

**PUBLIC ACCOUNTS COMMITTEE
(1968-69)**

THIRTY-NINTH REPORT

(FOURTH LOK SABHA)

[Appropriation Accounts (Civil), 1966-67 and Audit Report (Civil), 1968 relating to Ministries of Education, Commerce and Works, Housing and Supply.]



**LOK SABHA SECRETARIAT
NEW DELHI**

November, 1968/Agrahayana, 1890 (Saka)

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PART II*

Minutes of the sittings of the Public Accounts Committee
held on:—

18-7-1968 (FN)

3-7-1968 (IN)

6-7-1968 (FN)

19-11-1968 (FN)

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(1968-69)

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Shri K. Seshadri—Under Secretary.

*Declared elected on the 19th August, 1968 vice Shri M. M. Dharis resigned from the Committee.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Thirty-Ninth Report (Fourth Lok Sabha) on Audit Report (Civil), 1968, relating to the Ministries of Education, Commerce and Works, Housing & Supply (Department of Works & Housing).

2. The Appropriation Accounts (Civil), 1966-67 together with the Audit Report (Civil), 1968, was laid on the Table of the House on the 3rd April, 1968. The Committee examined the paragraphs relating to the Ministries of Education, Commerce and Works, Housing and Supply (Department of Works and Housing) at their sittings held on the 18th, 3rd and 6th July, 1968 (FN) respectively. The Committee considered and finalised this Report at their sitting held on the 19th November, 1968 (FN). Minutes of these sittings of the Committee form part II* of the Report.

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

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of these accounts by the Comptroller & Auditor General of India.

5. The Committee would also like to express their thanks to the officers of the Ministries of Education, Commerce and Works, Housing & Supply (Department of Works and Housing) for the co-operation extended by them in giving information to the Committee.

M. R. MASANI,
Chairman,

NEW DELHI;

Public Accounts Committee.

November 21, 1968.

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I

MINISTRY OF EDUCATION

Audit Report (Civil), 1968

Delay in construction of buildings and avoidable expenditure on hiring of tents

Audit Paragraph

During May, 1961 to July, 1966, the Delhi Administration acquired 17 pieces of land at a cost of Rs. 42.90 lakhs for construction of buildings for various schools in different parts of Delhi. Till February, 1968, however, construction works were in progress only on 7 of these sites, and no construction work had yet been started on the remaining 10 sites. In the meantime, the Delhi Administration paid hire charges amounting to about Rs. 4 lakhs* during the period 1961-62 to 1966-67 for tented accommodation for the schools for which these sites were acquired. Had Government taken timely action to construct the buildings for the schools, not only could substantial portion of this expenditure have been avoided but the students would also have had better facilities for study.

1.2. The Delhi Administration have stated that the delay in construction of buildings was mainly due to the lengthy procedure for eviction of squatters|tenants from the acquired land, delays in obtaining administrative approval and expenditure sanction for the works, difficulties in getting the building plans approved by the Delhi Municipal Corporation and the ban on new constructions from October, 1964 to March, 1966. It is, however, observed that even in the cases where sites were purchased as far back as in May, 1961 and December, 1962 (at Nicholson Road and Kinari Bazar, Delhi) the construction works have not been started so far due to delays at various stages (March, 1968).

[Paragraph No. 36, Audit Report (Civil), 1968.]

1.3. The Committee pointed out to the Secretary, Ministry of Education that the Delhi Administration had acquired 17 plots of land costing Rs. 42.90 lakhs between May, 1961 and July, 1966, but had commenced construction only on seven of these sites by February, 1968. They enquired whether any advance programme was drawn

*In addition to this, hire charges amounting to about Rs. 6 lakhs were paid during 1961-62 to 1966-67 in respect of tented accommodation for schools elsewhere in Delhi.

up for the construction of these schools. The Secretary, Ministry of Education, stated that the idea was to put up schools as soon as possible. He explained: "The purchases were effected in accordance with the needs of certain localities. . . . Determining these needs, they (the Delhi Administration) purchased these sites at convenient places so that the school children might be able to avail themselves of these facilities." The Committee enquired what precisely the programme for the buildings was. In a note on this point, the Ministry of Education stated: "No precise programme for construction was drawn up in advance of the acquisition of land." It was also stated that it was difficult to do so, as construction depended on several factors like finalisation of acquisition, preparation of estimates for the work, acceptance of budget provision etc. The Committee drew the attention of the Secretary to the fact that due to absence of buildings, the Administration were obliged to put up tents at a cost of Rs. 4 lakhs over a period of 5 years and that the demands for these tents, according to a news item in the press that appeared on 14th July, 1968, was "unending". The Committee asked the Secretary what steps were being taken to complete these buildings, so that school going children might be saved the privations they now undergo. The witness said: "All this is due to lack of planning. . . ." and added that the Delhi Administration were now "organising themselves" and had drawn up a perspective plan for the buildings they were going to construct in the next three or four years. The Committee enquired how much of the student population were housed in tents and whether, before putting up tents, efforts were made to find out rented accommodation. The witness stated that of the three hundred and odd schools run by Delhi Administration, some were in rented and some in tented accommodation. In a note subsequently furnished to the Committee, the Ministry have stated that 57 Government schools are in tented and 18 in rented accommodation, with a student population of 19,714 and 9,515 respectively. 7 private schools in tented accommodation received grants aggregating Rs. 4.78 lakhs in 1965-66, Rs. 5.24 lakhs in 1966-67 and Rs. 5.60 lakhs in 1967-68. Efforts were made in 1962 through advertisement in the newspapers to secure rented accommodation for Government schools housed in tents but without avail. Rented accommodation, apart from being costly, was not found suitable for housing schools, having been constructed primarily for residential purposes. The Committee asked whether any attempt was made to raise pre-fabricated structures on the lands. In a note on this point the Ministry stated that the experience gained on 13 prefabricated structures in 1961 "did not warrant continuance of such type of construction." Such structures involved higher ex-

penditure on maintenance as compared to "pucca structures", had a shorter life and besides, took up more space, as they could be raised only as single storey buildings.

1.4. The Committee pointed out that there had been delay in the commencement of construction and asked whether it could not have been eliminated by advance planning. The Secretary, Ministry of Education, replied that the delay was caused by the time taken for clearance of plans by the Delhi Development Authority and the Delhi Municipal Corporation and the ban on construction of buildings which became operative in 1964 and was lifted in 1966. It was added that in the light of this experience, "the Administration has for the future taken a number of steps, one of which is that they arrange a periodical meeting with the officers concerned to reduce paper correspondence and personally to explain things and get the things expedited." The Ministry of Education subsequently furnished a statement showing the extent of delay caused by belated approval by Delhi Development Authority and the Municipal Corporation and the ban on construction. From the statement, it is seen that the delay was mainly caused by the ban on new construction imposed in 1964 by the Central Government as a measure of economy.

1.5. The Committee pointed out to the Secretary that the Delhi Administration had, in extenuation of the delay in constructing the buildings, informed Audit that "had this delay not happened, Government had to spend a large amount of capital outlay (estimated to be Rs. 94.86 lakhs @Rs. 5.58 lakhs per building). The interest on this amount alone works out to Rs. 4.75 lakhs per annum, which would be treated as savings to the State Exchequer. it can safely be held that running a school in tents is somewhat cheaper than raising a building." The Committee enquired whether Government considered this a valid argument. The Secretary, Ministry of Education replied, "Obviously this is just a defence put up."

1.6. The Committee enquired what the position was in regard to the 10 plots, on which construction had not commenced. The representative of the Ministry stated that on two of these plots (Nicholson Road and Kinari Bazar) acquired in May, 1961 and December, 1962 when they started framing estimates, after relaxation of the ban on construction in 1966, it was found that the soil conditions would not permit construction of a three-storeyed structure, as envisaged. Government were, therefore, thinking of a two-storeyed structure. The Committee enquired why the soil conditions on these plots could not be investigated beforehand. In a note on this point, the Ministry have stated that it was normally not possible to carry out investigations for soil testing on private properties before acquisition.

1.7. Explaining the position in regard to the remaining plots, the Secretary stated that vacant possession could not be obtained in respect of six plots, as there were squatters/tenants on these plots. Asked whether when the Administration acquired or purchased these plots, they were aware of this situation, the witness said they were. The Committee then enquired why the Administration agreed to the purchase of these plots. The witness said that these were the most convenient sites for schools and that in regard to squatters/tenants, efforts were being made to find alternative accommodation and failing that, to resort to the provisions of law to make them vacate. In response to another question, the witness stated that they were reasonably sure that they would get possession of the land. The Committee asked for statement regarding the six cases, indicating the date of acquisition, price paid, the number of squatters and tenants, the precise steps taken to get vacant possession and the progress made in that behalf. The information furnished by the Ministry is tabulated below:

Property No.	When acquired or purchased	Amount paid (Rs. in lakhs)	No. of tenants/squatters	Progress made in securing vacant possession
1	2	3	4	5
1.	October, 1964	2.34	39 families (tenants).	Possession made conditional in the award on provision of alternative accommodation. Matter under correspondence with Municipal Corporation/Delhi Development Authority since November, 1965.
2.	January, 1966	6.31	1 factory	Possession made conditional on alternative accommodation being provided to the factory. Writ filed by the factory against notice served them vacation.

1	2	3	4	5
3.	November, 1965	12.13	13 tenants (including factories) 103 persons (Not lawful tenants)	Possession made conditional on accommodation being provided to tenants. Matter under correspondence with Municipal Corporation since May, 1966.
4.	November, 1968 (Date on which sale deed was executed)	1.40	3 families	Eviction notices served on tenants, Matter under appeal in the courts.
5.	November, 1964	3.75	8 families	Eviction notice served on one tenant. The remaining seven cases pending in court.
6.	December, 1962	0.55	4 displaced families.	Families have demanded alternative accommodation. Move for eviction pro- ceedings initiated in November, 1967, but stayed following efforts to provide alternative accommoda- tion.

1.8. In all the foregoing cases, it was stated that it was difficult to say when vacant possession of the site would become available.

1.9. The Committee find that out of the 17 plots which the Delhi Administration acquired for school buildings between 1961 and 1966 at a cost of Rs. 42.90 lakhs, construction had been started only on seven plots. The Committee also note that out of six premises acquired at a cost of Rs. 26.48 lakhs five have not become available to the Administration for schools even after two to six years due to their continued occupation by tenants/squatters. While the Committee

are not averse to the acquisition of sites for building schools at suitable places, they consider that this should be done only after the most careful advance planning and thorough investigation of the suitability of the site lest later on Government find that the requisite multi-storeyed building, as in the case of sites on Nicholson Road and Kinari Bazar, cannot be put up.

1.10. The Committee therefore consider that, where a building is being acquired for a school, special care should be taken to ensure that either Government get vacant possession of it forthwith or by a specified date. Where the premises to be acquired are in the occupation of tenants/squatters, firm arrangements should be made beforehand with the Delhi Development Authority/Delhi Municipal Corporation who are responsible for Slum Clearance for their vacation of the site by a specified date.

1.11. In respect of the six premises already acquired by the Administration which continue to be occupied by tenants squatters, the Committee consider that Government should have pursued the matter more vigorously, particularly with the Delhi Development Authority/Delhi Municipal Corporation who are in charge of slum clearance work, so that alternative accommodation for such of the tenants/squatters who were eligible for it, could have been found expeditiously.

1.12. As regards the delay in the commencement of construction of buildings, the Committee suggest that Government should prepare blue-prints of such buildings in accordance with the perspective plan so that construction work can be started as soon as the financial sanction is received. The Committee need hardly suggest that, in preparing blue-prints for the schools, Government should ensure that the buildings provide well-lit and well-ventilated accommodation, with playing grounds, where feasible.

1.13. The Committee are concerned to find that as many as 57 out of 300 odd schools run by the Administration are housed in tents, besides seven other private institutions receiving grants from Government. The Committee are particularly distressed at the reply sent by the Administration to the Audit Paragraph to the effect: "Running a school in tents is somewhat cheaper than raising a building", because of the interest on the capital outlay of the building that would be saved thereby. The Committee consider that the first concern of the Administration should have been to provide healthy and hygienic environment in schools for the future citizens of the country.

1.14. The Committee suggest that Government should shed this attitude of complacency in the matter of housing school children in tented accommodation for an indefinite period and draw up a phased programme for providing permanent structures. In the meantime, the Committee would commend to Government two lines of approach:

- (i) Government may utilise the services of research organisations, particularly the National Buildings Organisation, in order to devise a reasonably cheap but adequate shelter for school children till a permanent building is raised. The structure may be such as could be utilised at another site when the permanent building comes up.
- (ii) Government should make a sustained effort to rent accommodation to house schools where Government have either been unable to acquire a suitable site or where a permanent building is not likely to be constructed in the near future.

In this context the Committee feel unhappy that the Administration gave up their efforts to rent accommodation for schools after making an effort once in 1962 by insertion of an advertisement. It is common knowledge that not a small number of private schools in Delhi are housed in rented accommodation and therefore the Committee see no reason why Government cannot find suitable rented accommodation to house their schools.

1.15. The Committee also suggest that Government should earmark and acquire the most suitable sites for school buildings in the new areas which are being developed in Delhi so that the problem of finding a suitable site for such schools does not arise in future.

Misutilisation of grant-in-aid

Audit Paragraph

1.16. On the recommendation of the Karnatak University, Government had paid to Shanker College, Yadgir (Mysore State) a grant of Rs. 21,000 (in two equal instalments paid in February, 1959 and October, 1960) for construction of a recreation hall-cum-auditorium. The College was to contribute Rs. 21,750 and the work was to be completed in one year (subsequently extended to two years). In July, 1964 the University forwarded to Government a certificate from the Executive Engineer to the effect that the college had spent a sum of Rs. 54,300 on this work. The Technical Audit Cell of the Government of Mysore, however, found in January, 1965 that the building had come upto lintel level in 1960 and no work appeared

to have been done subsequently. The work done was estimated by the cell at Rs. 24,000.

1.17. Audit brought the case to the notice of the Government in April, 1967. In June, 1967 Government directed the Principal of the College to refund the entire grant of Rs. 21,000. Further information is awaited (January, 1968).

A case of mis-utilisation grants-in-aid paid to this College by the University Grants Commission as appearing in Appendix XVI of Audit Report (Civil) 1968 is as below:—

1.18	Name of the College and project: Date of approval by the Commission	Approved cost	Commission's share	Grant released upto September, 1967	Remarks
	1	2	3	4	5

(In lakhs of rupees)

(A)	Shankar College, Yadgir (Mysore) Construction of building and purchase of equipment (January, 1959)	1.60	0.80	0.80	In addition to the grant of Rs. 0.80 lakh received from the Commission during January, 1960 to July, 1962, the College received grants totalling Rs. 0.96 lakh from the Government of Mysore during March, 1958 to March, 1963 and Rs. 0.20 lakh from the former Hyderabad State in July, 1955. Against the total amount of Rs. 1.96 lakhs so drawn, the college authorities reported in January, 1963 that an expenditure of Rs. 1.61 lakhs had been incurred. This was duly certified by the Registrar, Karnatak University based on a certificate given by a Chartered Accountant. In January, 1965, however, the Technical Audit Cell of the Government of Mysore which scrutinised the accounts of
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the college found that the actual expenditure incurred by the college was only Rs. 0.72 lakh. In regard to the construction of the buildings, the initial records such as measurement books, work bills, etc., were not available and the Cell assessed the cost of work as only Rs. 13,500 against Rs. 1.03 lakhs reported earlier by the college duly supported by a valuation certificate of the Executive Engineer of the State Public Works Department. Even this work according to the Cell, may have to be abandoned in view of its haphazard structure.

Government stated in June, 1967 that the college had been closed as it had been disaffiliated by the Karnatak University from 1966. In regard to the grants, it was stated that "the State Government had undertaken action to set right the various irregularities committed in the college as also safeguarding the assets from being misappropriated elsewhere." It was also reported in January, 1968 that the case was under investigation by the Special Police Establishment.

[Paragraph No 110, Audit Report (Civil), 1968]

1.19. The Committee drew the attention of the Secretary, Ministry of Education to the two cases of misapplication of grants by the college reported by Audit. One related to the grant of Rs. 21,000 given by Government in February, 1959-October, 1960 for the cons-

struction of a recreation all-cum-auditorium and the other, reported in Appendix XVI of the Audit Report, was in respect of a grant of Rs. 80,000 given by the University Grants Commission during January, 1960 to July 1962 for construction of buildings and purchase of equipment. The Committee asked how exactly the case came to the notice of Government. The representative of the University Grants Commission stated that the matter came to notice when the Commission received a copy of a report submitted to the State Government by the Director of Collegiate Education, Mysore. In a written note subsequently submitted to the Committee, it has been stated that the Karnatak University, to which this college was affiliated, came to know, in December, 1964, that the audited statement of expenditure of the Institution in respect of the grants received from the Commission did not present the true state of affairs. The Vice-Chancellor of the University, therefore took up the matter with the State Government and a special Technical Audit Cell was appointed to scrutinise the accounts of the college and estimate the amount spent by the institution on the construction of buildings. The report of the Cell, which was submitted in February, 1965, was sent by the University to the Director of Collegiate Education, Mysore in March, 1965. It was only in April, 1966, that the Commission became aware of the position, when the Director of Collegiate Education enquired from the University about the action taken against the Management of the institution and endorsed a copy of his communication to the Commission. Subsequently, in June, 1966, the Karnatak University apprised the Commission of the full facts and asked them to initiate legal proceedings.

1.20. The Committee enquired how Government proposed to recover the money involved. The Secretary, Ministry of Education stated that the college had been disaffiliated, but that there was a Managing Committee, which used to run the college. The Central Bureau of Investigation had been asked in 1967 to investigate the case and court proceedings would be started thereafter. The representative of the C.B.I., who was asked to explain the position, said that their report had been just completed and was under legal scrutiny and would be completed "within the next one month or so." The Secretary further stated that a civil suit might be filed for recovery of money. The Committee then enquired whether Government could execute a decree, even if one was obtained, against the management's private funds. The representative of the University Grants Commission stated that the State Government who had also given grants to the institution had also initiated civil proceedings. The Committee then pointed out that this will not make the problem of

the Central Government easy. On the other hand, it would make it more difficult, in that the State Government would be another claimant on the management's funds. The Committee enquired whether the Central Government had specifically taken steps to ascertain whether the management was still in possession of the property and had not alienated it. The representative of the University Grants Commission replied that from the very beginning they had asked the University to examine this point. The Committee then asked for copies of correspondence exchanged on this issue, which have since been furnished. From these, it is seen that in July, 1966, the Commission addressed the State Government in the matter and that, in August, 1966, the State Government informed the Commission that "action is being taken to set right the various irregularities... as also safeguarding the assets from being misappropriated." In June, 1967, the State Government further informed the Commission that, as the management had failed and the college had closed down, the Commission "may take such action as deemed fit." Thereafter, in July, 1967, the Commission asked the University to obtain possession of the assets, to which the University replied in August, 1967, that as "the U.G.C. grants... have been either misapplied or misappropriated... no immovable property can be shown as equivalent of the assets acquired out of U.G.C. grants." The University further advised that the Chairman of the management "is a man of property" but that, as many parties were likely to sue him, he may "dispose of all his property and thus render our proceedings infructuous, if we delay the matter." The Commission was therefore advised to have recourse to legal proceedings and decide whether civil or criminal proceedings should be launched. The University expressed itself to be willing to assist and support the University Grants Commission in the matter.

1.21. The Committee pointed out that civil proceedings may be a very ineffective remedy and not preventive at all and asked whether the possibility of launching criminal proceedings had been examined. The Secretary replied: "That is before the CBI and we have informed the State Government. As soon as the CBI Report is available, criminal proceedings will be launched." The Committee enquired what action was being taken against the engineer and chartered accountant who certified to the expenditure in this case. The Secretary stated that the engineer was a State Government official and they had brought the facts of the case to the notice of the State Government for necessary action.

1.22. The Committee drew the attention of the Government to the fact that the case came to their notice after a substantial delay and

enquired whether they had any investigating agency to look into such cases. The witness stated that in these matters they depended on the University. The Universities were the recognised agency for routing applications for financial assistance from college and Government or the Commission disbursed grants through the Universities. The institutions were required to send quarterly progress reports certified by the State P.W.D. Engineer/Chartered Accountant for watching the progress of construction of work before further grants were released. The Secretary, Ministry of Education added: "I do not think that setting up of a machinery is really feasible or possible. It will involve such an enormous amount that, I do not think, it is worthwhile. We have to depend on local authorities like the Universities and State Governments in these matters." The Committee then invited attention to their suggestion in their 14th Report (Fourth Lok Sabha) that the Universities State Governments, who sponsor grants for colleges, should, in equity, take a good measure of responsibility for ensuring that the money is properly utilised and enquired what action had been taken to evolve a suitable working arrangement. The witness stated that the suggestion was being examined. In a note subsequently submitted on this point, the University Grants Commission stated: "The recommendation of the Public Accounts Committee was placed before the Commission at its meeting held in August, 1968. The Commission desired that the views and comments of the Universities may be obtained for the consideration of the Commission. These have been already called for and are awaited."

1.23. The Committee note that grants aggregating Rs. 1.01 lakhs given by Government and the University Grants Commission to the institution were found to have been misapplied or misappropriated. The misapplication or misappropriation was suspected by the University concerned in December, 1964 and got investigated by them in February, 1965, but the University Grants Commission became aware of the position for the first time only in April, 1966. This suggests that the existing arrangements for liaison between the Commission and the Universities leave much to be desired. The Committee would like in this connection to reiterate the recommendation in para 3.17 of their 14th Report (Fourth Lok Sabha) that the Universities/State Governments who sponsor grants to colleges should assume the responsibility for ensuring that such grants are properly utilised and a working arrangement in this regard should be evolved by Government in consultation with the authorities concerned. The Committee trust that early action to implement this recommendation will be taken.

1.24. The Committee also notice that, though the University advised the University Grants Commission in June, 1966, to initiate legal proceedings and pointed out specifically in August, 1967 that the party concerned was likely to alienate his assets and render proceedings infructuous, if they were delayed further, Government/the Commission have not so far registered any civil or criminal case.

1.25. The Committee consider that in all such cases Government/University Grants Commission should press with greater vigour their claim for recovery from colleges/institutions which have misappropriated the grants and initiate necessary legal proceedings expeditiously. The Committee also consider that, in such cases, the Central Bureau of Investigation should investigate the matter with a greater sense of urgency to facilitate timely action being taken. The Committee hope that the C.B.I. report on the subject would become available without further delay and that, on its receipt, Government would consider not only the question of initiating criminal proceedings against the college authorities for misappropriating the money but also decide what action should be taken against the engineer and chartered accountant on the basis of whose false certificates grants were sanctioned by Government University Grants Commission. The Committee also suggest that Government should review in the light of the C.B.I.'s report the general procedure followed for the release of Central grants to colleges/institutions in order to ensure that such instances of misappropriation do not recur.

II
MINISTRY OF COMMERCE
(DIRECTORATE OF EXHIBITION)

Showrooms

Audit Paragraph

During 1957-58 to 1966-67, the Ministry maintained a number of showrooms (13 to 16) in foreign countries under the supervision of the local Indian Missions; the expenditure on these showrooms ranged between Rs. 8.30 lakhs and Rs. 18.46 lakhs per annum. Seven showrooms, on which a total expenditure of Rs. 23.56 lakhs had been incurred, were closed down during June, 1965 to April, 1967; and seven others were transferred, during the same period, to the State Trading Corporation for being run on commercial lines; only two showrooms are still being managed through Missions.

2.2. A review of the working of some of the showrooms has brought out the following facts:

(i) Engineering and other goods worth about Rs. 69,326 were sent from India to the showroom at Khartoum for display from August, 1963 onwards. Certain goods were put for display, but the displays were not rotated frequently according to the programme of rotational displays. Monthly reports on the working of the showroom were also not submitted by the Mission to Government after August, 1965. In September, 1965 the Mission recommended the conversion of the showroom into a Tea Centre on the ground that the Mission could not effectively supervise its working as it was located at a considerable distance from the Chancery. Before a final decision could be taken by Government on this proposal, the Mission, in December, 1965, came up with another suggestion that, if the showroom and the Mission could be located in one building, they would be able to control the working of the showroom more effectively. This suggestion was accepted, and accordingly a building having an area of 5,144 sq. ft. was hired for this purpose for a period of three years from 16th July, 1966 at a rental of Rs. 8,620 p.m. (Rs. 5,603 to be borne by the showroom and Rs. 3,017 by the Chancery).

On 1st September, 1966, it was decided to transfer the showroom to the State Trading Corporation for running it on commercial lines

The State Trading Corporation subsequently having declined to take it over, the showroom was closed down from 1st April, 1967. Since the accommodation rendered surplus as a result of the closure of the showroom cannot be surrendered to the landlord before 16th July, 1969, according to the terms of the lease, nor has it been sub-let, it has been entailing expenditure on rent a Rs. 5,603 p.m. from 1st April, 1967.

(ii) The showroom at Beirut was opened in March, 1961 and an expenditure of Rs. 11.21 lakhs (including Rs. 8.58 lakhs on rent of building and pay and allowances of staff) was incurred on the running of this showroom upto March, 1967.

Textile, engineering and other goods worth about Rs. 1.23 lakhs were sent from India for display there up to October, 1963. In July, 1964, the Indian Ambassador in Lebanon informed the Ministry that no fresh exhibits for display in the showroom were being received from India and that unless regular supply could be ensured, he would be obliged to recommend its closure, or at any rate, to limit its activities, to avoid expenditure on foreign exchange. However, textile and other goods worth Rs. 18,900 only were arranged to be sent to the showroom during October, 1964 to May, 1966. In November, 1966 the Ministry of External Affairs observed that the decision to set up the showroom was unsound and that money was being spent on it without any commensurate advantage to Government. The showroom was handed over to the State Trading Corporation from 1st April, 1967 for being run on commercial lines.

(iii) Goods worth Rs. 5.05 lakhs received back from showrooms and fairs abroad during 1958-59 to 1966-67 had not been disposed of upto October, 1967 and were lying with the shipping agents at Bombay (Rs. 2.56 lakhs) and with the Central Stores at New Delhi (Rs. 2.49 lakhs).

2.3 The Ministry had stated to Audit in January, 1968 that out of the goods held by the shipping agents at Bombay, goods of the value of Rs. 1.79 lakhs have since been made over to the Directorate General of Supplies and Disposal and that efforts would be made to dispose of the other goods as expeditiously as possible.

[Paragraph No. 35, Audit Report (civil), 1968]

2.4 Asked about the idea underlying the opening of showrooms in Asia and Africa, the Secretary, Ministry of Commerce, stated that the idea was first to create the image of new India and secondly to create interest in the new Industrial products being manufactured in India.

2.5 The Committee are informed that out of seventeen show-rooms that were being maintained by the Ministry through the Indian Missions abroad, eight showrooms were closed down as per details given below:

S. No.	Show Room	Date of closure
1	New York Trade Centre	1st January, 1965
2	Rangoon	1st June, 1965
3	Diakarta	1st April, 1966
4	Karachi	
5	Colombo	1st August, 1966
6	Manila	25th October, 1966
7	Khartoum	1st April, 1967
8	Jeddah	1st April, 1967

2.6 Asked whether the decision to close down seven showrooms on which the total expenditure of Rs. 23.56 lakhs had been incurred indicated that the experiment had failed, the Secretary of the Ministry replied "No, Sir. It would be inaccurate for me to describe all of them to be failures. But we came to the conclusion that the effort which had been made had stimulated sufficient trade interest for the State Trading Corporation to organise the next stage of the effort, namely to open an office or convert a showroom into an office where it is not merely an image building, not merely trade introduction but it is actual trade. So in these other places where the showrooms were closed down we came to the conclusion that neither from political point of view nor from the commercial point of view the second type of efforts as at this moment called for."

2.7 The Committee find that the Study Team of the State Trading Corporation which visited the showrooms at Tehran, Baghdad, Cairo and Beirut have made the following pertinent observations:

"The showrooms visited by us have been in existence for five to ten years. The objectives with which these showrooms were first started by the Government were to give publicity to the products of India's new industries, and also to stimulate additional interest in traditional items of exports. Generally speaking they have not succeeded in presenting a really good image of India's

products; they could possibly be more effective even as a publicity medium."

"The story of indifferent and halting supplies, static and in some cases out of date display, paucity of commercial information and lack of authority for concluding business runs through all along. Even as display places the showrooms could be more attractive."

"In the other two places viz. Cairo and Baghdad where showrooms are located separately and in good commercial areas, they seem to be in a state of solemn neglect."

"Evidently it is not enough to set up a showroom. It is very necessary to keep it up, and for this purpose periodical changes in display are essential."

"Our centres do not have enough information with them. We must provide them with photographic albums, catalogues, sample books, price lists etc."

2.8 The Committee drew the attention of the Secretary of the Ministry to the aforesaid report of the Study Team of the State Trading Corporation and enquired whether it would be correct to say, as stated in the Report, that the showrooms were neglected. The Secretary, Ministry of Commerce replied: "It was an experiment. And in some places it succeeded more and in some places it succeeded less."

2.9 The Committee find that the value of goods on display in Baghdad was Rs. 73,400 and in Khartoum Rs. 69,326. The Secretary, Ministry of Commerce stated that the main difficulty they faced was in attracting the interest of the Indian producers to undertake the expense of providing the goods which were required for display in the showrooms, although Government were prepared to pay transportation costs and provide storage facilities. He concluded "In a number of cases, and on a number of occasions we found that the products available to us were either not of the right quality or did not cover the full range....." The Committee enquired whether the trade and industry did not consider it worthwhile to send their goods for display in showrooms. The witness stated "No, Sir. I am not saying that the industry has not been showing greater interest in the matter..... the extent of the interest at that time—at the introductory stage was not sufficient to build up a big enough flow."

2.10 Asked why definite commitments from trade or industry could not be obtained before opening a showroom, the witness replied that in that case "we perhaps would not have opened many of the showrooms and the interest which has developed would not have developed." The Secretary of the Ministry stated "Within the limitations of finance, within the limitation of the growing industry and growing export interest, the only thing I can say is that we have done the best we could and we have taken the earliest possible opportunity to move on to the next stage when it looked to be successful and to close down when it looked it was not going to succeed."

2.11 Pointing out that fresh accommodation at a cost of Rs. 5,603 per month had been hired for 3 years w.e.f. 16th July, 1966 for the showroom at Khartoum shortly before its closure, the Committee enquired how such a situation arose. The Secretary of the Ministry of Commerce pointed out that the situation arose out of State Trading Corporation's refusal to take over the showroom. He added: "I am not saying that the infructuous expenditure was justified. I am also not absolutely certain in my mind that the State Trading Corporation's commercial judgement was the correct one."

2.12. Asked about Government's latest policy about running of showrooms, the Secretary, Ministry of Commerce, stated that "a general decision has been taken that whenever the development has reached a stage where commercial judgements should be exercised the showrooms should be handed over to State Trading Corporation. The General decision has also been taken that except for political or some other commercial reasons no new showrooms should be started." The Committee desired to know whether the stage of commercial development had not been reached by the two showrooms being run by Government at Kabul and Bahrein. The witness stated that these showrooms were being run both for political and economic reasons. Asked what the political considerations were, the representative of the Ministry of External Affairs stated that the idea was "to project an image abroad, both politically and economically" The representative of the Ministry of Commerce stated that the commercial potential at both the showrooms was considerable.

2.13 The Committee understand that the State Trading Corporation has been asked to re-examine the possibility of taking over and running on commercial lines the showroom at Kabul.

2.14. The Committee regret to note that out of 16 showrooms which were opened during 1957-58 to 1966-67, seven showrooms on which over Rs. 23 lakhs were spent had to be closed down. Though the Committee do not doubt the underlying purpose of setting up the showrooms, namely, to bring home to the countries in Asia and Africa the things that India makes and can export, the fact remains that, for want of follow up action, the objectives could not in all cases be realised. Had Government taken care periodically to evaluate the contribution of each of the showrooms towards the development of exports vis-a-vis the expenditure incurred on its maintenance, they would have come to realise the imperative need for either improving the quality and range of exhibits displayed or closing down some of the showrooms earlier, thereby saving the exchequer a few lakhs of rupees. The Committee cannot appreciate why Government did not avail of the opportunity in 1966 critically to review the value of the showroom at Khartoum vis-a-vis the expenditure incurred before committing themselves for three years to the lease of a new building for the showroom at a rent of Rs. 5,603 per month.

2.15. The Committee are keen that the lessons learnt in the running of showrooms should be put to good use by Government in evaluating other activities, undertaken at Government expense, in the name of promoting exports, so that precious resources are not dissipated on activities which serve little purpose.

2.16. The Committee would like Government to ensure that the Government-run-showrooms in Kabul and Bahrein do not become expensive museum pieces and impose an indefinite liability on Government. Government should ensure that the range and quality of exhibits in these showrooms serve the underlying purpose of evoking interest in India's manufactures, thereby improving export prospects. Government should, in accordance with their policies, hand over the running of the showrooms to the State Trading Corporation at the earliest opportune time.

2.17. The Committee understand that the State Trading Corporation has taken over the showroom at Nairobi and the showrooms at Beirut, Bangkok, Baghdad and Lagos with effect from 1st April, 1967.

2.18. The State Trading Corporation has also taken over the showroom at Tehran from 1st August, 1967.

2.19. The table below shows the trade enquiries dealt with by these showrooms, the value of orders booked and the total exports

to the countries in which these are located:

S. No.	Location of showroom	Grants-in-aid since paid by Government in 1967-68	No. of trade enquiries since transferred to S.T.C.	Value of orders booked in 1967-68	Total exports to the country concerned		
					1965-66	1966-67	1967-68
(Rupees in lakhs)							
1	Lagos	1.43	1083 (upto June, 1968)	14.30	401	459	375
2	Tehran	1.01	265 (upto June, 1968)	65.77	599	1031	1420
3	Bangkok	0.86	147 (upto June, 1968)	11.99	158	427	849
4	Beirut	2.29	546	144.13	78	174	153
5	Nairobi	N.A.	188 (February, 1967 to March, 1968)	484.00	488	731	604
6	Baghdad	1.58	Closed down from April, 1968.				

2.20. The Committee desired to know in particular the value of orders booked by Beirut and Bangkok Showrooms, the maintenance of which had been questioned by the Ministry of External Affairs. The Ministry of Commerce have furnished the following information:

- (i) The showroom at Beirut was opened in March, 1961 while that at Bangkok was opened in 1950.
- (ii) Expenditure incurred on the showroom by Government for a period of 5 years before it was taken over by the State Trading Corporation is given below:

(a) *Beirut Showroom*

Year	Expenditure	
	incurred abroad on the running and maintenance of the showroom	incurred in India on freight etc.
	Rs.	Rs.
1962-63	2,23,257	15,911
1963-64	1,68,945	15,836
1964-65	1,63,881	1,708
1965-66	1,61,369	2,805
1966-67	1,90,450*	9,584*

*Increase is mainly due to devaluation of the rupee in June, 1966.

(b) Bangkok Showroom

Year	Expenditure incurred abroad on the running and maintenance of the showroom	Expenditure incurred in India on freight etc.
	Rs.	Rs.
1962-63	61,937	2,279
1963-64	76,437	9,618
1964-65	77,137	5,674
1965-66	58,063	7,076
1966-67	1,02,226*	3,592

*Increase is mainly due to devaluation of the rupee in June, 1966.

(iii) Textile, Engineering and other goods worth Rs. 1.42 lakhs (approximately) were displayed in the Beirut showroom from March, 1961 to March, 1967. Engineering goods, Textiles, leather and sports goods, chemicals and allied products and miscellaneous goods worth Rs. 1.38 lakhs (approximately) were on display in the Bangkok showroom from December, 1962 to February, 1967.

(iv) While taking a decision in regard to the continuance of the showrooms, the following points were taken into account:—

- (i) Useful contribution they could make to the cause of Export Promotion.
- (ii) The potentialities for trade development with the countries concerned and the region as a whole.

Before their transfer to the State Trading Corporation, the showrooms only provided visual publicity to Indian products. After its transfer to the State Trading Corporation, however, export promotion has been made the primary function. State Trading Corporation Managers are charged with the responsibility of booking export orders at the best possible prices for the largest number of commodities, both traditional and non-traditional. During 1967-68, the Beirut and Bangkok offices booked export orders for Rs. 144.13 lakhs and Rs. 11.99 lakhs respectively."

2.21. The Interim Report of the Committee set up by Government to review the working of the State Trading Corporation contains

some pertinent observations about showrooms. The Report *inter alia* states: "Unless the objectives are defined and the operations are checked against them, there is a danger of their becoming 'museum pieces' of an 'India-can-make-it type'. The usefulness of a showroom would lie in occupying a small amount of space for the strategic purpose of special displays to serve a single topical interest; a kind of quick exhibition, when for instance, there is a trade delegation, of articles that are being offered to the market by the delegation. There can of course always be a testefully furnished display window for drawing attention to new products, but this is something quite different from the large expensively maintained showrooms which seem to have very little justification."

2.22. The State Trading Corporation Study Team on showrooms had laid down the objectives for the showrooms in the following terms:

"The new concept of our trade centre should be: A good showroom; a good market study cell and a good business booking office."

2.23. The Committee referred to the grants-in-aid being given by the Government with effect from 1967-68 to the showrooms transferred to the State Trading Corporation and enquired how long Government proposed to extend such financial assistance, in view of the fact that the State Trading Corporation was making profits. The representative of Government stated that a decision had not yet been taken and that the position will be reviewed in the light of the first year's performance and experience. He, however, pointed out that at the instance of Government the State Trading Corporation would also be providing facilities in the showrooms to non-associate exporters and therefore the Corporation would be entitled to claim service charges for this service.

2.24. The Committee note that the State Trading Corporation are required to send quarterly report to the Ministry on the progress of the trade promotion activities.

2.25. The Committee also enquired whether there were any offices of Export Promotion Council at any of the stations where State Trading Corporation maintained the showrooms and if so, whether Government considered it necessary that the showrooms should be maintained. In a note Government have stated:

"Out of the Stations where State Trading Corporation of India Ltd. maintain their showrooms, the **Engineering Export**

Promotion Council have their officers at Nairobi and Beirut and the Silk and Rayon Export Promotion Council have their office at Nairobi. As these offices are concerned with the export of engineering and silk and rayon goods only, it is considered necessary that State Trading Corporation of India Ltd. should continue maintaining the showrooms at these places to promote the export of all other items to these countries."

2.26. The Committee are glad to note that the trend of booking of orders at all showrooms, except at Lagos and Bangkok, is encouraging. The Committee would like Government and the State Trading Corporation to review critically the working of the showrooms at Lagos and Bangkok so as to evolve a suitable strategy to advance the cause of exports. In particular, the Committee cannot overemphasise the need for meaningful display of exhibits with reference to the requirements of the country and the export potential of India.

2.27. The Committee note that the State Trading Corporation is required to send quarterly progress reports to the Ministry about the trade promotion activities at these showrooms. The Committee hope that Government will subject these progress reports to critical examination so as to make sure that the State Trading Corporation live up to the avowed objective of providing a good showroom, a good market study cell and a good business booking office.

2.28. The Committee feel that, if the showrooms are run efficiently on business lines, it should be possible, before long, for the State Trading Corporation to take over the entire financial responsibility for these showrooms. Government should therefore review periodically the working of the showrooms in consultation with the Corporation with a view to discontinuing the grants-in-aid when the showrooms become self-supporting.

2.29. The Committee would also like Government to ensure that where showrooms are located at places where an office or offices of Export Promotion Councils exist, steps are taken to bring about co-ordination between the working of these organisations so that duplication and waste are avoided. This would appear to be particularly important since financial assistance is extended by Government to the Export Promotion Councils also. The Committee would like Government to examine, in particular, whether at places where the showrooms exist alongside of offices of the Export Promotion Councils, one integrated organisation would not serve better the cause of export promotion.

2.30. With regard to sub-para (iii), the Ministry of Commerce have given the present position of disposal of goods. It is stated:

“(a) Stores held at Bombay.

Out of the goods of value Rs. 2.56 lakhs mentioned in the audit para, stores of value Rs. 2.23 lakhs have been disposed of by auction arranged by the D.G.S.& D. on 10th May, 1968 and 5th August, 1968. The balance stock of goods (of value Rs. 33,000) are held by the D.G.S.& D. as the same could not be sold in auction held in August 1968 due to poor response from the bidders.”

“(b) Stores held at New Delhi.

Out of the goods valued at Rs. 2.49 lakhs mentioned in the audit para, goods of value Rs. 99,510 have been disposed of by auction arranged by the D.G.S. & D. on 15th July, 1968. Goods valued at Rs. 1,00,255 are likely to be put up for auction by the Organisation of D.G.S.&D. before the end of November, 1968. The disposal of the balance of goods (of value Rs. 49,235) is expected to be completed by the end of March, 1969.”

2.31. The Committee suggest that a detailed procedure should be worked out, in consultation with trade and industry, for the procurement, display and return of exhibits. The arrangement should be businesslike enough to inspire confidence so that the showrooms can display meaningful exhibits which would be of special trade interest to the country concerned.

III

MINISTRY OF WORKS, HOUSING & SUPPLY

(DEPARTMENT OF WORKS & HOUSING)

Audit Paragraph

Audit PParagraph

Under Section 17(1) of the Land Acquisition Act, 1894, which provides for acquisition of waste and arable land, a piece of site measuring 849.08 acres situated in village Mohammadpur Munirka was acquired in 1958. The award was announced on 7th October, 1958 for Rs. 124.09 lakhs. Most of the land is now a built-up area and forms part of Ramakrishnapuram.

3.2. Some of the land-owners appealed against the acquisition proceedings in April, 1959 on the ground that it was not waste or arable land, as contemplated under Section 17(1) of the Act, and that they had purchased the plots during 1952 to 1957 from a private company who had already acquired the land with a view to developing it into a residential colony. In April, 1960 the case was decreed by the lower court with costs against Government. The appeals filed by Government in July, 1960 and April, 1962 were also dismissed by the Appellate Court and the High Court in August, 1961 and January, 1966 respectively. Fresh acquisition proceedings for acquiring the developed land under appropriate provisions of the Act were not initiated till January, 1968.

3.3. The Ministry have stated that they failed to obtain leave for appeal to the Supreme Court from the High Court and that in consultation with the Ministry of Law it was decided in January, 1968 to apply to the Supreme Court for grant of special leave for appeal.

[Paragraph No. 68. Audit Report (Civil), 1968]

3.4. From the information furnished to the Committee, it is seen that acquisition proceedings in regard to these lands were initiated by the Chief Commissioner, Delhi in March, 1957. Two notifications dated 8th March, 1957, both of them published in the Gazette of India dated 21st March, 1957, were issued. The first notification stated that the lands were likely to be required for a public purpose, in terms of Section 4 of the Land Acquisition Act and further

that, as the intended acquisition was a case of urgency and the lands were waste or arable, the procedure for hearing objections against the acquisition would be dispensed with, in terms of Section 17 of the Act. The second notification was a declaration of intended acquisition required in terms of Section 6 of the Act. Possession of the land was stated to have been taken by the Collector on 8th June, 1957.

3.5. 26 of the plot owners raised objections to the acquisition, in the form of notices under Section 80 of the Civil Procedure Code on various dates between November, 1958 and January, 1959. On receipt of these notices, Government obtained the remarks of the Delhi Administration as also the advice of Ministry of Law and it was decided that no action need be taken on the notices.

3.6. The Committee enquired from the Secretary, Ministry of Works & Housing whether, while raising objections, the land-owners had drawn Government's attention to the fact that they had purchased the land from a private company which had developed it. The Committee also wanted to know whether Government ascertained from the revenue records whether the land was waste or arable. The Committee were, in reply, given copies of the objections raised by one of the parties, the remarks of the Delhi Administration thereon and the advice given by the Ministry of Law. The Committee observe from these documents that in the course of his objections, the party had questioned the validity of the proceedings adopted under Section 17, treating the land as waste or arable. It was pointed out that "the land in question... is not at all waste or arable land," as "the aforesaid land had been levelled at high cost" "developed and made fit for residential houses by demarcation of plots" and "pucca tarred roads along with storm water channels exist there." The Delhi Administration's remarks on this point were: ".....the land was either waste or arable and therefore Section 17 was rightly applied."

3.7. The Committee consider it unfortunate that Government did not examine the question whether the land could be treated as waste or arable and whether Section 17 of the Act could be resorted to, in the light of the objection raised by the landowners that the land had been developed. When the matter subsequently went to court, one of the factors the court took into account, while decreeing against the acquisition proceedings, was the fact that the land had been developed and could not therefore have been categorised as waste or arable.

3.8. The Committee drew the attention of the witness to the fact that the case had gone against Government on three occasions—first, in April, 1960, before the Sub-judge; next, in August, 1961, in the Appellate Court, and subsequently, in January, 1966, before the High Court. The Committee enquired what were the factors which weighed with the judges in accepting the contention of the landowners. The Secretary, Ministry of Works and Housing stated that the main contention of the landowners was that the land was not waste or arable and that therefore Section 17 would not apply and the courts had upheld this view. From copies of the court judgments and the legal opinion obtained by Government after the judgments were delivered, the following picture of the case emerges.

3.9. The Sub-judge decreed the case against the Government, *inter alia*, on the grounds that:—

- (a) the lands were still in possession of the landowners, as even after the date on which acquisition was purported to have been taken by the Land Acquisition Collector (i.e., 8th June, 1957), mutation entries in favour of some of the landowners had been made in the revenue records;
- (b) the land, having been developed by a private company, could not be deemed 'waste or arable'.
- (c) after acquisition proceedings had been finalised in June, 1957, Government themselves, in August, 1958, withdrew from the scope of the proceedings certain pieces of land for the reason that there were residential buildings thereon at the time of issue of notifications.

3.10. After this judgement, the Ministry of Law advised that "we do not have strong grounds in challenging the findings of the court that the land in this case is neither waste nor arable land within the meaning of Section 17". They further stated that "we may with reasonable chances of success contend that though the notification under Section 17(1) and (4) is held to be *ultra vires*, the notification under Sections 4 and 6 cannot be questioned and that the judgement to this extent is incorrect." However, an appeal was filed with the Senior Sub-judge against all the findings of the sub-judge, who in his judgement, upheld the case against Government on all the counts. The Ministry of Law, who were consulted after this judgement, stated that "it was unwise to have pressed on the learned judge that the land was waste land" and further advised that "the argument ought to have been that even if the land was

not waste land and, therefore, the direction under section 17(4) was not lawfully issued and the direction to take possession under section 17(1) was illegal, the only consequence would be that possession of the land could not be taken and that the declaration under section 6 would be void for want of compliance of the requirements of section 5A. The validity of the notification under section 4 was not, however, affected and therefore no perpetual injunction in the terms in which it was granted could have been issued." Accordingly, an appeal was filed with the High Court, who however dismissed the appeal, stating:

"This is a new argument The argument in the form in which it was presented to us was not addressed even to the lower appellate court In the circumstances, it would appear to be highly unjust and inequitable to entertain the submission now being made in second appeal"

3.11. The Committee are surprised to find that, after the date on which the Land Acquisition Collector purported to take possession of the land, mutation entries in favour of some of the landowners were made in the revenue records. The Committee would like Government to investigate the matter.

3.12. The Committee also note that, after the acquisition notifications were issued, treat the entire land as waste or arable, Government withdrew from the scope of the acquisition certain pieces of land on the ground that these were built up areas. This would indicate that the proceedings were not initiated after a thorough and meticulous survey of the properties affected. The Committee would like the responsibility for this lapse to be fixed.

3.13. The Committee would also like Government to issue instructions to ensure that, before summary acquisition proceedings under Section 17 are initiated in future, the properties are most carefully surveyed so that later on the proceedings are not thrown into jeopardy.

3.14. The Committee also notice that, after the Sub-Judge had decreed the case against Government and the Ministry of Law had advised that it may not be possible to challenge the finding that the land was not waste or arable, the matter was still pressed unsuccessfully in the first appeal. It was only in second appeal that Government raised the point that, even if the land was not waste or arable and the proceedings under Section 17 were invalid, the validity of the notification under Section 4 would not be affected. The High court, however, refused to entertain this plea on the ground that

this was a new argument which Government had not addressed to the lower appellate court. The Committee consider it unfortunate that the grounds of appeal were not properly formulated before the case went to the first appellate court.

3.15. In response to a question, the Committee were informed that the Supreme Court had been moved for leave to appeal under Article 133(1) of the Constitution and that this was done within the prescribed time-limit. From the information subsequently given to the Committee, it is seen that the appeal is against the invalidation of the notification issued under Section 4.

3.16. The Committee would like to be informed in due course about the outcome of the proceedings initiated in this behalf.

3.17. The Committee reserve their comments on other aspects of this acquisition in view of the fact that the matter is sub judice.

Loss of Revenue—

Audit Paragraph

3.18. In November, 1960, Government purchased the premises at No. 1, Man Singh Road, New Delhi originally requisitioned in September, 1941. These premises involving 3.78 acres (18,295 sq. yds.) of lands, including 3,126 sq. yds. of main building, and hutments (constructed by Government), and 746 sq. yds. of out-houses have been leased out to a private firm for running a hotel. The table below shows that the rent being charged from the firm from time to time has been considerably lower than the market rates, resulting in loss of revenue, which for the period from February, 1961 to December, 1967 alone works out to Rs. 21 lakhs (in addition to the property tax payable by Government to the local body):—

Period	Monthly rent charged (inclusive of property tax)	Monthly rent due, based on value of land at market rates (exclusive of property tax)*	Loss
	Rs.	Rs.	(In lakhs of rupees)
February, 1961 to March, 1963	7,000	32,721	6.69
April 1963 to March, 1966	12,000	32,721	7.46
April, 1966 to December, 1967	12,000	44,613	6.85

*Computed at : (a) Rs. 40 per 100 sq. ft. per month for main building and hutments.

(b) Rs. 20 per 100 sq. ft. per month for out-houses.

(c) 6 per cent per annum of the value of land at rates notified by the land & Development Officer from time to time.

3.19. On the expiry of the terms of the lease from time to time notices were served on the firm to vacate the premises; the period of notice was 15 days in respect of the term expiring on 31st January, 1961 and more than 3 months in the case of terms expiring on 31st March, 1963 and 1966. However, each time, the tenancy of the firm was renewed on receipt of firm's representation that they had installed heavy equipment in the premises to provide amenities to the residents and that the time stipulated to remove the residents and to house them in a proper and suitable place was inadequate.

3.20. According to the information furnished by the Directorate of Estates in January, 1968, no lease agreement had been concluded with the firm for the period of tenancy from 1st April, 1966, pending a decision on the rate of rent to be charged for the premises and meanwhile the same rent (Rs. 12,000 per month) continued to be charged.

[Paragraph No. 70 (A), Audit Report (Civil), 1967.]

3.21. From a note given to the Committee, it is seen that the premises were requisitioned by Government under the Defence of India Ruls w.e.f 1-9-1941 and remained under requisition till the date it was required by Government w.e.f. 11-11-1960. The tenant was in possession of the property at the time of requisition and he was allowed to continue on payment of rent which, from 1-4-1955 onwards stood as under:

	Rs.
From 1-1-1955	1080-63 per month
From 1-2-1959	3,700 per month
From 1-2-1961	7,000 per month
	12,000 per month

(Note: From 1-2-1959, Government took over the liability for payment of House-tax, which till then was being paid by the tenant).

3.22. The Committee pointed out that successively in 1961, 1963 and 1966, when the lease was about to expire, Government asked the tenant to vacate the premises, but the notice given ranged from 15 days to 3 months. On each of these occasion, it was decided that the tenant should continue on the ground that he had installed equipment on the premises. The Committee enquired whether the notice given was reasonable and Government was really anxious to get the premises vacated. The Secretary, Ministry of Works & Housing in his reply stated: "It is proper we should give him one year or two year's notice. That point is conceded". He added that in the neighbourhood Government were paying rents at lower rates for accommo-

dation hired by them and that therefore they "were obviously not in great hurry to get it vacated."

3.23. The Committee drew the attention of the witness to the feeling expressed in Parliament that these houses are generally under-assessed and enquired whether there was any formula on the basis of which rent had been assessed. The witness stated that "this rent is rent by agreement. In response to another question, whether there was any underassessment of rent, as pointed out in the Audit paragraph, it was stated "Audit said that the rent should be Rs. 44,000. We have not accepted the view." In a note subsequently sent to the Committee, Government stated: "The rent of Rs. 12,000 p.m. is considered reasonable and therefore no notice on the tenant has been served. The Ministry of Law have also advised that the rent of Rs. 12,000 is reasonable....."

3.24. The Committee pointed out that no lease deed in respect of the premises had been executed after 31st March, 1966 and wanted to know what the legal position of the Government *vis-a-vis* the tenant was, in the absence of a lease. In a note on this point which was subsequently furnished, Government stated: "After the expiry of the lease deed with effect from 31-3-1966, the Ministry of Law have advised that the tenant is holding over as monthly tenant. Therefore, when a private tenant is asked to vacate the premises, a reasonable notice will have to be given to him and if he fails to do so (vacate) action under law shall have to be taken." From the information given by Government, the Committee also observe that in 1961, when the then existing lease expired Government started eviction proceedings against the tenant. These dragged on for "a fairly long time", during which the tenant cited some of the diplomats staying in his premises as witnesses. Government ultimately dropped the proceedings and the tenant agreed to pay Rs. 7,000 retrospectively from 1-2-1961.

3.25. The Committee desired to know whether an alternative or better use of the property had been thought of by Government. The Secretary, Ministry of Works & Housing stated that the present plan was to let the tenant stay upto 1970 and during that period the plans for the property would be finalised. He pointed out also that the whole area was under re-development examination under the Master Plan. In a note subsequently furnished, Government stated that the Master Plan for Delhi was published on 1-9-1962, and that these premises were shown as residential in the Plan. It was then pointed out that as early as March, 1960, the Minister-in-Charge had decided that the premises should be used as Government offices. The Committee then enquired of the witness why Government had gone back upon

that decision. The representative of the Ministry of Works & Housing stated that they were not in a position to implement the decision for want of funds. Asked whether the Finance Ministry had been approached to provide funds for the purpose, the Secretary, Ministry of Works & Housing stated: "Not specifically for this purpose."

3.26. The Committee cannot help feeling that the whole case has been handled by Government in a lackadaisical manner. Consecutively on three occasions, in 1961, 1963 and 1966, Government gave notices to the tenant to vacate the premises ranging from a period of 15 days to 3 months, which, according to Government's own admission, could not be considered reasonable. After the last notice served in 1966, no lease deed was executed with the tenant who was allowed to continue. The question of an alternative use of the property has also been hanging fire since 1960. According to information given to the Committee, a decision is likely to be taken on this point by 1970.

3.27. The Committee are unable to understand why the questions of finalisation of the lease deed and the rent to be charged from the lessee were not decided for over two years. The Committee expect Government to draw the necessary lessons from their experience in 1961, 1963 and 1966 and to ensure that all formalities including the execution of the lease deed, issue of notice etc. are settled well in advance, so that Government do not face any difficulty in getting the premises vacated by 1970 when they would be needing them.

Loss of Revenue

Audit Paragraph

3.28. Construction of 452 shops and 315 platforms in the shopping centres in certain localities was completed by the Central Public Works Department on various dates from December, 1960 to February, 1965. However, in a large number of cases as detailed below, there were delays in the allotment of shops and platforms, ranging from 3 months to over one year, resulting in a loss of revenue amounting to Rs. 1.35 lakhs:—

Name of Market	No. of shops/ platforms	Period of delay	Loss of revenue Rs.
(i) Srinivasपुरi Market	110	More than 1 year	91,857
(ii) Andrewsganj Market	40	11 months to more than 1 year	
(iii) Platforms on Ring Road	107	3 to 7 months	6,527
(iv) Platforms at sites 'D' & 'E' (R. K. Puram)	100	6 months	6,013
(v) 5th Avenue Lodi Road	12	3 to 8 months	4,773
		Total :	1,34,991

3.29. Government have stated (December, 1967) that:—

- (a) Running of markets is the normal function of the local bodies; the delay in the allotment of shops in the Andrews-ganj and Srinivaspuri Markets was mainly due to the non-finalisation of the question of transferring the markets to the Municipal Corporation of Delhi; and finally the Directorate of Estates had themselves to undertake the allotment of shops.
- (b) There was delay on the part of the local bodies in furnishing lists of squatters eligible for allotment of shops in the other markets mentioned above.

3.30. It is, however, not clear why the necessary arrangements could not be finalised sufficiently in advance of the completion of construction of the shops and why, in the case of Andrews-ganj and Srinivaspuri Markets, allotment of shops constructed with Government funds could not be made by the Directorate of Estates immediately after the construction of the shops had been completed, leaving the question of transfer of markets to the Municipal Corporation of Delhi to be decided later.

[Paragraph No. 70(B), Audit Report (Civil), 1968.]

3.31. The Committee drew the attention of the representative of Ministry of Works and Housing to the delay ranging from three months to over a year in the allotment of shops/platforms in the five markets, resulting in a loss of revenue of Rs. 1.35 lakhs and enquired why necessary arrangements were not finalised in advance of the construction of the shops. The witness stated that the losses occurred mainly in regard to the markets at Srinivaspuri and Andrews-ganj and admitted further that "some delay is there." He added that when these markets were put up, it was presumed that they would be handled by the local bodies only and efforts were therefore made to pass on these markets to the Delhi Municipal Corporation. "It was only at the end of seven months or so they said they were not in a position to undertake this job. To that extent there was a delay." The Committee then enquired whether the matter was followed up actively with the Corporation at the appropriate level. The witness stated that during this period of seven months the Corporation were reminded on eight occasions and the matter was also brought to the notice of the Commissioner of the Corporation. In a note subsequently furnished at the instance of the Committee, Government stated that the markets at Srinivaspuri and Andrews-ganj were completed in December, 1960 and January, 1961 respectively and that the proposal to transfer these markets to the Municipal Cor-

poration was taken up with the Municipal Corporation in January, 1961. The Corporation were reminded on various dates between March, 1961 and July, 1961, till in August, 1961 they declined to take them over on the terms indicated by Government.

3.32. The Committee enquired why, if the question of transfer of these markets to the Delhi Municipal Corporation was taking time, the allotment of shops could not be made by the Directorate of Estates immediately after their completion, leaving the question of transfer to be decided later. The witness stated that "the position was that the Directorate had neither the requisite staff nor experience in the subject of markets." The Committee then pointed out that no expertise was needed for this work. They also drew the attention of the witness to the fact that the Directorate had been administrating markets for some time. This, they said, would be clear from para 69 of Audit Report, 1968, in which reference had been made to non-recovery by the Directorate of arrears of rent in respect of certain markets dating back to 1963-64 or even earlier periods.

3.33. As regards the other three markets at Lodi Road, Ring Road and Ramakrishna Puram, the Committee were given the following information about the date of completion, the date of procurement of lists of squatters from the local body and the date of allotment:

	Lodi Road	Ring Road	R. K. Puram
(i) Dates of completion	March, 1964	September, 1964	February, 1965
(ii) Dates on which lists were called for	February, 1964	September, 1964 to February, 1965	June, 1965
(iii) Dates on which local body was reminded	Feb. 1964 to April 1964 (6 reminders)	March, 1965]	July, 1965
(iv) Dates on which lists were received	April, 1964 to August, 1964	October, 1964 to April, 1965	August, 1965
(v) Dates of allotment	April, 1964 to November, 1964	March, 1965	August, 1965 to September, 1965.

3.34. The Committee drew the attention of the witness to the fact that the Lodi Road Market was completed first and enquired why, after the delay that occurred in this case, Government did not draw a lesson in the case of the other two markets and arrange to get the lists of squatters in time. In reply, the representative of Ministry of Works and Housing stated: "After that experience we have become

wiser." The Committee then pointed out that the time-lag between the dates of completion and the dates of allotment was more or less the same in all the cases. The Committee thereafter enquired why, if the lists of squatters were not forthcoming, Government did not issue a public notice asking for applications from the eligible categories of persons. In reply, the witness stated: "The planning part was not there. The agency who had to do the job was not there. It is correct that there is loss of revenue to Government, to business and to the people."

3.35. Asked what steps had been taken to prevent a similar state of affairs in respect of market areas that might be constructed in new Government colonies, the witness stated that the allotment of shops should in future be done by open tenders. The Secretary of the Ministry explained that the "future markets to be built are specifically for the convenience of people living in that area and are to be purely commercial transactions so that they are to be tendered out and for that adequate advance notice is given."

3.36. In a note subsequently furnished to the Committee, Government stated that instructions have been issued to the subordinate offices to inform the Directorate of Estates two or three months before a market is ready so that tenders are immediately invited and allotments made well in time.

3.37. The Committee consider that the loss of Rs. 1.35 lakhs that arose out of the delay in the allotment of shops in these five markets was largely avoidable. In the case of two of the markets, where the delay was caused by the failure to finalise the transfer of these markets to the local body, the Committee feel that Government could well have asked the Director of Estates to take over the markets pending a decision on the issue of transfer of these markets. The Committee also notice that the question itself was raised by Government with the local authority only after the markets had been constructed. Similarly, in the case of the other three markets where the delay in allotment was caused by non-receipt of the list of squatters from the local authority, the lists were called for by Government only about the time the markets were completed or thereafter. The Committee are unable to appreciate why Government could not initiate action well before the completion of the markets.

3.38. The Committee note that, for the future, Government have decided to allot shops in markets on the tender system and that, to avoid delay, instructions have been issued to have action initiated sufficiently in advance of the completion of the markets. They trust that these instructions will be strictly followed and instances of the type that have come to their notice will not recur.

Loss of revenue due to delay in providing water supply and electric connections—

Audit Paragraph

3.39. In para 68 of their 39th Report (3rd Lok Sabha), the Public Accounts Committee observed (April, 1965) that lack of co-ordination between the Delhi Municipal Authorities and Central P.W.D. year after year was resulting in serious loss to the Public exchequer and that Government should examine "how their senior officers exercise their responsibilities in this respect and ensure that all the pre-requisite such as water supply, electricity, etc., would be available in the area to ensure completion of work within the time schedule as approved in preliminary estimates."

3.40. The construction on 4,324 quarters of different types in Sectors V, VII, VIII, IX and XII of R. K. Puram, New Delhi was undertaken during the period from February, 1961 to September, 1965. It was noticed that, for want of water supply and electricity connections, a large number of quarters remained in an incomplete stage after 95 to 99 per cent of the work had been completed. For the same reason, the allotment of these quarters on their completion got delayed. The extent of these delays are indicated below:—

<i>Period of delay</i>	<i>Number of Quarters</i>
Upto 3 months	800
From 3 to 6 months	932
From 6 to 12 months	788
More than one year	1,804
Total:	4,324

3.41. 2716 of these quarters were allotted during the period May, 1965 to October 1966—some of them even without electricity and water; the remaining 1608 quarters still (September, 1967) awaited allotment. The delay in the completion of buildings, and the consequent non-allotment of the quarters in respect of periods beyond 3 months has resulted in a loss of revenue amounting to Rs. 12.32 lakhs up to September, 1967, apart from the liability for the payment of house rent allowance to prospective tenants.

3.42. Government have stated (January, 1968) that "the tardy implementation of the water supply scheme by the Water Supply

and Sewage Disposal Undertaking and the unreasonable attitude of the Delhi Electric Supply Undertaking are responsible for whatever delay that has occurred."

[Paragraph No. 78 Audit Report (Civil), 1968.]

3.43. The Committee pointed out that the delay in the allotment of the quarters in the various sectors in R.K. Puram had resulted in a loss of revenue to Government of Rs. 12.32 lakhs, besides the extra payment on account of house rent allowance to the Government servants who would otherwise have been allotted these quarters. Taking note of the position that the delay in allotment was due to want of water supply and electrical connections in these quarters, the Committee wanted to know how long these quarters remained without these facilities. The following information on this point has been furnished by Government, in a note which they submitted to the Committee:

Sector No.	No. of quarters	Date when water supply and electricity were due	Date when they were supplied	
			Water Supply	Electricity Supply
Sector V	444	7/64	11/65	7/65 onwards.
	24	10/64	Do.	Do.
	292	5/65	11/65 8/66	(184 Qrs.) (108 Qrs.) Do.
	564	10/65	11/65 8/65	(404 Qrs.) (160 Qrs.) Do.
	160	11/65	11/65	Do.
Sector VII	64	9/64	8/66	9/65 onwards.
	528	1/65	11/65 8/66	(296 Qrs.) (232 Qrs.) Do.
	128	5/65	11/65	Do.
	304	2/66	8/66	Do.
	128	4/66	8/66	Do.
	80	6/66	8/66	Do.

Sector No.	No. of quarters	Date when water supply and electricity were due	Date when they were supplied	
			Water supply	Electricity supply
Sector VIII	112	5/65	10/67	4/68
	104	11/65	Do.	Do.
	60	7/66	Do.	Do.
	72	3/67	Do.	Do.
Sector IX	320	1/67	10/67	4/68
	304	6/67	10/67	Do.
Sector XII	236	4/66	4/68	8/68
	400	4/67	Not yet available	

3.44. The Committee enquired why the Municipal Corporation failed to supply power and water according to the original plan and asked for copies of correspondence exchanged between the Corporation and Government. From the copies of correspondence made available to the Committee, the following position emerges:

(1) *Provision of electricity to the quarters.*

For Sectors V and VII, the Delhi Electric Supply Undertaking asked Government in 1959 to bear 50% of the cost of low voltage distribution and 100% of the cost of Service connections. In 1964, the Undertaking wanted Government to bear 100 per cent of the cost of low voltage distribution in these Sectors and additionally also the cost of sub-station equipment and HT leads. Government made the payment "but without prejudice to their claim for lower rates." So far as the other Sectors were concerned the Undertaking wanted Government to bear the cost of land and Sub-station building also, in addition to the cost of other items. The Undertaking's point of view was that, in terms of a decision taken at a meeting held by the Minister of Finance on 13th July, 1959, they were responsible for provision of services only upto the periphery of colonies and that, as they were short of funds, they were obliged to make these stipulations. The Government's view, on the other hand, was that it was the statutory responsibility of the Undertaking to provide electricity to every consumer in their area of operation, if they wanted to charge individual consumers. Further, in terms of the Indian Electricity Act, 1910, their charges had to be such as to constitute a reasonable return on their investment. If the coloniser had to meet expenditure

on land, sub-station building and equipment, service connections, low voltage distribution etc., there would be no capital investment by the Undertaking. If the undertaking was short of funds, "the appropriate course would be for them to approach Government for loans and not to prescribe conditions which were unequitable and not legally permissible." Ultimately, in June, 1966, Government agreed to the payment but on the condition that it would be "subject to any subsequent adjustment on the basis of mutual agreement or arbitration in accordance with the provisions of Indian Electricity Act." The matter was discussed in a meeting of Committee of Secretaries in September, 1967, when it was decided that Government should withdraw their conditions of referring the matter to arbitration and if later on it was found that the charges were unreasonable, the question could be examined afresh.

(2) *Provision of water supply.*

The water supply requirements of these Sectors, particularly Sectors V and VII were to be met by a 48" main from Chandrawal through Jhandewalan to the cantonment reservoir and onwards, with a booster pumping station at Patel Road. Though the scheme was originally expected to be completed by July, 1963, there was some delay due to non-completion of the pumping station in time. In August, 1965, after the completion of the station, it became apparent that, in view of the location of the colonies, boosting arrangements (i.e., booster pumps, underground and overhead tanks) would be necessary and the question arose who should bear the cost. Government took the view that this was the statutory function of the Municipal Corporation but, agreed to bear the cost of booster pumps as a special case, while the Corporation expressed the opinion that all this was part of the distribution system to be provided by the agency responsible therefor. Ultimately in March, 1966, Government decided to bear the expenditure, "without prejudice to the ultimate liability for the works."

In regard to Sectors VIII, IX and XII, it became necessary in March, 1966 to lay a 27" main to these sectors through Shantipath. The work was initially held up due to non-availability of pipes, which were provided by the CPWD in December, 1966, and thereafter, due to want of permission from the CPWD for cutting Shantipath for crossing the road. The work was completed in May, 1967 and after water became available in the mains, the distribution lines were flushed and disinfected and supply to Sector XII commenced from April, 1968.

3.45. The Committee asked the representative of the Ministry whether, in view of the inability of the local authority to provide the

amenities in time, Government were thinking of other ways of solving the problem. The witness stated that the matter would depend on the recommendations of the Commission of Enquiry which was constituted in March, 1963 to go into the question of financial resources of the local bodies in Delhi. In a note submitted to the Committee, Government stated that the Commission of Enquiry submitted an interim Report in December, 1966, which they, however, decided, at a meeting held in March, 1968, to review. Government have, therefore, not initiated any action on the recommendations of the Commission. Explaining the reasons for the delay in submission, Government stated that there was a reconstitution of the Commission in June, 1967, when the chairmanship of the Commission changed.

3.46. The Committee drew the attention of the witness to the fact that, apart from the delay in allotting the quarters, 1608 quarters were still mentioned in the Audit paragraph as awaiting allotment and enquired what the position was. The witness stated that only 400 quarters remained to be allotted and that the delay in allotment was due to non-availability of water supply. Asked whether there was any delay in allotment of these quarters by the Estate Office, the witness said that there was not much delay on this account.

3.47. The Committee are unhappy to find that a large number of quarters in certain Sectors of Ramakrishna Puram could not be allotted immediately after completion. Apart from the resulting loss to the exchequer, this deprived a number of Government servants of a much-needed amenity. The Committee find that this situation arose out of disputes between Government and the local bodies as to who should be responsible for financing the cost of some of the civic services for these quarters. The Committee also note that the Delhi Electric Supply Undertaking in particular went on escalating their scale of charges for the provision of electricity supply to these quarters. In the Committee's view, the situation was basically caused by the lack of resources with the local bodies. The Committee hope that this matter will be examined by the Commission of Enquiry which is going into the question of financial resources of local bodies in Delhi and that Government will, on the basis of such examination, come to an early decision on the extent to which these authorities will be responsible for the provision of civic amenities in Government colonies and the manner in which they are to be helped to provide these amenities. In the meantime, the Committee consider that it should not be beyond the ingenuity of Government and the local bodies to work out a realistic arrangement by which supplies of water and

electricity could be synchronised with the plans for construction of staff quarters in Government colonies in order to obviate loss of Government revenue and hardship to staff of the nature mentioned in the Audit paragraph.

**Expenditure incurred in excess of deposits for Deposit Works—
Audit Paragraph**

3.48. For works undertaken by the Central Public Works Department on behalf of private individuals, local bodies, Public sector undertakings, etc., the full estimated cost of the work including departmental charges is payable in advance to the Divisional Officer either in lump or in instalments. The outlay on such works is to be limited to the amount of deposits received and no advance of Government money for such purposes is permissible. An undertaking in writing is required to be obtained from the parties to the effect that they agree to finance any excess that may occur.

3.49. The following points were noticed during review of the accounts of Deposit Works undertaken by the Central Public Works Divisions:

- (i) An amount of Rs. 72.15 lakhs, as detailed below, incurred in excess of the deposits received, awaited recovery from the parties concerned as at the end of June, 1967:

Year	Amount (in lakhs of Rs.)
Prior to 1959-60	21.46
1959-60 to 1961-62	29.71
1962-63 to 1964-65	5.75
1965-66 to 1966-67	13.61
April, 1967 to June, 1967	1.62
Total	72.15

Of the above, party-wise details were not available for Rs. 7.64 lakhs. The bulk of the amount for which party-wise details were available (Rs. 64.51 lakhs) was due from local bodies (Rs. 47.75 lakhs) and public sector undertakings (Rs. 15.43 lakhs).

- (ii) There existed no record to show that written assurances that the extra expenditure would be met had been obtain-

ed from the parties concerned before undertaking the execution of the works.

3.50. Audit brought the case to the notice of Government in November, 1967; their remarks are awaited (February, 1968).

[*Paragraph No. 79, Audit Report (Civil), 1968.*]

3.51. The Committee drew the attention of the representative of Ministry of Works and Housing to the fact that on works executed for outside parties the C.P.W.D. had spent Rs. 72.15 lakhs, more than the amounts received as advance deposit, and enquired why this unsatisfactory situation was allowed to develop. The witness stated that the figure had been brought down to Rs. 29.99 lakhs. He pointed out that the difficulty in regard to these works was two-fold. In some cases, the expenditure on works became known only after its completion, when bills were prepared. Moreover stoppage of the work at the stage where the expenditure reached the figure of deposits with the Department, would lead to disputes with the contractors and result in claims for compensation from them. The Committee enquired whether this should not more appropriately be the concern of the principal, on whose behalf the work was being done, rather than the C.P.W.D, who was only the agent. The witness stated that instructions had been issued to executive engineers not to undertake works till the deposits are received. Asked why assurances were not obtained from the parties concerned before the Department incurred expenditure on the works, and whether this would not present legal difficulties, the representative of the Ministry said: "Some figures are very old. We have not been able to verify whether assurances were taken." Asked whether the parties concerned would not refuse to pay under such circumstances, it was stated: "We have been taking it up with the parties concerned and I would like to bring to your notice that the parties have not refused to pay, but have asked for only audited accounts of expenditure. We have not met any cases where anybody has challenged the payment."

3.52. The representative of the Ministry further stated that though some parties had made good the excess, the New Delhi Municipal Committee continued to be a defaulter. "We have been taking this up with the N.D.M.C.", he added. "But unfortunately the NDMC has been linking it up with the other transactions and they have not been able to help us to clear it."

3.53. The Committee enquired what was the amount due from private parties. The witness stated that it was only Rs. 17,196. The Committee also asked for detailed information about amounts due

from public undertakings. Government have stated in a written note that, as against Rs. 15:43 lakhs mentioned in the Audit paragraph as due, only Rs. 6:45 lakhs remained to be realised as under:

	Rs.
1. Laxmibai College of Physical Education, Gwalior	1,50,229
2. Employees State Insurance Corporation	1,33,659
3. Heavy Electricals, Bhopal	1,25,760
4. Hindustan Insecticides	90,850
5. Janpath Hotel	39,927
6. Indian Council of Agricultural Research	34,158
7. All India Institute of Medical Sciences	28,760
8. University Grants Commission	22,199
9. International Students Hostel	4,804
10. National Oil Seeds Committee	3,955
11. Deptt. of Audio Visual Education	2,546
12. National Physical Laboratory	2,274
13. Indian Council of Cultural Relations	1,821
14. Secretary, U.N.I.	641
15. National Council of Educational Research and Training	155
16. Indian Council of Medical Research	3,465

3.54. In response to a question whethed the recovery from private parties would not be affected by the law of limitation, the witness stated: "Not in case of Government dues because the limitation period is sixty years." The Committee then enquired why a lenient view was being taken in the case of dues from Government parties. The witness replied that it was more or less certain that the money of Government will not be lost in those cases. Asked whether this was not a bad financial view, which should be corrected, the witness agreed that "it is a bad financial view." Asked further whether Government should not generally stipulate recovery of interest in cases where moneys from parties were not received in time, the representative of the C.P.W.D. said: "That is a good suggestion and it will help us in expediting these arrears."

3.55. The Committee are concerned to find that the C.P.W.D. incurred expenditure on works executed by it for outside parties in ex-

cess of the deposits received from these parties. It is also regrettable that in some cases the Department is not able to say whether the expenditure was incurred after obtaining specific assurances from the parties that they would meet such excess expenditure. The Committee note that the amounts to be realised from local bodies are particularly large and would like speedy steps to be taken for their realisation.

3.56. The Committee note that the Department is taking steps, in consultation with Audit, to furnish audited figures of expenditure to the parties so as to realise the excess amounts spent. They would like to be informed about the progress made in this direction.

3.57. The Committee would like to impress upon Government that excess expenditure, whether incurred on behalf of private parties or Government undertakings, constitutes an unauthorised advance of Government money. The Committee would therefore like Government to consider whether in such cases, if deposits to make good the excess are not forthcoming, interest should not be charged.

NEW DELHI;

November 19, 1968.

M. R. MASANI,

Chairman,

Public Accounts Committee.

APPENDIX

Summary of main Conclusion/Recommendations

S.No.	Paragraph No. of the Report	Ministry/Department Concern'd	Conclusion/Recommendation
1	2	3	4
1.	I. 9	Education	<p>The Committee find that out of the 17 plots which the Delhi Administration acquired for school buildings between 1961 and 1966 at a cost of Rs. 42:90 lakhs, construction had been started only on seven plots. The Committee also note that out of six premises acquired at a cost of Rs. 26:48 lakhs five have not become available to the Administration for schools even after two to six years due to their continued occupation by tenants/squatters. While the Committee are not averse to the acquisition of sites for building schools at suitable places, they consider that this should be done only after the most careful advance planning and thorough investigation of the suitability of the site lest later on Government find that the requisite multi-storeyed building, as in the case of sites on Nicholson Road and Kinari Bazar, cannot be put up.</p>
2.	I. 10	-do-	<p>The Committee therefore consider that where a building is being acquired for a school, special care should be taken to ensure that either Government would get vacant possession of it forthwith or by a specified date. Where the premises to be acquired are in the oc-</p>

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cupation of tenants/squatters, firm arrangements should be made beforehand with the Delhi Development Authority, Delhi Municipal Corporation who are responsible for Slum Clearance for their vacation of the site by a specified date.

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In respect of the six premises already acquired by the Administration which continue to be occupied by tenants/squatters, the Committee consider that Government should have pursued the matter more vigorously, particularly with the Delhi Development Authority, Delhi Municipal Corporation who are in charge of slum clearance works, so that alternative accommodation for such of the tenants/squatters who were eligible for it, could be have been found expeditiously.

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As regards the delay in the commencement of construction of buildings, the Committee suggest that Government should prepare blue-prints of such buildings in accordance with the perspective plan, so that construction work can be started as soon as the financial sanction is received. The Committee need hardly suggest that, in preparing blue-prints for schools, Government should ensure that the buildings provide well-lit and wel-ventilated accommodation, with playing grounds, where feasible.

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The Committee are concerned to find that as many as 57 out of 300 odd schools run by the Administration are housed in tenants, besides seven other private institutions receiving grants from Govern-

ment. The Committee are particularly distressed at the reply sent by the Administration to the Audit Paragraph to the effect: "Running a school in tents is somewhat cheaper than raising a building", because of the interest on the capital outlay of the building that would be saved thereby. The Committee consider that the first concern of the Administration should have been to provide a healthy and hygienic environment in schools for the future citizens of the country.

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The Committee suggest that Government should shed this attitude of complacency in the matter of housing school children in tented accommodation for an indefinite period and draw up a phased programme for providing permanent structures. In the meantime, the Committee would commend to Government two lines of approach:

- (i) Government may utilise the services of research organisations, particularly the National Buildings Organisation, in order to devise a reasonably cheap but adequate shelter for school children till a permanent building is raised. The structure may be such as could be utilised at another site when the permanent building comes up.
- (ii) Government should make a sustained effort to rent accommodation to house schools where Government have either been unable to acquire a suitable site or where a permanent building is not likely to be constructed in the near future.

In this context the Committee feel unhappy that the Administration gave up their efforts to rent accommodation for schools after making an effort once in 1962 by insertion of an advertisement. It is common knowledge that not a small number of private schools in Delhi are housed in rented accommodation and therefore the Committee see no reason why Government cannot find suitable rented accommodation to house their schools.

5. 1.15 Education

The Committee also suggest that Government should earmark and acquire the most suitable sites for school buildings in the new areas which are being developed in Delhi so that the problem of finding a suitable site for such schools does not arise in future.

6. 1.23 -do-

The Committee note that grants aggregating Rs. 1:01 lakhs given by Government and University Grants Commission to the institution were found to have been misapplied or misappropriated. The misapplication or misappropriation was suspected by the University concerned in December, 1964 and got investigated by them in February, 1965, but the University Grants Commission became aware of the position for the first time only in April, 1966. This suggests that the existing arrangements for liaison between the Commission and the Universities leave much to be desired. The Committee would like in this connection to reiterate the recommendation in para 3:17 of their 14th Report (Fourth Lok Sabha) that the Universities/State

Governments who sponsor grants to colleges should assume the responsibility for ensuring that such grants are properly utilised and a working arrangement in this regard should be evolved by Government in consultation with the authorities concerned. The Committee trust that early action to implement this recommendation will be taken.

1.24

-do-

office immediately before the commencement of this Act, shall be
The Committee also notice that though the University advised the University Grants Commission in June 1966, to initiate legal proceedings and pointed out specifically in August 1967 that the party concerned was likely to alienate his assets and render proceedings infructuous, if they were delayed further Government|the Commission have not so far registered any civil or criminal case.

7.

1.25

Education

The Committee consider that in all such cases Government/University Grants Commission should press with greater vigour their claim for recovery from colleges/institutions which have misappropriated the grants and initiate necessary legal proceedings expeditiously. The Committee also consider that, in such cases, the Central Bureau of Investigation should investigate the matter with a greater sense of urgency to facilitate timely action being taken. The Committee hope that the C.B.I. report on the subject would become available without further delay and that, on its receipt, Government would consider not only the question of initiating criminal proceedings against the college authorities for misappropriating the money

but also decide what action should be taken against the engineer and chartered accountant on the basis of whose false certificates grants were sanctioned by the Government/University Grants Commission. The Committee also suggest that Government should review in the light of the C.B.I.'s report the general procedure followed for the release of Central grants to colleges/institutions in order to ensure that such instances of misappropriation do not recur.

8.

2.14

Commerce

The Committee regret to note that out of 16 showrooms which were opened during 1957-58 to 1966-67 seven showrooms on which over Rs. 23 lakhs were spent had to be closed down. Though the Committee do not doubt the underlying purpose of setting up the showrooms namely, to bring home to the countries in Asia and Africa the things that India makes and can export, the fact remains that, for want of follow up action, the objectives could not in all cases be realised. Had Government taken care periodically to evaluate the contribution of each of the showrooms towards the development of exports *vis-a-vis* the expenditure incurred on its maintenance, they would have come to realise the imperative need for either improving the quality and range of exhibits displayed or closing down some of the showrooms earlier, thereby saving the ex-chequer a few lakhs of rupees. The Committee cannot appreciate why Government did not avail of the opportunity in 1966 critically to review the value of the showroom at Khartoum *vis-a-vis* the expenditure in-

curred before committing themselves for three years to the lease of a new building for the showroom at a rent of Rs. 5,603 per month.

3.15

The Committee are keen that the lessons learnt in the running of showrooms should be put to good use by Government in evaluating other activities undertaken at Government expense, in the name of promoting exports so that precious resources are not dissipated on activities which serve little purpose.

2.16

The Committee would like Government to ensure that the Government-run showrooms in Kabul and Bahrein do not become expensive museum pieces and impose an indefinite liability on Government. Government should ensure that the range and quality of exhibits in these showrooms serve the underlying purpose of evoking interest in India's manufactures, thereby improving export prospects. Government should, in accordance with their policies, hand over the running of the showrooms to the State Trading Corporation at the earliest opportune time.

9.

2.26

-do-

The Committee are glad to note that the trend of booking of orders at all showrooms, except at Lagos and Bangkok, is encouraging. The Committee would like Government and the State Trading Corporation to review critically the working of the showrooms at Lagos and Bangkok so as to evolve a suitable strategy to advance the cause of exports. In particular the Committee cannot overemphasise the need for meaningful display of exhibits with reference

to the requirements of the country and the export potential of India.

2.27

The Committee note that the State Trading Corporation is required to send quarterly progress reports to the Ministry about the trade promotion activities at these showrooms. The Committee hope that Government will subject these progress reports to critical examination so as to make sure that the State Trading Corporation live up to the avowed objective of providing a good showroom a good market study cell and a good business booking office.

2.28

The Committee feel that, if the showrooms are run efficiently on business lines it should be possible, before long, for the State Trading Corporation to take over the entire financial responsibility for these showrooms. Government should therefore review periodically the working of the showrooms in consultation with the Corporation with a view to discontinuing the grants-in-aid when the showrooms become self-supporting.

2.29

The Committee would like Government to ensure that where showrooms are located at places where an office or offices of Export Promotion Councils exist, steps are taken to bring about coordination between the working of these organisations so that duplication and waste are avoided. This would appear to be particularly important since financial assistance is extended by Government to the Export

Promotion Councils also. The Committee would like Government to examine, in particular, whether at places where the showrooms exist alongside of offices of the Export Promotion Councils, one integrated would not serve better the cause of export promotion.

10.-

2.31

-do-

The Committee suggest that a detailed procedure should be worked out, in consultation with trade and industry, for the procurement, display and return of exhibits. The arrangement should be business-like enough to inspire confidence so that the showrooms can display meaningful exhibits which would be of special trade interest to the country concerned.

11.

3.7

Works & Housing

The Committee consider it unfortunate that Government did not examine the question whether the land could be treated as waste or arable and whether Section 17 of the Act could be resorted to, in the light of the objection raised by the landowners that the land had been developed. When the matter subsequently went to court, one of the factors the court took into account, while decreeing against the acquisition proceedings, was the fact that the land had been developed and could not therefore have been categorised as waste or arable.

53

12.

3.11

-do-

The Committee are surprised to find that, after the date on which the Land Acquisition Collector purported to take possession of the land, mutation entries in favour of some of the landowners were made in the revenue records. The Committee would like Government to investigate the matter.

1	2	3	4
13.	3-12	-do-	<p>The Committee also note that, after the acquisition notifications were issued, treating the entire land as waste or arable, Government withdraw from the scope of the acquisition certain pieces of land on the ground that these were built up areas. This would indicate that the proceedings were not initiated after a thorough and meticulous survey of the properties affected. The Committee would like the responsibility for this lapse to be fixed.</p>
14.	3-13	Works & Housing	<p>The Committee would also like Government to issue instructions to ensure that before summary acquisition proceedings under Section 17 are initiated in future, the properties are most carefully surveyed so that later on the proceedings are not thrown into jeopardy.</p>
15.	3-14	-do-	<p>The Committee also notice that, after the Sub-Judge had decreed the case against Government and the Ministry of Law had advised that it may not be possible to challenge the finding that the land was not waste or arable, the matter was still pressed unsuccessfully in the first appeal. It was only in second appeal that Government raised the point that, even if the land was not waste or arable and the proceedings under Section 17 were invalid, the validity of the notification under Section 4 would not be affected. The High Court, however, refused to entertain this plea on the ground that this was a new argument which Government had not addressed to the lower appellate court. The Committee consider it unfortunate that the</p>

grounds of appeal were not properly formulated before the case went to the first appellate court.

16. 3 16 -do-

The Committee would like to be informed in due course about the outcome of the proceedings initiated in this behalf.

17. 3 17 -do-

The Committee reserve their comments on other aspects of this acquisition in view of the fact that the matter is *sub-judice*.

18. 3 26 -do-

The Committee cannot help feeling that the whole case has been handled by Government in a lackadaisical manner. Consecutively on three occasions, in 1961, 1963 and 1966, Government gave notices to the tenant to vacate the premises ranging from a period of 15 days to 3 months, which, according to Government's own admission, could not be considered reasonable. After the last notice served in 1966, no lease deed was executed with the tenant who was allowed to continue. The question of an alternative use of the property has also been hanging fire since 1960. According to information given to the Committee, a decision is likely to be taken on this point by 1970.

3 27 -do-

The Committee are unable to understand why the questions of finalisation of the lease deed and the rent to be charged from the lessee were not decided for over two years. The Committee expect Government to draw the necessary lessons from their experience in 1960, 1963 and 1966 and to ensure that all formalities including the execution of the lease deed, issue of notice etc. are settled well in advance, so that Government do not face any difficulty in getting the premises vacated by 1970 when they would be needing them.

5

1	2	3	4
19.	3-37	Works & Housing	<p>The Committee consider that the loss of Rs. 1.35 lakhs that arose out of the delay in the allotment of shops in these five markets was largely avoidable. In the case of two of the markets, where the delay was caused by the failure to finalise the transfer of these markets to the local body, the Committee feel that Government could well have asked the Director of Estates to take over the markets pending a decision on the issue of transfer of these markets. The Committee also notice that the question itself was raised by Government with the local authority only after the markets had been constructed. Similarly, in the case of the other three markets where the delay in allotment was caused by non-receipt of the list of squatters from the local authority, the lists were called for by Government only about the time the markets were completed or thereafter. The Committee are unable to appreciate why Government could not initiate action well before the completion of the markets.</p>
20.	3-38	-do-	<p>The Committee note that for the future, Government have decided to allot shops in markets on the tender system and that, to avoid delay, instructions have been issued to have action initiated sufficiently in advance of the completion of the markets. They trust that that these instructions will be strictly followed and instances of the type that have come to their notice will not recur.</p>
21.	3-47	-do-	<p>The Committee are unhappy to find that a large number of quarters in certain Sectors of Ramakrishna Puram could not be allotted</p>

immediately after completion. Apart from the resulting loss to the exchequer, this deprived a number of Government servants of a much-needed amenity. The Committee find that this situation arose out of disputes between Government and the local bodies as to who should be responsible for financing the cost of some of the civic services for these quarters. The Committee also note that the Delhi Electric Supply Undertaking in particular went on escalating their scale of charges for the provision of electricity supply to these quarters. In the Committee's view, the situation was basically caused by the lack of resources with the local bodies. The Committee hope that this matter will be examined by the Commission of Enquiry which is going into the question of financial resources of local bodies in Delhi and that Government will, on the basis of such examination, come to an early decision on the extent to which these authorities will be responsible for the provision of civic amenities in Government colonies and the manner in which they are to be helped to provide these amenities. In the meantime, the Committee consider that it should not be beyond the ingenuity of Government and the local bodies to work out a realistic arrangement by which supplies of water and electricity could be synchronised with the plans for construction of staff quarters in Government colonies in order to obviate loss of Government revenue and hardship to staff of the nature mentioned in the Audit paragraph.

57

22.

3-55

-do-

The Committee are concerned to find that the C.P.W.D. incurred expenditure on works executed by it for outside parties in excess of the deposits received from these parties. It is also regrettable that in

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI— <i>contd.</i>			30.	People's Publishing House, Rani Jhansi Road, New Delhi	76
21.	Sat Narain & Sons, 3141 Mohd. Ali Bazar, Mori Gate, Delhi.	3	31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
22.	Atma Ram & Sons, Kashmere Gate, Delhi-6	9	32.	Hind Book House, 82, Janpath, New Delhi.	93
23.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	33.	Bookwell, 4 Sant Narakal Colony, Kingsway Camp, Delhi-9.	96
24.	The Central News Agency, 23/90, Connaught Place, New Delhi	13	MANIPUR		
25.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	34.	Shri N. Chaoba Singh, News Agent, Ramial Paul High School Annex, Imphal.	77
26.	Lakshmi Book Store, 42 Municipal Market, Janpath, New Delhi	23	AGENTS IN FOREIGN COUNTRIES		
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2	
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66			
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1	68			

12. **Book Centre & Store, 21/1
Mandla, All India, Mandla
Gang, Delhi.** 3
13. **Anna Ram & Sons, Ka-
shmere Gang, Delhi-6** 9
14. **J. M. Jain & Brothers,
Mandla Gang, Delhi.** 11
15. **The Central News Agen-
cy, 23/90, Connaught
Place, New Delhi** 15
16. **The English Book Store,
7-L, Connaught
Circle, New Delhi.** 20
17. **Lakshmi Book Store, 43
Municipal Market,
Janpath, New Delhi** 23
18. **Bahree Brothers, 188,
Lajpatrai Market,
Delhi-6.** 27
19. **Jayana Book Depot,
Chapparwala Kuan,
Karoil Bagh, New
Delhi.** 66
20. **Oxford Book & Station-
ery Company, Scin-
dia House, Con-
naught Place, New
Delhi-1** 68

21. **Peoples' Publishing
House, Anand Bazar
Road, New Delhi** 70
22. **The United Book Agen-
cy, 28, Anand Bazar
Market, Pahar Gang,
New Delhi.** 80
23. **Hind Book House, 33,
Janpath, New Delhi.** 93
24. **Bookwell, 4 Sant Naran-
kari Colony, Kings-
way Camp, Delhi-9.** 98

MANIPUR

25. **Shri N. Chaocha Singh,
News Agent, Ramul
Faul High School
Annex, Imphal.** 77

**AGENTS IN FOREIGN
COUNTRIES**

26. **The Secretary, Establish-
ment Department,
The High Commis-
sion of India, India
House, Aldwych,
LONDON, W.C.-2**

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