

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

## **THIRTY-THIRD REPORT (FOURTH LOK SABHA)**

**[Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 58th Report relating to Appropriation Accounts (Civil), 1964-65 and Audit Report (Civil), 1966 relating to Departments of Atomic Energy, Aviation, Cabinet Secretariat and Ministries of Commerce and External Affairs.]**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*October, 1968 / Kartika, 1891 (Saka)*

*Price : Rs. 1.20*

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

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**Shri M. R. Masani**

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- 2. Shri Syed Ahmed Aga**
- 3. Shri K. Anirudhan**
- 4. Shri S. M. Banerjee**
- 5. Shri C. K. Bhattacharyya**
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- \*20. Shri G. H. V. Momin**
- 21. Shri N. R. M. Swamy**
- 22. Shri Tarkeshwar Pandey.**

**SECRETARIAT**

**Shri Avtar Singh Rikhy—Deputy Secretary.**

**Shri K. Seshadri—Under Secretary.**

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\*Declared elected on the 19th August, 1968 since Shri N. M. Flora resigned from the Committee.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 33rd Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 58th Report (Third Lok Sabha) on Appropriation Accounts (Civil), 1964-65 and Audit Report (Civil), 1966 relating to Departments of Atomic Energy, Aviation, Cabinet Secretariat and Ministries of Commerce and External Affairs.

2. On 12th June, 1968, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

1. Shri D. K. Kunte—Convener

### Members

2. Shri C. K. Bhattacharyya
3. Shri K. K. Nayar
4. Shri Narendra Kumar Salve
5. Shrimati Tarkeshwari Sinha
6. Shri N. R. M. Swamy

3. The draft Report was considered and adopted by the Sub-Committee at their sittings held on 2nd and 24th September, 1968 and finally adopted by the Public Accounts Committee on 24th October, 1968.

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

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

NEW DELHI;  
October 29, 1968.  
Kartika 7, 1890 (Saka).

M. R. MASANI,  
Chairman,  
Public Accounts Committee.

I

REPORT

In this Report the Committee deal with action taken by Government on the recommendations contained in their 58th Report (Third Lok Sabha) which was presented to the House on 7th September, 1966.

1.2. The total number of recommendations of the Committee in this Report and the number of recommendations out of them to which no replies or interim replies have been received so far are as follows:—

Total No. of Recommendations	No. of Recommendations to which no reply has been received	No. of recommendations to which interim replies have been received
66	9	3

1.3. A list of recommendations in respect of which the notes/statements are still awaited is given in Appendix I.

1.4. An analysis of the Action Taken notes furnished by the Ministries is given in Appendix II.

1.5. The Action taken notes/statements on the recommendations of the Committee contained in this Report have been categorized under the following heads:

- (i) Recommendations/observations that have been accepted by Government;
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government;
- (iii) Recommendations/observations in respect of which Government have furnished interim replies;

(iv) Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration.

1.6. The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.7. There were certain recommendations/observations in the 58th Report i.e., at Sl. Nos. 12-14 (Paras 3.9 to 3.12) and 16-20 (Paras 3.14, 3.17, 3.18, 3.22 & 3.24) which relate to the "On Account" payments made to the Indian Statistical Institute. The Committee propose to consider the replies when they examine para 108 of Audit Report (Civil) 1968 regarding Grants to Indian Statistical Institute.

1.8. The Committee will now deal with the recommendations in respect of which Government's replies have not been accepted by the Committee and which require reiteration.

#### DEPARTMENT OF ATOMIC ENERGY

*Fixing Rent for Staff of the Tata Institute of Fundamental Research occupying Government Accommodation—Paras 1.25—1.26 (Sl. No. 4 of Appendix X)*

1.9. The Public Accounts Committee had made the following observations in paras 1.25 & 1.26 of their 58th Report (Third Lok Sabha).

"1.25. There is another aspect of this case which needs examination by the Department. The Committee were told in evidence that the Tata Institute of Fundamental Research and the Atomic Energy Establishment had many staff who were interchangeable and common. While the Committee feel that this may be necessary for better and greater efficiency in the scientific work, they desire that suitable rules, conditions of service, etc., be clearly laid down so that no administrative or other problems are created later".

"1.26. The Committee also desire that the terms and conditions of payment of rent by the staff of the Tata Institute should be fixed without further delay".

1.10. In their reply dated 20th May, 1967, the Department of Atomic Energy have stated:

"Orders laying down the terms and conditions governing interchangeability of the scientific and technical personnel between the Tata Institute of Fundamental Research and the Department of Atomic Energy already exist *vide* DAE O.M. No. 40/25/61-Tech. II(A), dated 7th January, 1964".

"The question of fixing the terms and conditions of payment of rent by the staff of the Tata Institute of Fundamental Research is under active consideration in consultation with the Institute; a final decision is expected to be arrived at shortly well before the construction of the quarters is completed."

The Department of Atomic Energy have further informed on 17th August, 1968:

"The terms and conditions of payment of rent for housing accommodation allotted to the staff of the Tata Institute of Fundamental Research by the Department have not yet been finalised."

1.11. The Committee note that the terms and conditions governing interchangeability of the scientific and technical personnel between the Tata Institute of Fundamental Research and the Department of Atomic Energy have already been laid down *vide* Department of Atomic Energy O.M. No. 40/25/61-Tech. II(A), dated 7th January, 1964. The Committee consider that Government should have simultaneously taken the logical step of fixing the terms and conditions for the payment of rent for accommodation allotted to the staff of the Tata Institute of Fundamental Research, who work in the Department of Atomic Energy and vice-versa. The Committee desire that Government should settle without further delay the terms and conditions for recovery of rent for accommodation allotted to the staff of the Tata Institute of Fundamental Research who work in the Department of Atomic Energy and vice-versa.

*Delay in Construction of Residential Flats—Paras 1.37 and 1.38  
(Sl. No. 5 of Appendix X)*

1.12. In paras 1.37 and 1.38, the Committee had commented on the delay in construction of residential flats for officers and staff on

the land acquired by the Department between 1958 and 1961 in different localities in Greater Bombay at a cost of Rs. 82.99 lakhs. The Committee made the following observations.

“1.37. It appears to the Committee that the whole plan of this construction scheme has been haphazard. An overall view of the land required, its suitability, availability, etc., was not taken and all the pros and cons of this scheme were not examined in detail. Lack of proper planning was, therefore, partly responsible for delay in execution of this housing scheme. The Committee are also unable to accept lack of funds as a plea for delay in construction work as the Member (Finance), Atomic Energy Establishment, admitted in evidence that finance was not the bottleneck.”

“1.38. The Committee hope that a careful watch will be kept on the development of residential colony in future, and that the story of lapse of funds on the one hand and the shortage of housing accommodation on the other, will not be repeated.”

1.13. In their reply dated 20th May, 1967, the Department of Atomic Energy have stated as follows:

“The Public Accounts Committee apparently feels that the selection of the site of the Housing Project in spite of the existence of the Janata Colony, and the failure of the Department of Atomic Energy to obtain vacant possession of the site for five years after a substantial portion of the compensation for land had been disbursed, reflect the lack of adequate planning. It is, however, submitted that in the densely populated city of Bombay, it is very difficult to secure vacant possession of even a comparatively small plot of land within a reasonable period of time. To secure about over 400 acres of land required for the township anywhere in Bombay is, therefore, bound in the very nature of the case, to be an extremely difficult undertaking.”

2. “The site selected was ideal from every point of view. It is adjacent to the Bhabha Atomic Research Centre, which is a great advantage, as scientists and technicians have to work in some of the installations round the clock or

nave to be available at short notice. The site is screened by a hill, which is an additional advantage, as the hill would serve to minimise health hazards arising from radiation in the event of a nuclear accident, however remote the possibility."

3. "The Department was also well advised in taking steps for the acquisition of the land as far back as 1956. Timely action in this regard has not only enabled the Department to freeze the further growth of population in the area, but to secure the land at the comparatively low price prevailing in that year. Subsequently, with the rapid industrialisation of Trombay, there was a sudden spurt in the growth of population in the area and in the rise of land values, with the result that while the housing site was acquired at an average rate of Rs. 6 per square yard approximately (including the cost of rehabilitation of the original occupants of the land which is as high as Rs. 48 lakhs), land values in the neighbourhood at present are in the region of Rs. 10 to Rs. 40 per square yard of undeveloped land depending on the location. The site of the housing colony, at the current prevailing rates, would cost approximately Rs. 3 crores, excluding the cost of rehabilitation, as compared with the total outlay of Rs. 68 lakhs (cost of land usable for Housing Colony) on the site of the township."
4. "In spite of suitability of the site from every other point of view, the Department would have hesitated to acquire the land, had not the Bombay Municipal Corporation and the Government of Maharashtra assured the Department that there would be no difficulty in rehabilitating the Janata Colony elsewhere. Apparently, for reasons beyond their control and despite the energetic action taken by this Department to move the Government of Maharashtra and the Bombay Municipal Corporation at the highest level to speed up the vacation of Janata Colony, they have not been able to accomplish this task so far. The project for the rehabilitation of the Janata Colony is, however, now under execution and will be completed early in 1968."
5. "While efforts to move the Janata Colony out of the site of the housing Colony were in progress, time was usefully

spent in planning the housing colony and now that the solution of the problem of shifting Janata Colony is in sight, it has become possible to launch the housing project in full swing. A sum of Rs. 78 lakhs approximately has already been spent on the Colony and an outlay of Rs. 1.25 crores is contemplated in 1967-68. This could not have been achieved, had not the planning of the township been energetically and systematically undertaken while steps were being taken to shift the Janata Colony. It may be pertinent to mention that the project involves the housing of over 6,300 families."

1.14. In a further communication sent to the Committee on the 5th September, 1968, the Department of Atomic Energy have reported the following progress in getting vacant possession of the land:

"The Janta Colony is spread over an area of 54 acres of land at Mankhurd. The land belongs to the Bombay Municipal Corporation. An equivalent area of land to which the Colony could be shifted has been acquired by the Department at Trombay, Bombay. The alternative site is acceptable to the Bombay Municipal Corporation and to the residents of the Janata Colony. The proposed layout of the site to which the Colony is to be shifted has been accepted by the Bombay Municipal Corporation. In accordance with the arrangements made by the Corporation, the following works are required to be carried out at the new site at the cost of the Department:—

- (1) Site levelling and filling in of low-lying areas;
- (2) Laying of roads and drainage in the area;
- (3) Construction of sanitary blocks;
- (4) Laying of water mains; and
- (5) Provision of street lights.

The present position in respect of each of these items is as follows:—

*Items (1) to (4)*

These works have been completed.

**Item (5)**

By arrangement with the Bombay Municipal Corporation, the work is being executed through the Bombay Suburban Electric Supply Company Limited. Part of the expenditure is to be met by the Municipal Corporation. The Department has paid its share of expenses and the work is at present under execution.

The Bombay Suburban Electric Supply Company Limited, who are the suppliers of electricity in the area, propose to set up an electric sub-station at the new site of the Janta Colony. They are being urged to take up this work at the earliest possible date.

It is not possible to shift the Janta Colony to the new site immediately due to the current monsoon season. The work can be taken up only after the monsoon is over. It is hoped that by that time all the works at the new site of the Colony will be completed and the Department will be in a position to place the site at the disposal of the Bombay Municipal Corporation for shifting the colony."

1.15. The Committee hope that the work now under way will be completed expeditiously so that the Department could address itself without further loss of time to the task of developing the housing colony.

#### **MINISTRY OF EXTERNAL AFFAIRS**

*Avoidable expenditure on Hotel Charges—Para 5.34—(Sl. No. 59 of .. Appendix X)*

1.16. While commenting upon a case in which there was delay in providing suitable accommodation at Dubai for the Trade Agent resulting in payment of heavy hotel charges, the Committee had made the following observations in para 5.34 of their 58th Report (Third Lok Sabha):

"5.34. The Committee were told in evidence that the rates of daily allowance were the same for all the officers drawing salaries above Rs. 700 p.m. In the present case, the officer whose pay was only Rs. 800 p.m. drew a sum of Rs. 13,860 for 55 days stay in a hotel. Thus it appears, that there is no relation between the salary drawn or status of an officer and the allowance admissible to him. The Committee suggest that the Ministry may examine feasibility of fixing the allowances on a more rational basis."

1.17. In their reply the Ministry of External Affairs have stated as follows:

"For purposes of regulating travelling allowances including daily allowances, officers serving abroad are graded in the same manner as their counterparts in India. However, the suggestion of the Committee to examine the feasibility of fixing the allowance on a more rational basis based on the salary|status of the officers involves a departure from the recognised pattern of grading officers for purposes of travelling allowance including daily allowance. The matter is being examined in consultation with the other Ministries and the Comptroller and Auditor General of India. The decision when arrived at will be communicated."

1.18. The Committee would like to recall the following observations made by them in para 72 of their 29th Report (Third Lok Sabha) regarding payment of daily allowance paid in lieu of foreign allowance to the officers in the Indian Embassy at Washington:

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

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

1.19. In their reply dated 21st August, 1968, the Ministry of External Affairs have stated as follows:

"The Ministry of External Affairs has examined how best to review the existing orders regarding payment of daily allowance in lieu of foreign allowance to officers and staff accommodated in hotels on first arrival abroad when residential accommodation is not immediately available for them. Generally stay in hotel is necessitated by the following causes:—

- (i) Overlap between the arrival of the incoming officers and the departure of the outgoing officers.
- (ii) Expiry of lease for residential buildings and the delay involved in securing alternative accommodation within entitlements and other rules as well as with regard to various safeguards of the public interest.
- (iii) In certain countries allotment of houses being controlled by the local Government, the missions have no other alternative but to be at the mercy of the local Government for allotment of houses."

"The Embassy of India in Washington, has already initiated economies. From 1-10-1965 the entitlement of officers to daily allowance during stay in hotel has further been reduced by the mission and officers are being paid daily allowance for a total period of 28 days only as against 90 days permissible under the existing orders, and the total amount payable as daily allowance during 28 days is further restricted to twice the rate of foreign allowance, applicable for the appropriate grade of officer."

"It was expected that the Foreign Service Inspectorate, to whom the matter was referred earlier, would be in a position to study the condition abroad, during their tours, and make suitable recommendations. However, due to the foreign exchange stringency the inspection tours of the Foreign Service Inspectorate had to be deferred for some time. The inspection of the missions has since been renewed and during their tours the Inspectorate could cover only the Missions in Warsaw, Prague, Vienna, Belgrade, Stockholm, Budapest, and Paris. The study of the problems in these Missions has not given the Ins-

pectorate a complete picture to enable them to make any concrete recommendations covering all the Missions. As soon as the study has been completed by the Inspectorate, the relevant extracts from the report will be submitted to the P. A. C. Suitable instructions on the subject have since been issued to safeguard the interests of the Government, meanwhile against any avoidable expenditure vide this Ministry's letter Nos. \*Q(FD) 695/8/67 dated 14-9-67 and \*Q|Prop. I|865|3|67 (EAI|67|I|79) dated 5th December, 1967.

"One of the proposals considered by the Ministry was whether the practice now followed in Washington could be made applicable to other Missions, subject to certain modifications to suit local conditions. The Heads of all the Missions were, therefore, addressed in the Ministry's letter No. \*Q(FD) 695/1/64 dated 11th April, 1966 calling for their views in the matter, and also certain data regarding the number of cases of payment of daily allowance etc. The replies received indicate that the local conditions vary from Mission to Mission; so much so stay in hotel on first arrival and payment of daily allowance in lieu of foreign allowance cannot be altogether avoided. The replies received from the Missions were examined in detail in the Ministry, and on the basis of the facts that emerged decisions were taken to lay down the broad principles under which the Head of Missions|Posts abroad could use their discretion and the extent to which such discretion could be used by them. A copy of the circular in question (Viz) Q(FD) 695/6/66 dated 31st January, 1967.†\*

"The Ministry is alive to the need to prevent abuse of the orders and also to effect economy in expenditure, without adversely affecting the conditions of service of officers while serving abroad. It has been decided to take some administrative action to reduce the period of stay in hotels to the absolute minimum necessary. Circular

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\*Annexures I, II & III to Reply to S. No. 71 of 29th Report of P. A. C. (3rd Lok Sabha) in Chapter V of this Report.

†Annexure IV to Reply to S. No. 71 of 29th Report of the P.A.C. (Third Lok Sabha) in Chapter V of this Report.

instructions have been sent to all the Missions making it obligatory on their part to maintain records of cases of payment of daily allowance, the circumstances necessitating stay in hotel, the efforts made to secure residential accommodation for scrutiny during local inspection of the Missions by the Foreign Service Inspectorate. The Heads of Missions are also being empowered to deal firmly with cases of deliberate abuse of the existing orders and to report to the Ministry on the conduct of individual officers for taking disciplinary action. The Missions have already been instructed in the circular letter of 11th April, 1966 to report cases of payment of daily allowance beyond 21 days, with full details in the proforma prescribed, to enable the Ministry to keep an effective watch on cases involving payment of daily allowance. In the circular instruction of 31st January, 1967 to all Missions, it has been emphasised that proper accommodation is arranged in advance by the Chancery for all India-based officers and staff without any delay. It is hoped that in view of these instructions and the instructions since issued vide this Ministry's letters dated 4th September, 1967 and 5th December, 1967 *ibid*, it will be possible not only to achieve economy in expenditure but also to ensure that the Heads of Missions exercise the discretion vested in them only in deserving cases and that there is no abuse of the existing orders."

1.20. The Committee note that from October 1, 1965 the entitlement of officers to daily allowance during stay in hotel in Washington has been reduced by the Mission and officers are being paid daily allowance for a total period of not more than 28 days only as against 90 days permissible under the existing orders, and the total amount payable as daily allowance during 28 days is further restricted to twice the rate of foreign allowance, applicable to the appropriate grade of officer.

1.21. The Committee note that the Ministry of External Affairs have issued instructions from time to time to the Missions to effect economies in expenditure on payment of daily allowances and that a study about entitlement of daily allowance to officers during stay in hotels is being undertaken by the Foreign Service Inspectorate. The Committee need hardly emphasize the need for completing the study expeditiously in order to issue definitive instructions on the subject.

1.22. The Committee desire that pending the completion of study by the Foreign Service Inspectorate the Ministry of External Affairs should exercise necessary check in all cases of payment of daily allowance to officers beyond 21 days to avoid recurrence of cases mentioned in their 29th and 58th Reports (Third Lok Sabha).

## II

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

#### Department of Atomic Energy

##### *Recommendation*

The Committee feel that there was not enough justification for allotting a part of the work to foreign architects, specially in view of the facts, as brought out in evidence, that:—

- (i) Indian Architects were quite competent and had given fine account of themselves.
- (ii) If the work done by the foreign architect was entrusted to the Engineering Division of the Department from the very beginning, the cost would have been less.
- (iii) The late Secretary of the Department who selected the architect himself was not pleased with the layout and successive designs of architect.
- (iv) It was thought that there was no competent Indian Architect to undertake multi-storey building which will have as many as 25 storeys. Subsequently, however, the scheme was modified and the building was limited to 18 storeys only.

The net result in this case has been that there has been considerable delay in completing the work and consequential increase in the cost of the project. While the Committee appreciate that it might become necessary to consult foreign architects for the design and construction of buildings to house highly advanced scientific and technological laboratories for which technical 'know how' may not be available within the country, they are of the view that engaging foreign architects for building a residential colony lacks justification. The Committee hope that such instances will not recur.

[S. No. 1, para 1.23 of 58th Report (Third Lok Sabha)]

##### *Action taken by Government*

The observations of the Committee are noted.

*Recommendation*

**The Committee also consider it unfortunate that sufficient care was not taken with regard to the different aspects before the agreement was signed with the foreign architect due to which controversies arose later, resulting in considerable delay in the completion of the project.**

[S. No. 2, para 1.24 of 58th Report, (Third Lok Sabha)]

*Action taken by Government*

The observations of the Committee are noted.

*Recommendation*

**There is another aspect of this case which needs examination by the Department. The Committee were told in evidence that the Tata Institute of Fundamental Research and the Atomic Energy Establishment had many staff who were inter-changeable and common. While the Committee feel that this may be necessary for better and greater efficiency in the scientific work, they desire that suitable rules, conditions of service etc. be clearly laid down so that no administrative or other problems are created later.**

[S. No. 3, para 1.25 of 58th Report (Third Lok Sabha)]

*Action taken by Government*

Orders laying down the terms and conditions governing interchangeability of the scientific and technical personnel between the Tata Institute of Fundamental Research and the Department of Atomic Energy already exist *vide* DAE O.M. No. 40/25/61-Tech. II(A), dated 7th January, 1964 (copy enclosed *vide* Annexure).

*Recommendation*

**The Committee hope that a careful watch will be kept on the development of residential colony in future, and that the story of lapse of funds on the one hand and the shortage of housing accommodation on the other, will not be repeated.**

[S. No. 6, para 1.38 of 58th Report (Third Lok Sabha)]

*Action taken by Government*

The observations of the Committee are noted.

## ANNEXURE

No. 40/25/61-Tech. II(A)

GOVERNMENT OF INDIA

DEPARTMENT OF ATOMIC ENERGY

Apollo Pier Road,

Bombay-1.

January 7, 1964.

### OFFICE MEMORANDUM

SUBJECT.—Exchange of scientific and technical staff between the Department of Atomic Energy and the Tata Institute of Fundamental Research.

The undersigned is directed to say that one of the recommendations made by the Scientific Personnel Committee is that it should be possible to employ scientists wherever they can be most effective and that for this purpose free movement of scientists between various Government and quasi-Government Institutions should be made by mutual agreement.

2. A number of non-Government institutions, such as, Tata Institute of Fundamental Research, Saha Institute of Nuclear Physics, Physical Research Laboratory, Tata Memorial Hospital, Indian Cancer Research Centre, etc. and public undertakings, such as, Indian Rare Earths Ltd., and Travancore Minerals Ltd. are under the administrative control of the Department of Atomic Energy. The Tata Institute of Fundamental Research has been recognised as the national centre of advanced study and fundamental research in nuclear science and mathematics and there is close co-operation between the Atomic Energy Establishment, Trombay and the Institute.

3. The Government of India have had under consideration for some time past how the exchange of scientific and technical personnel from the Department of Atomic Energy to any of the Institutions|Undertakings under its administrative control and vice versa should be regulated. It has been decided that, as a first step,

a beginning should be made in this regard with the movement of scientific and technical personnel from the Department of Atomic Energy to the Tata Institute of Fundamental Research and vice versa.

4. After a very careful consideration and in consultation with the Council of the Tata Institute of Fundamental Research, the President has been pleased to decide that the terms and conditions, regarding the movement of scientific and technical personnel from the Department of Atomic Energy to the Tata Institute of Fundamental Research and vice versa shall be as specified in the annexed statement.

5. The arrangement now sanctioned shall apply *mutatis mutandis* to the exchange of scientific and technical personnel already effected between the Department of Atomic Energy and the Tata Institute of Fundamental Research.

Sd/- R. C. SHARMA,

*Deputy Secretary to Govt. of India.*

To

The Director,  
Atomic Energy Estt. Trombay,  
(Head, Accounts Division), Bombay.

**ANNEXURE TO DEPARTMENT OF ATOMIC ENERGY O.M. No. 40/25/61-Tech. II(A).**

*Dated January 7, 1964.*

**Statement showing the terms and conditions regulating the movement of Scientific and Technical Personnel from the Department of Atomic Energy to the Tata Institute of Fundamental Research and Vice Versa.**

Sl. No.	Item	Transfer from the Department to the Institute.		Transfer from the Institute to the Department		Remarks
		Permanent employee of the Department	Temporary employee of the Department	Permanent employees of the Institute	Temporary employees of the Institute	
1	2	3	4	5	6	7

*A—Permanent Transfer.*

1	Whether consent of the employee is necessary	Necessary	As provided in the rules of the Institute.	As provided in the rules of the Institute.	As provided in the Rules of the Institute.	2
2	Pay	Not less than what the employee would have drawn in the Department.	As in Column No. 3.	Not less than what the employee would have drawn in the Institute.	As in Column No. 5.	
3	Allowances	As per Institute Rules	As per Institute Rules	As per Government Rules	As per Govt. Rules.	
4	Pension	In the case of a person holding a permanent pensionable post, Government will credit to his account with the Institute an amount equal to what would have been contributed by Government, had the employee been on C.P.F. terms under Government together with		If the person is appointed in a pensionable post in the Department service in the Institute will count for pension if the Institute makes over to Government their share of contribution together with interest thereon. Service during which subscription to C.P.F. was		

1	2	3	4	5	6	7
		simple interest at 2% for the period of his pensionable service. On such payment, Government liability for pensions will be treated as extinguished.		not made by the employee will be counted for pension provided the Institute agrees to bear proportionate charges on account of pensionary benefits for services so rendered.		
5	Contributory Provident Fund,	As provided in the Deptt. of Atomic Energy letter No. 40/25/61--Tech. II (A) dated Dec. 31, 1963, the employees' provident fund accumulations including the Govt.'s share of contribution together with interest thereon shall be transferred to his new Provident Fund Account with the Institute. Thereafter he will be governed by the Provident Fund Rules of the Institute.	As in Col. No. 3.	The accumulations in the Provident Fund account of the employee including Institute's Contributions together with interest thereon shall be transferred to the employee's new Provident Fund Accounts with the Department of Atomic Energy. Thereafter the employee will be governed by the Provident Fund Rules of the Department.	As in Col. No. 5.	55
6	Leave	Govt. employee will be allowed to carry forward leave standing to his/her credit upto the date of transfer provided the Department bears incidence of leave salary in respect of leave carried forward. The liability of the Department will be restricted to leave salary based on pay last drawn in the Department.	As in Col. No. 3	As provided in the Department of Atomic Energy O.M. No. 13/13/59-A(m. II dated April 6, 1960 the employee will be entitled to carry forward the amount of leave to his/her credit in the Institute at the time of appointment under the Department of Atomic Energy subject to the condition that the leave carried	As in Col. No. 5.	

forward together with the leave earned subsequently by duty under the Deptt. of Atomic Energy shall at no time exceed the maximum limits of accumulation under the revised leave rules, 1933, and that, in respect of the leave carried forward, the incidence of the leave salary and the allowances during the period of such leave shall be borne by the Institute. The liability of the Institute for payment of leave salary and allowances will be restricted to the amount of leave salary and allowances payable by the Institute at the time of transfer.

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7 Residential accommodation.	Persons in occupation of accommodation allotted by the Deptt. may be allowed to retain the accommodation on transfer to the Institute subject to recovery of rent according to Govt. Rules. Priority for allotment of accommodation will be as if the persons were the employees of the Institute. Cases of accommodation allotted by the Estate Manager, Govt. of India will be dealt with on <i>ad-hoc</i> basis.	As in Col. No. 3.	Persons occupying Institute's quarters may be allowed to retain the quarters on transfer to the Deptt. of Atomic Energy subject to recovery of rent according to the Institute's Rules. Priority for allotment of accommodation available with the Department will be accorded as if the persons were the employees of the Department of Atomic Energy.	As in Col. No. 3.	19
8 Medical Facilities	Facilities for medical attendance and treatment should not be less favourable than	As in Col. No. 3.	Facilities for medical attendance and treatment for the employees and his /her	Same as in Col. No. 5.	

1	2	3	4	5	6	7
		those available under Government Rules.		family will be the same as admissible under the contributory Health Service Scheme of the Deptt. of Atomic Energy.		
9 Confirmation	As per rules of the Institute	As in Col. No. 3.		A person who has put in three years of service in a grade or in a higher grade is eligible for being confirmed in the grade. For this purpose services rendered in the institute before transfer in an equivalent or higher grade may be treated as services rendered under the Department.	Same as in Col. No. 5	20

#### B—Temporary Transfer

1 Whether consent of the employee is necessary.	Not necessary	Not necessary	As provided in the Rules of the institute.	As provided in the Rules of the Institute.		
2 Pay	Not less than what the employee would have drawn in the Deptt.	As shown in Col. No. 3.	Not less than what the employee would have drawn in the Institute.	As in col. No. 5.	Temporary transfer on foreign service terms in either direction will not be regarded as transfers outside the regular line	

of the persons and they will not be entitled to any deputation (duty) allowance on account of such transfers.

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<b>3 Allowances</b>	As per Institute Rules	As per Institute Rules.	As per Govt. Rules.	As per Govt. Rules.
<b>4 Pension</b>	The Institute will pay contribution towards pension as provided in the Central Govt. Rules subject to the condition that the rate of pension contribution shall not exceed the rate of the Institute's share of contribution to the Contributory Provident Fund of their employees.	As in Col. No. 3.		
<b>5 Contributory Provident Fund.</b>	As provided in the DAE letter No. 40/25/61-Tech. II dated Dec. 31, 63 the employee will be treated as on foreign service and the institute shall pay Govt.'s share of contribution as laid down in Government rules.	As in Col. No. 3.	Government shall pay to the Institute the employer's share of contribution towards the Contributory Provident Fund of the employee as payable under the Rules of the Institute.	As in Col. No. 5.
<b>6 Leave</b>	Since the scientific officers in Institute will be entitled	As in Col. No. 5.	Department will pay leave salary contribution at the	As in Col. No. 5.

1	2	3	4	5	6	7
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		<p>to annual vacation, the Govt. employee transferred to the Institute on foreign service terms will be governed by the leave rules of the Institute for the period of his temporary transfer. No leave salary contribution will be payable by the Institute for that period. If the person concerned does not avail himself of the vacation in the a particular year or if no vacation falls within the period of his foreign service, leave salary contribution will be payable by the Institution. Proportionate leave salary contribution will be payable if vacation is partially availed of.</p>		<p>rates prescribed by the Institute. The leave salary in respect of leave if any taken will be payable by the Institute in accordance with their rules.</p>		
7 Residential Accommodation.		<p>Persons in occupation of accommodation allotted by the Deptt. may be allowed to retain the accommodation on transfer to the Institute subject to recovery of rent according to Govt. Rules. Priority for allotment of accommodation will be as if the persons were the employees of the Institute. Case of accommodation allotted by the Estate Manager Govt. of India will be dealt with on <i>ad-hoc</i> basis.</p>	As in Col. No. 3.	<p>Persons occupying institute's quarters may be allowed to retain the quarters on transfer to the Department of Atomic Energy subject to recovery of rent according to the Institute's rules. Priority for allotment of accommodation will be accorded as if the persons were the employees of the Deptt. of Atomic Energy.</p>	As in Column No. 5.	

8 Medical Facilities	Facilities for medical attendance and treatment should not be less favourable than those available under Govt. Rules.	As in Col. No. 3	Facilities for medical attendance and treatment for the employee and his/her family will be the same as admissible under the Contributory Health Service Scheme of the Department of Atomic Energy.	As in Column No. 5
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## **Ministry of Tourism & Civil Aviation**

### **Recommendations**

**The Committee feel that the purchase of the new equipment at a total cost of nearly Rs. 4 lakhs was effected in a casual manner. The Department had a specific purpose in view for which they desired to acquire the equipment. But they made no enquiries to find out if this equipment was in use in any aerodrome in any other country. Nor did they have any demonstration to see whether the equipment would be able to perform the task for which it was to be purchased. Nor did they specify in the contract or in the tender that the equipment should perform the particular job of negotiating slushy grounds.**

(S. No. 7, para 2.10 of 58th Report, Third Lok Sabha).

**The Committee, therefore, recommend that while purchasing any costly equipment from a foreign country, the Ministry and Department should do well to satisfy themselves fully with regard to technical and other matters before placing orders for the same.**

(S. No. 8, para 2.11 of 58th Report, Third Lok Sabha)

**The Committee regret to note that at the time of placing the contract, details of the power take-off unit were not specified. They also fail to understand as to why the Department had agreed to purchase the equipment on the basis of a certificate of inspection issued by the representative of the supplying firm.**

(S. No. 9, para 2.17 of 58th Report, Third Lok Sabha)

**The Committee feel that if the Department had so desired, the equipment could have been inspected by some other agency with the help of India Supply Mission, Washington. Thereby the defects and shortcomings of the equipment, which came to the notice of the authorities on its arrival in India, would have come to notice before its despatch. Because of the procedure of purchase adopted in this case there has already been an avoidable delay of four years in putting the equipment to its proper use. The Committee also desire that suitable instructions should be issued to the Government departments that they should satisfy themselves about the utility of any**

**foreign equipment for the specific purpose for which it is required, before spending valuable foreign exchange in importing the same.**

(S. No. 10, para 2.18 of 58th Report, Third Lok Sabha).

*Action taken by Government*

**PARAS 2.10. 2.11. 2.17 & 2.18**

**The Recommendations of the Committee have been noted.**

**Suitable instructions have been issued to the Departments and Public Undertakings under the Administrative Control of this Ministry to ensure that the recommendations of the Committee are complied with while placing orders for the purchase of costly equipment from abroad.**

**A copy of the circular letter No. 9-VB(19)65 dated 22.11.1967 issued in this regard is enclosed.**

No. 9-VB(19)/65

GOVERNMENT OF INDIA  
MINISTRY OF TOURISM & CIVIL AVIATION  
New Delhi, 22nd November, 1967.

1. The Director General of Civil Aviation, *New Delhi*.
2. The Director General of Observatories, *New Delhi*.
3. The Director General of Tourism, *New Delhi*.
4. The Commissioner of Railway Safety, *Lucknow*.
5. The General Manager, Air India, *Bombay*.
6. The General Manager, Indian Airlines Corporation, *New Delhi*.
7. The Managing Director, India Tourism Development Corporation, *New Delhi*.

**SUBJECT:**—58th Report of the Public Accounts Committee (Third Lok Sabha—1966-67)—Need to ensure full satisfaction with regard to technical and other matters before placing orders for an equipment and to ensure its inspection—Recommendations regarding.

Sir,

The Public Accounts Committee in their 58th Report (Third Lok Sabha—1966-67) adversely commented on a case in which a new equipment was purchased from a firm in U.S.A. through the India Supply Mission, Washington. The Department which placed an order on the India Supply Mission for this equipment had a specific purpose in view for which they desired to acquire it but had made no enquiries to find out if the equipment was in use for that purpose in any other country. They did not also have any demonstration to see whether the equipment would be able to perform the task for which it was to be purchased nor did they specify in the contract or in the tender that the equipment should perform the particular job for which it was purchased. Further, details of an important component were also not specified in the contract or tender. The equipment was purchased on the basis of a certificate of inspection issued

by the representative of the supplying firm. After delivery in India, it was found to be defective and could not be put to the use for which it was intended because the particular component of the equipment supplied did not meet the requirements for the satisfactory functioning of the equipment to serve the purpose in view.

2. The Committee have made the following recommendations in para. 2.11 and 2.18 of their 58th Report (Third Lok Sabha—1966-67).

*"Para. 2.11.*

The Committee, therefore, recommend that while purchasing any costly equipment from a foreign country, the Ministry and Department should do well to satisfy themselves fully with regard to technical and other matters before placing orders for the same."

*"Para. 2.18*

The Committee feel that if the Department had so desired, the equipment could have been inspected by some other agency with the help of India Supply Mission, Washington. Thereby the defects and shortcomings of the equipment, which came to the notice of the authorities on its arrival in India, would have come to notice before its despatch. Because of the procedure of purchase adopted in this case there has already been an avoidable delay of four years in putting the equipment to its proper use. The Committee also desire that suitable instructions should be issued to the Government departments that they should satisfy themselves about the utility of any foreign equipment for the specific purpose for which it is required, before spending valuable foreign exchange in importing the same."

Government have accepted these recommendations which are brought to your notice for information and guidance.

Yours faithfully,

*Under Secretary to the Govt. of India.*

No. 9-VB(19)/65.

Dated:—22-11-67.

Copy forwarded to all Ministries of the Government of India.

*Under Secretary to the Govt. of India.*

**Cabinet Secretariat**

(DEPARTMENT OF STATISTICS)

*Recommendation*

The Committee would like to stress that statistics relating to a particular period, if delivered after the lapse of several years lose much of their value and usefulness.

(S. No. 15, para 3.13 of 58th Report, Third Lok Sabha)

*Action taken by Government*

The Committee's observations have been noted and have also been conveyed to the Institute.

**Ministry of Commerce**

*Recommendation*

From the note furnished by the Ministry of Commerce the Committee find that the First Secretary had a number of items of furniture in his possession which were over and above the normal entitlement. The Committee would like to know the steps taken to utilise the excess furniture for other purpose.

[S. No. 34. para 4.46 of 58th Report, (Third Lok Sabha)]

*Action taken*

The surplus items of furniture with the First Secretary (Commercial) have been withdrawn. Most of the items have been transferred either to the Chancery or to other officers and the cost of a few items which became unserviceable has since been written off. Some of the items have been sold off.

*Recommendations*

I. "The Committee regret to note that a revolving fund of such a huge amount (Rs. 5 crores) was placed at the disposal of the Tea Board on the estimate which "was made rather on a rough basis" without estimating the amount which would be required to advance loans to the tea estates for replanting, replacement and/or extension of old tea areas. The Committee feel that some targets in respect

of those items viz. replanting, replacement and/or extension of old tea areas should have been fixed. They are also surprised to know that the Tea Board has received only one application for irrigation loans for which the Tea Board have earmarked a crore of rupees. This shows that the Scheme was not based on a full and realistic assessment."

[S. No. 35, para 4.52 of Fifty-eighth Report (Third Lok Sabha)]

II. "The Committee trust that in future Government will not sanction huge amounts on ad-hoc basis and money will be given to institutions etc. only after, satisfying their capacity to utilise such amounts".

[S. No. 36, para 4.53 of Fifty-eighth Report (Third Lok Sabha)]

*Action taken*

The observations of the Committee have been noted.

It may, however, be mentioned that the plantation Finance Scheme as originally proposed by the Tea Board envisaged a physical target of 50,000 acres (20234.72 rectare) for replantation about 45,000 acres in the plains and the rest in the hilly areas involving a total outlay of about Rs. 15.3 crores over a period of 5 years. On detailed examination of the Scheme, however, it was found that having regard to the likely availability of plan resources it would be possible to provide for an allocation of only Rs. 5 crores for the Scheme, of which Rs. 4 crores were earmarked for loans for replantation and extension and the balance of Rs. 1 crore for loans for irrigation Schemes. The Government accordingly decided to earmark this amount to the Tea Board as revolving fund. In the background of the foregoing it will be seen that the decision to have a corpus of Rs. 5 crores for the loan Scheme was not taken altogether without any reference to physical targets. It is, however, regretted that this position was not properly explained during the course of the Oral evidence before the Committee.

As regards the utilisation of funds against the aforesaid ceilings the position is that on a review, Government have decided to reduce the ceiling for the loans for irrigation scheme from Rs. 1 crore to Rs. 10 lakhs and to increase that of the replantation loan from Rs. 4 crores to Rs. 4.50 crores. The total corpus of the entire Scheme thus stands reduced from Rs. 5 crores to Rs. 4.60 crores. However, it represents only a notional ceiling up to which the Tea Board is allowed to entertain applications from Tea gardens for loans for the purposes provided for in the plantation Finance Scheme and does not represent an amount actually placed at the disposal of

the Tea Board. The actual release of funds to the Tea Board is made by Government in phased instalments each year, only to the extent justified by actual requirements of funds and after securing approval of the Parliament to the appropriations made in this behalf in budget of each financial year.

Since the inception of the Scheme, the total amount actually released to the Tea Board for the operation of the Scheme comes to Rs. 3.19 crores as shown below:—

Years	Rs. in Lakhs
1962-63	17.00
1963-64	50.00
1964-65	60.00
1965-66	68.88
1966-67	59.29
1967-68	64.00
<b>TOTAL</b>	<b>319.17</b>

Physical progress achieved since the inception of the scheme is separately given in the annexure.

*ANNEXURE*

*Statement showing the Targets achieved since the inception of the Tea Plantation Finance Scheme*

	1962-63	1963-64	1964-65	1965-66	1966-67
<b>Replanting</b>	8.50 (hectares)	85.02 (hectares)	104.39 (hectares)	71.48 (hectares)	.. ..
<b>Replacement</b>	2.59 (Do.)	3.2 (Do.)	25.55 (Do.)	6.47 (Do.)	.. ..
<b>Extension</b>	555.93 (Do.)	806.03 (Do.)	769.75 (Do.)	742.64 (Do.)	60.50 (hectares)
<b>TOTAL</b>	<b>567.02 (hectares)</b>	<b>894.29 (hectares)</b>	<b>899.69 (hectares)</b>	<b>820.59 (hectares)</b>	<b>60.50 (hectares)</b>

13

*Total Area Covered*

<b>1962-63</b>	.. .. .. .. ..	567.02 (hectares)
<b>1963-64</b>	.. .. .. .. ..	894.29 (Do.)
<b>1964-65</b>	.. .. .. .. ..	899.69 (Do.)
<b>1965-66</b>	.. .. .. .. ..	820.59 (Do.)
<b>1966-67</b>	.. .. .. .. ..	60.50 (Do.)

3242.09 (Hectares=8011.20 Acres).

(One hectare=2.471 Acres).

*Recommendation*

**"The Committee desired to know why in one case the second instalment of loan was released within 9 months (against 1 year prescribed in the scheme) without even verifying whether the planting had been carried out. The Deputy Chairman, Tea Board, stated that the loanee had delayed in taking the first instalment of loan. After the sanction of the loan, payment of the first instalment could not be finalised because certain financial objections were raised. In the meantime, in order not to hold up their progress of cultivation, the second instalment was given only three months ahead because that was a season in which only they could do the work. In reply to a question, the witness added that in regard to remaining cases, it was released only after one year.**

**The committee hope that such cases would be avoided in future."**

[S. No. 37 paras 4.58 and 4.59 of Fifty-eighth Report (Third Lok Sabha)]

*Action taken*

The recommendation of the Committee has been note.

[Ministry of Commerce U.O. No. F. 5(4)-Plant(A) 67, dated the 18th March, 1967.]

*Recommendation*

**"The Committee take exception to the procedure adopted by the Tea Board in releasing the first instalments of loans to the Tea Estates on the basis of personal guarantees from the Managing Directors|Agents, instead of on the basis of bank guarantees as prescribed in the scheme."**

[S. No. 38 para 4.64 of Fifty-eighth Report (Third Lok Sabha)]

*Action taken*

The observations of the Committee have been noted. The procedure of releasing the first instalment of loans against personal guarantees has been discontinued with effect form the 1st January, 1967. A proposal to provide loan assistance on the basis of a "second charge" on the assets of the loanee estates has been agreed to in principle; detailed procedure for its implementation are being worked out.

[U.O. No. 5(3)-Plant(A) 67 dated the 11th May, 1967.]

**Recommendation**

**"The Committee are unhappy to note that in evidence the correct information was not given to the Committee. They desire that in future every care should be taken by the witnesses to give factual information to the Committee."**

[S. No. 39 para 4.66 of Fifty-eighth Report (Third Lok Sabha)]

**Action taken**

The recommendation of the Committee has been noted.  
 [Ministry of Commerce U. O. No. F. 5(7)-Plant(A) 67, dated the 1, 1967.]

**Recommendation**

**"The Committee also regret to note that the decision to give loan on the personal guarantees was taken by the Tea Board on 3rd December, 1963 and not on the approval of the Government. They also find that the Tea Board asked Government to accord sanction in the middle of 1965 only i.e. after a period of 11 years. The Committee trust that in future Tea Board would not act in this irregular manner."**

[S. No. 40 para 4.67 of Fifty-eighth Report (Third Lok Sabha)]

**Action taken**

The recommendation of the Committee has been noted.  
 [Ministry of Commerce U.O. No. F. 5(8)-Plant(A) 67. dated the 18th March, 1967.]

**Recommendation**

**"The Committee regret that the Board had in this case also deviated from the rules relating to the schemes in anticipation of obtaining Government's approval. They desire that such irregular practices should be stopped immediately. They consider it as an unhealthy practice to deviate from rules and then to approach Government to regularise it. The proper course (for the Tea Board) would have been to get the rules first amended if necessary and then act accordingly."**

[S. No. 43 para 4.75 of Fifty-eighth Report (Third Lok Sabha)]

*Action taken*

The comments have been communicated to the Tea Board for strict observance in future.

*Recommendation*

**"The Committee would like to be informed of the final decision taken on the matter."**

[S. No. 44 para 4.86 of Fifty-eighth Report (Third Lok Sabha)]

*Action taken*

A revised demand notice asking for immediate refund of Rs. 83,472 to the Tea Board was issued to the Tea Estate on 20-8-1966. The Company has paid the above amount on 19-12-1966.

Regarding final decision of the Board in regard to Company's request for adjustment of further new extensions against the above amount, the Company was informed that such adjustment was not acceptable and their application for a new planting of 15 hectares would be considered separately in its own merits. In any case, this question does not arise any more.

[Ministry of Commerce U.O. No. F 5 (11)-Plant (A) 67, dated the 18-3-1967.]

*Recommendation*

**1. "The Committee understand from Audit that Shri 'A' (another officer) was first appointed as Chairman, Tariff Commission with effect from 14-9-1959 on a monthly pay of Rs. 3,500 p.m. upto the date of superannuation i.e. 12-3-1969. Thereafter he was given an extension of service upto 13-9-1962 and he was given the same pay during this extended period. He was re-appointed as Chairman on re-employment basis with effect from 14-9-1962 for a further period of 2 years, and his pay was fixed at Rs. 3,000 per month less pensionary benefits. In this case, however, the officer concerned was paid Rs. 3,750 p.m. even after the date of retirement.**

[S. No. 45 para 4.101 of 58th Report (Third Lok Sabha)]

**2. Even though Government have powers to fix pay in such cases, the Committee feel that the criteria to be followed in fixing the pay particularly after retirement should be uniform in all cases**

[S. No. 46 para 4.102 of 58th Report (Third Lok Sabha)]

*Action taken*

The recommendations of the P. A. C. have been noted and will be borne in mind in dealing with such cases in the future.

*Recommendation*

The Committee regret to find that there has been avoidable delay in this case at different stages in the Board as well as in the Ministry. The Audit Inspection Report was received by the Board in February, 1959, but the matter was placed before the Standing Committee of the Board only on 15-2-1961. After adoption of a Resolution, the S.T.C. was addressed more than two months later. Though Audit advised the Board in July, 1962 to obtain the orders of the Ministry for any deviation from the normal rules the Ministry was addressed by the Board only on 19-7-1963 and a decision was given by the Ministry only in July, 1965. The Committee do not find any justification for a delay of more than six years in coming to final conclusion in this case. They hope that such delays would be avoided in future.

It is understood from Audit that the Ministry while communicating their decision in July, 1965, stated that the foregoing of the payment due from the S.T.C. on account of C.P.F. contribution for the period from 1-1-1957 to 31-3-1963 (amounting to Rs. 5,088) could not be agreed to. No action to recover this amount was, however, taken by the Board till July, 1966. The Committee deprecate the inexplicable delay on the part of the Board in taking action on the decision of the Government.

[S. No. 47 para 4.111 of Fifty-eighth Report (Third Lok Sabha)]

*Action taken*

The above recommendations/conclusion have been noted in the Ministry of Commerce. Necessary instructions have been issued on 24-10-1966 to the Central Silk Board to ensure that such delays are avoided in future. The Ministry will also ensure that such delays are avoided in future.

**Ministry of External Affairs**

*Recommendations*

**The Committee are not satisfied with the manner in which (this case of) the purchase of the building was dealt with. Before the**

building was purchased at a cost of Rs. 4 lakhs for use as residence of the Commissioner, steps were not taken by the Ministry to have property valued by any independent agency but the Ministry had tried to verify the value by other means. The Committee suggested that in the case of purchase of properties in a foreign country, the Ministry may consider the feasibility of assessing beforehand the value of property with the help of competent professional assessors.

[S. No. 54 para 5.17 of Fifty-eighth Report (Third Lok Sabha)]

#### *Action taken*

Pursuant to the recommendations of the Committee, circular instructions have been issued in the Ministry's circular No. Q|Pro.I| 734(3) 66 (EAI|67|I|12) dated 10th February, 1967 (copy enclosed) enjoining upon Missions and posts abroad that while considering proposals for purchase of property in a foreign country they should invariably consult competent professional assessors for a proper assessment of the value of the property and its structural soundness.

#### *Recommendation*

The unfortunate aspect in this case is that after the building was purchased the Commissioner never moved into the house even though the house was considered to be "one of the best houses in Aden". From the facts placed before the Committee and from the letter dated 29-6-1964 addressed to the Commissioner, it is clear that the Commissioner instead of himself shifting to the building after its purchase suggested that the staff might be shifted to the building when repairs were being carried out. The Committee feel that the Ministry should have directed the Commissioner to shift to the building immediately after it was purchased.

[S. No. 55 para 5.18 of Fifty-eighth Report (Third Lok Sabha)]

#### *Action taken*

Due to continuing unstable political conditions in Aden it had not been possible to undertake the proposed additions and modifications to the house purchased for the Commissioner. In July 1966 the Commission informed that construction work in Aden was at a stand-still and it was difficult to procure the services of architects due to closure of almost all firms. Alternative methods to undertake the repairs work by deputing CPWD Engineer were also explored in consultation with the Commission, who informed the Ministry on 4th August, 1966 that he did not anticipate any difficulty for labour or procuring the building materials for the work. However, CPWD

were of the opinion that deputation of an Engineer from India, who might have had to stay in Aden for about six months, would not be economical and accordingly suggested that local architect should be used. The repair work could not, therefore, be undertaken in the continued unstable political condition.

As the house was not considered suitable for representational purposes without the repairs being carried out, the three staff members were allowed to continue to occupy the house. The Foreign Service Inspectors who visited the Mission in November 1966 had also advised Government that this arrangement should continue till the conditions stabilised. The Mission also observed as follows in their letter No. ADE-862(1) Estt(Pt. II) dated 21st February, 1967:—

- “3. The security situation continues therefore to be bad and fierce political rivalries persist. There is no sign of normal conditions being restored in Aden and the next year or two promise only increasing strife and turmoil. The situation may begin to change after independence in 1968.
- 4. In view of the foregoing, it is extremely difficult, if not impossible, to proceed with the repairs/alterations envisaged to the above building. Nor is it at all possible to think of the Commissioner being able to shift to the Government building till things become stable. We suggest that the work relating to repairs/alterations to the Government building may be kept suspended until 1968 when the position will be reviewed in the light of conditions then obtaining.”

#### *Recommendation*

The Committee regret to note that for the building purchased in June 1964, the Government accorded their administrative approval to the additions and alterations to the building at a cost of Rs. 50,000 in February 1965. The argument that the Ministry had to examine the matter fairly thoroughly is hardly convincing because from the facts placed before the Committee it is clear that the Ministry had already examined the matter so thoroughly that the expenditure on repairs was reduced from Rs. 1.50,000 to Rs. 50,000. Even the Commissioner had prepared the first estimates on the basis of Rs. 50,000. The Committee hope that the Ministry will take steps to avoid such instances of delay in future.

[Serial No. 56 para 5.19 of 58th Report (3rd Lok Sabha)]

*Action taken*

The instructions of the Committee have been noted. The Commission has reported in February 1967 that they could not obtain detailed estimates from local architects as no one was willing to undertake the job due to disturbed local conditions. These conditions unfortunately, continue and efforts to send an engineer from India have not also materialised.

*Recommendations*

The Committee also note with regret that the house occupied by the previous Commissioner had been retained and a rent of Rs. 1333 per month was still being paid, though no Commissioner had yet been posted (July 1966) (the previous Commissioner left in May, 1966). The Committee would like to know the period for which the vacant possession of the residence was retained and the amount of rent paid therefor.

The Committee trust that steps will be taken early to make proper and full utilisation of the accommodation rented and acquired.

[Serial No. 57 para 6.20 of 58th Report (3rd Lok Sabha)]

*Action taken*

The house leased for the previous Commissioner was vacated by him on the 3rd May, 1966 when he was transferred from the Mission. There was uncertainty as to when the new Commissioner would join the Mission as he had been granted home leave. However, he was specifically required to break his journey at Aden on his way to India on home leave so as to be able to study the situation at first hand, before coming to India. Pursuant to these instructions the new Commissioner arrived in Aden on the 14th August, 1966 and proceeded on leave from the 18th August, 1966. Finally he took over charge in Aden on the 17th November, 1966. The accommodation thus remained vacant during the period from the 4th May 1966 to the 16th November 1966. The rent paid for this period was Rs. 12,938/-.

During the above period when the Commissioner's residence remained vacant one of the staff members, who arrived in the Mission on transfer, was permitted to occupy the house from the 5th July 1966 to 30th September 1966. This course of action resulted in an actual saving of Rs. 1,720/- towards rental for the accommodation of the staff member. In addition, a further saving of Rs. 6,214/- per month would have accrued to Government, because

the newly arrived staff member and his family would have been forced to stay in hotel, had the Commissioner's residence not been readily available for occupation, in view of the acute shortage of residential accommodation in Aden due to unstable political conditions.

The Commissioner is thus in occupation of the house rented for him while the house acquired for him continues to be occupied by the three staff members.

[Audit observations on S. No. 57 of Appendix X to 58th Report—(Third Lok Sabha)].

The additional saving of Rs. 6,214 p.m. mentioned in the draft note, is only hypothetical as (i) the Missions are normally expected to make arrangements for regular residential accommodation for the staff in time so as to avoid heavy expenditure on hotel accommodation; (ii) the period for which the stay in the hotel would be necessary was not definite and (iii) a house was lying vacant and was made available to the newly posted official. The Ministry are, therefore, again requested to delete this portion of their reply.

#### *Recommendations*

The Committee note that it was decided by the Ministry in August 1963 to open a Trade Agency at Dubai and the officer concerned joined the post only on 18th Decembtr 1963. From the facts placed before the Committee, they feel that no serious attempt was made either by the Consul General at Muscat or by the particular officer concerned who himself temporarily held charge of the Consulate General, Muscat till 8th October 1963 to find out suitable accommodation at Dubai for the Trade Agent during this period of about 4 months from August to Decembtr 1963. On the other hand, the Consul General had himself agreed beforehand about arrangements being made in a hotel for the Trade Agent by the Indian Association. This does not agree with the Statement made during evidence that the landlord at the last minute on arrival refused to give him possession. The Committee would like the Ministry of External Affairs to look into this aspect again.

[Serial No. 58 para 5.33 of 58th Report (3rd Lok Sabha)]

#### *Action taken*

At the time when the Trade Agency was set up, Dubai was developing very fast and there was an increasing demand for the few constructed houses as residential accommodation was very limited.

The landlords were demanding heavy rents and were not willing to sign agreements. Accordingly, no written undertaking could be obtained for leasing the accommodation as the Consul General of India in Muscat was not sure when the Trade Agency would be actually established. When a new Mission is established certain amount of delay is inevitable in such matters. Moreover, there was no way of stopping the landlord who initially offered a house at a rent of Rs. 9000 to 10000 p.a. during the Consul General's visit (2nd week of December 1963) from entering into negotiations with more than one prospective tenants with a view to getting higher rent than what might have been offered by Government. By the time the Mission's proposal was received in the Ministry on 24-12-63 and approval of Government conveyed, the Trade Agent had reported that the landlord had withdrawn his offer on 23-12-63. Another house was therefore hired @ Rs. 7000 p.a. with effect from 17.2.64.

With a view to avoiding recurrence of such cases in future instructions have also been issued in this Ministry's circular No. Q|Pro. II|8813|64(EAI|64.1|105) dated 8th September 1964 to all the Missions and Posts abroad to initiate action for securing accommodation as soon as the posting orders are issued and passage arrangements finalised.

#### *Recommendations*

**It is also interesting to note that while under the orders contained in the Ministry's letter No. 68/(5)PD/60, dated the 9th June 1960, officers who are obliged to stay in a hotel due to non-availability of the accommodation on their arrival at the station of posting abroad can be allowed at the discretion of the Head of Mission daily allowance at full rates prescribed for the station for a period of 56 days, in the present case, the officer concerned stayed in the hotel for a period of 55 days and on the 56th day secured private accommodation.**

**The Committee do not find this certificate in order in as much as it does not certify that no alternative accommodation suitable to the status of the officer was available as required under the Rules.**

**The Committee do not feel happy over the manner in which the whole case has been dealt with at various levels and are of the opinion that the extra expenditure of Rs. 12,000 (Approx.) was avoidable.**

[Serial Nos. 60 to 62 paras 5.35, 5.38 & 5.39 of 58th Report (3rd Lok Sabha)]

*Action taken*

The recommendations of the Committee have been noted for future guidance. The Missions and posts abroad have been asked to avoid prolonged stay of officers in hotels. Instructions have been issued in this Ministry's circular No. Q|FD|695|6|65 dated 31-1-1967 (copy enclosed) impressing upon the Missions the need to exercise discretion in the matter of payment of daily allowance in lieu of foreign allowance to officers and staff of the Missions during stay in hotel on first arrival.

*Recommendations*

The Committee are unhappy to note that due to a lapse on the part of the Ministry of Home Affairs, entire payment (amounting to Rs. 81,000) towards pensionary benefits has been made to persons who were not entitled to such benefits.

The Committee fail to understand as to how the date 18th November 1948 (which was the date of issue of the order) could be mentioned as the effective date of permanency for the concession instead of the date 15th August 1947. It appears, that there is no machinery in the Ministry of Home Affairs to detect such errors.

The Committee are also surprised to note that the letter of 18th November 1948 "was not very happily worded" and did not cover two important aspects. They desire that instruction should be issued that orders and letters should be drafted in clear and unambiguous terms so as to avoid confusion at a later stage. Moreover, special care should be taken to check that in important communications conveying decisions etc., dates, facts and other material points are correctly mentioned.

The Committee desire that the findings of the enquiry and the action taken thereon may be communicated to them.

[Serial Nos. 63 to 66 paras 5.57 to 5.60 of 58th Report (Third Lok Sabha)]

*Action taken*

The pensionary benefits were sanctioned on the basis of the advice of the Ministry of Home Affairs, who have since reported that the note indicating the action taken by them was sent to the Lok Sabha Secretariat with their Office Memorandum No. 14|6|67-Ests (A) dated 22nd September 1967 (copy enclosed for ready reference).

Final: Q|BFIL|7340(6)|66-BFIL)

COPY

IMMEDIATE

(No. Q|Pro. I|734|3|66 (EAI|67|1|12)

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 10th Feb. 1967.

*Subject: Purchase of buildings in foreign countries.*

Dear Mission/Post,

It has been recommended by the Public Accounts Committee in their 58th Report 1966-67 (Third Lok Sabha) that while considering purchase of properties in a foreign country, competent professional assessors should be consulted for the purpose of assessing the value of the property and its structural soundness. This is necessary to evaluate the cost of the building and to know beforehand what repairs are required to be carried out to make it habitable. This would also ensure that in the event of purchase of the building the time lag between its purchase and actual use would be reduced to the minimum. This may please be noted for information and further guidance.

All Missions and Posts abroad.

**COPY Encl.**

No. Q|Pro. II|8813|6|64 (EAI|64|I|105)

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

*New Delhi, dated 8th Sept. 1964: 17 Bhadra 1886 Saka.*

**SUBJECT:** Furniture and Furnishings—Hiring of furniture for furnishing residences of members of Missions abroad.

Dear Mission,

As you are aware, according to IFS Rules, India-based members of our missions abroad have to be provided with free furnished accommodation. While some of the missions have been buying furniture for furnishing unfurnished residences, some others have been hiring it. Since in many cases hiring of furniture proves more expensive in the long run than its out-right purchase, it is necessary that the matter should be carefully examined from the financial/budgetary angles before a decision to hire furniture is taken.

2. Whether furniture should be purchased outright or obtained on hire should depend on the type of accommodation available, and also keeping in view the lease period of the residence, for which furniture is required. When unfurnished accommodation is taken, normally it would be more economical to purchase the furniture. If the lease is valid for a long period, say for four to five years, and if the total expenditure to be incurred on hiring of furniture during the entire period of lease is more than the cost of furniture, then it would, no doubt, be worthwhile to go in for outright purchase of furniture. However, it would be more economical to hire furniture if unfurnished accommodation is available only for a short-while and there is no possibility of furniture being used for any other purpose in the near future. The furniture should, therefore, be hired only when its outright purchase will prove uneconomical to the Government in the long run. Otherwise it should invariably be purchased. In all such cases statements showing comparative costs of both the alternatives should be kept on record for information of audit, and of future reference. In regard to purchasing/hiring of furniture the prescribed procedure of calling for tenders/quotations should also be followed.

3. It has been observed that sometimes search for residential accommodation for an incoming officer is commenced by the mission only after the officer has arrived at the station. In such cases very often the officer concerned with his family has to be accommodated in a hotel on his arrival at an exorbitant cost. Again, at times, the personal conveniences and preferences are given undue weightage at the cost of economy. It is, therefore, requested that, in future, action to find suitable accommodation should be initiated as soon as an officer's passage is booked so that by the time he arrives at the station, suitable accommodation is ready for him. This will not only ensure that accommodation found for him is strictly in accordance with the prescribed scales but would also result in saving of probable hotel charges as the officer concerned would be able to move to his new residence straight way.

4. The instructions contained in para three do not apply to missions in London and Washington.

5. Receipt of this letter may kindly be acknowledged.

*Under Secretary to the Govt. of India.*

**All Indian Missions/Posts abroad.**

COPY

(Q|BFIII|7340 (6) |66-BFII)

No. Q(FD) 695|6|68.

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, 31st January 1967.

To

All Heads of Missions Posts Abroad.

SUBJECT: Payment of daily allowance in lieu of Foreign Allowance to officers and staff of the Mission during stay in hotel on first arrival.

Sir,

I am directed to invite reference to the orders regarding payment of daily allowance in lieu of foreign allowances to the officers and staff of Missions during their stay in hotel on first arrival abroad and to say that the question has been examined again with the intention of achieving economy in expenditure without adversely affecting the inescapable needs of officers and staff. The views of Heads of Missions and Posts communicated in response to the Ministry's circular No. Q(FD)695|19|64 dated the 11th April 1966 have also been given due consideration.

The drawal of daily allowance in lieu of foreign allowance is intended to be applied only to cases where officers on first arrival abroad have unavoidably to stay in hotels without Kitchen facilities, and where the foreign allowance is inadequate to compensate the additional expenditure involved. The discretion to give daily allowance instead of foreign allowance is vested in the Head of Mission| Post, who is required to satisfy himself about the inadequate of the foreign allowance and to regulate payment of daily allowance in deserving cases in such a manner that it is not a source of profit to the officer staying in a hotel.

While it is true that in many capitals there is shortage of housing, it is necessary that Missions should plan ahead and take energetic action in finding whatever residential accommodation is available. Some instances of officers shifting to residences just on the 56th day

or 90th day of arrival give the impression that they have stayed in hotels to the maximum extent without making earnest and timely efforts to find houses.

It is not the intention of Government that the drawal of daily allowance either at the maximum rate or for the maximum period should be automatic, even if an officer is accommodated in a hotel. In exercising the discretion given to them, the Heads of Missions| Posts have full powers to prescribe lower rates of daily allowance if they are satisfied that the amounts would cover the unavoidable expenses on meals. In places where hotel accommodation with kitchenette facilities or boarding houses accommodation may be available the Chancery should prefer it to the usual type of hotel accommodation.

Cases where daily allowance is paid beyond 21 days should continue to be reported to the Ministry in proforma prescribed in the Ministry's letter No. Q(FD)695|19|64 dated the 11th April 1966.

It is a primary responsibility of the Chancery to find accommodation for the officers and staff. The Chancery should maintain a record of all efforts made in each individual case to obtain residential accommodation, so that, if necessary, the Foreign Service Inspectorate may scrutinise it. It is not for the officers to pick and choose their accommodation. Even if the accommodation is slightly below the entitlement, and it is otherwise found suitable by the Chancery, the officer should be required to move into it in the interest of economy. Officers who refuse to shift into available houses under one pretext or other should be paid only the foreign allowance.

You are requested to frame suitable instructions for the guidance of the Chancery in the light of local circumstances.

Yours faithfully,

*Deputy Secretary to the Govt. of India.*

**IMMEDIATE**

**COPY**

No. 14|6|67-Ests. (A)

**GOVERNMENT OF INDIA**

**MINISTRY OF EXTERNAL AFFAIRS**

New Delhi, the 22nd September 1967  
21st Bhadra 1889 (S)

**OFFICE MEMORANDUM**

**SUBJECT:** Public Accounts Committee—Notes showing action or proposed to be taken on the recommendations/observations of the Committee contained in their 55th, 57th to 66th, 68th to 72nd Report (3rd Lok Sabha) on Civil Accounts, Defence Services Accounts, Posts & Telegraphs Accounts and Railway Accounts.

The undersigned is directed to refer to the Lok Sabha Secretariat O.M. No. 72|1|56|67 PAC dated the 30th August 1967 on the above subject and to forward herewith three advance copies of the reply to recommendations at S. Nos. 63, 64, 65 and 66 of Appendix X to the 58th Report of the Public Accounts Committee (3rd Lok Sabha), which is yet to be vetted by the Audit. As soon as the reply is vetted by the Audit, usual number of copies of the reply will be sent to the Lok Sabha Secretariat.

*Deputy Secretary to the Govt. of India.*

To

The Lok Sabha Secretariat.

New Delhi.

No. 14|6|67-Ests. (A)                   New Delhi, the 22nd September, 1967

1. Copy with a copy of the enclosure to the Ministry of External Affairs, New Delhi (Shri A. N. Rao, Under Secretary) with reference to his D.O. No. Q|B.F.III|7340|5|66, dated 21-8-1967.
2. Copy to Accounts (1) Section for information.

*Under Secretary to the Government of India.*

## ADVANCE COPY OF THE NOTE TO THE PUBLIC ACCOUNTS COMMITTEE

*Action taken on the recommendations of the Public Accounts Committee—58th Report (3rd Lok Sabha).*

**“5.57 The Committee are unhappy to note that due to a lapse on the part of the Ministry of Home Affairs, entire payment (amounting to Rs. 81,000) towards pensionary benefits has been made to persons who were not entitled to such benefits.**

**5.58 The Committee fail to understand as to how the date 18-11-1948 (which was the date of issue of the order) could be mentioned as the effective date of permanency for the concession instead of the date 15-8-1957. It appears that there is no machinery in the Ministry of Home Affairs to detect such errors.**

**5.59 The Committee are also surprised to note that the letter of 18-11-1948 “was not happily worded” and did not cover two important aspects. They desire that instructions should be issued that orders and letters should be drafted in clear and unambiguous terms so as to avoid confusion at a later stage. Moreover, special care should be taken to check that in important communications conveying the decision etc. dates, facts and other material points are correctly mentioned.**

**5.60 The Committee desire that the findings of the enquiry and the action taken thereon may be communicated to them.”**

**[Sl. Nos. 63 to 66 of Appx. X to the 58th Report (Third Lok Sabha)]**

### *Reply of Government*

**1. The observations of the Committee contained in para 5.57, 5.58 have been noted by Govt. for further guidance.**

**2. The recommendation contained in para 5.59 has been accepted by Government. Necessary instructions have been issued to all the Ministries|Departments of the Government of India in Ministry of Home Affairs O.M. No. 14/6/67-Ests(A) dated 22nd September 1967 (copy enclosed)..**

**3. In para 5.60 the Committee have asked the Govt. to communicate to them the findings of the enquiry conducted by the Ministry**

of Home Affairs in this regard and the action taken thereon. As already communicated to the Lok Sabha Sectt. in Ministry of Home Affairs O.M. No. 38/31/66-Ac.I, dated 8th November 1966, as a result of the enquiry, three officials of the Ministry of Home Affairs, viz., a Deputy Secretary, a Section Officer and an Assistant were found negligent in handling the case and orders were passed conveying the displeasure of Government warning to them; a record to this effect was also made in their character rolls.

Sd/- K. K. RAY

*Joint Secretary to the Government of India.*

No. 14|6|67-Ests. (A)  
GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS

New Delhi-1, the 22nd September, 1967  
31st Bhadra, 1889

**OFFICE MEMORANDUM**

**SUBJECT: 58th Report of the Public Accounts Committee (Third Lok Sabha 1966-67)—Need to draft the orders and letters to be issued by Government in clear and unambiguous terms—Recommendation regarding.**

The Public Accounts Committee had, in their 58th Report (Third Lok Sabha—1966-67), adversely commented on a case in which the original orders issued by the Government of India granting certain concessions to the Government employees were not happily worded and did not cover two important points. The first point was that in the original orders, there was no indication about any date with reference to which the eligibility of the employees for the concession was to be determined. When it was discovered that this was an omission, a clarificatory Office Memorandum was issued (after a lapse of some time since the issue of the original orders) indicating the date with reference to which the eligibility for the concession would be determined. The second point was that neither the original orders nor the subsequent clarificatory instructions specified for how long the concession would be available. As a result, Government had to incur financial loss.

2. The Committee have recommended that Government should issue instructions to all concerned to the effect that "orders and letters should be drafted in clear and unambiguous terms so as to avoid confusion at a later stage; moreover, special care should be taken to check that in important communications conveying decisions etc. dates, facts and other material points are correctly mentioned." Government have accepted this recommendation, which is brought to the notice of all Ministries/Departments for information and guidance. In this connection, attention is also invited to para 45(i) of the Manual of Office Procedure which is reproduced below:

"45(i) A draft should convey the exact intention of the orders passed. The language used should be clear, concise and

incapable of misconstruction. Lengthy sentences, abruptness, redundancy, circumlocution, superlatives and repetitions whether of words, expressions or ideas should be avoided. Communications of some length or complexity should generally conclude with a summary."

Attention is also invited to the Government of India's decision below rule 22 of G.F. Rs. which is reproduced below:—

"Precision and clarity being the very essence of all legal and statutory documents, drafting of Notifications etc. relating to financial matters should be given special care and any lapse in this regard should be brought home to the officers responsible therefor (Vide Ministry of Finance O.M. No. F. 11(36)E.II(A)63, dated 22-11-1963).

Sd/- (Mrs.) (R. M. SHROFF)

*Deputy Secretary to the Government of India.*

with usual number of spare copies.

To

All the Ministries Departments of Government of India, Union Public Service Commission, Comptroller and Auditor General.

No. 146/67-ESTS(A)

Dated the 22nd September, 1967, 31st Bhadra, 1889.

Copy forwarded for guidance to :--

- (1) All Union Territories.
- (2) All attached and subordinate offices of M.H.A.
- (3) All Zonal Council Secretariats.
- (4) Department of Administrative Reforms (with 50 spare copies).
- (5) Commissioner for Linguistic Minorities, Allahabad.
- (6) All Sections of the Ministry of Home Affairs.
- (7) Central Vigilance Commission.

Sd/- (Mrs.) (R. M SHROFF)

*Deputy Secretary to the Government of India.*

## Ministry of Home Affairs

### Recommendations

The Committee are unhappy to note that due to a lapse on the part of the Ministry of Home Affairs, entire payment (amounting to Rs. 81,000) towards pensionary benefits has been made to persons who were not entitled to such benefits.

The Committee fail to understand as to how the date 18-11-1948 (which was the date of issue of the order) could be mentioned as the effective date of permanency for the concession instead of the date 15-8-1947. It appears that there is no machinery in the Ministry of Home Affairs to detect such errors.

The Committee are also surprised to note that the letter of 18-11-1948 "was not very happily worded" and did not cover two important aspects. They desire that instructions should be issued that orders and letters should be drafted in clear and unambiguous terms so as to avoid confusion at a later stage. Moreover, special care should be taken to check that in important communications conveying the decisions etc. dates, facts and other material points are correctly mentioned.

The Committee desire that the findings of the enquiry and the action taken thereon may be communicated to them.

[S. Nos. 63, 64, 65 and 66 Paras 5.57 to 5.60 of 58th Report (3rd Lok Sabha)].

### Action taken

1. The observations of the Committee contained in paras 5.57 and 5.58 have been noted by Government for future guidance.
2. The recommendation contained in para 5.59 has been accepted by Government. Necessary instructions have been issued to all the Ministries/Departments of the Government of India in Ministry of Home Affairs O.M. No. 14/6/67-Ests(A) dated the 22nd September, 1967 (copy enclosed).
3. An enquiry was conducted by an officer of the rank of Joint Secretary to look into the lapse that resulted in the wrong interpretation of the relevant orders. The enquiry revealed that the lapse

could be attributed to negligence on the part of the Assistant Section Officer and the Deputy Secretary who dealt with the file. On the basis of these findings, it was decided that the displeasure of the Government should be conveyed to the Deputy Secretary concerned and a warning issued to the Section Officer and the Assistant and that copies of these ccommunications should be placed in their character rolls. Action has, been taken accordingly.

4. The Note on the subject was shown to the Audit and it has been amplified on the lines indicated by them.

No. 14|6|67-Ests (A)

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-1, 22nd September, 1967/31st Bhadra, 1889.

OFFICE MEMORANDUM

**SUBJECT:**—58th Report of the Public Accounts Committee (Third Lok Sabha—1966-67)—Need to draft the orders and letters to be issued by Government in clear and unambiguous terms—Recommendation regarding.

The Public Accounts Committee had, in their 58th Report (Third Lok Sabha—1966-67), adversely commented on a case in which the original orders issued by the Government of India granting certain concessions to the Government employees were not happily worded and did not cover two important points. The first point was that in the original orders, there was no indication about any date with reference to which the eligibility of the employees for the concession was to be determined. When it was discovered that this was an omission, a clarificatory Office Memorandum was issued (after a lapse of some time since the issue of the original orders) indicating the date with reference to which the eligibility for the concession would be determined. The second point was that neither the original orders nor the subsequent clarificatory instructions specified for how long the concession would be available. As a result Government had to incur financial loss.

2. The Committee have recommended that Government should issue instructions to all concerned to the effect that “orders and letters should be drafted in clear and unambiguous terms so as to avoid confusion at a later stage; moreover, special care should be taken to check that in important communications conveying decisions etc. dates, facts and other material points are correctly mentioned.” Government have accepted this recommendation, which is brought to the notice of all Ministries/Departments for information and guidance. In this connection, attention is also invited to para 45(i) of the Manual of Office Procedure which is reproduced below:

“45(i) A draft should convey the exact intention of the orders passed. The language used should be clear, concise and

incapable of misconstruction. Lengthy sentences, abruptness, redundancy, circumlocution, superlatives and repetitions whether of words, expressions or ideas should be avoided. Communications of some length or complexity should generally conclude with a summary.

Attention is also invited to the Government of India's decision below rule 22 of G.F. Rs. which is reproduced below:—

"Precision and clarity being the very essence of all legal and statutory documents, drafting of Notifications etc. relating to financial matters should be given special care and any lapse in this regard should be brought home to the officers responsible therefor. [Vide Ministry of Finance O.M. No. F.11(36)E.II(A)63 dated 22nd November, 1963].

(Mrs.) (R. M. SHROFF)

Deputy Secretary to the Government of India.

with usual number of spare copies.

To

All the Ministries/Departments of Government of India, Union Public Service Commission, Comptroller and Auditor General.

No. 14|6|67-ESTS (A)

New Delhi-1, 22nd September 1967/31st  
Bhadra, 1880.

Copy forwarded for guidance to:—

- (1) All Union Territories.
  - (2) All attached and subordinate offices of MHA.
  - (3) All Zonal Council Secretariats.
  - (4) Department of Administrative Reforms (with 50 spare copies).
  - (5) Commissioner for Linguistic Minorities Allahabad.
  - (6) All Sections of the Ministry of Home Affairs.
  - (7) Central Vigilance Commission.

(Mrs.) (R. M. SHROFF),  
Deputy Secretary to the Government of India.

### III

#### RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT.

Ministry of Commerce

EXHIBITION BRANCH

#### *Recommendation*

**The Committee are concerned to note the way in which the whole transaction took place.**

[S. No. 22 Para 4.17 of 58th Report (3rd Lok Sabha)].

They are surprised to find that the value of the import licence sanctioned was not co-related with the value of material actually consumed in the preparation of the badges and it included certain items e.g. stainless steel which were not used in the manufacture of badges. The licence was granted only as an incentive for the purpose of getting the badges manufactured cheaply and in a short time. The Committee feel that there was an element of hidden subsidy in the fixation of price of badges.

[S. No. 23 para 4.18 of 58th Report (3rd Lok Sabha)].

The Committee are left with the impression that this hidden subsidy or compensation was deliberately given only to circumvent the regular procedure and to avoid the financial sanction etc. This method also enabled them to show the cost of these badges fictitiously low.

[S. No. 24 para 4.19 of 58th Report (3rd Lok Sabha)].

The Committee do not know whether any attempts were made to find out the rates from other firms if the facilities of import licences, etc. were also to be offered to them.

[S. No. 25 para 4.20 of 58th Report (3rd Lok Sabha)].

It is surprising that the firm was asked to go ahead with manufacture before the terms were settled. The low rates offered by the firm and later on further reduced by them were obviously due to their expectation that certain facilities were to be given to them.

Moreover, the details of the items for which import licences were requested for also varied from the original offer to the offer after negotiation. It is also surprising that although the number of badges ordered was reduced to half (from 5 lakhs to 2.50 lakhs), no reduction in the quantity etc. to be imported of raw material etc. appear to have been made. The Committee feel that this should have been done as non-reduction in the quantity of raw material gave to the firm an un-intended benefit.

[S. No. 26 para 4.21 of 58th Report (3rd Lok Sabha)].

The Committee do not consider it a healthy practice to issue import licences for the raw material which are either not required for the manufacture of articles ordered or in excess of requirements. In their view, such actions of Government are not only irregular but also tax the foreign exchange resources unnecessarily.

[S. No. 27 para 4.22 of 58th Report (3rd Lok Sabha)].

The Committee desire that responsibility for deviating from the regular procedure of placing order after assessing the financial implications fully should be fixed.

[S. No. 28 para 4.23 of 58th Report (3rd Lok Sabha)].

#### Action Taken

The Wholly Indian Exhibition at Moscow organised by the Ministry of Commerce in July—August, 1963 was the first Indian Trade Exhibition in the U.S.S.R. Considerable importance was, therefore, attached to this trade exhibition. The Exhibition opened on the 21st July, 1963 and closed on the 18th August, 1963.

2. In June, 1963, before opening of the Exhibition an advance team of officers had been sent to Moscow for the organisational work. The Exhibition Officer enquired on the 7th June, 1963 whether badges to distinguish the Exhibition staff including locally recruited personnel from visitors were necessary. He added that the badges would have to be made in India as it was not possible to get them manufactured in time in Moscow. He was advised on the 24th June, 1963 to procure cheap and functional badges locally for the use of the Exhibition staff. The Exhibition Officer, however, advised on 2-7-1963 that a design of the badges had been made and that the Russian authorities who were consulted for arranging supply estimated the cost of each badges at roubles 3 to 4 (equivalent to Rs. 15.60 to Rs. 20.80), but they were also doubtful whether the supply could be arranged before the Exhibition. He, therefore, advised that the badges may be got manufactured in India. Co-inci-

dent with the receipt of this letter from Moscow, a letter was received from a Bombay firm of manufacturers of metallic labels, diagram plates etc. enclosing samples which was received in the Ministry on the 10th July, 1963, the firm advised the Ministry that they were participants in the Indian Exhibition, Moscow and that as they had started export of metallic labels and similar products, they wanted information also about the proposed exhibition in Singapore. The workmanship and finish of the samples of this party were found good. The Ministry, therefore, enquired of this firm on 12-7-1963 whether they could supply 1,500 badges of the prescribed design in a few days and in view of the publicity which would accrue to them whether they could supply these badges free of cost and asking them to quote the rate if free supplies were not possible. After discussions with the Ministry on the 15th July, 1963, the firm agreed to supply 1,500 badges free of cost by the 19th July, 1963. As undertaken the badges were delivered in time free of cost and were sent to Moscow in time for inauguration on the 21st July, 1963.

3. The Indian Exhibition at Moscow attracted large crowds of visitors. There was a persistent and considerable demand from the visitors for the badges as souvenirs of the Exhibition. Distribution of souvenir badges was, therefore, decided upon as necessary. As it had already been found impracticable to get badges manufactured in Moscow cheaply and in time it was also decided that the badges of the same design as had been supplied by the Bombay firm free of cost be manufactured in India and flown to Moscow in batches as and when manufactured, so that they could be distributed to the visitors during the currency of the Exhibition. It was further decided that orders for 5 lakh badges may be placed with the Bombay firm who appeared capable of manufacturing badges of good workmanship in a short time. These decisions were communicated to the Ministry in a note dated 24th July, 1963 from the Exhibition Officer, Moscow, which was received in the Ministry on 23th July, 1963.

4. This large quantity of badges was necessarily to be manufactured within a short time, if they were to serve the purpose of distribution to the visitors to the Exhibition during its currency. Excell Process (P) L'd, Bombay had already supplied badges to the design of Government and had, therefore, the necessary dies and tools etc. for meeting an expansion of the previous order. For any other manufactureres to produce badges to the design as they would have had to tool up and fabricate and supply the badges, much more time would have been required than was available. In the circumstances, it was not found possible to follow the normal procedure for pur-

chase. In fact the whole object of manufacturing souvenir badges would have been defeated if any decision other than direct negotiation for the supply of badges and airlifting them was taken. Therefore, the Bombay firm was given telephonic instructions on the 26th July, 1963 to take up manufacture of 5 lakhs badges immediately and that an officer would be flying to Bombay to settle the terms of supply. On the same day, the 26th July, 1963, the firm was also telegraphically instructed that the first batch of badges should be flown by the first available flight to Moscow.

5. An Officer of the Technical Development Directors reached Bombay on the 27th July, 1963 with the instructions to ascertain the regular market rates and settle the terms of supply. He together with the Joint Chief Controller of Imports, Bombay, contacted prominent manufacturers in Bombay of metallic labels and badges. The result of their investigations was communicated to the Ministry by a telegram on 27th July, 1963, received in the Ministry on 29th July, 1963. The telegram stated that similar work pieces were being quoted in the Bombay market for rupee 1 to Rs. 1.50 per piece, but it was doubtful if supplies from other manufacturers could be arranged within time. The final offer of the manufacturer, on whom the order had been placed, was also communicated in this telegram, as being 45 paise per piece and that in addition this firm required other facilities such as additional indigenous supply of aluminium sheets for 6 tons in six months and import licence for Rs. 25,000 for permissible raw materials. The party also confirmed the rate by telegram received in the Ministry on 27th July, 1963 and in which they also wanted an advance of Rs. 50,000/-.

6. On receipt of these messages in the Ministry, it was felt that a smaller number of badges may be ordered for reasons of economising expenditure and it was also felt that the price quoted could perhaps be got reduced by further negotiations. On 30th July, 1963 discussions were held with the Managing Director of the firm. The problem was to persuade the party to execute the order at a nominal cost drawing upon their limited stock of super-purity aluminium sheets and stopping all other work in order to complete the job in a short time. In this background, and as an inducement to meet our urgent requirement the party's request for an *ad-hoc* import licence of somewhat enhanced value was not considered unreasonable. In view of the urgency of the matter and the short time at our disposal, the possibility of other parties willing to undertake and execute the order if a similar inducement was offered, was not explored.

As already explained above other parties would have required much more time than was available for the preparation of fresh dyes and tools involved in the manufacture of the type of badge required and for their supply. A rate of 20 paise per piece was, therefore, finally negotiated with the firm for complete delivery of a smaller quantity of 2½ lakhs badges by 16th August, 1963 while agreeing at the same time to the issue of an import licence for Rs. 1 lakh. The question, therefore, of scaling down the value of the import licence did not arise subsequently. It is not denied that there was no intention at that time to co-relate the items of materials allowed to be imported or their quantum to the materials actually consumed in manufacturing of the badges ordered by Government. The licence was granted for import of materials required for the line of production of this unit. Aluminium sheets were also included in the list of materials coming under the licence as high purity anodic quality aluminium sheets in all the thicknesses required by the firm were not indigenously available. The licence was issued for such materials as stainless steel sheets, chemicals, dyes etc. as were approved by the appropriate technical officer of Government as qualifying for actual use for the normal productions in the licensee's unit. The condition of the licence issued was that materials imported should be used in the licensee's own unit and not re-sold and was, therefore, categorized as 'actual user licence'. One of the conditions of 'actual users' licence is that material should be used in the licensee's factory for fabricating finished goods. When applications are made by the licensee to the import control authorities for issue of further licences, the utilisations of the earlier licence is audited by the Director of Industries. The party has also to declare in the application for the import licence, all the import licences received by him in the licensing period immediately preceding the one to which the application pertains. In this case, as a measure of abundant caution the Ministry had requested the Directorate of Industries, Bombay for a factual report of the utilisation of the raw materials imported under the ad-hoc 'actual user' licence. He has reported, after scrutiny of the books maintained by the firm, that he was satisfied that the materials imported under this licence had been accounted for utilised for fabricating in the licensee's unit.

7. As regards the Committee's desire for fixing responsibility for deviating from the regular procedure for placing order after assessing the financial implications, it is submitted that the circumstances, under which the normal procedure had to be deviated from, have already been explained in the foregoing paragraphs. The financial aspect of the transaction has also been considered and in view of the

position now explained in para 6 above the question of fixing responsibility in this case does not seem to arise.

8. To sum up, it is submitted that there was no intention to circumvent deliberately the normal procedure or to show the cost of badges fictitiously low. In the context of urgency of the situation, and the acute shortage of time left at the disposal of the Ministry, the deal for the manufacture of 2½ lakhs additional badges was directly negotiated with the party who were in the best position to meet Government requirements in time, having already produced and supplied 1500 badges of the acceptable pattern. The inducement of an import licence was given in the best interest of Government for getting reduction in rates and ensuring timely supply of badges.

The Ministry has, however, taken note of the view expressed by the Committee in regard to the grant of an import licence in this case. This aspect will be kept firmly in view in future. If any *ad-hoc* licence is to be given as a part of the terms of Govt. order for purchase or manufacture, it will be ensured that the licence matches fully with the obligations under the order.

[F. No. 176-Exh(4) 66-AC.]

Dated: March 17, 1967

#### *Recommendation*

The Committee would like to suggest that in view of the difficult foreign exchange position it is imperative to conserve foreign exchange worth every rupee and hence the Government must carefully examine the actual utility of these showrooms. Those showrooms/sales-rooms which have not justified their continuance by the results, must be discontinued. The Committee feel that mere transfer to S.T.C. would not solve the problem.

[S. No. 29 para 4.28 of the 58th Report (3rd Lok Sabha).]

#### *Action taken*

Out of the 17 showrooms that were being maintained by the Ministry through the Indian Missions abroad, eight showrooms have so far been closed by stages as they had largely served the purpose for which they had been established. (vide particulars shown in statement appended).

At an inter-ministerial meeting the main policy for running the showrooms in future was discussed. It was agreed by all that the question of continuance of the showrooms should be decided on the

more useful contribution they could make to the cause of export promotion not only by mere display of the products but by actual sales transactions on the spot. The main object in transferring the showrooms to the management of the S.T.C. was to re-organise them and run them on commercial lines. The showrooms were not expected to continue in future as mere display centres for publicising Indian products but were expected to be reorganised as Trade Promotion Centres fully competent to transact business.

A study team of the two officials of the S.T.C. was of the opinion that there was very little commercial advantage in retaining the showrooms at Cairo and Baghdad. It was, however, felt that in taking any decision on the continuance of the showrooms, due regard should be given to the potentialities for trade development with the countries concerned and the region as a whole. Keeping this consideration in view, it was decided that there was full justification for continuing the showrooms at Cairo, Beirut, Tehran, Bangkok and Lagos.

The S.T.C. has taken over w.e.f. 1.4.1967 the showrooms at Cairo, Beirut, Bangkok, Baghdad and Lagos and also Tehran showroom from 1.8.1967. The showroom at Nairobi has already been taken over by them. The S.T.C. will send quarterly reports to the Ministry on the progress of the trade promotional activities in respect of these showrooms.

The showroom at Baghdad, however, will be run by S.T.C. initially for a period of six months and the future of this showroom will be decided on the report of its working during this period.

In respect of the showroom at Kabul, the S.T.C. has been asked to re-examine the possibility of their taking over and running it on commercial lines. Its future will also be decided on receipt of their report. The need for the continuance of Bahrain showroom is still under examination of the Ministry, in consultation with the Ministry of External Affairs and the Head of the Mission. A further report showing the final decision arrived at in regard to these showrooms will be sent to the Committee in due course.

Considering that the S.T.C. was taking over the management of the showrooms for running them on commercial lines and keeping in mind the need to economise Government expenditure on the showrooms, it has been decided to give grant-in-aid to the S.T.C. in respect of the showrooms whose management has been taken over by them. The quantum of grant-in-aid for the first year (1967-68) would be 90 per cent of the total expenditure but limited

to the amount representing 90 per cent of the revised estimates for the year 1966-67.

(F. No. 176-Exh (4) | 66-AC)

NEW DELHI;

Dated: 22-8-1967

*Statement Showing the Showrooms that have been closed*

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

*Recommendation*

The Committee are surprised to find that the Indian Mission at Khartoum failed to furnished the correct details of accommodation originally as a result of which the Ministry gave direction on an erroneous impression. They would like to know the reasons for contradictory statements made by the Mission and whether the Ministry have ascertained what the correct position is.

[Serial No. 33, para 4.45 of 58th Report (3rd Lok Sabha) ].

*Action taken*

In all the correspondence with our Mission in Khartoum between 1956 and 1964 on the house of the First Secretary (Commercial) the Ministry made two statements about which there is no dispute. Firstly, that the house had 4 bed-rooms; and, secondly, that the area of the drawing-cum-dining room and the study was 60 square meters. The confusion has all along revolved round whether the drawing-cum-dining room and the study were two separate rooms or one room. In 1961, when the Ministry gave a direction that the First Secretary should shift to a smaller house, they did so under the impression that the drawing-cum-dining room and the study were two distinct and separate rooms and that the house consisted of 6 rooms. When the Mission sent a plan of the house to the Ministry in 1962, the drawing-cum-dining room and the study were shown as one saloon. This resulted in the statement that the house consisted of 5 rooms.

The Ministry has examined this matter in great detail. It appears that the area of 60 square metres occupied by the drawing-cum-dining room and the study is partitioned by a low wall and this partition seems to have been taken into account in the first instance and ignored subsequently resulting in an apparently conflicting statement. The confusion is deeply regretted.

#### *Recommendation*

"The Committee regret to note that the existing arrangements for taking guarantees at the time of releasing loan instalments are unsatisfactory. They would like to be informed of the revised arrangements as soon as introduced. They may also be informed whether the tea estate have now furnished adequate security for the entire amount of 1.64 lakhs."

[Serial No. 43, para 4.78 of 58th Report (3rd Lok Sabha) ].

#### *Action taken*

The arrangement of disbursing the first instalment of the long term loans given to tea gardens under the Tea Plantation Finance Scheme against Personal Guarantees of Directors/Chartered Accountants etc., pending creation of proper mortgage deeds in favour of the Tea Board, was discontinued with effect from 31-12-1966. The first instalment of the loans under this scheme is now disbursed only against proper bank guarantees; subsequently instalments are disbursed after creation of registered mortgages in favour of the Tea Board.

It has also since been decided on 31-7-1967 that henceforward long term loans under the Scheme may be advanced by the Tea Board on the basis of a *second charge*, instead of a *pari passu* charge, on the fixed assets of tea gardens pledged by them to the scheduled banks as collateral security for raising short term loans for working expenses against hypothecation of crop, subject to the following conditions:—

- (i) The short-term loan advanced by the Scheduled Bank against crop hypothecation plus the long-term loan advanced by the Tea Board should not, in the aggregate, exceed 50 per cent of the value of the fixed assets and the value of the crop;
- (ii) Since the value of the crop is somewhat indeterminate and a Tea Company might have incurred several liabilities of a current nature, e.g. arrears of wages, bills for supplies and for fertilizers, the Tea Board should impose the condition that the total value of the short-term loan by

the bank and the long-term loan by the Tea Board should not, in the aggregate, exceed the value of the fixed assets. If in a particular case it is found that the book value of the fixed assets do not represent correctly the present market value, the Tea Board should be prepared to accept a reasonably accurate valuation of the garden by a competent authority for the purpose of this criterion.

- (iii) No short term loans, other than the crop hypothecation loans raised for working expenses are allowed to be raised against the fixed assets of the loanee tea garden and given priority over the Tea Board's long term loans.

A copy of clause 7 of the Tea Plantation Finance Scheme, revised suitably so as to give effect to the above decision is enclosed for information of the P.A.C.

2. As regards the particular case of the tea estate referred to, the Tea Board have confirmed that the Tea Estate has since furnished in August, 1967 adequate security to cover the entire amount of the loan viz. Rs. 3.20 lakhs (including Rs. 0.45 lakh paid subsequently in October, 1965).

#### CLAUSE 7. (1) Primary Security:

(A) (1) Where the fixed assets (i.e. immovable properties including machinery) of the Tea Company are mortgaged to a Bank and/or other financial institution(s) by deposit of title deeds (hereinafter called equitable mortgage) as continuing Collateral Security for early hypothecation of crop loan a tripartite or all party agreement containing the following provisions shall be executed by the Bank and/or other financial institution(s) the Board and the Tea Company simultaneously with, but immediately after the execution in favour of the Board of the mortgage of the said fixed assets:—

- (i) To the extent of the limit of the loan fixed by the equitable mortgage and any increase in the limit within the amount and on the terms and conditions provided in the exception to sub-clause (iv) hereof the security created by the registered mortgage in favour of the Board will rank for priority immediately after the equitable mortgage in favour of the Bank and/or financial institution(s) even though the hypothecation of crop loan may from time to time be repaid and fresh advances against hypothec-

cation of crop be given by the Bank or other financial institution(s).

- (ii) In the event of the Bank or other Financial Institution(s) deciding to enforce its rights against the Tea Company the Bank or other financial institution(s) shall use its best endeavours in the first instance to enforce its rights in respect of the hypothecation of crop and against the fixed assets for the balance only.
- (iii) The title deeds of the property covered by the equitable mortgage will be retained by the Bank or the financial institution(s).
- (iv) The Tea Company will be at liberty to raise additional finance against hypothecation of crop for the purpose of working capital in the ordinary course of business on the security of the fixed assets mortgaged to the Board but any such subsequent mortgage will not rank for priority before the mortgage executed in favour of the Board against where all the following conditions are satisfied:—
  - (a) The Tea Company obtains an increase in the limit of the loan fixed by the equitable mortgage in favour of the Bank on notice to the Board as herein provided, and
  - (b) The total loan advanced or to be advanced by the Board and the limit of the loan fixed by the Bank plus the increased limit satisfies the following conditions *viz.*, the Tea Company proves to the satisfaction of the Board that the loan advanced or to be advanced by the Bank or other financial institution(s) against hypothecation of crop and equitable mortgage including the increase in limit plus the loan to be advanced by the Tea Board on mortgage of fixed assets do not, in the aggregate exceed 50 percent of the value of the fixed assets and the value of the crop calculated on the basis of the average of the last 3 years and that the amount of the such loan advanced or to be advanced by the Bank or other financial institution(s) including the increase in limit and the loan to be advanced by the Tea Board do not in the aggregate exceed the value of the fixed assets; and

- (c) Prior intimation in writing is given by the Bank to the Board before the increase in limit is effected and the Board does not within 10 days from the date of receipt of the notice raise any objection thereto and where there has been revaluation of the fixed assets as provided in sub-clause (3) hereof the written consent of the Board is obtained.
  - (2) Before or at the time of sanctioning the loan herein-before mentioned the Tea Board shall impose a condition that the Tea Company will prove to the satisfaction of the Board that the loan advanced or to be advanced by the Bank or other financial institution(s) against hypothecation of crop and equitable mortgage plus the loan to be advanced by the Tea Board on mortgage of fixed assets should not, in the aggregate exceed 50 per cent of the value of fixed assets and the value of the crop calculated on the basis of the average of the last 3 years and that the amount of the such loan advanced or to be advanced by the Bank or other financial institution(s) and the loan to advanced by the Tea Board should not in the aggregate exceed the value of the fixed assets.
  - (3) If in a particular case it is proved to the satisfaction of the Tea Board that the book value of the fixed assets do not represent correctly the then market value, the Tea Board will be at liberty but not bound to accept a reasonably accurate valuation of the garden by a competent authority for the purpose of ascertaining the value of the fixed assets for the purposes of sub-clause (1) (i) and (iv) & (2) hereof and in this respect the decision of the Chairman of the Board shall be final.
  - (4) The Tea Company will make out a good title to the fixed assets to the satisfaction of the legal adviser of the Board free from all encumbrances except the equitable mortgage in favour of the Bank or other financial institution.
- (B) Where the fixed assets of the Tea Company are mortgaged to a Bank and/or other financial institution(s) by a registered mortgage to secure a medium or long term loan a tripartite or all-party agreement contain-

ing the following provisions shall be executed by the Bank and/or other financial institution(s), the Board and the Tea Company simultaneously with, but immediately after the execution in favour of the Board of mortgage of the said fixed assets.

- (i) The title deeds of the property covered by the registered mortgage will be retained by the Bank or the financial institution and the security created by the registered mortgage in favour of the Board will rank *pari passu* with that created by the registered mortgage in favour of the Bank and/or financial institution(s) respectively.
- (ii) The Tea Company will be at liberty to raise additional finance for the purpose of working capital in the ordinary course of business.
- (iii) When additional finance for working capital is so raised the security in Board's favour under the mortgage will automatically rank *pari passu* with the security held by the Bank under the mortgage for the increased limit.

(C) Where title to the property is free of any encumbrances:

- (i) The Tea Company shall furnish a minimum security of twice the value of the loan applied for by mortgaging the fixed assets of the tea estate, the valuation of which should be made by a valuer to be approved by the Board.
- (ii) The title to the property to be mortgaged to the Board should be clear and marketable and there should be no prior lien or charge subsisting on the fixed assets of the estate.

(2) Additional Security:

- (i) **Personal Guarantee:** On the merits of the primary security offered in individual cases, it will be open to the Board to have the loan additionally secured by a personal guarantee from a director of the tea company, or from a managing agent or a broker or a financier; or to ask for such other additional security as may be deemed necessary by the Board.
- (ii) **Insurance:** The Board may require the tea company to insure the property mortgaged to the Board or any part thereof, against loss or damage by fire, earthquake, flood or any other similar danger, with Insurance Companies approved by the Board.

## IV

### RECOMMENDATIONS|OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

#### Ministry of Tourism & Civil Aviation

##### *Recommendation*

The Committee fail to understand why no legal opinion was taken in this case at any stage. They would like to be informed of the final result of the claims of damages against the firm. The Committee would also like to be informed of the date from which the equipment was put to use.

(Sl. No. 11 Para 2.21) of Appendix X to 58th Report (3rd Lok Sabha)

##### *Action taken*

The Law Ministry have been consulted in regard to the tenability of the claim against the firm for demanding a reasonable amount as compensation for the non-supply of a suitable Power Take-off Unit in accordance with the Acceptance of Tender placed with them and for compensation|damages for delay in the supply of Power Take-off Unit. The Law Ministry have advised (9th October, 1967) that either the firm should supply a Power take-off Unit for the transfer case or pay compensation as would enable the Civil Aviation Department to get manufactured the required Power Take-off Unit to be fitted to the transfer case. Since the Civil Aviation Department has converted the chassis to operate a fire engine with an alternative extinguishing medium with effect from 4.10.66 and does not, therefore, really want a Power Take-off Unit, only monetary compensation has been advised by Law Ministry. As for claiming damages, the Law Ministry have taken the view that the firm knew the intention of the Department to have a Power Take-off Unit which would have been powerful enough to operate a pump with 400 gallons per minute capacity and the firm had even agreed to provide a pump with 500 gallons per minute capacity. The Law Ministry have advised that this may be used as the measure of damages to be claimed by Government from the firm.

According to the Acceptance of Tender the contract is to be governed by the laws of the State of New York. Accordingly, the matter has been taken up on 31.10.67 with the India Supply Mission to claim compensation from the firm in consultation with their legal

adviser there and the Public Accounts Committee would be informed of the out-come in due course.

[ (Ministry's O.M. No. 9-VB (19) 65 dated 20-1-68) ].

*Additional information required by the Action Taken Sub-Committee of the P. A. C. in the Lok Sabha Secretariat D. O. letter No. 3113168|PAC dated 26-7-1968.*

"The Action Taken Sub-Committee of the P. A. C. considered the replies given by the Department at a meeting held on 20th July, 1968. They desired that the Department should be asked to intimate the outcome of the proceedings stated to have been initiated with the India Supply Mission on 31st October, 1967, for payment of compensation by the firm for non-supply of a suitable Power Take-off Unit for the Rolligon Transport Chassis".

*Action taken*

The India Supply Mission has conveyed to this Ministry the advice of their Legal Adviser the gist of which is that "no cause of action for damages is available to the Indentor because of the inadequate Power Take-off Unit". The points raised in the letter of the Legal Adviser to the India Supply Mission are being examined in consultation with the Ministry of Law and the Public Accounts Committee would be informed in due course.

**Cabinet Secretariat**

**(DEPTT. OF STATISTICS)**

*Recommendation*

**The Committee would like to be informed of the final action taken in this case after the investigations of the Central Bureau of Investigation were over.**

(Serial No. 21) (Para 3.32)-58th Report (Third Lok Sabha)

*Action taken*

Judgment was delivered on 19th September 1967 by the fourth Additional Special Judge No. 3, Calcutta, in the case of misappropriation of Government money by the Cashier, under suspension, Central Statistical Organisation, Industrial Statistics Wing, Calcutta. The accused was convicted under section 409 of the I. P. C., and sentenced to R. I. for 3 years and to pay a fine of Rs. 1,000 in-default of payment of fine further R. I. for six months. Two cases were filed against him. The conviction in the other case was also 3 years R. I. and a fine of Rs. 1,000, in default of payment of fine, further imprisonment for 6 months, substantive sentences in both cases to run concurrently. The Cashier concerned has filed an appeal in the High Court of Calcutta against this conviction. The question of

holding a Departmental Inquiry against other Officers in the Industrial Statistics Wing, Central Statistical Organisation, Calcutta, will be considered after the appeal preferred by the Cashier has been decided and he P. A. C. will be informed of the final position in this matter in due course.

**Ministry of Commerce**

***Recommendation***

**The Committee desire that all efforts should be made to get mortgage deeds executed in the remaining cases.**

[ (S. No. 41 para 4.69 of Fifty-Eighth Report) (Third Lok Sabha) ].

***Action taken***

The recommendation has been noted. Every effort is being made to get the mortgage deeds executed in the remaining cases.

[Ministry of Commerce U. O. No. F. 5 (7)-Plant (A) |67 dated the 18th March, 1967.]

**V**

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

**Department of Atomic Energy**

*Recommendations*

**The Committee also desire that the terms and conditions of payment of rent by the staff of the Tata Institute should be fixed without further delay.**

[S. No. 4, para 1.26 of 58th Report, (Third Lok Sabha)].

*Action taken*

The question of fixing the terms and conditions of payment of rent by the staff of the Tata Institute of Fundamental Research is under active consideration in consultation with the Institute; a final decision is expected to be arrived at shortly well before the construction of the quarters is completed.

*Recommendations*

**It appears to the Committee that the whole plan of this construction scheme has been haphazard. An overall view of the land required, its suitability, availability etc. was not taken and all the pros and cons of this scheme were not examined in detail. Lack of proper planning was, therefore, partly responsible for delay in execution of this housing scheme. The Committee are also unable to accept lack of funds as a plea for delay in construction work as the Member (Finance), Atomic Energy Commission, admitted in evidence that finance was not the bottleneck.**

[S. No. 5, para 1.37 of 58th Report (Third Lok Sabha)].

*Action taken*

The Public Accounts Committee apparently feels that the selection of the site of the Housing Project in spite of the existence of the Janta Colony, and the failure of the Department of Atomic Energy to obtain vacant possession of the site for five years after a substantial portion of the compensation for land had been disbursed, reflect the lack of adequate planning. It is, however, submitted that in the densely populated city of Bombay, it is very difficult to secure vacant possession of even a comparatively small plot of

land within a reasonable period of time. To secure about over 400 acres of land required for the township anywhere in Bombay is, therefore, bound in the very nature of the case, to be an extremely difficult undertaking.

2. The site selected was ideal from every point of view. It is adjacent to the Bhabha Atomic Research Centre, which is a great advantage, as scientists and technicians have to work in some of the installations round the clock or have to be available at short notice. The site is screened by a hill, which is an additional advantage, as the hill would serve to minimise health hazards arising from radiation in the event of a nuclear accident, however remote the possibility.

3. The Department was also well advised in taking steps for the acquisition of the land as far back as 1956. Timely action in this regard has not only enabled the Department to freeze the further growth of population in the area, but to secure the land at the comparatively low price prevailing in that year. Subsequently, with the rapid industrialisation of Trombay, there was a sudden spurt in the growth of population in the area and in the rise of land values, with the result that while the housing site was acquired at an average rate of Rs. 6 per square yard approximately (including the cost of rehabilitation of the original occupants of the land which is as high as Rs. 48 lakhs), land values in the neighbourhood at present are in the region of Rs. 10 to Rs. 40 per square yard of undeveloped land depending on the location. The site of the housing colony, at the current prevailing rates, would cost approximately Rs. 3 crores, excluding the cost of rehabilitation, as compared with the total outlay of Rs. 68 lakhs (cost of land usable for Housing Colony) on the site of the township.

In spite of the suitability of the site from every other point of view, the Department would have hesitated to acquire the land, had not the Bombay Municipal Corporation and the Government of Maharashtra assured the Department that there would be no difficulty in rehabilitating the Janta Colony elsewhere. Apparently, for reasons beyond their control and despite the energetic action taken by this Department to move the Government of Maharashtra and the Bombay Municipal Corporation at the highest level to speed up the vacation of Janta Colony, they have not been able to accomplish this task so far. The project for the rehabilitation of the Janta Colony is, however, now under execution and will be completed early in 1968.

While efforts to move the Janta Colony out of the site of the housing Colony were in progress, time was usefully spent in plan-

ning the housing colony and now that the solution of the problem of shifting Janta Colony is in sight, it has become possible to launch the housing project in full swing. A sum of Rs. 78 lakhs approximately has already been spent on the Colony and an outlay of Rs. 1.25 crores is contemplated in 1967-68. This could not have been achieved had not the planning of the township been energetically and systematically undertaken while steps were being taken to shift the Janta Colony. It may be pertinent to mention that the project involves the housing of over 6,300 families.

*Further information*

*Progress made towards the shifting of the Janta Colony from its present site.—(Para 1.37 of the 58th Report of the Public Accounts Committee)*

The Janta Colony is spread over an area of 54 acres of land at Mankhurd. The land belongs to the Bombay Municipal Corporation. An equivalent area of land to which the Colony could be shifted has been acquired by the Department at Trombay, Bombay. The alternative site is acceptable to the Bombay Municipal Corporation and to the residents of the Janta Colony. The proposed lay out of the site to which the Colony is to be shifted has been accepted by the Bombay Municipal Corporation. In accordance with the arrangements made by the Corporation, the following works are required to be carried out at the new site at the cost of the Department:—

- (1) Site levelling and filling in of low-lying areas;
- (2) Laying of roads and drainage in the area;
- (3) Construction of sanitary blocks;
- (4) Laying of water mains; and
- (5) Provision of street lights.

The present position in respect of each of these items is as follows:—

*Item (1) to (4):*

These works have been completed.

*Item (5):*

By arrangement with the Bombay Municipal Corporation, the work is being executed through the Bombay Suburban Electric Supply Company Limited. Part of the expenditure is to be met by the Municipal Corporation. The Department has paid its share of expenses and the work is at present under execution.

The Bombay Suburban Electric Supply Company Limited, who are the suppliers of electricity in the area, propose to set up an electric sub-station at the new site of the Janta Colony. They are being urged to take up this work at the earliest possible date.

2. It is not possible to shift the Janta Colony to the new site immediately due to the current monsoon season. The work can be taken up only after the monsoon is over. It is hoped that by that time all the works at the new site of the Colony will be completed and the Department will be in a position to place the site at the disposal of the Bombay Municipal Corporation for shifting the colony.

#### Ministry of External Affairs

##### *Recommendation*

The Committee were told in evidence that the rates of daily allowance were the same for all the officers drawing salaries above Rs. 700 p.m. In the present case, the officer whose pay was only Rs. 800 p.m. drew a sum of Rs. 13,860/- for 55 days stay in a hotel. Thus it appears, that there is no relation between the salary drawn or status of an officer and the allowance admissible to him. The Committee suggest that the Ministry may examine the feasibility of fixing the allowances on a more rational basis.

[Serial No. 59 of Appendix X to 58th Report (3rd Lok Sabha)].

##### *Action taken*

For purposes of regulating travelling allowances including daily allowances, officers serving abroad are graded in the same manner as their counterparts in India. However, the suggestion of the Committee to examine the feasibility of fixing the allowance on a more rational basis based on the salary/status of the officers involves a departure from the recognised pattern of grading officers for purposes of travelling allowance including daily allowance. The matter is being examined in consultation with the other Ministries and the Comptroller and Auditor General of India. The decision when arrived at will be communicated.

#### Twenty-ninth Report (Third Lok Sabha)

##### *Recommendation*

The Committee find it difficult to accept that in all the cases of officers in Washington the grant of concession of drawing daily allowance in lieu of foreign allowance was justified, as it appears that during the last three years there has not been a single exception. The fact that in Canada where comparable facilities are

available in hotels, such situation did not arise, indicates in their opinion, that the discretion by the Head of the Mission in Washington has not been properly exercised.

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

[Serial No. 71 of Appendix XVIII to the P.A.C's 29th Report (Third Lok Sabha)]

*Action taken*

The Ministry of External Affairs has examined how best to review the existing orders regarding payment of daily allowance in lieu of foreign allowance to officers and staff accommodated in hotels on first arrival abroad when residential accommodation is not immediately available for them. Generally stay in hotel is necessitated by the following causes:—

- (i) Overlap between the arrival of the incoming officers and the departure of the outgoing officers.
- (ii) Expiry of lease for residential buildings and the delay involved in securing alternative accommodation within entitlements and other rules as well as with regard to various safeguards of the public interest.
- (iii) In certain countries allotment of houses being controlled by the local Government, the missions have no other alternative but to be at the mercy of the local Government for allotment of houses.

The Embassy of India in Washington, has already initiated economies. From 1-10-1965 the entitlement of officers to daily allowance during stay in hotel has further been reduced by the mission and officers are being paid daily allowance for a total period of 28 days only as against 90 days permissible under the existing orders, and the total amount payable as daily allowance during 28 days is further restricted to twice the rate of foreign allowance, applicable for the appropriate grade of officer. It was expected that the

Foreign Service Inspectorate, to whom the matter was referred earlier, would be in a position to study the conditions abroad, during their tours, and make suitable recommendations. However, due to the foreign exchange stingancy the inspection tours of the Foreign Service Inspectorate had to be deferred for some time. The inspection of the missions has since been renewed and during their tours the Inspectorate could cover only the Missions in Warsaw, Prague, Vienna, Belgrade, Stockholm, Budapest, and Paris. The study of the problems in these Missions has not given the Inspectorate a complete picture to enable them to make any concrete recommendations covering all the Missions. As soon as the study has been completed by the Inspectorate, the relevant extracts from the report will be submitted to the P.A.C. Suitable instructions on the subject have since been issued to safeguard the interests of the Government, meanwhile against any avoidable expenditure vide this Ministry's letters No. Q(FD) 695/8/67 dt. 14-9-67 and Q Prop.-I/865/3/67 (EA/67/I/79) dt. 5-12-67 (Annexure I & II).

2. One of the proposals considered by the Ministry was whether the practice now followed in Washington could be made applicable to other Missions, subject to certain modifications to suit local conditions. The Heads of all the Missions were, therefore, addressed in the Ministry letter No. Q(FD)695/19/64 dated 11-4-1966 (Annexure III) calling for their views in the matter, and also certain data regarding the number of cases of payment of DA etc. The replies received indicate that the local conditions vary from Mission to Mission; so much so stay in hotel on first arrival and payment of daily allowance in lieu of foreign allowance cannot be altogether avoided. The replies received from the Missions were examined in detail in the Ministry, and, on the basis of the facts that emerged decisions were taken to lay down the broad principles under which the Head of Missions/Posts abroad could use their discretion and the extent to which such discretion could be used by them. A copy of the circular in question (viz) Q(FD)695/6/66 dt. 31-1-67 is placed below (Annexure IV).

3. The Ministry is alive to the need to prevent abuse of the orders and also to effect economy in expenditure, without adversely affecting the conditions of service of officers while serving abroad. It has been decided to take some administrative action to reduce the period of stay in hotels to the absolute minimum necessary. Circular instructions have been sent to all the Missions making it obligatory on their part to maintain records of cases of payment of DA, the circumstances necessitating stay in hotel, the efforts made to secure residential accommodation for scrutiny during local ins-

pection of the Missions by the Foreign Service Inspectorate. The Heads of Missions are also being empowered to deal firmly with cases of deliberate abuse of the existing orders and to report to the Ministry on the conduct of individual officers for taking disciplinary action. The Missions have already been instructed in the circular letter of 11-4-1966 to report cases of payment of D.A. beyond 21 days, with full details in the proforma prescribed, to enable the Ministry to keep an effective watch on cases involving payment of D.A. In the circular instruction of 31-1-1967 to all Missions, it has been emphasised that proper accommodation is arranged in advance by the Chancery for all India-based officers and staff without any delay. It is hoped that in view of these instructions and the instructions since issued *vide* this Ministry's letter dated 4-9-67 and 5-12-67 *ibid*, it will be possible not only to achieve economy in expenditure but also to ensure that the Heads of Missions exercise the discretion vested in them only in deserving cases and that there is no abuse of the existing orders.

## ANNEXURE I

*Copy of Ministry of External Affairs letter No. Q(FD) 695/8/67 dated 14th Sept. 1967 addressed to All Indian Missions and Posts abroad.*

**SUBJECT:** Payment of daily allowance in lieu of foreign allowance to officers and staff of the Missions during stay in hotel on first arrival.

I am directed to refer to the Ministry's circular letter No. Q(FD) 695/6/66, dated the 31-1-67 addressed to all the Heads of Missions and Posts abroad. The circular emphasises the need for utmost economy in the payment of daily allowance in lieu of foreign allowance and for regulating daily allowance in really deserving cases, in such a way as not to result in a source of profit. Under para 5 of the circular the Missions are required to report to the Ministry in the proforma prescribed in letter No. Q(FD) 695/19/64, dated 11-4-66, all cases of payment of daily allowance beyond 21 days.

The few cases that have been reported to the Ministry by the Missions so far reveal the following disquieting features:—

- (i) Cases of payment of daily allowance are not generally reported immediately after the expiry of 21 days, and the statement also does not indicate all the information required in the proforma prescribed by the Ministry.
- (ii) A follow up report indicating the total period of stay in hotel and payment of daily allowance is not being sent.
- (iii) Payment of daily allowance is not related to the actual needs of the officers; a few cases where daily allowance is paid in excess of the expenditure incurred by the officers in hotel have been noticed.
- (iv) The reasons adduced in certain cases for the delay in securing residential accommodation indicate that adequate and earnest efforts are not always made to find residential accommodation.

It is essential that the instructions contained in the circular dated the 31-1-1967 are adhered to by the Missions scrupulously. It is the

specific responsibility of the Head of Chancery in all the Missions to ensure that the instructions issued in this regard are adhered to and the interest of Government is safeguarded against any avoidable expenditure. If any lapse comes to the notice of the Ministry, the Head of Chancery may be held responsible.

Deputy Secretary to the Govt. of India.

## ANNEXURE II

*Copy of Ministry of External Affairs Memorandum No. Q|Pro. I|865|3|67 (EAI|67|I|79) dated 5th Dec. 1967 addressed to all Missions and Posts abroad.....*

**SUBJECT:** Accommodation for officers and Members of Staff and their families on first arrival at Missions|Posts abroad.

Reference this Ministry's letters No. Q|FD|695 (6) 66 dated January 31, 1967 and No. Q|FD|695|8|67 dated the 14th September, 1967 on the subject of payment of D.A. in lieu of F.A. to officers and members of staff on first arrival, in Mission abroad.

2. The Missions are now being given sufficiently advance intimation by the Ministry about all postings abroad with details of the size of the families, in order to enable them to synchronise arrangements about their residential accommodation with their arrival. This procedure was devised to cut down stay in hotels on first arrival.

3. In a recent case, however, an official with his family consisting of four members was lodged by a Mission in a hotel at an expenditure of Rs. 4725 per month for over two months, when with a little preplanning regular residential accommodation could have been arranged at a fraction of this amount, before his arrival at the station of posting. In order to avoid recurrence of such instances in future, the undermentioned procedure has been devised, which may please be strictly followed:—

- (i) As soon as a posting is finalised the Ministry shall send advance intimation to the Mission about the size of, the family of the official.
- (ii) On receipt of this intimation the Mission should examine whether the accommodation already rented for the official to be relieved, may be retained for the successor if the terms of the lease so permit and the accommodation is in conformity with the prescribed scale. If the lease cannot be extended or the scale of entitlement is significantly different from that of the officer to be relieved, the Mission|Post shall look for alternative

accommodation within the ceiling rental or at the existing rent whichever is less synchronising the lease with the arrival of the incoming official to the maximum extent possible.

- (iii) In case the Mission finds it difficult to arrange accommodation in time, the Mission should immediately inform the Personnel Section concerned for deferring the departure of the incoming official by a specific length of time.
- (iv) In case of difficulty in finding alternative accommodation within the prescribed ceiling a formal proposal should be separately submitted to Property I Section of the Ministry for sanctioning higher rent or for raising the ceiling, etc.

4. The tendency to wait for the arrival of the incoming official before securing accommodation of their choice for them has to be countered as it is for the Chancery to provide suitable accommodation for the officials of the Mission|Posts and not for the officials themselves to choose their own accommodation.

5. This Memorandum may please be brought to the notice of the Head of Mission|Head of the Chancery and kept in a guard file to be shown to every new Head of Chancery for his guidance.

6. Kindly acknowledge receipt.

### ANNEXURE III

*Copy of Government of India, Ministry of External Affairs letter No. Q (FD) 695/19/64 dated 11th April 1966 addressed to all Heads of Indian Missions|Posts Abroad.*

**SUBJECT:**—Payment of daily allowance in lieu of foreign allowance to officers and staff of the Missions during stay in hotel on first arrival.

I am directed to invite reference to the existing orders regarding payment of daily allowance in lieu of foreign allowance to officers and staff of the Missions during stay in hotel on first arrival abroad due to non-availability of residential accommodation and, to say that the operation of these orders has been subject to adverse comment by Audit. It has been pointed out by Audit, that the exercise of the discretion vested in the Heads of Missions|Posts for authorising payment of daily allowance is tending to become a mere formality and in many cases daily allowance is being paid as a matter of course without adequate justification resulting in avoidable extra expenditure. The Public Accounts Committee have also voiced concern at the heavy expenditure involved in payment of daily allowance in lieu of foreign allowance in large number of cases and expressed the view that the matter should be re-examined in all its aspects in order to reduce the additional expenditure involved and to ensure judicious exercise of the discretion by the Heads of Missions|Posts in authorising payment of daily allowance. The foreign exchange crisis which the country has been facing for sometime now has also made a review of the existing orders imperative.

2. Before a decision is arrived at the Ministry would like to have the views of the Heads of Missions|Posts (other than the Head of Mission in Washington) in the matter. The Head of Mission in Washington has already initiated economy measures and decided upon payment of reduced scale of daily allowance in such cases, keeping in view the comments of Audit and the need to conserve foreign exchange vide circular No. Adm. 3(27) |59 dated 29-9-65 (copy enclosed). It is requested that the views of the Head of Mission|Posts may be communicated to the Ministry before 30th April, 1966.

3. A statement detailing the cases in which daily allowance in lieu of foreign allowance has been paid since 1st January 1965 may be furnished in the proforma enclosed (Annexure-A). Pending re-

view of the existing orders all cases in which payment of daily allowance is made beyond 21 days, reckoned from the date of arrival, should be reported to the Ministry by the Missions|Posts in the proforma enclosed (Annexure-B), immediately after the expiry of 21 days. It is the responsibility of the Head of Chancery to see that this is sent in time.

*Enclosure to Annexure III*

*Copy of Embassy of India, Washington D. C. circular letter No. Adm. 3(27) |59, dated 29th September 1965.*

**SUBJECT:** Admissibility of daily allowance to officers|staff and members of their families, in lieu of foreign allowance, when accommodated in a hotel on first arrival at the station of posting abroad.

In supersession of all previous orders on the subject mentioned above, it has now been decided by the Head of the Mission that, with effect from the 1st October 1965, the foreign|daily allowance of officers|staff during the period of their stay in a hotel due to non-availability of regular accommodation on first arrival at Washington D. C. will be regulated as follows:—

*When accommodated in hotel rooms without any kitchen rooms with partial cooking facilities.*

Daily allow- ance in lieu of foreign allowance	Reimburse- ment of actual charges on account of tips, limited to :	Dai'l allowance in lieu of foreign allowance charges on account of tips, limited to :	Reim- bursement of actual charges on account of tips, limited to
		I	2

*Grade I Officers :*

for the first 28 days of stay in Hotel. Full rates 10% of accommodation charges. 3/4 of the full rates. 10% of accommodation charges.

*Officers of Grade II and below.*

For the first 28 days of stay in Hotel. Full rates 10% of accommodation charges. 3/4 of the full rates. 10% of the accommodation charges.

(The scale of cash allowance under the split rates of daily allowance admissible to the officer and members of his family are laid down in para 6(2) of Annexure XIX of the IFS (PLCA) Rules 1961).

It has further been decided by the Head of Mission that (1) the period for which daily allowance is admissible shall not exceed 28 days and (2) maximum amount of daily allowance payable for the first 28 days of stay in hotel shall not exceed double the foreign allowance admissible for the same period, irrespective of the size of the family of the concerned officer|member of staff.

2. The Head of Mission is satisfied that no alternative suitable accommodation is available for an officer|Member of staff on his first arrival at the Mission, such officer|Member of staff, his family and his Indian servants may be authorised to stay in hotels suitable to their respective status for such period as may be necessary subject to a maximum period of three months and also subject to scales of accommodation and the hotel ceilings laid down by the Government. The grant of daily allowance in lieu of foreign allowance will however be restricted to the first 28 days of stay in hotel as stipulated in para 1 above.

3. These orders will apply to those officers and staff who arrive in Washington after 30th September 1965. Those who have already arrived will be governed by orders which were in force at the time of their arrival.

#### *Distribution*

1. All Heads of Divisions.
2. D. G. ISM (10 copies)
3. C. A. O. I. S. M. (5 copies)
4. F. S. (E&F) (5 copies).

Copy forwarded to Consuls General, New York and San Francisco for information and such action as they may like to consider in respect of their officers.

Copy to Ministry of External Affairs, New Delhi (F. D. Section).

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**ANNEXURE A**

Name of Mission \_\_\_\_\_

(1) Number of officers who joined the Mission since 1st January, 1965 :

(2) Number of officers who were accommodated in hotel since 1-1-65 on first arrival and paid D.A. :

*Details of cases of payments of daily allowances in lieu of foreign allowance since 1-1-65*

Serial No.	Name of officer and designation	Period of stay in hotel with dates	Period for which daily allowance was paid.	Actual amount paid as DA for the period referred to in Col. 4	Amount of FA applicable for same period	Remarks
1	2	3	4	5	6	7
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## **ANNEXURE B**

Name of Mission \_\_\_\_\_

Name of officer designation and size of family.	Date from which staying in hotel whether on the three hotel accommodation is provided with kitchen & dinner) etc.; if so, why this facility is not being made use of daily allowance drawn	Actual daily expenditure principal meals (breakfast, fast, lunch & dinner) Exclusive of drinks, evening tea tips etc.	Amount of cash allowance being paid (daily rate for officers family & servant if any.)	Amount of foreign allowance applicable.	Whether the initiative for finding residential accommodation rests with the officer or the Mission. The action taken so far, of unsuitability giving reference to the correspondence if any with the	Whether the officer has at anytime rejected any residential accommodation by the Mission on the ground of unsuitability etc.	Remarks

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#### ANNEXURE IV

*Copy of Ministry of External Affairs circular letter No. Q (FD) 695|6|66 dated the 31st January 1967 to All Heads of Indian Mission Posts abroad.*

**SUBJECT:** Payment of daily allowance in lieu of foreign allowance to officers and staff of the Mission during stay in hotel on first arrival.

I am directed to invite reference to the orders regarding payment of daily allowance in lieu of foreign allowance to the officers and staff of Missions during their stay in hotel on first arrival abroad and to say that the question has been examined again with the intention of achieving economy in expenditure without adversely affecting the inescapable needs of officers and staff. The views of Heads of Missions and Posts communicated in response to the Ministry's circular No. Q(FD) 695|19|64 dated the 11th April 1966 have also been given due consideration.

The drawal of daily allowance in lieu of foreign allowance is intended to be applied only to cases where officers on first arrival abroad have unavoidably to stay in hotels without kitchen facilities, and where the foreign allowance is inadequate to compensate the additional expenditure involved. The discretion to give daily allowance instead of foreign allowance is vested in the Head of Mission/ Post, who is required to satisfy himself about the inadequacy of the foreign allowance and to regulate payment of D. A. in deserving cases in such a manner that it is not a source of profit to the officer staying in a hotel.

While it is true that in many capitals there is a shortage of housing, it is necessary that Missions should plan ahead and take energetic action in finding whatever residential accommodation is available. Some instances of officers shifting to residences just on the 56th day or 90th day of arrival give the impression that they have stayed in hotels to the maximum extent without making earnest and timely efforts to find houses.

It is not the intention of Government that drawal of D. A. either at the maximum rate or for the maximum period should be automatic, even if an officer is accommodated in a hotel. In exercising the

discretion given to them, Heads of Missions/Posts have full power to prescribe lower rates of D. A. if they are satisfied that the amounts would cover the unavoidable expenses on meals. In places where hotel accommodation with kitchenette facilities or boarding houses accommodation may be available, the Chancery should prefer it to the usual type of hotel accommodation.

Cases where D. A. is paid beyond 21 days should continue to be reported to the Ministry in proforma prescribed in the Ministry's letter No. Q(FD) 695/19/64, dated 11th April 1966.

It is a primary responsibility of the Chancery to find accommodation for the officers and staff. The Chancery should maintain a record of all efforts made in each individual case to obtain residential accommodation, so that, if necessary, the Foreign Service Inspectorate may scrutinise it. It is not for the officers to pick and choose their accommodation. Even if the accommodation is slightly below the entitlement, and it is otherwise found suitable by the Chancery, the officer should be required to move into it in the interest of economy. Officers who refuse to shift into available houses under one pretext or other should be paid only the foreign allowance.

You are requested to frame suitable instructions for the guidance of the Chancery in the light of local circumstances.

#### Enclosure to Annexure IV

*Copy of Ministry of External Affairs Memorandum No. Q (BA. I) 7458(1)64 (BFI) (EA/66/1/58) dated June 1966 addressed to all Indian Missions and Posts abroad.*

**SUBJECT:** Action on the recommendations made by Public Accounts Committee in their Twenty-ninth Report (Third Lok Sabha).

A case has come to notice where due to incorrect interpretations of orders regulating admissibility of laundry charges on guest linen, unauthorized expenditure was not only incurred but continued to be debited to Government account in spite of audit observations and instructions of this Ministry. Also the amount involved could not be recovered as the officers concerned retired from Government service. The observations/recommendations of the P. A. C. on this case are given below:—

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

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

2. It may be clarified that necessary instructions regulating cases of the type already exist. However, for purpose of convenience and facility, these basic instructions are reiterated below:—

(a) *Continuance of Payments objected to by Audit.*

According to the Ministry of Finance (Dept. of Expenditure) Q. M. No. F. 11(16) |EII(A)|61, dated 10th May 1961, circulated vide this Ministry's Memo. No. F. 54(1) |GA|61 (EAI|61|II|103) dated 1st July 1961, the "views expressed by Audit should normally be accepted and acted upon provisionally pending final decision by competent authority, to avoid the risk of increasing the amount of recoverable over-payments, which are of recurring nature and considered inadmissible by audit".

(b) *Non-recovery of amount due from staff|officers, objected to by Audit inspite of clear and categorical orders issued by Ministry.*

Instructions contained in this Ministry's Circular No. F. 11—331 Aud-54 dated 27th July 1955 on this subject are reproduced below for compliance .....

"It has been observed that retrenchment orders issued by A. G. C. R. and orders for recovery from individuals given by this Ministry are not being implemented by the disbursing officers immediately. This is a very unsatisfactory state of affairs and it has been decided that such retrenchment or recovery orders should be *carried out without question* on receipt. If any officer affected by such orders, has to represent his case, he should be allowed to do so *only after* the recoveries have been made in full." Rules 214 and 224 of C. T. R. Volume I should also please be noted for compliance.

(c) *Unauthorised Expenditure which does not fall under the Delegated Financial Powers of the Missions/Posts abroad without prior approval.*

Ministry's circular letter No. F.13(7) Prop. II 57 (C.O. 142 57) (FAI|57|1|170) dated 19th July 1957, as amended by No. F. 13(7)-Prop. II|57(C.O. 138|58) (EAI|58|1|76) dated the 19th April, 1958, describe the procedure to be followed in the case of unauthorised payments. The instructions have again been reiterated in circular No. Q|Prop.I|98|1|63 (EAI|63|I|78) dated the 16th July 1963 while states that "Government have now decided that, in future, in every case, where prior sanction is not secured, the amount will be recovered from the officer concerned unless he can show that the expenditure was inescapable and that the delay in obtaining Government orders would have been detrimental to the interest of Government".

- (d) Unauthorised payments to non-officials Heads of Missions and other officers employed in a particular Mission or those Missions on the route of their return journey on relinquishing charge of their post.

Instructions contained in this Ministry's Circular No. F.44 (41) |A-II|54 dated 20th September, 1954 on this subject are reproduced below for compliance.

"No payment should be made to or on behalf of the Head of Mission or other officers (whether official or non-official) and no advance of any kind made to them, except where such payments are covered by specific sanction of Government or are clearly admissible under a general rule. This precaution is particularly necessary in case of persons who are about to relinquish charge of their posts and go out of Government employment. If any unauthorised or excess payments is made and the amount is later found not to be recoverable, the amount paid without authority or in excess may have to be debited to the personal account of the officer who may have been responsible for making the unauthorised payment contrary to Government orders".

New Delhi;

October 29, 1968

Kartika 7, 1890 (Saka)

M. R. MASANI

*Chairman,*

Public Accounts Committee.

## **APPENDIX I**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES ARE STILL AWAITED FROM GOVERNMENT.**

#### **Ministry of Commerce**

**S. Nos. 30, 31, 32, 48, 49, 50, 51, 52 and 53.**

**(Paras 4.35, 4.36, 4.38, 4.119, 4.120, 4.128, 4.132, 4.135, 4.136 and 4.139)**

## APPENDIX II

### 58TH REPORT (THIRD LOK SABHA)

(1) Recommendations/observations that have been accepted by Government.

S. Nos. 1(1.23), 2(1.24), 3(1.25), 6(1.38), 7(2.10), 8(2.11), 9(2.17), 10(2.18), 15(3.13), 34(4.46), 35(4.52), 36(4.53), 37(4.59), 38(4.64), 39(4.66), 40(4.67), 42(4.75), 44(4.86), 45(4.101), 46(4.102), 47(4.111), 54(5.17), 55(5.18), 56(5.19), 57(6.20), 58(5.33), 60(5.35), 61(5.38), 62(5.39), 63(5.57), 54(5.58), 65(5.59), 66(5.60).

(2) Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government:—

S. Nos. 22(4.17), 23(4.18), 24(4.19), 25(4.20), 26(4.21), 27(4.22), 28(4.23), 29(4.28), 33(4.45), 43(4.78).

(3) Recommendations/observations in respect of which Government have furnished interim replies.

Sl. Nos. 11(2.21), 21(3.32) and 41 (4.69).

(4) Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration.

Sl. Nos. 4(1.26), 5(1.37) & 59(5.34).

**APPENDIX III**  
**SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS**

S. No.	Para No. of Report	Ministry/Dept. Concerned	Conclusion/Recommendation
1	1.11	Dept. of Atomic Energy	<p>The Committee note that the terms and conditions governing interchangeability of the scientific and technical personnel between the Tata Institute of Fundamental Research and the Department of Atomic energy have already been laid down <i>vide</i> Department of Atomic Energy O.M. No. 40/25/61-Tech. II(A) dated 7-1-1964. The Committee consider that Government should have simultaneously taken the logical step of fixing the terms and conditions for the payment of rent for accommodation allotted to the staff of the Tata Institute of Fundamental Research, who work in the Department of Atomic Energy and <i>vice-versa</i>. The Committee desire that Government should settle without further delay the terms and conditions for recovery of rent for accommodation allotted to the staff of the Tata Institute of Fundamental Research who work in the Department of Atomic Energy and <i>vice-versa</i>.</p>
2	1.15	Dept. of Atomic Energy	<p>The Committee hope that the work now under way will be completed expeditiously so that the Déptt. could address itself without further loss of time to the task of developing the housing colony.</p>
3	1.20	Ministry of External Affairs	<p>The Committee note that from October 1, 1965 the entitlement of officers to daily allowance during stay in hotel in Washington has been reduced by the Mission and officers are being paid</p>

S. No.	Para No. of Report	Ministry/Dept. Concerne	Conclusion/Recommendation
			daily allowance for a total period of not more than 28 days only as against 90 days permissible under the existing orders, and the total amount payable as daily allowance during 28 days is further restricted to twice the rate of foreign allowance, applicable to the appropriate grade of officer.
	1.21		The Committee note that the Ministry of External Affairs have issued instructions from time to time to the Missions to effect economies in expenditure on payment of daily allowances and that a study about entitlement of daily allowance to officers during stay in hotels is being undertaken by the Foreign Service Inspectorate. The Committee need hardly emphasize the need for completing the study expeditiously in order to issue definitive instructions on the subject.
	1.22		The Committee desire that pending the completion of study by the Foreign Service Inspectorate the Ministry of External Affairs should exercise necessary check in all cases of payment of daily allowance to officers beyond 21 days to avoid recurrence of cases mentioned in their 29th and 58th Reports (Third Lok Sabha).

