.

[Ministry of Finance O.M. No. F. 11(28)-C. II(A):60, dated the 21st November, 1961].

Recommendations

The Committee cannot resist the impression that the execution of the Slum Clearance-Improvement Scheme in Delhi is far from satisfactory. A sum of over Rs. 6 crores had been given by Government till the end of October, 1968, to different local bodies in charge of the Scheme at different stages. Against 6,756 dwelling units required to be completed during the seven years ending 1967-68, the number actually completed was only 2,488. Assistance for meeting the cost of the work was to be regulated with reference to specific ceilings of cost for each dwelling unit. However, after completion of about one-third of the work, not more than a sum of Rs. 9.92 lakhs was reported as available with the Municipal Corporation out of the total assistance of over Rs. 6 crores extended to the Scheme. The accounts of expenditure incurred by the Corporation on the Scheme over a period of seven years are still to be properly prepared and audited. It is clear that the Scheme was not properly planned and the cost of the

work was not controlled at any stage. It would also appear that assistance given by Government for the Scheme was diverted to other purposes.

[S. No. 6 of Appendix (Para 2.19) of 71st Report—4th Lok Sabha.]

An examination of the working of the Scheme by an officer appointed by the Lt. Governor, Delhi, disclosed that the Scheme was not properly planned, land was acquired "far in excess of requirements" and proper records of acquisition were not kept. No instructions were issued about the manner in which accounts were to be kept and "no regular financial advice" was available to the agencies entrusted with the execution of the works. The staff employed on the execution of works was double." what it should have been and "a number of tenements" which were completed could not be occupied due to the absence of civic amenities.

[S. No. 7 of Appendix (Para 2.20) of 71st Report—4th Lok Sabha.]

The Committee would like Government, in the light of these findings, to have a comprehensive investigation made of the working of the Scheme to ascertain how far funds made available for the Scheme were used for the purposes intended and where and to what extent there was laxity in supervision over the proper working of the Scheme. There is obvious need to rationalise the strength of staff and to effect economy. Based on the results of such an investigation, Government should come to a considered decision about the future set up for the Scheme, which would ensure that it is soundly and properly administered. Government should in this context give consideration to some of the useful suggestions made by the Officer on Special Duty.

[S. No. 8 of Appendix (Para 2.21) of 71st Report—4th Lok Sabha.]

The Committee note that a sum of Rs. 50 lakhs on account of loans given by Government for the Scheme is overdue as on 31st March, 1968 for recovery from the Municipal Corporation. The Committee observe that the repayment of this amount is tied up with the claim for Rs. 76.76 lakhs that the corporation have preferred against Government towards reimbursement of deficits incurred on the Scheme and that the settlement of these issues will be made in the light of the audited accounts to be produced by the Corporation. The Committee would like to be apprised of the progress made in regard to these matters.

[S. No. 9 of Appendix (Para 2.22) of 71st Report—4th Lok Sabha.]

The Committee cannot resist the impression that the scheme for the removal of "jhuggies" and "jhompries" in Delhi was very tardily planned and executed. About 50,000 families of squatters were to be resettled under the scheme but, till September, 1967, only less than half of that number (21,799) could be resettled. In some cases, after the squatters had been removed from the sites, fresh squatting again took place, due to the cleared sites not having been promptly taken up for development, necessitating fresh

clearance operations. Accounts of expenditure incurred on the Scheme have not been made available to Audit over a period of seven years and land was acquired for the scheme far in excess of requirements, without any detailed programme for its utilisation. An examination of the Scheme by an officer on Special Duty disclosed that there was no procedure for the maintenance of accounts or control of expenditure over the Scheme. The situation that developed ultimately led to the further release of funds for the scheme being stopped with effect from 1st April, 1967.

[S. No. 10 of Appendix (Para 2.31) of 71st Report—4th Lok Sabha.]

The Committee would like Government to have a comprehensive examination of the working of the Scheme undertaken so that the various omissions that occurred could be identified and steps taken to avoid their recurrence through planning and close supervision. The following points in particular need consideration :

- (i) This Scheme and as well as the Scheme for Slum Clearance and Improvement referred to earlier in this Report are closely inter-related. These were being executed by the same agency till 1st March, 1968, when Government decided that the scheme for removal of jhuggies and jhompries should be transferred from the Municipal Corporation, Delhi, to the Delhi Development Authority. It requires examination whether it would not be in the interest of a coordinated implementation of the schemes if both of them were entrusted to one agency.
- (ii) The Municipal Corporation, Delhi which was till recently executing these schemes, never kept separate accounts of the funds received for implementation of the Schemes or of the expenditure incurred on the Schemes. The funds got merged with the general revenues of the Corporation. The financial stringency faced by the Corporation, which has been "living from hand to mouth", inevitably created a situation in which the Schemes were starved of funds. It is necessary for Government to recognise that a similar situation will arise in future unless steps are taken to put the Corporation's finances on a sound footing. The Committee understand that a Commission is at the moment engaged in an examination of the subject. The Committee hope that this Commission's efforts would supply a lasting basis for an improvement of the Corporation's finances.
- (iii) The position in regard to land acquired for this as well as the Slum Clearance and Improvement will have to be gone into in detail to ascertain whether proper records of lands acquired are available and the best use to which the lands can be put.

- (iv) Lands cleared of squatters under the scheme should be promptly taken up for development and suitable protective measures taken to ensure that fresh squatting does not take place again.
- (v) Above all, it will be necessary to ensure that both the schemes are efficiently executed and costs strictly limited to stipulated ceilings. Accounts of expenditure should also be separately maintained and subjected to timely audit.

[S. No. 11 of Appendix (Para 2.32) of 71st Report—4th Lok Sabha.]

Action taken

The Commissioner for Delhi Municipal Corporation and the Delhi Administration have been asked to furnish detailed replies to these paragraphs. However, since the P.A.C. have made an observation on the unsatisfactory execution of the Slum Clearance and Jhuggi and Jhompri Schemes, we have as desired by the Committee in paras 2.21 and 2.23, requested the Lt. Governor to have a comprehensive review of the two Schemes with a view to suggest remedial measures, where needed, in the light of the observations of the P.A.C. We have also sought the advice of the Lt. Governor on whether it would not be in the interests of co-ordinated implementation if both the Schemes are entrusted to one agency as desired by the Committee in para 2.32(i). It is obvious that in a matter like this, Government will have to be guided by the advice of the Lt. Governor. A comprehensive review of the two Schemes will naturally take some time. Hence, while action has already been initiated on the Report of the P.A.C., we are unable to say that the review has been completed or that Government have taken a decision on the basis of the review.

I may add that the shortcomings in the implementation of the J and J Scheme as implemented by the D.M.C. have since been rectified to a considerable extent after the transfer of the Scheme to D.D.A. All sites which are cleared are immediately taken up for development, thereby preventing fresh squatting. A separate J and J cell has been created in the D.D.A. for maintenance of the accounts of expenditure on the Scheme. During the current year funds to the extent of Rs. 62.5 lakhs, out of a budgeted amount of Rs. 90.00 lakhs has already been released. Several suggestions for improvement of the J&J Scheme evolved after a series of discussions both under the Chairmanship of the Home Minister as well as the Minister for Health & Family Planning and Works, Housing & Urban Development, have since been incorporated in a note to be submitted to the Cabinet for orders. The suggestions made *inter alia* provide for better amenities and allocations of funds for development of plots for ineligibles also. The ceiling for expenditure for eligibles has already been enhanced from Rs. 1,000/- to Rs. 1,200/- per plot so as to provide reasonably satisfactory amenities, as it was felt that the amenities being provided earlier were much below the desirable levels.

In short, Government will be guided by the advice of the Lt. Governor and take a decision on the basis of the comprehensive review of both the Schemes that would be carried out. Government will thereupon take a decision in the light of the observations of the Public Accounts Committee. [Deptt. of Works, Housing and Urban Development D.O. Letter No. 1st —6/69-UD, dated 1st December, 1969.]

Recommendation

The Committee are concerned about the state of affairs in the Delhi Consumer Cooperative Wholesale Store. Over a period of five years since its inception, the Store has accumulated losses amounting to Rs. 4.1 lakhs, which have wiped out about a third of its share capital of Rs. 13 lakhs. Due to its unsatisfactory financial position, the Store has been obliged to borrow heavily : its indebtedness as at the end of June, 1968 amounted to Rs. 38.21 lakhs. Interest on these borrowings alone accounted on an average for 25 per cent of the working expenses of the Store, exclusive of its trading expenses. The Store has extended credit to primary societies without regard to the limits fixed by the General Body (which themselves have not been approved by the Registrar of Cooperative Societies) or to the past performance of some of these primaries in the matter of repaying advances given earlier. As on 30th June, 1967, the credit extended to primaries in excess of the limits amounted to Rs. 3.18 lakhs and a sum of Rs. 9 lakhs was overdue for recovery. The Store has been forced to have recourse to arbitration proceedings for recovery of major portion of these overdues. The turnover of the Stores too has declined from Rs. 2.28 crores in 1966-6 to Rs. 1.20 crores in 1967-68, but its expenses on establishment continue to be virtually the same, i.e., Rs. 3.84 lakhs.

[S. No. 15 of Appendix (Para No. 3.28) of 71st Report—4th Lok Sabha.]

Action taken

The observations of the Committee are noted.

[Deptt. of Cooperation D.O. Letter No. 3-1/69 G.O.P., dated 22nd December, 1969.]

Recommendation

The Committee note that Government themselves are exercised about the working of the Store and that a statutory enquiry into its affairs has been ordered. The Managing Committee of the Store has also been reconstituted and Government except that the Store will be run by them in a better way in future. The Committee, however, feel that concerted measures will have to be taken to re-organise the Store to make it function on sound and business-like lines. The following aspects of its working should in particular receive attention :

- (i) The Store is far too heavily dependent on borrowed funds and interest on its borrowings has been acting as a drag on its

finances. It should be examined how best dependence on borrowings can be reduced through expeditious realisation of dues from Primaries and other parties which at present are very heavy. To obviate dependence on borrowings, it may be examined whether the Primaries should not be persuaded to contribute to the share capital of the Store in a larger measure. The Store should also extend credit facilities very sparingly in future.

- (ii) The expenditure on the Store's establishment is heavy and shows no relation to its turnover. The scope for economies in this direction should be examined. The Committee understand that an administrative committee has been set up to go into this question.
- (iii) Systematic and continuing efforts will have to be made to identify promptly unprofitable lines of business and to close them down. The Committee note that the accounts of the Stores as at present kept do not indicate which of the lines of business are profitable and which of them are not. It will have to be examined how best the accounts could be rationalised to make this information available to the Management.
- (iv) The data at pages 40 and 41 of this Report would indicate that control over the cash and stores transactions is lax. As any slackness in this regard could lead to substantial leakage, the Management should exercise closer supervision over these matters.
- (v) The audit of the accounts of the Store has not been conducted since 1965-66. This should be expeditiously got done and appropriate action initiated on the Auditor's observations.

[S. No. 16 of Appendix (Para No. 3.29) of 71st Report—4th Lok Sabha.]

Action taken

In order to remedy the deterioration in the working of the society, the Managing Committee was superseded by the Delhi Administration on 28th June, 1967. However, the order of supersession was challenged by the superseded Managing Committee, which filed a writ petition in the Delhi High Court. On 21st March, 1968 the Delhi High Court quashed the order of supersession on the ground that full reasons for removing the Managing Committee had not been given in the impugned order. In July, 1968, the Delhi Administration ordered an enquiry under section 43 of the Bombay Cooperative Societies Act, 1925 as extended to Delhi to look into the constitution, working and financial condition of the Store.

As a result of the enquiry, the Lt. Governor of Delhi has, on 4th October, 1969 removed all the members of the Managing Committee and nominated a new Managing Committee.

The action taken on the various recommendations of the Committee is indicated below seriatum:—

- (i) The Collector, Delhi, has been referred to for realisation of an amount of Rs. 3.69 lakhs from the defaulting primary stores as arrears of land revenue. Some of the officers of the Co-operative Department have been conferred with the powers of an Asstt. Collector in October, 1968, and have been directed to pursue the recovery cases vigorously. Besides, a sum of Rs. 3.80 lakhs is recoverable from some primary stores under liquidation. The liquidators have been directed to complete the liquidation proceedings expeditiously. Arbitration proceedings are also pending in respect of 4 cases involving a sum of Rs. 50,000. The arbitrators have been requested to complete the arbitration proceedings expeditiously.

In respect of the balance amount of Rs. 8.59 lakhs, special efforts are being made to recover the amount from the delinquent primary societies. A Recovery Officer from the Coop. Department has been deputed to the wholesale store and has been placed exclusively in charge of pursuing these cases. He will refer the cases to arbitration, wherever necessary, for obtaining awards so that the recoveries could be enforced through the Collector as arrears of land revenue. He has also initiated action against the primaries by issuing demand notices to them.

It is mentioned, in this connection, that credit sales to primary societies have been stopped from the date the nominated Managing Committee took over charge of the Store i.e., 4th October, 1969.

In view of the unsatisfactory performance of the Store, it is not possible at present to persuade the primary stores to contribute to the share capital of the wholesale store in a larger measure.

- (ii) 23 employees have been retrenched effecting a saving of Rs. 5,500 per month. The newly nominated Managing Committee will consider the scope for reduction of expenditure. Restrictions have already been imposed on the expenditure on T.A., entertainment and telephones, etc.

The Administrative Committee set up by the Delhi Consumers Coop. Wholesale Stores Ltd., Delhi in December, 1968 to examine the

scope for economy in expenditure on staff, further appointed a Job Analysis Sub-Committee. This Sub-Committee recommended the retrenchment of 7 to 8 persons but the Administrative Committee took no action on the recommendation and did not submit any report for the consideration of the Managing Committee.

- (iii) The store suffered losses in the business of controlled commodities like foodgrains and consequently, stopped dealing in these commodities. On the other hand, the Store has started dealing in commodities giving more profit. Special attention is also being given to business in imported goods like dry fruits, confiscated goods etc. The store has also undertaken the distribution of cycle tyres and tubes.

The new committee is now examining the trade activities and will stop unprofitable lines of business. The new Managing Committee will also pay special attention to the maintenance of accounts on proper lines, so as also determine the lines of business that are unprofitable. Results of this examination and steps taken to rationalise the system of accounts will be intimated to P.A.C. in due course.

- (iv) The Committee's observations have been noted and strict control is being exercised over cash and stores transactions.
- (v) Audit for 1966-67 has since been completed. The audit of the accounts for 1967-68 and 1968-69 will be taken up as soon as the accounts for these years are completed, for which necessary instructions have been issued to the society.

It is mentioned, in this connection, that observations of the Statutory Auditor on the accounts for 1966-67 were conveyed to the Managing Committee of the society to set right the irregularities pointed out by him but no action was taken. A Senior Auditor from the Coop. Department of the Delhi Administration with knowledge of accounts has been deputed to settle all the outstanding audit observations. The compilation of the final accounts for 1967-68 and 1968-69 is in arrears as the books of account are not yet quite complete. The Senior Auditor from the Cooperative Department, Delhi Administration who has been deputed to the Store has been entrusted with the task of compiling the accounts for these years after which the audit of the accounts will be taken up.

[Deptt. of Cooperation D.O. Letter No. 3-1169-GOP, dated 22nd December, 1969.]

Recommendation

The Committee would like to be apprised of the action taken by Government pursuant to these suggestions. They would also like to be informed of the corrective action taken on the basis of the findings of the statutory enquiry now under way and specific instances of irregularities mentioned in that Report.

[S. No. 17 of Appendix (Para No. 3.30) of 71st Report—4th Lok Sabha.]

Action taken

As a result of the findings of the enquiry the Managing Committee of the society was superseded with effect from 4th October, 1969, and a new Committee has been nominated. The new Managing Committee is taking steps to effect an all-round improvement in the working of the society. The services of an experienced Assistant Registrar of the Delhi Administration have been lent to work as General Manager of the Society. Action has also been initiated to recover losses amounting to Rs. 2.30 lakhs from individual members of the former Managing Committee where responsibility has been fixed on them. Efforts are also being made to recover the dues from primary stores and individuals as explained in detail against para 3.29(i).

With a view to ensure proper maintenance of accounts and streamlining accounting procedures, the services of an SAS Accountant of the Indian Audit Department have been obtained and placed at the disposal of the society.

[Deptt. of Cooperation D.O. Letter No. 3-1/69-GOP, dated 22nd December 1969.]

CHAPTER V
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

—NIL—

NEW DELHI
January 24, 1970.
Magha, 4, 1891 (S).

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee.

APPENDIX

Summary of main Conclusions/Recommendations

S. No.	Para No. of Report	Ministry/Department concerned	Conclusions/Recommendations
1	2	3	4
1	1.11	Ministry of Health, Family Planning, Works, Housing and Urban Development (Department of Health).	In the Committee's opinion, the position regarding utilisation of vehicles acquired for the National Malaria Eradication Programme remains unsatisfactory. In para 2.5 of their Seventy-First Report (Fourth Lok Sabha), the Committee had pointed out that nearly 50 per cent of the total fleet strength was off the roads. The data now furnished by Government indicates only a marginal improvement, in as much as 49 per cent of the fleet strength is out of commission. If the position is viewed with reference to data supplied to the Committee by Audit, there would appear to have been a deterioration, because the number of vehicles on road has come down from 1827 in November, 1964 to 1485 in January, 1968, and 1370 in October, 1969.
2	1.12	—do	The Committee note that a procedure has been worked out for condemnation of unserviceable vehicles by the State Health authorities, acting in consultation with the Regional Deputy Directors of Malaria Eradication Programme. The instructions issued on this point by Government of India provide that vehicles, less than 8 years old and which have covered less than 2 lakh kilometers should normally be continued in service. Data

about kilometrage has not been furnished by Government, but the age particulars given indicate that all except 78 vehicles out of the total fleet of 2,728 vehicles are 8 years old or over. It is therefore likely that condemnations will take place on a very large scale. To ensure that its interests are protected, the Committee would like the Government of India to ensure that an expert on behalf of the Central Government is associated with the decisions taken by the Condemnation Board.

3. 1.13

—do—

The Committee are not happy that Government are now faced with a situation wherein the whole fleet of vehicles of the National Malaria Eradication Programme will be practically due for condemnation. The proper course would have been to have had them replaced over the years as and when they became unfit. The Committee hope this will be done in future.

4 1.16

Ministry of Health, Family Planning, Works, Housing and Urban Development (Department of Works, Housing and Urban Development).

The Committee note that Government have requested the Lieutenant Governor, Delhi to have a comprehensive review made of the working of the Slum Clearance as well as the Jhuggi Jhompries removal Schemes, in the light of the observations made by the Committee in the Seventy-First Report (Fourth Lok Sabha). They would like the review to be completed as early as possible and a satisfactory arrangement to be worked out in respect of issues mentioned in para 2.32 of their Seventy-First Report (Fourth Lok Sabha).

5 1.17

—do—

The Committee would also like to be informed as to how the funds allotted for the Slum Clearance|Improvement scheme got diverted to other purposes and the result of audit of the accounts of expenditure incurred over the period of seven years.

6 1.22 Ministry of Food, Agriculture, Community Development and Cooperation (Deptt. of Cooperation)

The Committee observe that the management of the Delhi Consumers Co-operative Wholesale Store Ltd., has been superseded and that, after an enquiry, a new Managing Committee has been constituted for the administration of the Store. The Committee also note that a number of steps are being taken by the new Managing Committee to streamline the working of the Store. The data furnished to the Committee, however, shows that the Store is still not out of the woods. The dues awaiting realisation on various accounts aggregate Rs. 16.58 lakhs. This amounts to about 125 per cent of the Store's share capital of Rs. 13 lakhs. The Society still continues to run at a loss, the tentative accounts for the period 1st July 1968 to 31st March 1969 showing a loss of Rs. 1.28 lakhs. It is obvious, therefore, that drastic steps will have to be taken to overhaul the Store's working. The following steps would seem to be urgently needed:

- (i) The Sales operations of the Store should be re-oriented so that it deals in high margin goods.
- (ii) The position of inventories should be carefully watched to safeguard against capital getting blocked in purchases which have no relevance to sales.
- (iii) Stock taking should be done at regular intervals.
- (iv) Particular watch should be kept on the overhead expenses of the Store to ensure that they are regulated with reference to turnover and available margins.

(v) All pending dues should be closely pursued so that they are realised as early as possible.

(vi) The accounts of the Store should be rationalised, so that they serve as a useful management tool and keep the administration of the Store posted with financial position of the Store in various branches of its activity.

7 I.23

—do—

The Committee are distressed to learn that a statutory inquiry into the working of the Stores conducted in 1968-69 brought to light "a number of instances of mismanagement, corruption, jobbery and other unfair deals" for which members of the former Managing Committee have been held "accountable". The report of the Inquiry Officer drew attention to "imprudent and *mala fide* purchases" to the tune of Rs. 2.26 lakhs, besides "injudicious expenses on excessive staffing", "unauthorised expenditure on T.A. and conveyance" and "heavy advances held up by various parties including members of the Managing Committee." The Committee would like the possibility of instituting criminal proceedings for these irregularities to be speedily examined and suitable action to be taken in the matter promptly.

71

8 I.24

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The Committee have reasons to doubt whether the Store would survive as a viable unit particularly if, as estimated by the Inquiry Officer, its operations are, causing a loss of Rs. 1,600 daily. The suggestions given earlier in this report are prescriptions, which could possibly salvage the store's position, but Government would do well to keep a close watch on the working of the Stores. If the situation shows no improvement within the next year or so, it will have to be seriously considered whether the Store should be wound up.

