

PUBLIC ACCOUNTS COMMITTEE (1964-65)

FORTIETH REPORT

(THIRD LOK SABHA)

[Action taken by Government on the Outstanding Recommendations of the Public Accounts Committee contained in their 16th, 17th, 18th, 19th, 20th, 22nd, 23rd, 24th, 25th and 26th Reports (Third Lok Sabha) relating to Civil, Defence and Finance Accounts.]



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1965 Vaisakha, 1887 (Saka)

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CORRIGENDA TO THE FORTIETH REPORT OF P.A.C.
(1964-65) PRESENTED TO LOK SABHA ON 11.5.1965.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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PUBLIC ACCOUNTS COMMITTEE

(1964-65)

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Shri R. R. Morarka

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2. Shrimati Akkamma Devi
3. Shri Ramchandra Vithal Bade
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22. Shri Atal Bihari Vajpayee

SECRETARIAT

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

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

(iii)

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf this Fortieth Report on the action taken by Government on the recommendations of the Committee contained in their 16th, 17th, 18th, 19th, 20th, 22nd, 23rd, 24th, 25th and 26th Reports (Third Lok Sabha) relating to Civil, Defence and Finance Accounts.

2. The Committee considered the notes showing action taken or proposed to be taken by Government on the recommendations of the Committee in their above-mentioned Reports and approved this Report at their sitting held on the 28th April, 1965.

3. A brief record of the proceedings of the sitting of the Committee forms part of the Report (Part II).

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

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

NEW DELHI;
April 30, 1965.

Vaisakha 10, 1887 (S).

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

I

GENERAL

The P.A.C. have been impressing upon the various Ministries the need for expeditious submission of notes/statements pursuant to their recommendations. Considering the difficulties experienced by the Ministries/Departments, the Committee had agreed to extend the time limit for the submission of these notes/statements from 1 month to 3 months from the date of the presentation of the Report to the House. **They, however, regret to observe that no appreciable improvement has been made in this direction. In some cases the position has even deteriorated as would be evident from Appendix II to the Report, and there are several instances where the submission of these notes/statements has been outstanding for more than one year. As such delays diminish the importance of the recommendations of the Committee, they would like the Ministries/Depts. concerned to examine the reasons for the inordinate delays in the submission of these notes/statements and take suitable remedial measures in this regard.**

2. In accordance with the decision taken by the Committee (vide para 2 of their 12th Report—Third Lok Sabha) the notes/statements showing action taken on the recommendations of the Committee contained in their 16th, 17th, 18th, 19th, 20th, 22nd, 23rd, 24th, 25th and 26th Reports (Third Lok Sabha) relating to Civil, Defence and Finance Accounts have been appended to this Report without any comments. (Appendices IV—XXIII). However, some selected cases have been dealt with in Chapters II and III of the Report.

3. In some cases, indicated in Appendix I, the replies furnished by the Ministries/Depts. are of an interim nature and **the Committee would, therefore, await further reports thereon.**

4. A list of recommendations of the Committee in respect of which the notes/statements are still awaited is given in Appendix II. From this Appendix it will be seen that a large number of notes/statements are outstanding for long periods from the Ministries of Commerce, Defence, Food and Agriculture (Department of Agriculture), Health, Industry and Supply (Department of Industry), Transport and Works and Housing. **The Committee desire that the submission of these notes which are long awaited may be expedited.**

II

CIVIL ACCOUNTS

Ministry of Education

Presentation of Audit Reports on the Accounts of Central Universities to Parliament—S. No. 24—Appendix II to 12th Report (1962-63), S. No. 5, Appendix II to 26th Report (1963-64).

5. The Committee had reiterated in para 6 of their 26th Report (Third Lok Sabha) their desire that early steps should be taken by Government to present Audit Reports on the accounts of the Central Universities to Parliament and to incorporate the necessary provision in the relevant statutes. The Ministry in their reply dated 17th October, 1964 have stated that the entire grants to Central Universities are at present being paid by the University Grants Commission, the accounts of which are audited by the Comptroller and Auditor General and the Audit Report is laid before Parliament. They have further stated that from the point of view of academic freedom of the Universities, it is neither necessary nor appropriate that the Audit Reports on the accounts of the Central Universities should be presented to Parliament.

It is understood from Audit that the Audit Report on the University Grants Commission only deals with the accounts of the Commission which show only the grants given to the Central Universities and not the details of expenditure incurred by the Universities from these grants. Further, grants are also given by Government to the Universities otherwise than through the Commission.

The Ministry have further stated that in terms of the provision contained in the Acts of incorporation of the Central Universities, their accounts, when audited, are required to be published in the Gazette of India and presented to the Visitor along with the Audit Report, and that this procedure gives the Government the necessary opportunity for exercising such corrective and supervisory control over the affairs of these universities as is needed. **The Committee feel that the Parliament which votes the grants has a right to know what corrective and supervisory control has actually been exercised by the Government in rectifying the financial**

irregularities pointed out by the C. & A.G. in his Audit Reports. The Committee, therefore, suggest that Government should present Audit Reports on the accounts of the Central Universities to Parliament, as they have done in the case of Audit Reports pertaining to the Port Trusts of Bombay, Calcutta and Madras, which are also autonomous bodies governed by statutes.

The Committee, are, therefore, of the opinion that in the interest of public accountability of the Universities in financial, as distinguished from academic matter, it is necessary that their accounts along with a separate Audit Report and Audit Certificates relating thereto are also presented to Parliament.

Ministry of Finance

Central Assistance to States for raising emoluments of their low-paid employees—S. No. 42 of Appendix IV (Para 45 of 8th Report—Third Lok Sabha).

6. The Government of India formulated in May, 1957 a scheme for affording assistance to State Governments to enable them to raise emoluments of their low paid employees, including those of local bodies. The scheme was effective from 1957-58 to 1960-61. The scheme envisaged initial payments on a provisional basis and prescribed that the State Governments should obtain statements from the concerned authorities, indicating how the actual amount of assistance admissible had been computed and forward them to the respective Accountants General for test check and for final adjustment of the provisional payments already made. The Public Accounts Committee (1962-63) were concerned to note that the requisite statements had not been received in respect of more than 3/4th of the provisional payments made to the States under the Scheme. They had desired that the Ministry of Finance should take vigorous steps to expedite the final adjustment of the payments and if, the delays were due to any defects in procedure this should be simplified in consultation with the C. & A.G.

In a note the Ministry of Finance have intimated the present position regarding adjustment of these provisional payments. It has been stated *inter alia* that the State Governments are being pressed to finalise their accounts. As regards changes to be made in procedure it has been stated that the C. & A.G., who was requested to advise modifications, if any, had since informed that in the absence of particulars about the exact difficulties in the preparation of the statements by the departmental disbursing officers and in view of the fact that the process of adjustment is in different

stages, no change in the existing procedure need be introduced at this stage, as it might render the work so far done infructuous. It has been added that the C. & A.G. had suggested that the Government of India might prescribe a target date by which State Governments should submit the statements to the Accountants General; failing which the Central Assistance due to the States would be finalised on the basis of the statements received and the excess amount received, if any, would be refunded to the Central Government. **The Committee would like to be informed whether the suggestion of the C. & A.G. had been accepted and if so, what target date had been notified to the State Governments for furnishing the required statements to the Accountants General. They may also be apprised of the further steps taken to expedite the final adjustment of the payments under the scheme and the results achieved in this regard.**

Postponement of expenditure on the plea of lack of funds—S. No. 6, Para No. 7 (iii), 16th Report (Third Lok Sabha).

7. The Public Accounts Committee (1963-64) had considered a case where the Central Board of Revenue had issued instructions on 15th March, 1962 which contained a direction that a reduction of the expenditure 'should be effected by postponing the payment of all the pending bills to the next financial year (i.e. by 15 days or so)'.

The Committee express surprise that the Ministry should have issued instructions on these lines, although they must have been aware of the provisions in the Financial Rules and of the recommendation of the P.A.C. contained in para 6(vi) of their Forty-first Report (Second Lok Sabha) that postponement of expenditure on the plea of lack of funds is objectionable and vitiates effective Parliamentary control. The Committee trust that strict instructions will be issued to avoid a contravention of the financial rules in future.

The Committee have been informed by the Ministry of Finance (Department of Economic Affairs) that the matter is under consideration. They desire that since the matter relates to an important question involving Parliamentary control over expenditure, an early decision in the matter would be taken and the same communicated to the Committee.

Loss by exchange on remittance transactions—S. No. 7, Para 7 (iv), 16th Report (Third Lok Sabha).

8. The Public Accounts Committee (1963-64) after considering the excess in expenditure that occurred under Grant No. 32 under

the Ministry of Finance (Department of Economic Affairs) during 1961-62 mainly under the head accommodating the provision for loss by exchange on remittance transactions had observed:

"It appears that there is some lacuna in the prescribed procedure with regard to this matter. The Committee are informed that the Ministry of Finance propose to review the present procedure in consultation with the Comptroller and Auditor General with a view to ensuring that such uncovered excesses do not recur. The Committee would like to be informed about the steps proposed to be taken as a result of this review."

The Committee have been informed that this matter is under consideration of the Ministry of Finance (Department of Economic Affairs). They desire that this important question should be settled in consultation with the Comptroller and Auditor General without further delay.

Ministry of Works and Housing

Loss of Revenue due to Quarters remaining vacant—S. No. 19(B) of Appendix I to 26th Report (Third Lok Sabha)—(S. No. 96 of Appendix IV to 8th Report) (Third Lok Sabha).

9. The Public Accounts Committee (1962-63) had considered a case where a delay of more than one year in providing ancillary services like water and electricity for residential quarters to Industrial workers constructed in 1957 resulted in a loss of rent to the extent of about Rs. 3.43 lakhs.

The Committee were informed in evidence that a scheme was under examination of the Ministry according to which the Central Public Works Department would carry out the work on behalf of the Municipal Committee/Corporation and the accounts would be settled subsequently. The Committee observed that no decision could be reached in that matter even though more than 2 years passed. They regretted the casual manner in which the matter was being pursued by the Ministry.

The Ministry of Works and Housing have intimated in a note subsequently that the question of Government taking up on themselves the responsibility of providing all civic amenities at their own cost in the Government colonies had been considered but due to administrative and other difficulties involved, the proposal was dropped on the 27th May, 1963. It has been added that the Ministry of Home Affairs were requested on the 29th December, 1962 to

impress upon the Municipal Corporation of Delhi to accept the procedure of the Central Public Works Department providing services initially at their cost and later on recovering it from the local body concerned, but they had not done so and the matter was still under consideration pending a decision regarding the payment of property tax by the Central Government. The New Delhi Municipal Committee had already accepted this principle.

The Committee regret to note that the Ministry of Home Affairs have not taken any action on the suggestion of the Ministry of Works and Housing since 29th December, 1962 and the matter is pending for more than two years. In this connection the Committee would like to invite the attention of the Ministry of Works and Housing to observations contained in para 68 of their 39th Report (Third Lok Sabha) and urge upon them to take up the matter further with the Ministry of Home Affairs to arrive at a final decision instead of allowing the matter to drag on indefinitely.

III

DEFENCE SERVICES ACCOUNTS

Ministry of Defence

Canteen Stores Department—Para 12 of the 17th Report (Third Lok Sabha) (S. No. 11 of Appendix VII).

10. The question of the future set up of the Canteen Stores Department has been receiving the attention of the Public Accounts Committee for a long time. The financial transactions of the Canteen Stores Department are continued to be kept outside the Consolidated Fund of India. In para 12 of their 17th Report (Third Lok Sabha), while appreciating the Defence Ministry's desire that the benefits enjoyed by the servicemen from the Canteen Stores Department should not be curtailed, the Committee could not reconcile themselves to the irregularity of keeping the financial transactions of the department outside the consolidated fund of India. They desired the Ministry of Defence to discuss the matter further with the Comptroller and Auditor General and Finance Ministry with a view to evolving a satisfactory solution of the matter. In their reply, the Ministry of Defence have stated that when the budgetary arrangements for the setting up of a Canteen Stores Department within the Public Accounts of India were discussed with the Ministry of Finance, they pointed out that:—

- (a) All the transactions of the Canteen Stores Department should be exhibited under a major head within the Consolidated Fund of India.
- (b) The surplus of income over expenditure of the organisation should remain as part of the Government balances and in respect of grants to be made to the Welfare organisations, a separate vote of the Parliament should be obtained under the Expenditure Head of the Canteen Stores Department. It would not be correct to build up any investment account by utilising the disposable surplus income for purchase of securities since Government does not normally invest its balances in its own securities

The Ministry have added that the matter was further examined with reference to what the Ministry of Finance had pointed out. The Ministry of Defence have stated that the procedure suggested by the Ministry of Finance is in consonance with the normal budgetary principles. They have, however, argued that, under the procedure suggested, the profits earned by the Undertaking and the grants given to the Welfare Organisation will not be related to each other, with the result that the incentive which is there at present for running the Department on sound commercial principles may be affect-

ed to some extent. If the automatic availability of the surplus of the income over the expenditure of the Department for being given as grants to the Welfare Organisations is taken away the Ministry apprehend that there is every chance of the Defence Services getting dissatisfied.

The Committee appreciate the anxiety of the Ministry of Defence not to curtail any of the facilities enjoyed by the Welfare Organisations and agree with them in this respect. All that they are anxious to ensure is that the constitutional irregularity in keeping the financial transactions of the Canteen Stores Deptt. outside the Consolidated Fund of India should be rectified. This can be easily done by adopting the procedure suggested by the Ministry of Finance. The difficulties pointed out by the Ministry of Defence can be overcome by establishing a convention to be followed by suitable orders that the entire profits earned by the Canteen Stores Deptt. in any year should be given as a grant to Defence Welfare Organisations in the following year, in consonance with the existing practice. Government may implement this suggestion at an appropriate time.

Avoidable Expenditure in connection with a work—para 56 of 17th Report (Third Lok Sabha) (S. No. 43 of Appendix VII).

11. Due to suspension of construction work of the graving dock for about 2½ months (12th November, 1959 to 27th January, 1960) with a view to lengthening the dockhead to accommodate a fleet carrier, the contractors (a foreign firm) had to be paid Rs. 6.35 lakhs as compensation as certified by the consulting Engineer for over-head and general expenses, cost of idle labour etc. for the period of suspension of the main work. The Committee were informed by Audit that during the period of suspension of work, the contractors were able to execute other works on the rest of the graving docks which was not affected by the work undertaken for accommodating the carrier. The Law Ministry had held that out of the compensation amounting to Rs. 6.35 lakhs claimed by the contractor, the claim of Rs. 4.50 lakhs relating to over-head charges was inadmissible. This amount was paid by the Ministry of Defence under protest without prejudice to the Government's right and contention under the contract, and the matter could be referred to arbitration. The Committee considered it wrong in principle to make payment in respect of any disputed claim before the matter was settled. The Committee had also desired that vigorous efforts should be made to recover the amount from the contractors at an early date.

In their reply the Ministry have stated that the reply of the consulting engineer on Government views on the question of payment

of Rs. 4.50 lakhs to the contractor has since been received. The matter was also discussed with the representative of the consulting engineer during their visit to India. The consulting engineer considers his 'determination' of the contractors claim as reasonable. It has been stated that the matter has been further considered by Government in the light of the reply from the consulting engineer. The Ministry of Law have advised that under the contract the engineer had powers to revise or alter his Interim Certificates and it did not provide for retrenchment by Government from sums thus rectified by the Engineer and that it would appear that such retrenchments by Government would not be in order. Since most of the objections raised by Government, related to rates etc., fixed by the Engineer, who had been empowered under the contract to do so, the Government cannot also question the rates etc., thus determined and certified by the Engineer. If the Government are unable to accept the interim certificates and the rates fixed by the Engineer, the remedy would be to challenge the same in arbitration. It has been added that in consideration of this legal advice, an effort for recovery of the sum of Rs. 4.50 lakhs from the contractor can be made only in case the Government decides to go in for arbitration and not earlier. The Ministry have also informed the Committee that in future contracts to be concluded under Stage II of the N.D.E.S., the Consulting Engineer's role will be only advisory.

The Committee hope that in the present case the Ministry will take early steps to refer to arbitration, the question of recovery of the sum of Rs. 4.50 lakhs from the contractor. The Committee would also like the Government to take suitable measures to avoid payments in future of disputed claims before their settlement.

Manufacture of Tractors—para 74 of 17th Report (Third Lok Sabha)
(So. No. 53 of Appendix VII).

12. In para 74 of their 17th Report (Third Lok Sabha), the Committee had pointed out serious shortfalls in the production of tractors in Ordnance Factories, both as regards numbers and indigenous content. (As against the target of 750 tractors for the first four years, the actual production was estimated at 520—530 and as against the anticipated indigenous content of 70 per cent, the actual achievement was about 32 per cent). The Committee emphasised the need for laying down realistic targets and their due fulfilment.

In their reply the Ministry of Defence have stated that the surplus capacity which was previously available in the Ordnance Factories for the manufacture of Crawler Tractors is being fully utilised for the production of armaments. Efforts are, however, being

made to accelerate the progress of tractor manufacture by obtaining increased assistance from the private sector but the response so far received is not encouraging. It is, therefore, now felt that the progress in the manufacture of tractors will largely depend on the capacity of the Ordnance Factories themselves. Since the existing capacity is limited, steps are being taken to increase the same to increase the output of tractors. Proposals to augment the tractor production to 300 tractors per annum are under consideration. As to for setting up such facilities has been offered by the Government of U.P. This is being examined. The proposals will be worked out after examining the site and also assessing other factors as plant and machinery requirements.

The Committee appreciate that the surplus capacity in the Ordnance Factories which was previously available for the manufacture of Crawler Tractors is being fully utilised for the production of armaments, which is the foremost duty of the ordnance factories. The Committee hope that the present proposals to augment the tractor production to 300 tractors per annum by setting up a new project will be carefully examined, so that the factors which have been responsible for shortfall in production on the past are scrupulously avoided. The Committee would like to be informed about the progress made in this regard.

NEW DELHI:

April 30, 1965.

Vaisakha 10, 1887 (S).

R. R. MORARKA,

Chairman.

Public Accounts Committee.

PART II--PROCEEDINGS

**PROCEEDINGS OF THE SEVENTY-SEVENTH SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON WEDNESDAY.
THE 28TH APRIL, 1965.**

The Committee sat from 09.30 to 10.05 hrs.

PRESENT

Shri R. R. Morarka—*Chairman*

MEMBERS

2. Shrimati Akkamma Devi
3. Shri J. B. S. Bist
4. Shri Gulabrao Keshavrao Jedhe
5. Shri R. Keishing
6. Shri V. C. Parashar
7. Shri Nanubhai N. Patel
8. Shri C. L. Narahimha Reddy
9. Dr. Ranen Sen
10. Shri Ravindra Varma
11. Shri P. Venkatasubbaiah
12. Shri Vishram Prasad
13. Shri M. P. Bhargava
14. Shri Chandra Shekhar
15. Shri S. C. Deb
16. Shri R. S. Panjhazari
17. Shri Ram Sahai
18. Shri S. S. N. Tankha

Shri A. K. Roy, *Comptroller & Auditor General of India.*

Shri G. Swaminathan—*Addl. Deputy Comptroller & Auditor General.*

Shri R. K. Khanna—*Accountant General, Central Revenues.*

Shri D. D. Dhingra—*Accountant General, Commerce, Works & Miscellaneous*

Shri P. K. Rau, *Director of Audit, Defence Services.*

Shri V. Gauri Shanker—*Director of Revenue Audit.*

SECRETARIAT

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

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

2. The Committee considered their Draft Fortieth Report relating to Action taken by Government on the Outstanding Recommendations of the Public Accounts Committee contained in their 16th, 17th, 18th, 19th, 20th, 22nd, 23rd, 24th, 25th and 26th Reports (Third Lok Sabha) relating to Civil, Defence and Finance Accounts and adopted it with certain modifications. The Committee also authorised the Chairman (PAC) to make further minor changes in the Report as might be deemed necessary.

3. The Committee authorised the Chairman, Public Accounts Committee/Shrimati Akkamma Devi to present the Report to Lok Sabha. They also authorised Shri M. P. Bhargava/Shri Chandra Shekhar to lay the Report on the Table of Rajya Sabha.

4. The Committee agreed that presentation of their 37th report relating to the Accounts of Defence Services may be deferred for the present.

5. The Chairman (PAC) then expressed thanks on behalf of the Committee to the Comptroller and Auditor General and his staff for the very valuable guidance and co-operation they gave to the Committee for making the work of the Committee successful and purposeful. He also thanked on behalf of the Committee the Officers and staff of the Lok Sabha Secretariat for their hard work, devotion and assistance. He also conveyed thanks to the Members of the Committee on his own behalf for co-operating and taking so much interest in the work and deliberations of the Committee without which the Committee would not have been able to produce all these fourteen Reports.

Shri M. P. Bhargava on behalf of his colleagues of the Committee thanked the Chairman (PAC) for his hard work.

The Committee then adjourned.

APPENDICES

APPENDIX I

Replies received from the Ministries/Departments in respect of the recommendations which are of an interim nature.

(Vide para 3 of Report)

Para No. of P.A.C. Report	Serial No.	Ministry/Department concerned.
CIVIL ACCOUNTS		
<i>23rd Report—Appendix II</i>		
1 Para No. 98	90	Commerce
<i>20th Report—Appendix XVI</i>		
2 Para No. 1	1	
2 Para No. 20	17	External Affairs
<i>26th Report—Appendix II</i>		
3 Para No. 4	3	External Affairs
<i>25th Report—Appendix I</i>		
4 Para 6	2	Finance
<i>25th Report—Appendix I</i>		
5 Para No. 9(ii)	5	Food & Agriculture (Deptt. of Agriculture)
<i>26th Report—Appendix II</i>		
6 Para No. 10	9	Food & Agriculture (Deptt. of Agriculture)
<i>8th Report—Appendix IV.</i>		
7 Para No. 54	51	Food & Agriculture (Deptt. of
Para No. 57	54	Food)
<i>20th Report—Appendix XVI</i>		
8 Para No. 32 (ii)	30	Food & Agriculture (Deptt. of Food)
<i>8th Report—Appendix IV</i>		
9 Para No. 71	68	Information & Broadcasting

	Para No. of P.A.C. Report	Serial No.	Ministry/Department concerned
8th Report—Appendix IV			
10	Para No. 118 . . .	115	Ministry of Industry & Supply (Deptt. of Supply & Tech. Development.
24th Report—Appendix III			
11	Para No. 59 . . .	59	Rehabilitation.
	Para No. 60 . . .	60	
	Para No. 63 . . .	63	
	Para No. 66 . . .	66	
8th Report—Appendix IV			
12	Para No. 121 . . .	118	Rehabilitation
	Para No. 123 . . .	120	
	Para No. 125 . . .	122	
19th Report—Appendix IV			
13	Para No. 44 . . .	44	Social Security.
20th Report—Appendix XVI			
14	Para No. 58 . . .	56	Social Security
8th Report—Appendix IV			
15	Para No. 87 . . .	84	Steel & Mines (Deptt. of Iron & Steel)
	Para No. 94(i) . . .	91	
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12th Report—Appendix I			
16	Para No. 6 . . .	6	Steel & Mines (Deptt. of Iron & Steel.
8th Report—Appendix IV			
17	Para No. 109 . . .	106	Works and Housing
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24th Report—Appendix III			
18	Para No. 29 . . .	29	Works and Housing (ii)
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FINANCE ACCOUNTS

9th Report—Appendix V

19	Para No. 7	7	Finance
	Para No. 17	15	
	Para No. 14	12	Consideration of the Ministry's reply deferred)

22nd Report—Appendix IV

20	Para No. 10	10 (ii)	Finance
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DEFENCE SERVICES ACCOUNTS

4th Report—Appendix II

21	Para No. 7	9	
	Para No. 16	17	Defence
	Para No. 39	42	

22 17th Report—Appendix VII

	Para No. 10	9	
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26th Report—Appendix II

23	Para No. 28	27	Defence
	Para No. 30	30	

24th Report—Appendix III

24	Para No. 11	11	
	Para No. 12	12	Education
	Para No. 18	18	

25th Report—Appendix I

25	Para No. 6	2	Finance
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23rd Report—Appendix III

26	Para No. 145	131	Petroleum &
	Para No. 149	133	Chemicals

APPENDIX II

(vide Paras 1 and 4 of Report)

*List of Recommendations of the Committee in Respect of which the notes
are Still awaited.*

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(I) CIVIL ACCOUNTS		
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1 Para No. 115 . . .	106	Atomic Energy
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2 Para No. 72 . . .	65	Commerce.
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3 Para No. 12 . . .	12	Commerce
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4 Para No. 92 . . .	83	Commerce
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<i>8th Report—Appendix IV</i>		
5 Para No. 20	17	Community Development and Co-operation.
<i>19th Report—Appendix V</i>		
6 Para No. 28(i), (ii), (iii) & (iv)	28	Community Development and Co-operation.
Para No. 38	38	
Para No. 42	42	
<i>8th Report—Appendix IV</i>		
7 Para No. 28. . . .	25	Education
Para No. 82. . . .	79	
<i>19th Report—Appendix V</i>		
8 Para No. 45	45	Education
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<i>24th Report—Appendix III</i>		
9 Para No. 3	3	Education
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Para No. 16	16	
<i>20th Report—Appendix XVI</i>		
10 Para No. 18	15	External Affairs
11 Para No. 129 (i)	126	of 8th Report, Appendix IV (Ministry of Finance)
<i>25th Report—Appendix I</i>		
12 Para No. 12	8	Finance
Para No. 13	9	
Para No. 14	10	
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<i>26th Report—Appendix II</i>			
13	Para No. 19 . . .	18	Finance.
	Para No. 21 . . .	20	
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14	Para No. 26 . . .	23	Food & Agriculture (Deptt. of
	Para No. 27 . . .	24	Agriculture)
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15	Para No. 131 . . .	118	Food & Agriculture (Deptt. of
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17	Para No. 32 . . .	29	Food & Agriculture (Deptt. of
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18	Para No. 4 . . .	1	Health
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20	Para No. 64	61	Home Affairs
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	Para No. 69	66	

19th Report—Appendix V

21	Para No. 14	14	Home Affairs. (Originally marked to Cabinet Secretariat, now to be dealt by Home Affairs).
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22 Para No. 47 . . .	45	Home Affairs
<i>26th Report—Appendix II</i>		
23 Para No. 13 . . .	12	Home Affairs
<i>7th Report—Appendix III</i>		
24 Para No. 57 . . .	50	Law & Social Security (Deptt. of Social Security)
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25 Para No. 1 . . .	1	Law & Social Security (Deptt. of Social Security).
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<i>26th Report—Appendix II</i>		
26 Para No. 16 . . .	15	Law & Social Security (Deptt. of Social Security).
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27 Para No. 23 . . .	22	Industry & Supply (Deptt. of Industry)
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28 Para No. 96(i) . . .	93	Industry & Supply (Deptt. of Supply) (Originally marked to Deptt. of Iron & Steel, now to be dealt by Deptt. of Supply).

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29	Para No. 7	7	Industry and Supply (Deptt. of Supply).
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30	Para No. 39	37	Industry and Supply (Deptt. of Supply).
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31	Para No. 54	54	Industry and Supply (Deptt. of Supply).
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32	Para No. 48	46	Information & Broadcasting
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33	Para No. 157	141	Information & Broadcasting
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34	Para No. 22	21	Irrigation and Power
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35	Para No. 18	14	Steel and Mines (Deptt. of Mines & Metals)
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36	Para No. 32(i) & (ii)	26	Steel and Mines (Deptt. of Iron and Steel).
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37 Para No. 90	87	Steel and Mines (Deptt. of Iron and Steel)
<i>12th Report—Appendix I</i>		
38 Para No. 5(ii)	5	Steel and Mines (Deptt. of Iron and Steel)
<i>25th Report—Appendix I</i>		
39 Para No. 25	21	Steel and Mines (Deptt. of Iron and Steel)
<i>8th Report—Appendix IV</i>		
40 Para No. 9	6	Transport
<i>23rd Report—Appendix III</i>		
41 Para No. 7	1	Transport
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42 Para No. 27	27	Transport
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43 Para No. 24	23	

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3rd Report—Appendix XV

- 44 Para No. 8(vii) . . . 11 Works and Housing

24th Report—Appendix III

- 45 Para No. 33 . . . 33 Works and Housing
 Para No. 36 . . . 36
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(II) FINANCE ACCOUNTS

9th Report—Appendix V

- 46 Para No. 11 . . . 9 Finance

22nd Report—Appendix II

- 47 Para No. 4 . . . 4 Finance

(III) DEFENCE SERVICES ACCOUNTS

4th Report—Appendix II

- 48 Para No. 4 (Introduction) . . . 2 Defence
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	Para No. 4	3	
	Para No. 5	4	
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17th Report—Appendix VII

50	Para No. 3	2	Defence
	Para No. 4	3	
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	Para No. 32	25(iii)	
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	Para No. 46	36(ii)	
	Para No. 47	37(i)	
	Para No. 48	37(ii)	
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	Para No. 61	45(iv)-(v)	
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	Para No. 71	52(iv)	
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26th Report—Appendix II

51	Para No. 26	.	.	.	25	Defence
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APPENDIX III

Summary of main Conclusions/Recommendations.

Sl. No.	Para No. of Report	Ministry/Deptt. concerned	Conclusions/Recommendations
1	2	3	4
1	1	All Ministries	<p>The P.A.C. have been impressing upon the various Ministries the need for expeditious submission of notes/statements pursuant to their recommendations.</p> <p>Considering the difficulties experienced by the Ministries/Departments, the Committee had agreed to extend the time limit for the submission of these notes/statements from 1 to 3 months from the date of the presentation of the Report to the House. They, however, regret to observe that no appreciable improvement has been made in this direction. In some cases the position has even deteriorated as would be evident from Appendix II to the Report, and there are several instances where the submission of these notes/statements has been outstanding for more than one year. As such delays diminish the importance of the recommendations of the Committee, they would like the Ministries/Deptts. concerned to examine the reasons for the inordinate delays in the submission of these notes/statements and take suitable remedial measures in this regard.</p>

- 2 3 Do. In some cases indicated in Appendix I the replies furnished by the Ministries/ Deptts. are of an interim nature and the Committee would, therefore, await further reports thereon.
- 3 4 Commerce, Defence, F. & A., (Deptt. of of Agriculture), Transport and Works & Housing
All Ministries A list of recommendations of the Committee in respect of which the notes/ statements are still awaited is given in Appendix II. From this Appendix it will be seen that a large number of notes/statements are outstanding for long periods from the Ministries of Commerce, Defence, Food and Agriculture (Department of Agriculture), Health, Industry & Supply (Department of Industry), Transport and Works & Housing. The Committee desire that the submission of these notes which are long awaited may be expedited.
- 4 5 Education The Committee feel that the Parliament which votes the grants has a right to know what corrective and supervisory control has actually been exercised by the Government in rectifying the financial irregularities pointed out by the C. & A.G. in his Audit Reports. The Committee, therefore, suggest that Government should present Audit Reports on the accounts of the Central Universities to Parliament, as they have done in the case of Audit Reports pertaining to the Port Trusts of Bombay, Calcutta and Madras, which are also autonomous bodies governed by statutes.
- The Committee, are, therefore, of the opinion that in the interest of public accountability of the Universities in financial, as distinguished from academic matter, it is necessary that their accounts along with a separate Audit Report and Audit Certificates relating thereto are also presented to Parliament.
- 5 6 Finance The C. & A.G. had suggested that the Government of India might prescribe a target date by which State Governments should submit the statements to the
-

1	2	3	4
			Accountants General; failing which the Central Assistance due to the States would be finalised on the basis of the statements received and the excess amount received, if any, would be refunded to the Central Government. The Committee would like to be informed whether the suggestion of the C. & A.G. had been accepted and if so, what target date had been notified to the State Governments for furnishing the required statements to the Accountants General. They may also be apprised of the further steps taken to expedite the final adjustment of the payments under the scheme and the results achieved in this regard.
6	7	Finance	The Committee have been informed by the Ministry of Finance (Department of Economic Affairs) that the matter regarding postponement of expenditure on the plea of lack of funds is under consideration. They desire that since the matter relates to an important question involving parliamentary control over expenditure, an early decision in the matter would be taken and the same communicated to the Committee.
7	8	Do.	The Committee have been informed that this matter regarding loss by exchange on remittance transactions is under consideration of the Ministry of Finance (Department of Economic Affairs). They desire that this important question should be settled in consultation with the Comptroller and Auditor General without further delay.
8	9	Works & Housing	The Committee regret to note that the Ministry of Home Affairs have not taken any action since 29-12-62 on the suggestion of the Ministry of Works and Housing regarding the Central Public Works Department providing the ancillary Services initially at their cost and later on recovering it from the local body concerned and the matter is pending for more than two years. In this connection the Committee would like to invite the attention of the Ministry of Works and Housing to observations contained in

para 68 of their 39th Report (Thrid Lok Sabha) and urge upon them to take up the matter further with the Ministry of Home Affairs to arrive at a final decision instead of allowing the matter to drag on indefinitely.

9	10	Defence.	The Committee appreciate the anxiety of the Ministry of Defence not to curtail any of the facilities enjoyed by the Welfare Organisations and agree with them in this respect. All that they are anxious to ensure is that the constitutional irregularity in keeping the financial transctions of the Canteen Stores Deptt. outside the Consolidated Fund of India should be rectified. This can be easily done by adopting the procedure suggested by the Ministry of Finance. The difficulties pointed out by the Ministry of Defence can be overcome by establishing a convention to be followed by suitable orders that the entire profits earned by the Canteen Stores Deptt. in any year should be given as a grant to Defence Welfare Organisations in the following year, in consnance with the existing practice. Government may implement this suggestion at an appropriate time.	33
10	11	Do.	The Committee hope that in the present case the Ministry will take early steps to refer to arbitration, the question of recovery of the sum of Rs. 4.50 lakhs from the contractor. The Committee would also like the Government to take suitable measure to avoid payment in future of disputed claims before their settlement.	
11	12	Do.	The Committee appreciate that the surplus capacity in the Ordnance Factories which was previously available for the manufacture of Crawler Tractors is being fully utilised for the production of armaments, which is the foremost duty of the ordnance factories. The Committee hope that the present proposals to augment the tractor production to 300 tractors per annum by setting up a new project will be carefully examined, so that the factors which have been respons for shortfall in producton in the past are scrupulously avoided. The Committee would like to be informed about the progress made in this regard.	

APPENDIX IV

MINISTRY OF COMMERCE

Action taken on the recommendation of the Public Accounts Committee

Recommendation

The Committee are not convinced of the reasons justifying the rejection of the lower offer. They are unhappy to note that in these days of foreign exchange difficulties the Tea Board failed to realise the utmost need to conserve foreign exchange and in the process incurred an additional expenditure of Rs. 30,000 which could have been easily avoided. They hope that the Ministry of Commerce and Industry would issue strict instructions in the matter to all concerned so that such cases do not recur.

[S. No. 68 para No. 75 of the Seventh Report (Third Lok Sabha) of the Public Accounts Committee 1962-63].

ACTION TAKEN

The *Ad Hoc Building Committee* of the Tea Board, of which the Chief Engineer of the West Bengal Government was a member, examined all tenders and after taking into consideration all relevant technical details, after sales service and maintenance etc., recommended the award of the contract to the firm which had quoted the higher offer. This recommendation was approved by the Architects of the Board. The Board went strictly by the advice tendered by the Expert Committee and the Architects, which was ultimately accepted by Government in consultation with the Central Public Works Department whose advice on constructional matters could be considered as final.

The observations of the Public Accounts Committee have been noted and necessary instructions in the matter have been issued to all concerned *vide* Ministry of Finance (Department of Economic Affairs) Office Memorandum No. F.24-GR/64, dated the 31st October, 1964.

[O.M. No. 7(1)—B. &A./64, dated 11-1-65.]

No. F.24-GR/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 13th October, 1964.

OFFICE MEMORANDUM

SUBJECT:—*Conservation of foreign exchange—Recommendation of the Public Accounts Committee.*

The Public Accounts Committee 1962-63 in their Seventh Report (Third Lok Sabha) have *inter alia* observed as follows:—

“The Committee also came across a case where a lower offer for installation of lifts using mostly indigenous components and involving a saving of foreign exchange of Rs. 1.96 lakhs was ignored and an additional expenditure of Rs. 30,000 was incurred. In another case, while order was placed for indigenously produced material, the indigenous producer himself had to import raw-material, which accounted for the major portion of his own cost, thus defeating the very purpose of placing orders for indigenous material. The Committee would therefore like Government to impress upon the Ministries Undertakings the imperative need for conserving foreign exchange in all possible ways in the present juncture, so that it might be utilised more fruitfully for the more pressing needs of the country.”

2. The undersigned is directed to invite the attention of all the Ministries and Departments to the above recommendation of the Public Accounts Committee, which has been accepted by the Government of India and to reiterate that the question of foreign exchange being of paramount importance in the present juncture, utmost care should be exercised in the examination of the offers made by the suppliers with a view to conserving foreign exchange in all possible ways. Further, while placing orders for indigenous materials, particular care should be taken to ensure the overall saving in foreign exchange which the placing of such orders will ultimately engender and not merely the immediate foreign exchange saving which may accrue initially.

3. The Ministries of Commerce, etc. are requested to issue suitable instructions in this respect to the undertakings and organisations under their respective administrative control.

(Sd.) C. S. KRISHNA MOORTHY,

Joint Secretary to the Government of India.

To

All Ministries and Departments of Government of India
No. F.24-GR/64, dated the 14th October, 1964. Copy also forwarded for information and guidance to:—

(i) All the Divisions of the Department of Economic Affairs.

(ii) All the Officers and Sections of the E. F. Divisions.

(Sd.)- M. K. VENKATARAMAN,

Under Secy. to the Govt. of India.

Recommendation

"The Committee feel that there is scope for further reduction in expenditure incurred in India by the Tea Board.

[S. No. 25 (para 25) of Appendix V to the 19th Report (Third Lok Sabha)].

ACTION TAKEN

The following figures will show how expenditure on foreign promotion is rapidly going up and that on internal promotion substantially coming down. Further improvement in this regard is expected to be shown in future:—

	1961-62		1962-63		1963-64 (Provisional)	
	Gross	Net	Gross	Net	Gross	Net
Tea Propaganda in India (in lakhs)	20.60	14.32	18.30	11.91	13.99	8.15
Tea Propaganda outside India (in Lakhs)	31.42	30.65	37.21	36.23	61.40	57.62

[O.M. No. 7(5)-B.&A./64, dated 10-11-64.]

Recommendation

The Committee were informed in evidence that diversion of a commodity imported from India had been resorted to by a country with whom agreements had been entered into. The commodity was bought from India under the rupee trade agreement and it was sold

to another country to get foreign exchange. The Committee hope that such cases are promptly taken up with the country concerned as being contrary to the agreements.

[Serial No. 85 (Para 94) of the Public Accounts Committee, 23rd Report (Third Lok Sabha)]

ACTION TAKEN

In December, 1963, a case of diversion of commodity supplier to a particular country was brought to the notice of the Corporation. This was immediately taken up informally with the Trade Representative of the country concerned who assured us that they would take suitable action to prevent such diversion. In future also, as and when such cases come to light, necessary action will be taken promptly.

[O.M. No. 7(9)-B. & A./64. dated 29th December, 1964].

Recommendation

The Committee hope that the State Trading Corporation will continue to be vigilant and watch the trend of the world trade to derive maximum advantage to the Indian Industry in exporting iron ore.

[S. No. 86 (Para 95) 23rd Report (3rd L.S. in respect of the S.T.C.)]

ACTION TAKEN

The recommendation has been noted by the Government and the Minerals and Metals Trading Corporation of India Ltd.

[O.M. No. 7(9) B. & A./64, dated 5th December, 1964.]

Recommendation

The Committee note that owing to the lack of adequate experience of the STC at the beginning and other factors there was a loss of Rs. 5.26 lakhs on this deal. They hope, however, that the STC will benefit from this experience and that it will take all possible steps and precautions to avoid such losses in future. A state agency like the STC should take all precautions to ensure that it does not default in fulfilling the terms and conditions of contract accepted by it.

ACTION TAKEN

Serial No. 88 (Para 97):

The recommendation has been noted by the Minerals and Metals Trading Corporation. The Corporation is now making purchases and sales on parallel terms and conditions and no forward purchases are now made.

[S. No. 89 (Para 97), Appendix III to 23rd Report (3rd L.S.)]

Recommendation

The Committee would also like the Ministry of International Trade to take up the question of making Railway Wagons available in time for the movement of manganese ore to ports and for this purpose some working arrangements with the Railway Board should be made so that similar situations may not arise in future.

[S. No. 89 (Para 97), Appendix III to 23rd Report (3rd L.S.)]

ACTION TAKEN

Prior to 1957 the allotment of wagons on each sector was made by the Railways in proportion to the quantity registered under the movement slips which were co-related to the export quota. The Corporation having no field staff in the earlier period registered the movement slips piece-meal to the extent of firm sales. This resulted in fragmentation of the movement quota and lesser supply of wagons irrespective of the number of indents placed with the Railways. The position improved considerably from 1957 since when having regard to the operational feasibility the movement capacity is fixed by the Railways each year on a regular basis. The field staff was also posted by the Corporation in 1957 and movement quota was registered in bulk thereafter. Even then the supplies of wagons were made by the Railways pro rata to the quotas registered.

Consequent on the abolition of export quota in October, 1962, the entire movement was bulked together and allotment of wagons is made on "First Come First Served" basis.

The Corporation has a Transport Adviser who maintains the Liaison with the various Railway Administrations and the Railway Board for resolving any problems relating to the movement of ores to the Ports.

[O.M. 7 (9) B. & A. 64 dated the 25th January, 1965.]

Recommendation

The Committee hope that the manganese ore Committee would be able to finalise their study early and it will be possible for Govt. to take steps on their recommendation for improvement of the position relating to export of manganese ore.

ACTION TAKEN

The findings of the Manganese ore Committee are not yet available. Their Report is still in the course of finalisation. Necessary action on their recommendation would be considered on its receipt.

[O.M. No. 7(9)-B & A/64 dated 25-1-65.]

Recommendation

The Committee are glad to know that the export of shoes is being increased. They hope, however, that the STC will benefit by the experience they have gained in the export of shoes and will take all possible precautions including improvement in the quality to avoid such losses in future. The State Trading Corporation should regard it a matter of prestige to see that the goods supplied by it are not rejected on account of being below standard.

[S. No. 92 (Para 100) of 23rd Report (3rd Lok Sabha)]

ACTION TAKEN

The recommendation has been noted by the State Trading Corporation. Every possible precaution is being taken and will be taken to see that the goods supplied by the Corporation are of the standard acceptable to the foreign buyers.

[O.M. No. 7(9)-B & A '64 dated 25-1-65].

APPENDIX V

MINISTRY OF EDUCATION

Statement showing action taken on the recommendations of the P.A.C.

Eighth Report (3rd Lok Sabha)

Recommendation

1. (i) *In the opinion of the Committee it was irregular on the part of the officer concerned to have drawn funds from the Treasury and to have retained them for long duration outside Government account in contravention of the Treasury Rules.*

[S. No. 31 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

Loans amounting to Rs. 1,27,850 were sanctioned to the Co-operative Craft Societies by the Ministry of Education. The amount was drawn in March 1952 from the Treasury and was kept in the Imperial Bank of India (now State Bank of India) in an account in the name of Board of Administration Co-operative Craft Schools. A copy of this Ministry's letter No. F. 17-15/51 RT, dated 29th December, 1951 communicating the sanction of the Government of India to the opening of an account in the name of the Board of Administration Co-operative Craft Schools is enclosed. Since the amount was to be disbursed on fulfilment of certain conditions, a sum of Rs. 1,13,350 was disbursed to the Craft Schools by 13th January, 1953 out of the above loans. The undisbursed amount of Rs. 14,500 could not be paid to the Gandhi Memorial Craft High School, Shahdara due to certain conflicts in the management of the School. Since the school was taken over by the Government, the amount could not be disbursed to it and it remained in the same account. The work of the Craft Schools was under the control of the Board of Administration Co-operative Craft Schools under direct supervision of the Ministry of Education and transferred to the Delhi Administration in 1952 under the charge of the Educational Organiser. From 1952 to 1954 the work remained with the Educational Organiser and was further transferred to the Direc-

torate of Education on reorganisation in 1954. In spite of the best efforts it had not been possible for the Director of Education to lay hands on the records of the Board of Administration Cooperative Craft Schools and the Educational Organiser as such in the absence of the records no decision could be taken for the refund of the undisbursed amount of Rs. 14,500 earlier than February 1959 when the amount was refunded to the Government. It is correct that a part of the loan was to be utilised for the purpose of construction of school buildings but the buildings could not be constructed as the allotment of land was not finalised in a number of cases. A part of the loans sanctioned to these schools is still lying in their accounts operated jointly by the Manager of the Schools and the Director of Education. Action for the refunds of these amounts is already under way in the Delhi Administration. A sum of Rs. 15,575.26 has, however, already been got refunded from 3 Craft Schools and credited to Government on 15th March, 1963, the break up of which is as under:—

(a) Sant Narankari Craft School	Rs. 7,391.83
(b) Bhartiya Mahila Craft School	Rs. 1,852.56
(c) Arya Craft School	Rs. 6,330.87
Total	Rs. 15,575.26

Recommendation

(ii) *The Committee also observed that before sanctioning the loan the Ministry concerned had failed to make a proper assessment regarding the capacity of loanee to repay the loans in accordance with terms of the sanction.*

ACTION TAKEN

The object of the scheme was to provide employment to displaced teachers, cheap educational facilities to displaced students who were unable to secure admission elsewhere, and to enable the students to earn while learning and to help them to make a reasonable living in case they could not continue their studies after the Middle school stage. For two years i.e. during 1949-50 and 1950-51 the scheme was administered by the Ministry of Rehabilitation and a loan of Rs. 2,26,500 was advanced to the societies. Thereafter the work was transferred to the Ministry of Education which advanced a loan of Rs. 1,27,850 (out of this amount a sum of Rs. 14,500 was refunded to the Government of India on 3rd March, 1959). The

loans were advanced on the condition that the recovery of the loan will start one year after the date of payment and the same would be completely repaid within a period of 10 years from that date. In the month of December 1951, the administrative control of the societies was transferred to the erstwhile Delhi State Government by the Ministry of Education on the condition that these societies would be run as Co-operative Craft Schools and thus become self-sufficient within a definite period. It would, therefore, be observed that keeping in view the objectives of the scheme there was no occasion to make a proper assessment regarding the capacity of the loanees to pay the loan. Further, it was too early to expect any financial progress from the societies as all of them were set up on an experimental basis. The intention of the Government was to help these institutions to become self-sufficient.

Recommendation

(iii) Further the purpose for which the loans had been granted had also not been fully achieved inasmuch as eight of the fifteen craft schools had either been closed down or converted into ordinary schools and the remaining taken over by the Government.

ACTION TAKEN

These craft schools were required to function on Co-operative lines and then to become self-sufficient within a definite time limit. But in view of the unsatisfactory conditions prevailing in those institutions it was decided in the meeting held on 12th March, 1956 between the Secretary, Ministry of Education and the then Chief Minister of the erstwhile Delhi State Government that the continuance of these institutions in the present form would not be desirable and it might be necessary to wind up such of these institutions as did not conform to the existing rules after the current schools session. Since these Schools were either taken over, with the assets and liabilities by the Delhi Administration or closed down or ceased to function as craft schools, the question whether loan should be converted into grants or recovered from the management of the aided school or written off has already been taken up by Delhi Administration and is under their active consideration.

Recommendation

(iv) The Committee now desire that such of the buildings of the schools since closed down, as are not being properly utilised

should be disposed of and the realised amount adjusted against the outstanding loans.

ACTION TAKEN

The following five schools have since been closed down and the position regarding their buildings is as under:—

1. Netaji Subash Craft School, Lodi Road.
2. S.D. Craft School, Subzimandi.
3. M.E.S. Craft School, Rohtak Road.
4. Adarsh Craft School, Rajinder Nagar.
5. Nalanda Craft School, Karol Bagh.

The schools at serial No. 1 and 3 were running in tents and were closed down on 30th April, 1956 and 20th October, 1956 respectively. The tents in which the schools were housed had been taken on hire and were returned to the owners on the closure of the schools. The school at serial No. 2 above was closed down on 30th April, 1956. The school building of the defunct school consisting of 4 rooms is still in the possession of the Manager of the School, necessary steps to take possession of the building are being taken by the Directorate of Education, Delhi. It is also proposed to institute legal proceedings against the Manager. The school at serial No. 4 was closed on 31st August, 1956. The possession of the building was taken over by the Directorate of Education on 26th May, 1958. There was some litigation between the lessee of the plot on the one hand and the society which constructed the building and the Union of India on the other hand in respect of the plot. The case was decreed in favour of the lessee on the plot and the possession of the property concerned was to be restored to the lessee by 31st March, 1962. The Ministry of Rehabilitation effected a compromise and in view of its decision and also in pursuance of a legal decree the Directorate had to vacate the building on 31st March, 1962. The School at serial No. 5 ceased to function on 31st March, 1950. No record in this connection is available in the Directorate of Education, Delhi, but it is understood that the school was running in a rented building in W.E.A. Karol Bagh area.

(Ministry of Education O.M. No. F. 15-4/63-SW-5, dated 6th June 1964).

Copy of letter No. F. 17-15/51-RT, dated the 29th December, 1951 from the Deputy Secretary to the Government of India, Ministry of Education, New Delhi, to the Secretary, Board of Administration, Co-operative Crafts Schools, New Delhi.

SUBJECT:—*Opening of Account in the name of Secretary of the Board.*

"I am directed to convey the ex-post facto approval of the Government of India to the opening of an account in the Imperial Bank of India, in the name of the Board of Administration.

Dr. G. F. Lakhani, Under Secretary, Government of India in the Ministry of Education who is appointed Drawing and Disbursing Officer of the Board will operate on this Account."

Sixteenth Report (3rd Lok Sabha)

Recommendation

2. The reasons given for the excess are not convincing. The Committee feel that with the exercise of a little care and forethought and maintenance of liaison with the suppliers the need for provision for this purpose could have been easily anticipated.

As regards telephone charges it is surprising that the Ministry were not aware that the telephone rentals had to be paid in advance. The Committee are also unable to appreciate why adequate provision had not been made for payment of telephone bills in respect of the year 1961-62.

They desire that suitable instructions should be issued by the Ministry to avoid recurrence of such instances

(Sl. No. 5 Appendix XV to the Sixteenth Report 1963-64)

ACTION TAKEN

Necessary instructions have been issued to all concerned for strict adherence with a view to avoiding recurrence of such instances vide this Ministry Circular Note No. F. 6-15/63-A-8, dated the 26th December, 1963, copy enclosed. (*Annexure*).

ANNEXURE

MINISTRY OF EDUCATION

(A. 8 Section)

No. F. 6-15/63-A.8

Dated the 26th December, 1963.
the 5th Pausa, 1885**SUBJECT:—Excesses over voted Grants and charged Appropriations—
Avoidance of**

In the **Appropriation Account (Civil) 1961-62**, the actual expenditure under Grant No. 13-Ministry of Education exceeded the voted grant.

The excess was mainly due to non-provision of funds to cover (i) certain debits in respect of purchases made through D.G.S. & D. not anticipated to mature and be adjusted in the accounts of 1961-62, (ii) certain bills from Telephone authorities passed for payment towards the end of the financial year and (iii) payment of rentals for telephones relating to the year 1962-63, as the Ministry was not aware of its payability in advance

The Public Accounts Committee who went into the circumstances leading to the excess in question, have made the following observations:—

- (a) The reasons given for the excess are not convincing. The Committee feel that with the exercise of a little care and fore thought and maintenance of liaison with the suppliers, the need for provision for this purpose could have been easily anticipated.
- (b) As regards telephone charges, it is surprising that the Ministry were not aware that the telephone rentals had to be paid in advance. The Committee are also unable to appreciate why adequate provision had not been made for payment of telephone bills in respect of the year 1961-62.
- (c) They desire that suitable instructions should be issued by the Ministry to all concerned to avoid recurrence of such instances.

To avoid recurrence of such excesses over grants, all Sections in the Ministry and the Subordinate Offices are requested to adhere to the procedure for control of expenditure laid down in para 12

of the G.F.R. Vol. I. The procedure prescribes *inter alia* that in order to maintain proper control over expenditure, a controlling office should arrange to be kept informed not only of what has actually been spent from an appropriation but also what commitments have been and will be incurred against it. Accordingly the spending authorities in the Ministry should have an idea of the progressive liabilities and commitments in respect of which payments will have to be made (a) during the financial year and (b) during the following financial year and maintain properly a liability register in the prescribed form (a specimen enclosed for ready reference) in accordance with the instructions contained in the Ministry of Finance O.M. No. 15(1)-E.G. 1/55, dated 3rd August, 1955 (copy enclosed). Maintenance of such a liability register will be facilitated if the procedure regarding control over expenditure particularly incurred by one department on behalf of another in respect of supplies and services and adjustment of debits therefor as laid down in the Comptroller and Auditor General's letter No. 542-Adm II 89-58, dated 11th March, 1958 (copy enclosed).

The strict adherence to the procedures referred to above coupled with forethought and maintenance of liaison with the authorities rendering supplies and services will not only facilitate the exercise of effective control over expenditure but will also help in the elimination of cases of excess over Grants.

Copy of O.M. No. 15(1) E.G.1/55, dated 3rd August, 1955, from the Ministry of Finance to all Ministries and copy to Comptroller and Auditor General of India etc.

SUBJECT:—Control of Expenditure—Maintenance of liability Register.

The undersigned is directed to invite a reference to para 12 of General Financial Rules, Volume I which prescribe, *inter-alia* that in order to maintain proper control over expenditure, a Controlling Officer should arrange to be kept informed not only of what actually has been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it. Accordingly the spending authorities and the Ministries of the Government of India should have an idea of the progressive liabilities and commitments in respect of which payments will have to be made (a) during the financial year and (b) in the following

financial year. No procedure has, however, so far been prescribed as to how the Controlling Authority should obtain this information with Comptroller and Auditor General that a monthly liability statement entries for which should be progressive and give the position of outstanding liabilities up to the month to which the statement relates should be obtained by each Controlling Authority commencing from the month of October in each financial year. This Liability Statement will be in addition to the prescribed monthly statement in Form G.F.R. 7 which is only a statement of actual expenditure incurred. The Controlling Authority should maintain a Liability Register (in the same form as the Liability Statement) in which the particulars furnished in the monthly statements should be consolidated. This will not only facilitate the exercise of effective exchequer control and the preparation of correct budget estimates but will also help in the elimination of cases of excesses over grants and of non-surrender of savings.

2. The Ministry of Home Affairs etc. are requested to bring these instructions to the notice of all Heads of Departments and other Controlling Officers under them for Compliance

Copy of letter No. 542-ADMN II 89-58, dated 11th March, 1958 from the Comptroller and Auditor General of India, New Delhi to all Accountants General and Comptroller, Kerala and Addl. Accountant General, Damodar Valley Corporation and Sindhri Project, Calcutta, copy to Ministry of Finance (Budget Division) etc.

SUBJECT:—*Procedure regarding control of expenditure incurred by one Department on behalf of another in respect of supplies and services and adjustment of debits therefor.*

Sir,

I am to state that this office has had under consideration the question of effective control over expenditure incurred by the Government Department on behalf of another, which is adjusted through book adjusted transfers

2. A large and important category of such transactions relates to stores purchased through the Director General, Supplies and Disposals, High Commissioner for India in United Kingdom, India Supply Mission, Washington or the Indian Embassies elsewhere. The present position is that in all such cases the officers against whose allotment of funds the payment is debited, gets the earliest intimation

of it only through his Accounts Officer after the monthly account in which the debit is included, has been closed.

3. Another category is book adjustments in respect of cost of service rendered or supplies made by other Governments and also by other Departments of the same Government where under the direction in chapter 4—Account Code, Volume I, inter-departmental adjustment is permitted. In such cases, when debits are received supported by the acceptance on invoices, the Accountant General adjusts them without any further reference to the Departmental Officer. Where, however, a debit is not supported by a record of acceptance by an officer of the department concerned, the Accountant General is required [para 5(3), Annexure B to Chapter 5—General Financial Rules, Volume I] to obtain the concurrence of the department concerned before accepting and adjusting it.

4. With a view to provide a second line of defence against lapses in proper and efficient control of expenditure, it has been decided that the Accountant General should send intimation of adjustments of debits received from or demands made by other Accounts Officers to the departmental officer concerned as soon as any such adjustment is made or the demand is accepted for payment, instead of doing it after the closing of the month's accounts as at present.

5. In the case of purchase of stores, arrangements are also being made with the Central Government that instructions are issued to the paying authorities both in India and abroad that they should send automatically in every case, an intimation to the indenting officer as soon as a payment is made on his behalf, independently of any action with the Accounts Officer for adjustment of the transactions.

FORM G.F.R. 6

[See Government of India's decision No. (1) under rule 71]

Liabilities Register for the year _____

Grant No. _____

Office of _____

Sl. No.	Nature of liability	No. & date of indent or connected letter	Agency on which indent is placed or demand is made	Estimated cost	Permissible excess over the estimated cost, if any	Total liability (Col. 5 : 6)	Progressive amount of Commitments	Probable month in which the expenditure will be accounted for in the departmental expenditure statement	Initials of the Branch Officer	Record of payment.	Difference between Col. 7&11 Excess (+) Savings(—)	Initials of the Branch Officer	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Twenty-fourth Report (3rd Lok Sabha)

Recommendation

The Committee are hardly convinced with the explanation for delay in the disposal of surplus stores. They regret to note that although the stores had been purchased between 1947 and 1958, no steps were taken till 1962 to examine these stores with a view to deciding as to what portion of the equipment could be used in the Polytechnic and what portion would have to be declared surplus. They are surprised to note that the Committee of the Officers which was belatedly appointed by the Principal to go into this question throughly with the intention of completing the work by July, 1962 had not been able to take up the work even upto December, 1962 due to other pre-occupations.

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

(S. No. 1 Appendix III of 24th Report—1963-64).

ACTION TAKEN

As stated at the last meeting of the Public Accounts Committee it could not be established for certain which of the equipment and machinery would be utilised by the Delhi Polytechnic for its various courses as the decision about its final set up was taken only in March, 1962. As soon as it was finally known what portion of the stores would be utilised by the Polytechnic action was initiated to dispose of the surplus stores.

The present position about disposal of surplus stores is given below:—

(1) *New items costing Rs. 57,000.*—The Air Compressor costing about Rs. 28,000 is now in use in the Polytechnic. The furnace costing Rs. 8,000 has been installed and is being used from the first week of June, 1964. The Indian Institute of Technology, Hauz Khas, New Delhi will take over the following *Textile Technology* items of equipment when their buildings now under construction are completed by the end of this year.

(a) Experimental Kier	1 No.	..	Rs. 4,701.00
(b) Winch Dyeing Machine	1 No.	..	Rs. 10,586.00
(c) Cup Winding frame	1 No.	..	Rs. 6,200.00

Total: Rs. 21,487.00

(2) *War Surplus Stores worth about Rs. 1,46,000.*—All equipment had been obtained from disposals. Out of this, equipment worth

Rs. 65,320 is surplus to the requirements of the Delhi Polytechnic. Upto 11-5-1964 equipment worth Rs. 28,424 out of the surplus equipment, had been disposed of for Rs. 40,286 (at a profit of Rs. 11,862).

Steps are also being taken to dispose of the remaining surplus equipment worth Rs. 36,896 either through D.G.S.&D. or directly.

At present, 2 items viz. one truck and one radar are lying in the open for disposal through D.G.S.&D. Action in this direction has already been initiated through the Delhi Administration.

(Min. of Education Note No. F. 19-7/64-T. 1)

Ministry of Education

Action taken on the recommendations of the Public Accounts Committee

Recommendation

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

[Serial No. 2, Appendix III, 24th Report (Third Lok Sabha)].

ACTION TAKEN BY THE MINISTRY

The recommendation has been noted. With a view to ensuring prompt submission of utilisation certificates, the following steps have been taken by the Ministry:—

- (1) Instructions have been issued to all sanctioning authorities that further grants to all Institutions from whom audited statements of accounts and utilisation certificates are not received in time should be withheld unless there are valid reasons to make exceptions vide this Ministry's circular No. F.25-3/63-Accounts II dated 2nd July, 1964. (Annexure).
- (2) In respect of the outstanding utilisation certificates for the grants, sanctioned in the previous years, reminders at regular intervals are being issued to the defaulting institutions. In some cases, refunds of the unspent balance or the whole amount of grant is demanded from the grantee if no utilisation certificate is received.
- (3) It is also proposed to review the progress of submission of utilisation certificates in respect of outstanding cases in the Departmental Meetings held for exercising control over expenditure.

[Ministry of Education O.M. No. 7(2)/65/Acc II dt. 2-12-1964.]

ANNEXURE

No. F. 25-3/63-Acc. II

*Dated the 2nd July, 1964.
the 11th Asadha, 1886.*

SUBJECT:—Grants-in-aid sanctioned by Ministry of Education—delay in issue of utilisation certificates.

It has been observed from certain Audit paragraphs included in the Audit Report (Civil) 1963 and 1964 that large number of utilisation certificates are outstanding against the grants sanctioned by the Ministry of private and autonomous organisations since 1954. The main reason for delay in the issue of utilisation certificates is stated to be non-receipt of audited statement of accounts and utilisation certificates from the grantee institutions, in spite of repeated reminders.

Normally there should not be any delay in receipt of audited statement of accounts from institutions to whom grants are repeated by the Government, since the rule stipulates that the sanctioning authority should before payment of grant-in-aid, insist, as far as possible, on obtaining an audited statement of the accounts of the body or institution concerned in order to ensure that any previous grant was spent for the purpose for which it was intended. The rule implies that the institution which failed to furnish the audited statement of accounts of the grants previously sanctioned by the Ministry should not be given any further grant. In order to ensure that audited statement of accounts are promptly submitted by the grantee institutions, Secretary has directed that all sanctioning authorities should withhold further grants instalments to defaulting institutions unless valid reasons exist for release of further grants.

Recommendation

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

uary, 1960) may be intimated to the Committee before they take up consideration of the next Audit Report (Civil).

[Serial No. 4, Appendix III to the 24th Report (Third Lok Sabha) 1963-64].

ACTION TAKEN BY THE GOVERNMENT

The recommendation has been noted for necessary action in respect of the institutions acquiring assets wholly or mainly from the Govt. Grants other than the University Grants Commission which has been exempted from the requirement of maintaining Block Accounts Register by Comptroller and Auditor General. The delay in maintenance of Block Accounts in respect of certain Institutions whose accounts together with assets are audited by the Accountants General was due to a doubt as to the applicability of the procedure to such cases as well and the matter was referred to the Ministry of Finance who have, however, emphasised the necessity of following the procedure in these cases also. Accordingly, necessary instructions have been issued to all concerned in the Ministry to start maintaining the Block Accounts of permanent and semi-permanent assets acquired by grantee out of Govt. Grants irrespective of the fact whether or not their accounts are audited by the Accountant General vide his Ministry's No. F. 10(2) 64-Acc. II dated the 29th June, 1964. (Annexure).

The progress so far made in bringing the records up-to-date is given as under:—

No. of Institutions to whom grant-in-aid were sanctioned during the period 1-2-1960 to 31-5-1964	No. of Institutions which have furnished to the Ministry copies of assets Register maintained by them.	No. of Institutions which are still to submit to the Ministry the copies of assets Register maintained by them.
1	2	3
418	140	278 (**)

(**) The figure excludes the statutory organisations such as Salarjung Museum Hyderabad, Indian Museum Calcutta, Victoria Memorial, Calcutta, Indian Institute of Technology at Kharagpur, Bombay, Madras, Kanpur and New, Delhi, which cannot dispose of these assets except in accordance with the provisions of the respective Acts under which they were constituted and as such the necessity for maintaining of such a Register by these institutes/organisations is under reference to the Ministry of Finance separately.

[Min. of Education O.M. No. 7(2)/64-Acc. II dat. 2-12-1964].

ANNEXURE

SUBJECT:—Financial control over bodies who are in receipt of grants-in-aid—Maintenance of Block Accounts in the Ministry.

As a result of the decision arrived at in consultation with the Ministry of Finance and the Comptroller and Auditor General, Secretary (Science) has directed that all administrative Sections in the Ministry should start forthwith (if not already done) a register in Form G.F.R. 19 (specimen enclosed) to maintain in terms of G.F.R. 149 (Govt. of India decision No. 7) the Block Accounts of permanent and semi-permanent assets acquired wholly or mainly out of the Government grants by the grantee institutions. This should be done in all cases of grants to private or quasi-Government bodies (except University Grants Commission who have already been exempted from maintaining the register of Block Accounts), irrespective of the fact whether or not the accounts of the institutions are audited by the Indian Audit and Accounts Deptt.

Recommendation

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

(S. No. 11 of Appendix III to 24th Report—3rd Lok Sabha).

ACTION TAKEN

The matter has been referred to an Investigating Officer and appropriate action would be taken after the report of the Investigating Officer is received.

Recommendation

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

[S. No. 12 of Appendix III (P.A.C. 1963-64) 24th Report (Third Lok Sabha)].

ACTION TAKEN

Out of the sum of Rs. 25,000 outstanding for recovery out of stipends paid during 1960-61, the balance now to be recovered as reported by the various Regional Offices is Rs. 20,571.32 p as under:

Northern Regional Office	.	.	Rs. 245.37
Western Regional Office	.	.	Rs. 215.00
Southern Regional Office	.	.	Rs. 3,367.59
Eastern Regional Office	.	.	Rs. 16,743.36

A review of the accounts of scholars/stipendaries has been undertaken and the present position in this regard is as under:—

1. *P. T. S. Scheme*—It was reported last time that the ledger accounts of about 450 stipendaries of the year 1949-50 and 1950-51 were examined and that an amount of Rs. 4596.44 was to be recovered. Of this amount a sum of Rs. 1,200 relating to one Institution has since been finally adjusted and correspondence is going on with other institutions concerned for the recover/adjustment of the balance amount.

The ledger accounts in respect of 2903 stipendaries of the remaining years viz. 1951-52 to 1957-58 has since been examined and the accounts of 2704 stipendaries out of the total accounts examined have been closed. Action is being initiated to finalise the accounts of the remaining 199 stipendaries. Besides these, the ledger accounts of 83 stipendaries of the year 1956-57 and 1957-58 are yet to be examined.

The scrutiny of these accounts shows that a sum of Rs. 23,728.07 paise is recoverable for these years as follows:—

1951-52	.	.	.	Rs. 1572.56
1952-53	.	.	.	Rs. 2412.86
1953-54	.	.	.	Rs. 96.19
1954-55	.	.	.	Rs. 1931.00
1955-56	.	.	.	Rs. 5160.46
1956-57	.	.	.	Rs. 3815.00
1957-58	.	.	.	Rs. 8740.00
				<hr/>
				Rs. 23,728.07
				<hr/>

The cases of some of the stipendaries for waiving of recovery of the amount due from them are under consideration.

2. *T. T. T. Scholarship Scheme*—Under Technical Teachers Training Programme. Out of the remaining amount of the sum of Rs. 46,808·54 paise, Rs. 22,222·10 paise have since been recovered. The recovery of the balance is due mostly from ex-trainees, who have been allowed repayment in monthly instalments of Rs. 100 or Rs. 50. Two cases involving recovery of Rs. 17,753·22 paise are being referred to Law Ministry.

3. Under the Research Training Scholarships Scheme, out of 731 cases, 184 have been finalised and action on 387 cases is in progress. Recovery of Rs. 11,395·95 paise has been effected so far.

4. Under the National Research Fellowship Scheme, out of 34 cases, 2 cases have been finalised and action on 25 cases has been initiated. Recovery of Rs. 1,121·85 paise has also been effected.

(Ministry of Education Note No. F. 12-52/62-T3).

Recommendation

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

(ii) *The Committee regret to note that although irregularities such as (a) retention of heavy cash balances in hand, and (b) serious defects in the maintenance of cash book and in the procedure for making payment by the Sangeet Natak Akademi were brought to the notice by Audit as early as 1957, and although non rectification of the defects was pointed out in subsequent Reports, it was only in 1959 that a preliminary investigation was undertaken. According to Audit the Officer who investigated into the financial affairs recommended that some of the irregularities pointed out in the inspection report justified a further probe in order to ensure that there had been no misuse of Public funds, but it was only on 21st March, 1960 that further probe was ordered. This investigation undertaken on the 21st March, 1960 disclosed a suspected defalcation of Rs. 1·89 lakhs and a temporary misappropriation of Akademi's funds to the extent of Rs. 55,600. Meanwhile the Secretary of the Akademi, during whose tenure of office the alleged defalcations took place was allowed to resign on 12th March, 1960 (9 days before the investigation was ordered). The Committee view with concern that despite serious irregularities having been pointed out by Audit the Ministry continued to pay grants to the Akademi. They fail to understand as to*

how in the face of these irregularities, the Ministry satisfied themselves that the grants-in-aid had been properly spent by the Akademi for the purpose for which these were sanctioned. The Committee were informed that subsequent to the discovery of the irregularities, the Board of the Akademi had been completely reconstituted and registered as a Society under the Registration of Societies Act on 11th September, 1961. The Committee trust that with the reconstitution of the Board there would be improvement in the working of the Akademi.

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

[S. No. 17 of Appendix III to 24th Report—1963-64 (Third Lok Sabha)]

ACTION TAKEN

(i) It was explained in Secretary's d.o. letter No. F. 14-41/62-C.4, dated the 25/26th March, 1964, addressed to the Chairman, Public Accounts Committee, that no report was submitted to Government by the Ministry's Financial Adviser. The Treasurer of the Akademi (who also happened to be the Financial Adviser of the Ministry), however, submitted a report in May 1960 to the Executive Board of the Akademi, and the Board in turn sent a copy of the Report to Government with the request that the Special Police Establishment of the Home Ministry be asked to investigate the case. This was done; and as a result criminal cases have been filed against the former Secretary and two other officers of the Akademi. As the case is still *sub-judice*, it was explained that to make the Treasurer's report (which is a secret document) public at this stage may prejudice the case against the accused and that it would not be in the public interest to submit the Report to the Public Accounts Committee till the case is *sub-judice*.

Nevertheless the Ministry volunteered to show the report to the Chairman, Public Accounts Committee. No communication in reply to Secretary's letter dated the 25/26th March, 1964, has been received from the Public Accounts Committee.

(ii) The irregularities pointed out in the audit report received in 1957 were mainly procedural and did not give an indication of the existence *prima-facie* of a possible case of misappropriation or embezzlement of the Akademi's funds. Action for the rectification of these irregularities was to be taken by the Akademi which was an autonomous body. It was only in the audit report for 1957-58 (sent by the Accountant General, Central Revenues, in July, 1959) that some instances involving irregularities of a more than procedural nature were pointed out. Even so, the report for 1957-58 did not

contain any specific case of suspected misappropriation. The Akademi, on receipt of the audit report for 1957-58, took immediate action resulting in the preliminary investigation of the suspected irregularities in August, 1959. Considering the nature of the irregularities revealed in the preliminary investigation report, a cautious approach was necessary for further investigation. It will be appreciated that a serious report like this should have taken considerable time as the matter had to go through the proper channels and normal procedures had to be followed before any further action was possible. On the other hand it will not be improper to say that considering the nature of the report the Akademi worked rather expeditiously in the matter. The Akademi ordered a thorough investigation of the matter in March, 1960. The investigation was completed in May, 1960, and the case was entrusted to the Special Police Establishment soon thereafter.

The Government of India have been keeping a watch on the progress of investigations and rendered every assistance to the Akademi in completing it expeditiously.

The grants were continued to be paid to the Akademi after the irregularities in its accounts came to the notice of the Government because stoppage of grants would have meant closing the Akademi. Steps to look into the irregularities were being taken in the meanwhile as explained above. In view of the irregularities, the Ministry neither hold that the grants given to the Akademi have been properly utilized nor have they furnished the prescribed utilization certificates in respect of those grants to Audit so far.

(iii) Noted for compliance.

Recommendation

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

The Committee desire that in the case of Organisations which are largely or wholly financed by Government, suitable conditions

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

[S. No. 18 of Appendix to 24th Report—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The position is that grants to the Akademi were sanctioned for the specific purpose of meeting expenses for its normal activities and the grants were expected to be utilized for the same purpose. Accordingly, there was no necessity of issuing any further directive in the matter to the Akademi. However, in the revised Constitution of the Akademi provision for issue of directives on matter of policy to the Akademi has been made.

The recommendation will be taken up with the Ministry of Finance.

Recommendation

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

[S. No. 19 of Appendix III to 24th Report—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The Akademi is taking necessary action in the matter.

Recommendation

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

[S. No. 20 of Appendix III to 24th Report—1963-64 (Third Lok Sabha)].

ACTION TAKEN

This is being brought to the notice of the Akademi.

Recommendation

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

[S. No. 21 of Appendix III to 24th Report—1963-64 (Third Lok Sabha)].

ACTION TAKEN

According to the instructions issued by the Ministry of Finance from time to time any assets created by grantee institutions etc. wholly or mainly out of Government grants are not required to be handed over to Government after the immediate object for which the assets were acquired is over. However, the grantees are required not to sell, dispose of or otherwise encumber such assets (all immovable and movable of the capital value of Rs. 1,000 and more) without the prior approval of the Government. This applies generally to all Cultural institutions to whom grants are given by the Ministry. However, in the case of equipment purchased by certain categories of scientific Institutions out of Government's grants, Government reserve the right of taking back the equipment after a particular project is over, if necessary. As the Akademi give grants to cultural institutions only, the procedure adopted by it is in essentials not contrary to the practice prevalent in the Ministry.

The whole question is, however, under examination of the Ministry of Finance.

Recommendation

The Committee regret to note that there had been an infructuous expenditure of Rs. 7,200 in this case relating to appointment of an Officer on Special Duty. They observe that even after the resigna-

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

[S. No. 22 of Appendix III to 24th Report—1963-64 (Third Lok Sabha)].

ACTION TAKEN

This is being brought to the notice of the Akademi.
[O.M. No. F. 14-41/62-C. 4 (Vol. II) dated the 23rd September, 1964.]

Recommendation

"The Committee would like to point out in this connection that frequently Government have attributed the delay or non-implementation of various projects to the non-availability of suitable qualified technical personnel. On the other hand they observe that there was a large number (45) of scientists and technologists in the Pool, some of which have not been able to find employment for long (as on 1st September, 1963 out of 385 persons in the Pool, 38 persons had been held therein for more than 2 years and 98 persons for more than one year but less than two years). This position appears to the Committee to be anomalous. They, therefore, desire that the Ministry should look into this matter and take steps to secure suitable employment for officers in the Pool. This would not only result in the saving of expenditure incurred on them while in the Pool but also in the proper utilisation of their talent and knowledge."

[S. No. 23, Appendix III of 24th Report—1963-64.]

ACTION TAKEN

The matter of proper utilisation and quick absorption of Pool Officers has been constantly under review of the Government. Various steps have been taken to accelerate the progress of absorption of Pool Officers in regular employment and proper utilisation of their talent and technical knowledge. The number of Pool Officers

leaving the Pool for regular appointments has been progressively increasing every year as will appear from the following figures:—

Year	Number of persons leaving the Pool for regular appointments
1961	63
1962	101
1963	202
1964 (upto 31-5-1964)	110

Recently, the Cabinet, while considering quick absorption of Pool Officers, decided as under:—

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

Council of Scientific and Industrial Research is taking action to implement the decisions of the Cabinet to absorb Pool Officers in supernumerary posts. In addition to the implementation of the above decisions, Council of Scientific and Industrial Research has also taken the following steps for quick absorption of Pool Officers in regular appointments:—

- (a) Particulars of Pool Officers are published in the Technical Manpower Bulletin which is circulated widely. 4000 copies of this Bulletin are circulated to various employers.
- (b) Details of qualifications, experience, specialisation etc. are published in Pool Directories of which over a thousand

copies are circulated to the major organisations employing technical personnel and also to all the Employment Exchanges.

- (c) National Register Unit (CSIR) scans important vacancies for technical personnel and suggest suitable persons for consideration. Several organisations regularly send their vacancy notifications to the National Register Unit for recommendations. The persons working in the Pool are recommended against suitable vacancies.
- (d) Individual letters are also written to prospective employers to bring suitable Pool Officers to their notice.

Proper utilisation

During the tenure of their service under the Pool, services of Pool Officers are well utilised for the benefit of the institutions/organisations to which they are attached. A detailed study of the work of 46 officers working for over 2 years as on 1-1-1964, showed that all of them were doing good work in the Laboratories, Institutions, Organisations to which they were attached. Council is getting half-yearly reports of the work of the Pool Officers.

Working of the Pool as a whole is also periodically reviewed and a half-yearly report is submitted by the Council to the Ministry of Home Affairs who submits it to the Manpower Committee of the Cabinet. In addition, a Standing Committee and an Advisory Committee meet from time to time to review the working of the Pool.

(Min. of Education Note No. 18/3 64-PU.)

Recommendations

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

(S. No. 24 Appendix III of 24th Report—1963-64.)

ACTION TAKEN

The recommendation of the Public Accounts Committee has been brought to the notice of all the National Laboratories/Institutions and Engineer Officers of the Council of Scientific and Industrial Research for compliance in future (C.S.I.R. letter No. 18/1'64-PU dated 12th June, 1964).

The above replies have been vetted by the Audit (A.G.C.R.).

(Min. of Education Note No. 18/3/64-PU.)

Recommendation

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

(S. No. 25, Appendix III, 24th Report, Third Lok Sabha.)

ACTION TAKEN

(2) *Re: Disposal of surplus stores.*

1. The stores and equipment declared surplus by the Institute comprised broadly the following:—

- (a) Plants & Machinery;
- (b) Basic raw materials like brass, copper, aluminium etc.;
- (c) Small tools;
- (d) Other stores.

2. A special Committee was constituted by the Institute on 29th April, 1960 to ascertain the needs of the Institute out of the existing stock and to dispose of stores and equipment found surplus to its requirements.

3. Based on the recommendation of the Special Committee lists of surplus stores and equipment were circulated amongst various Educational Institutions aided by the Government. In response thereto, altogether 31 Indents were received.

4. Meanwhile, in view of the Chinese aggression, the Institute, in acceptance of the recommendations of the said Special Committee, decided that disposal of stores belonging to Categories b, c and d above, mostly War surplus, be held in abeyance till the requirements of the Government for Defence of the country were fully ascertained. It was, however, decided that only Plants & Machinery be allotted to the Educational Institutions and disposed of accordingly.

5. Plants & Machinery worth Rs. 84,756/20 nP have already been disposed of, and those worth Rs. 37,527/65 nP are under issue. Additionally, articles worth Rs. 26,414/29 nP have been indented for by

the various Departments of the Institute, the requirements having cropped up after these were declared surplus. The total cost of Plants & Machinery disposed of and under disposal and reserved for use in the Institute thus works out to Rs. 1,48,698/14 nP. This, however, includes a sum of Rs. 48,576/00 nP being the cost of Machinery declared surplus later in addition to those worth Rs. 2,43,949/27 nP.

6. Plants & Machinery worth Rs. 1,43,827/13 nP are being reported to the D.G.S. & D. for disposal, no Indent from any Educational Institution being at hand in respect thereof. In reporting these Machinery to the D.G.S. & D., a reserve price in respect of each will be fixed by the Institute.

7. With regard to categories b, c and d, disposal of which was held in abeyance, these are now being allotted and issued to various Educational Institutions, no demand having been received for Defence purposes. These are worth Rs. 2,42,327/92 nP.

8. The Special Committee set up by the Director has also been re-assessing the needs of the Institute in view of the further development programme and research activities.

With regard to the alleged failure of the Institute to assess its requirements, it may kindly be appreciated that the stores and equipment in question were purchased in lots out of Government surplus stores offered for disposal. Because of this and also of the ultimate teaching and research programme of the Institute not being known at the initial stage, the Institute thought it proper to avail of the opportunity of purchasing valuable stores at concessional prices ranging from 5 to 20 per cent of the cost. It may kindly be appreciated that this market value has now swelled enormously and compared to the present value, the capital blocked is negligible

(U.O. Note No. 20 40 63 T6. Part dated 23 7 64).

Recommendations

Para. 5: In the absence of the detailed reason for the fatigue of some parts much before the normal life of the generators the Committee are not convinced about the reasons for the generators having gone out of order in six years only as against their normal life of 10 to 15 years. They therefore, desired that the Ministry should further look into the matter with a view to ascertaining the real causes for the failure of the generators. The Committee also regret to note the inordinate delay in the disposal of the generators and

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the settlement of the accounts with the D.G.S. & D. They trust that the adjustment of the sale proceeds would now be expedited.

(Public Accounts Committee, 1963-64—S. No. 26—Appendix III,
24th Report, Third Lok Sabha).

ACTION TAKEN

Para 1.—The sale proceeds amounting to Rs. 20,460.00 (Rs. 22,000 less commission charges etc. Rs. 1,540) has since been received by the Institute on 11th May, 1964 from the Pay & Accounts Officer, New Delhi. This amount has been credited to the Institute.

Para 2.—It may be seen from the particulars vetted by the Audit that the generators were new and not second hand. The generators were manufactured in 1950 according to the correspondence of the Institute.

Para 3.—No remarks.

Paras 4 & 5.—The damage to the engine of 190 KVA generating set was caused by the fatigue failure of one of the big end bolts due to the defective metallurgical proportion. This is a manufacturing defect for which the firm concerned was asked to compensate but they disowned their responsibility as the guarantee period of one year had expired.

Regarding 250 KVA generating set, a crack was observed in a critical position at the junction of the crank pin and the web. Under this condition the engine could not be allowed to run. The defects pointed out in the report were clearly due to manufacturing defects in the material of the components.

The reasons for the delay in the disposal of the generators and the payment of the sale proceeds to the Institute:

On the detection of the damage, the Institute first put in all possible efforts to have the two generators repaired either by the manufacturers or by their agents in India. Dr. Kraus during home leave tried to persuade the manufacturers to change their attitude without any success. All efforts having failed, and since D.V.C. would not be agreeable to conduct synchronisation experiments on sound technical reasons, the Institute finally came to the view that it was best to dispose of these. All these took time. Ultimately, the matter was put up to the Board of Governors on 13th February, 1960, and the Board decided that the value of the two generating sets be written off and the question of disposal taken up with the D.G.S. & D., Calcutta. The matter was accordingly taken up with

the D.G.S. & D. As the Institute is an autonomous body, the D.G.S. & D., had, in his turn, to obtain the approval of the Ministry of W.H. & S. to undertake the disposal of the stores in question, as a special case. The D.G.S. & D. ultimately sold the two generators by Public auction on 20th May, 1961. The delay occurred in correspondence and in following the usual formalities.

Although the sale-proceeds (Rs. 22,000) were deposited by the party into the Reserve Bank of India, Calcutta soon after the date of auction, viz. Rs. 5,500 on 22nd May, 1961 and Rs. 16,500 on 3th June, 1961, the amount was not paid by the D.G.S. & D. P. & A.O., New Delhi, in his D.O. No. Disp. 9(3)/3918-19, dated 30th December, 1963 linked up this issue with the payment of Rs. 23,915:50 on account of sale of disposal stores to the Institute against several transfer orders of the D.G.S. & D. Calcutta, which were pending. However, the amount was later paid by the Institute to P. & A.O., New Delhi and the P. & A.O. reminded to expedite the payment of Rs. 20,460 after deducting Rs. 1,100 on account of departmental charges and Rs. 440 auctioneer's commission out of the total sale proceeds of Rs. 22,000. The same was received by the Institute on 11th May, 1964.

(U.O Note No. 20/40/63-T6 Part, dated 23/7/64).

Recommendation

The Committee feel concerned over the inordinate delay in taking a final decision about presentation of Audit Reports on the Accounts of the Central Universities to Parliament. They would like to point out in this connection that as early as 1954-55 in pursuance of the recommendation of the Public Accounts Committee in their 7th Report (1952-53), the Ministry of Education had informed the Committee inter alia that early steps would be taken to make a statutory provision for submitting the Audit Reports of the Comptroller and Auditor General on all the Central Universities to Parliament (Para 43 of 15th Report, 1st Lok Sabha). Further more than two years have elapsed since the Committee last reiterated their views in this regard. The Committee, therefore, cannot help observing that this matter has not been given the attention it deserves. They trust that the final decision would now be expedited.

[S. No. 5 of Appendix II to 26th Report (Third Lok Sabha).]

ACTION TAKEN

In its Forty-second Report (1961-62), the Public Accounts Committee, after consideration of this Ministry's reply to its recommendation contained in its Seventh Report (Second Lok Sabha) in this

behalf; expressed the opinion that while it is in no way less anxious than the Ministry of Education to preserve the financial autonomy of the Central Universities, it is unable to share the Ministry's apprehension that presentation of Audit Reports on their accounts to Parliament might infringe their financial autonomy or result in making their financial affairs a subject of public controversy. The Committee has, therefore, reiterated its demand for presentation of audit reports on the accounts of the Central Universities to Parliament and incorporation of the necessary provision in the relevant statutes.

2. The matter has been further examined by the Ministry of Education. The entire grants to the Central Universities are at present being paid by the University Grants Commission, the accounts of which are audited by the C. & A. G. and the audit report is laid before Parliament. The main point of creation of the Commission was to have a body independent of ministerial and departmental control and composed of persons having intimate knowledge of university life and conventions. The Commission serves as a buffer between the Government and the Universities. It is considered necessary that the immunity from direct governmental intervention should be further strengthened by immunity from direct public accountability.

In terms of the provision contained in the Acts of incorporation of the Central Universities, their accounts, when audited, are required to be published in the Gazette of India and presented to the Visitor along with the Audit Report. This procedure gives the Government the necessary opportunity for exercising such corrective and supervisory control over the affairs of these Universities on behalf of the Visitor, as is needed, without unduly interfering with their fiscal and administrative freedom.

3. After thorough consideration of the matter in all its aspects and mainly from the point of view of academic freedom of the Universities, the Ministry of Education does not think it necessary or appropriate that the Audit Reports on the accounts of the Central Universities should be presented to Parliament, and is, therefore, not inclined to accept the recommendations of the Public Accounts Committee. However, if the Committee so desire, as a safeguard suitable directions could be given to the C. & A. G. that, wherever he feels necessary, the irregularities found in the accounts of these Universities may be brought to the notice of Parliament as he does in the Central (Civil) Audit Report.

The Accountant General, Central Revenues has seen this reply in draft and his comments are attached.

(O.M. No. F.10-43|62-U2 dated the 17th October, 1964).

Audit Comments

The Audit Report on the University Grants Commission only deals with the accounts of the Commission which show only the grants given to the Central Universities and not the details of expenditure incurred by the Universities from these grants. It is, therefore not possible to include in the Audit Report on the accounts of the Commission the points arising from a scrutiny of the accounts of individual Universities. Further, grants are also given by Government to the Universities otherwise than through the Commission.

As regards the Ministry's reference to the fact that the comments concerning the accounts of the Central Universities are at present included in the Central (Civil) Audit Report, the Comptroller and Auditor General considers that it would be only appropriate if the accounts of the Universities along with the separate Audit Report and Audit Certificates relating thereto are also presented to Parliament in order to provide the necessary background.

APPENDIX VI

MINISTRY OF EXTERNAL AFFAIRS

Recommendation

It is clear from the information made available to the Committee that despite the retrenchment of 248 persons, since 1959-60, as reported, the High Commission of India, London is comparatively over staffed even after taking account of the fact that its Accounts and establishment departments are performing certain duties on behalf of organisation other than those under the aegis of Ministry of External Affairs. The scope for reduction of the staff in these two Departments also would be worth examining.

The committee would suggest in this connection that Mission-wise details of provision under pay of officers and pay of establishment should be given in the Schedule annexed to the demand for grant No. 19—External Affairs so that an informed discussion in regard to their staffing is possible in Parliament.

[S. No. 1 of Appendix XVI, to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Recommendations of the Public Accounts Committee have been noted for guidance. The High Commission of India, London, have been requested to examine the scope for reduction in staff in their Accounts & Establishment Departments. A note will be submitted separately. Necessary instructions have been issued on the subject, vide Para (a) of the statement appended to this Ministry's letter No. Q/BAIII/7340(29)/63 dated 14-5-1964 (Copy enclosed).

Recommendation

(i) *The Committee note that factual statement in the Audit Report in regard to cash balances held in the Mission—Djakarta has been contested by the Ministry in evidence. The Committee have pointed out in the past that in order that they may come to proper conclusions, the Ministries should furnish full facts to Audit so that a complete picture is available to the Committee as regards facts. They hope that due care will henceforth be taken in this regard.*

(ii) *The Committee learnt that as late as in May, 1962, the Ministry had pointed out in a letter that a scrutiny of the recent cash accounts received from the Mission abroad revealed that a number of*

Missions were holding large cash balances in hand apart from holding heavy cash balances in banks. The Committee would like to know as to what steps do the Ministry now propose to take to remedy such lapses in future.

[S. No. 2 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

(i) The recommendations of the Committee have been noted for guidance.

(ii) The Indian Missions have been advised to adhere to the instructions on the subject and obtain the approval of Government in case it becomes necessary to hold balances in excess of the prescribed limits because of peculiar local conditions *vide* Para (d) of the statement enclosed with this Ministry's letter dated 14-5-1964 referred to above.

Recommendation

(i) The Committee have come across several cases in the past where due to occupation of hired buildings without prior execution or lease agreements or delays in entering into agreements, Government have been saddled with much higher liabilities than original negotiations envisaged. The Committee understand from Audit that in the present case, the lease agreement of the building in occupation could not be executed from 1956 onwards as the agreement form remained under correspondence between the Government of India and the Mission for a considerable time. The form as approved in August, 1958 was not acceptable to the landlord who sought many modifications therein. The Committee are surprised that it should have taken two years to settle the form of the agreement and another three years thereafter to execute the lease agreement. This indicates that the matter was allowed to drift. The Committee suggest that Government may issue orders to the effect that as a rule buildings should not be occupied until execution of a lease agreement is effected. Serious notice should also be taken of delays in the Mission as well as in the Ministry in processing such cases.

(ii) Another unsatisfactory feature of this case was that it took over four years to investigate and regularise the excess of Rs. 27,964 over the sanctioned estimate of Rs. 40,000 in regard to the expenditure incurred on additions and alterations. The Committee desire to stress that if such investigations has to serve any purpose, it must be done with expedition.

[S. No. 3 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

The recommendations of the Committee have been noted for guidance.

Recommendation

The Committee do not understand how the Embassy was morally bound to vacate the house in the event of a lack of agreement over the rent, when it was not legally possible for the landlord either to increase the rent or to evict the tenant. In their view, the proper course would have been to resist the steep increase demanded by the landlord which was also not justified under the local laws. It appears to them that the absence of a lease deed led the landlord to insist on the vacation of his building if the Embassy did not agree to pay the higher rent demanded by him. It has been argued in the note that the increase of rent in terms of rupees due to devaluation of the local currency in April, 1961 was only of the order of about 18%. This is, however, an irrelevant consideration to determine the increase in rent for which the increase has to be reckoned in terms of the local currency, which was of the order of 66%. The Committee hope that Government will profit by their experience in this and other similar instances and take care to have proper lease deeds executed prior to taking over buildings as already suggested by the Committee in para 3 of the Report.

[S. No. 4 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

The Recommendations of the Committee have been noted.

Recommendation

The Committee hope that in all such cases due care will be taken to observe the scales fixed for accommodation as far as possible, in the interest of economy.

[S. No. 5 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Recommendations of the Public Accounts Committee have been noted for guidance.

Recommendation

The Committee feel that the Ministry should ensure that the instructions as laid down by Government are invariably observed by

all Missions. If there was any difficulty in their observance, they should be examined separately and if necessary the instructions amended.

[S. No. 6 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Recommendations of the Public Accounts Committee have been noted for guidance.

Recommendation

The Committee see from a note (Appendix IV) submitted to them in regard to resumption by Ghana Government of six other plots leased to India at Independence Avenue that Ghana's own requirements were constantly on the increase. They could not therefore understand the explanation that it was taken for granted that Ghana Government would not insist on resuming the 1·32 acre plot in terms of their agreement with India for our failure to construct the building in time. The observations of the Indian High Commissioner at Accra quoted in the Report who must have full local knowledge cannot also be brushed aside. The Committee are surprised at the extent of slackness and delay at every stage to which the Ministry itself has been a party. The Committee have no doubt that the plot was lost due to this delay and caused infructuous expenditure of Rs. 8,000 on ground rent and another Rs. 1·23 lakhs on the Engineer deputed from India, fees of architects, surveyors etc. They are also of the opinion that in view of the special nature of the agreement with Ghana Government and the liabilities already incurred foreign exchange difficulties arising in 1957 should have been overcome. The Committee hope that such cases will not be allowed to recur.

[S. No. 7 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

The recommendations of the Committee have been noted for guidance.

Recommendation

The Committee take a serious view of the unwritten and unsanctioned commitments to the extent of Rs. 40,000 made by our Ambassadors at Djakarta to pay compensation to the intermediary when there were no means to ascertain the expenses actually incurred by

him. The Committee hope that Government will sternly discourage such actions.

[S. No. 8 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Recommendations of the Committee have been noted for guidance. Necessary instructions on the basis of the Public Accounts Committee's recommendations mentioned under items No. 3 to 8 have been issued *vide paras (b) (i) and of (8) of this Ministry's letter dated 14-5-1964 referred to above.*

Recommendation

(i) *The Committee feel that the picture that emerges out of evidence in regard to the irregularities alleged in the Audit Report in respect of purchase and control of furniture and other stores is not wholly creditable to the Ministry and the Missions concerned. They note, however, that the position in regard to maintenance of stock registers and physical varification of stock have since improved. They hope that there will be insistance hereafter that rules in this regard will be strictly observed. The deficiencies and excesses observed should be expeditiously examined and responsibilities fixed not only for the specific deficiencies now noticed but also for the lapses observed in regard to the proper maintenance of the Registers in the past.*

(ii) *The Committee are averse, on principle, to the rent free issue of furniture in excess of normal scales. They, are unable to accept the plea taken that in some instances it was for the purpose of proper storage. Such a step could be justified only in exceptional circumstances when for a month or two an unforeseen difficulty of storage might arise.*

(iii) *The Committee take a serious view of the purchase effected by the counsellor in Rangoon in July, 1960 of furniture for Rs. 40,000 without inviting quotations, without placing any written orders and without even informing the Chancery. The Mission has not cared to give a full explanation to the Ministry in this regard, as reported. There cannot be any justification for such unseemly procedure for furnishing a residence which became available in November, 1960. The Committee desire to stress that the Ministry should not countenance departures from nancial propriety. They hope that suitable action will be taken in this case.*

[S. No. 9 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

The Recommendations of the Committee have been noted. Necessary instructions have been issued vide item (b) (ii) of the statement enclosed to this Ministry's letter dated 14-5-1964.

Recommendation

The Committee are unhappy to note that the Mission at Cairo continued to disregard the orders of the Ministry for three years. They feel that such a tendency should be sternly discouraged.

[S. No. 10 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

The recommendations of the Committee have been noted.

Recommendation

The cinema van in Nairobi has apparently only a limited use. It practically remained unutilised for six years although the Committee understand the emergency in Kenya lasted only for two years. The expense of Rs. 35,000 for use of the van on 24 occasions only is obviously too heavy. As such the Committee suggest that instead of retaining the van the possibility of hiring suitable transport locally when required should be examined.

[S. No. 11 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

The suggestion of the Public Accounts Committee has been noted.

Recommendation

The purchase of the trailer appears to have been made without proper examination.

[S. No. 12 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

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

Recommendation

The case regarding purchase of the car by the Mission in Jedda is again an instance where full facts of the case were not explained to Audit in time. Further, in the case of the purchase in Khartoum there appears to be little justification for making the payment in advance in U.S. Dollars. The Committee hope that such instances will be avoided in future.

[S. No. 13 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

The recommendations of the Public Accounts Committee have been noted.

Recommendation

It was admitted by the witness that the Mission at Accra showed undue leniency to the driver in not dispensing with his services soon after adverse police report were received. The driver, since dismissed, was a local man. It was hoped that the Mission would be more careful in future.

The Committee understand that instructions have been issued to the Mission for taking proper care in the maintenance and repair of cars in future. They regret that issuing of instructions at all became necessary in such a matter. Particularly serious is the case in respect of Rajshahi where a car was never serviced during its life of six years. The Committee feel that negligence of this type should be seriously viewed.

[S. No. 14 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Instructions have been noted for guidance. Necessary instructions based on the recommendations of the Public Accounts Committee in respect of items No. 10, 11, 12, 13 & 14 have been issued vide para (b) (iii) of the statement enclosed to this Ministry's letter dated 14th May, 1964.

Recommendation

The Committee feel that there is scope for economy in expenditure particularly under "Other Charges". They desire this to be examined and the result communicated to them.

[S. No. 15 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

A note will be submitted separately.

Recommendation

The Committee have been given the break-up of the expenditure of the Wing during the five years ended 1961-62 (Appendix VIII). They noticed from that the expenditure under allowances and Honoraria increased from Rs. 31,000/- in 1958-59 to Rs. 57,000/- in

1961-62. During the same period, P. & T. charges increased from Rs. 7600/- to Rs. 10,800/-. The "Miscellaneous" expenditure rose from Rs. 5,900/- in 1958-59 to Rs. 14,600/- in 1960-61 (reduced to Rs. 7,700/- in 1961-62). It appears to the Committee that adequate attention was not being paid to economising expenditure to the extent possible. They suggest that the Ministry may conduct a review of the expenditure incurred by this wing so as to reduce expenditure to the minimum necessary.

[S. No. 16 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

The recommendations of the Public Accounts Committee have been noted and suitable instructions have been issued vide para (a) of the statement enclosed to the Ministry's letter dated 14th May, 1964.

Recommendation

The Committee find that the note furnished by the Ministry indicating the position with regard to stock taking of books and maintenance of records in the Libraries in Missions etc. is not as informative as they would like it to be. Such information as it conveys also discloses an unsatisfactory state of affairs in most of the Missions mentioned in the Audit Report. By and large it has not been possible either to bring the registers upto-date or to complete the physical verification of stocks. The Committee regret to note that in several cases including such an important library as the India House Library in London the stock verification has never been done in the past. Lack of adequately trained staff, space and the need for economy are stated to have been serious obstacles hampering the smooth and orderly functioning of the libraries. The Committee are particularly surprised that the plea of shortage of staff should have been advanced in the case of India House Library while the High Commission in London are obviously over staffed.

The Committee recommend that the libraries should be organised properly and where the extent of work justifies trained Librarian should be provided to look after them. In the meantime priority should be given to complete physical verification of books which can well be undertaken by assembling teams by drafting men from the other branches of the Missions. The Committee would like to have a report when this work and the compilation of registers is duly completed.

[S. No. 17 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Recommendations of the Committee have been noted. A note will be submitted to the Committee separately. Necessary instructions have been issued *vide para (b) (iv)* of the statement enclosed to this Ministry's letter dated 14th May, 1964.

Recommendations

The Committee were assured that the Ministry would look into the matters relating to the entrusting of work without inviting quotations and take care to see that proper procedures were actually being observed in awarding such contracts.

[S. No. 18 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Recommendations of the Committee have been noted. Copy of the instructions issued in this regard is enclosed.

Recommendation

(i) *What surprised the Committee is that no serious attempt was made since March-April, 1961 to examine the accounts of the Havildar Accountant immediately after he absconded. It was only the commandant at the time who could order a proper enquiry. The fact that he did not care to do so, calls for an investigation before it is concluded that it was a case of mere carelessness. In any case such an officer would be a grave risk in any position of responsibility and the Committee hope that Assam Government will have come to the same conclusion. They desire their observations be communicated to that Government.*

(ii) *In terms of the Law Ministry's advice given in December, 1961, the Ministry are yet to make up their mind whether or not to file a suit against the officer. The Committee deprecate the delay of about 13 months in coming to a decision.*

[S. No. 19 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

The observations of the Public Accounts Committee have been reported to the Government of Assam who have served three months

notice of termination of service to the officer concerned, vide copy of the Government of Assam's letter dated 26th June, 1964 enclosed.

Recommendation

(i) It was brought to the Committee's notice that the Manual of Instructions issued by the Ministry of External Affairs in 1958 contained a provision that if a case of advance drawn remained unadjusted on the expiry of six months from the date of arrival of an officer at the new post, the unadjusted amount should be recovered from his salary unless the Government's prior approval had been obtained for extension of the period. These instructions were reported to have been reiterated in August, 1962 and assurance also given to Audit in January, 1963 that the back-log would be cleared expeditiously. The latest position, however, was reported to be that out of 340 cases only 17 cases have been settled so far. (One out of 40 pertaining to the period 1958-59, 4 out of 75 of 1959-60 and 12 out of 107 of 1960-61). It is clear that if care had been taken to apply the rules strictly the backlog would not have accumulated at all.

(ii) From a note submitted to the Committee showing the position in respect of 118 cases pertaining to 1954-58 (Appendix XI), they see that in not a single case was action taken to order recovery from salary and no record was available of any extensions for the submission of adjustment bills applied for or granted. These cases only betray lack of adequate administrative control by the Ministry in financial matters; otherwise, the submission of adjustment bills was not such an involved task as could not be completed within the prescribed period irrespective of the conditions of service abroad.

[S. No. 20 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

Recommendations of the Public Accounts Committee have been noted for guidance.

Recommendation

The Committee are unhappy to note that financial irregularities have been committed even by Ambassadors. In the second case

particularly the Committee fail to see why the Ambassador, who drew advances to the extent of Rs. 57,000 in all on two occasions, did not refund forthwith Rs. 1,246 saved by him out of the first advance of Rs. 26,667 and Rs. 5,630 saved out of the second advance of Rs. 29,058 when the savings were sizeable enough not to have escaped his notice. The Committee recommend that such cases, as soon as they are detected should be brought to the notice of the higher authorities in the External Affairs Ministry so that prompt action can be taken. The Committee would also like to invite attention in this connection to their earlier recommendations contained in para 39 of their 8th Report (Third Lok Sabha).

[S. No. 21 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

Recommendations of the Public Accounts Committee have been noted for guidance. Based on the recommendations of the Public Accounts Committee in respect of items Nos. 20 & 21, necessary instructions have been issued vide para (c) of statement enclosed to this Ministry's letter dated 14th May, 1964.

Recommendation

The various irregularities pointed out in the Audit Report seem to indicate that the control of the Ministry over the various Missions abroad is somewhat loose in financial matters. The Committee are of the view that this needs tightening up.

[S. No. 22 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

Appropriate remedial measures have been taken to avoid recurrence of irregularities of the type. Detailed and comprehensive instructions have been issued in this Ministry's letter dated 14th May, 1964.

[O.M. No. Q(BAIII) 7340 (1)/64, dated 29th July, 1964].

IMMEDIATE|IMPORTANT

No. Q|BAIII|7340(29)|63

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 14th May, 1964.

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

My dear Ambassador High Commissioner Consul General, etc.

I enclose a statement showing certain recommendations of the Public Accounts Committee made in their report mentioned above and the decisions of Government to remedy the irregularities brought out in the recommendations.

2. It is highly imperative that the administration of our Missions should be toned up to safeguard the financial interests of Government. The importance of following strictly the prescribed financial rules and regulations and accounting procedures can not be over-emphasised. Heads of Chanceries are primarily responsible for ensuring strict compliance with these. Prior approval of the Government of India should, therefore, be obtained in all cases not covered by the delegated powers of the Heads of Missions, etc. except in cases of extreme urgency no departure should be made from the limitations imposed on the powers of the Heads of Missions/Chanceries.

3. We hope that you will co-operate whole-heartedly in our endeavour to improve the pattern of financial administration of our Missions and to enforce discipline in financial matters. These instructions may please be brought to the notice of all the officers and staff under you. It should be impressed upon our junior officers in particular, that the Public Accounts Committee is an important adjunct or part of the democratic set-up in our country and its criticisms and recommendations have to be taken seriously. It should

be the endeavour of all concerned to take decisions which will not lead to adverse comments by the Public Accounts Committee in the future.

4. Please acknowledge receipt of this.

Yours sincerely,

R. G. RAJWADE,

Joint Secretary to the Government of India.

To

All Heads of Missions/Posts etc.

Copy forwarded to all officers of the rank of Joint Secretary and below in the Ministry.

2. Copy also forwarded to all Sections in the Ministry for information and guidance.

A. N. RAO,

Under Secretary to the Government of India.

*Action on the recommendations of the Public Accounts Committee in their
Twentieth Report (Third Lok Sabha)*

Recommendations of the Public Accounts Committee	Government's decisions/Instructions for implementation.
1	2

*(a) Lack of attention to economy in
Missions.*

Based on the increase in expenditure on Indian Missions abroad during the recent years, the Committee has suggested that the scope for reduction of staff and also curtailing expenditure under the sub-heads 'Other charges' should be explored.

Reference is invited to the instructions contained in this Ministry's Memo. No. F. 1(8)-O & M/57-(EAI/57/I/155) dated 25th June, 1957 impressing the need for curtailment of expenditure in the matter of staff requirements and other items of expenditure. The need has become greater due to the National Emergency. In this connection particular attention is invited to the economy directives contained in letters No. F.29(12)-BAI/62 dated 22nd September, 1962 and 25th October, 1962 of the Special Secretary and Foreign Secretary respectively, regarding elimination of extravagance and wastage. In view of the recommendations of the Committee ways and means of curtailing expenditure should receive the personal attention of all spending authorities.

*(b) Irregular procedure followed in
hiring of accommodation, purchase
of cars and furniture.*

(i) Accommodation.

Buildings should not be occupied until executions of lease agreements are effected and care should be taken to have proper lease deeds executed prior to taking over of the buildings. Scales fixed for accommodation should, as far as possible, be adhered to in the interest of economy. Possibilities of utilising the vacant

Scales of accommodation which were initially prescribed in this Ministry's letter No. D.3524-GI/52, (EAI 32/52) dated 19-5-1952, and modified from time to time have been incorporated in Appendix-I to Annexure X of the IFS (PLCA) Rules 1961. Ceiling rentals have also been sanctioned in the case of some Missions. Procedure relating to execution of

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Govt. accommodation without resorting to accommodation in hotels should be examined.

lease deeds has also been laid down in the Ministry's letter No. F. 101 (4)/Prop-I(EAI/57/I/50) dated 9-3-57 as modified from time to time. Annexure-X of the IFS (PLCA) Rules 1961 also enjoins the observance of other formalities relating to leasing of residences. The need for controlling expenditure on rents has been emphasised in the Ministry's letter No. F. 111 (4)/Prop/58(EAI/58/I/117) dated 25-6-58. In the light of the recommendations of the Public Accounts Committee, the above instructions should be carefully followed and cases not falling within the ambit of the relevant rules and orders should be referred to Government sufficiently in advance. In matters of payment of rent in currencies other than the local one's care should be taken to ensure that local laws are not violated; or approval of the Local Government is taken. Cases of doubt should be referred to the Government of India.

(ii) *Furniture.*

The procedure followed in regard to purchase and control of other stores has been held by the Committee to be far from satisfactory. They have reiterated the need for the strict observance of the rules relating to their purchase, custody and accountal, and issue of rent free furniture in excess of the prescribed scales on the ground of non-availability of storage space should be discouraged.

The importance of observing the rules and regulations regulating purchase and replacement of furniture was highlighted in the Ministry's letter No. F. 12(37)/Aud-58(EAI/58 I-197) dated 16-10-1958. Comprehensive instructions were also issued in the Ministry's letter No. F. 101(5)/Prop-II/56 (EAI/61/7/44) dated 12-4-61 and certain relaxations made in that connection are contained in the Ministry's letter No. F.7(2)-GA/61(EAI/61/I/65) dated 27-4-61. The scales of furniture have been laid down in Appendix-II to Annexure-X of the IFS (PLCA) Rules 1961. It is reiterated that the above instructions should be scrupulously followed.

(iii) *Cars.*

The Committee has emphasised the need for proper examination or proposals for purchase of cars and proper use of Government vehicles. Disregard of orders of Government should be sternly discouraged.

Attention is invited to the procedures regulating purchase and replacement of cars described in the Ministry's letters No. F.1(51)-A/52 (EAI/14/59) dated 4-11-1952, F.11(40).T.56 (EAI/57/1/957) dated 30-4-59 and F. 11(75) TG/60(EAI/61/1/88) dated 20-6-61. Instructions are also contained in Chapters-I & II of the Car Code in regard to the procedure to be adopted for purchase of cars by the Indian Missions abroad and also for their proper maintenance. These instructions should be carefully observed with a view to avoiding procedural defects in future.

(c) *Lack of attention to safe custody of Govt. property, including library books.*

The Committee has pinpointed the necessity for correct maintenance of stock registers of Govt. property, timely verification of stocks and expeditious examination of deficiencies and excesses with a view to fixing responsibility for lapses.

Instructions for maintenance of stock registers were issued from time to time. As instances disclosing defects in the maintenance of stock registers and omissions to conduct stock verification continued to be brought to the notice of the Ministry, strict compliance of the instructions was emphasised in the Ministry's letters No. F. 112(24)-Prop-61 (EAI 61 I 216) dated 14-12-1961 and F.112(24)—Prop-61 dated 15/16-10-62. These are supplementaries to the instructions contained in paras 20 & 22 of Annexure-X of the IFS (PLCA) Rules, 1961. Accordingly this item of work should be given proper attention. It should be ensured that stock registers and inventories are compiled and maintained regularly and properly in accordance with the instructions on the subject and stocks verified periodically and the requisite returns and reports sent to the Ministry on the prescribed dates.

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The Committee has also stressed that priority should be given to stock taking of library books. The libraries should be re-organised properly and a Librarian provided on the needs of each.

(d) Non-observance of rules relating to cash balances held.

Based on some instances disclosing holding of cash balances in excess of the prescribed limit of six weeks requirements, the Committee has suggested remedial measures to prevent such heavy holdings and consequential loss.

(e) Inadequate control over advances drawn by officials on tours and transfers.

The Committee has been unhappy to note the financial irregularities committed even by senior officers, and has recommended that such cases should be brought to the notice of the higher authorities in the Ministry. The need for expeditious settlement of T.A. advances within the prescribed period and for enforcing recovery

Attention is invited to the instructions contained in this Ministry's circular No. F.6/14/61/XM dated 27-10-61 and 16-11-62 laying down the procedure to be followed in the matter of account of library books and their periodical verification. It is stressed that these instructions should be implemented with a view to ensuring that the libraries are run on a satisfactory basis and the financial interests of Government are safeguarded.

Instructions prescribing the limits up to which cash balances can be held by the Missions abroad were issued in the Ministry's letter N.D.1192-A149(EAI 149) dated 3-3-1949. These basic instructions were reiterated in the Ministry's letter No. F.38(3) B & AII 62 (EAI 62 I 70) dated 14-5-1962 when some cases of heavy cash balances were brought to the notice of the Ministry. As already indicated in those instructions the holding of large cash balances has a risk of loss to Government in cases of devaluation or other causes. Accordingly the Missions are once again requested to adhere to the instructions on the subject and to obtain specific approval of the Government in case it becomes necessary to hold balances in excess of the prescribed limits because of peculiar local conditions.

A reference is invited to the instructions contained in Ministry's Memo. No. F. 1(5).E-II 55 (EA/58/185), dated 15-9-58 stressing the need to adjust the T.A. advances within six months of the arrival of the officer at his new post and to enforce recovery in cases where sufficient reasons were not given for not settling the advances within the

in cases of failure has also been stressed by the Committee.

prescribed time limit. As no perceptible improvement was noticed the instructions on the subject were reiterated in the Ministry's letter No. F.25(37) B & A II/62 (EAI/62. I/100) dated 25-8-1962. The submission of half yearly report regarding adjustment of outstanding advances has also been prescribed in the Ministry's letter No. F.25 (37)-B & A II/62 (EAI 63/I/70) dated 29-5-63, based on the recommendations of the Public Accounts Committee. Strict enforcement of the orders regulating adjustment of T.A. advances is, therefore, stressed. In cases where the advances could not be adjusted for reasons beyond the control of the officers, specific approval of Government should be obtained for extending the time limit prescribed for settlement of the advances. All outstanding cases should be reviewed and reported to the Ministry.

(f) *Delay in the construction of buildings abroad resulting in infructuous expenditure.*

Proposals for construction of buildings abroad should be expeditiously examined from the technical, financial and foreign exchange angles.

The procedure to be observed in formulating proposals for purchase of property, construction of buildings etc. has been laid on in the Ministry's letters No. G.I 53 1111(b) dated 29-7-54 and 111(8)-Prop 60 (EAI 60 I 243) dated 27-1-1961. Whenever proposals for construction of buildings abroad are submitted, it should be ensured that they are complete in all respect giving adequate information in regard to technical matters of construction, requirements of services of technical personnel and also the foreign exchange needs. The provisions of the local Government rules, regulations and law should also be clearly indicated. Information regarding restrictions, any, on completion of construction work within prescribed time limit or conditions imposed for construction should also be furnished.

IMMEDIATE.

No. XM-551/1(4)/64

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 25th April, 1964.

SUBJECT: *Public Accounts Committee—Twentieth Report—Action taken of the recommendations of the Committee. Printing Bulletins—*

Dear Information Service,

Reproduced below is an extract of para 21 of the Twentieth Report of the Public Accounts Committee (Third Lok Sabha) regarding failure to invite quotations before awarding printing contracts—Para (39(iv))—of Audit Report (Civil), 1963 and their recommendations.

"21. In Tehran and Nairobi, it was noticed that the printing work connected with the periodical bulletins had been entrusted to some presses for the last several years without inviting any-quotations. In Bonn, it was noticed in April, 1962, that similar work costing over Rs. 29,000 per annum had been entrusted to a firm in 1956.

The Committee were assured that the Ministry would look into these matters and take care to see that proper procedures were actually being observed in awarding such contracts".

It has been observed that some of the Missions/Posts issuing printed bulletins or magazines as a normal feature of their activities without observing the recognised procedure of inviting quotations from the representative firms. This is irregular. They should invariably invite the tenders and with the approval of the Head of the Missions and where necessary also by the Financial Adviser, accept the lowest quotations and proper record may be kept so as to facilitate check by the Audit.

Past cases may be examined and regularised immediately. The operative recommendations of the Committee have been underlined which may please be implemented. Action taken in this matter is also required to be intimated to the Public Accounts Committee.

This work may kindly be done immediately. The result may be reported to the Ministry. The matter may be given *top priority*.

This may kindly be acknowledged.

Yours ever,

Sd/- Ministry.

To

Information Service of India, Tehran.

Information Service of India, Nairobi.

Information Service of India, Bonn.

2. Copy also to other Missions/Posts for information and necessary action.

3. Copy to BAIH Section (Q BAIH 7340(I) 64).

4. XP(A)-Q(XPA) 734 63.

Sd - C. R. GHAREKHAN,

Under Secretary (XP).

GOVERNMENT OF ASSAM
HOME DEPARTMENT, POLICE BRANCH


No. HPL. 302/64/P-I/18

Dated the, 26th June, 1964.

From:

Shri S. P. Hazarika, A.C.S.,
Deputy Secretary to the Govt. of Assam,

To:

Major S. N. Dhawan, 
Assistant Inspector-General of Police (Border),
Assam, Shillong.

Sir,

In pursuance of the conditions relating to the termination of services of the Ex-Army personnel re-employed under the Government of Assam, in terms whereof you were appointed originally as Second-in-Command of the 3rd Bn. B.S.F. and then as Assistant Inspector General of Police (Border), Assam, the Governor of Assam is pleased hereby to serve on you—Major S. N. Dhawan, three months notice with effect from the date of receipt hereof. With the expiry of the period of three months herein given, your services with this State Government shall terminate.

Please acknowledge receipt.

Yours faithfully,

Sd/- S. P. HAZARIKA,

Deputy Secretary to the Govt. of Assam.

Home Department

Recommendation

In the cases mentioned in para 4 of the Report replies furnished by the Ministries are of an interim nature and the Committee would therefore, await further reports thereon.

[S. No. 3 of Appendix II to 26th Report Action taken (3rd Lok Sabha)]

The court cases against the India—based cashier, who committed the embezzlement, are still proceeding. As advised by the Special Police Establishment action against the supervisory officers has to wait till the court cases against the cashier are decided.

[O.M. No. (BAIL) 7340 (9) /64 dated 2-6-1964.]

APPENDIX VII

MINISTRY OF FINANCE

*Statement of action taken on the recommendations of the Public
Accounts Committee.*

Ninth Report (Third Lok Sabha)

Recommendation

The Committee would commend the suggestion of the Comptroller and Auditor General viz. imposition of a lump sum cut by the Ministry of Finance in respect of overall provision under a grant, in respect of which savings are a recurring feature to the Ministry of Finance, as it appears to hold a prospects of reaching the over-all net targets laid down in the estimates. In the implementation of this suggestion, it would be necessary to see during the periodical review of the progress of expenditure that shortfalls in expenditure anticipated in respect of individual schemes are declared in time so as to avoid the contingency of going for unnecessary supplementary grants.

[Serial No. 6 of Appendix V to the 9th Report (3rd Lok Sabha)].

ACTION TAKEN

The revised arrangements for budgetting and financial control introduced in 1962 provide that budget proposals should be prepared by the Ministries in greater detail and with as much precision as possible and referred to the Finance Ministry a few months earlier than usual, to enable the latter to make a detailed scrutiny of the same. The provision finally accepted by the Finance Ministry for inclusion in the Budget take into account past performance, spending capacity and other relevant considerations. If savings occur, it is mainly because neither the administrative Ministries nor the Finance Ministry are in a position to anticipate precisely, at the budget stage, the factors which ultimately lead to such savings. A lump sum cut on the basis of past trends may often render the estimates completely unrealistic. It would also carry the risk of encouraging the tendency to propose higher figures thereby nullifying the very object of the cut, particularly if the administrative Ministries are to be allowed to proceed on the basis of the original estimates (i.e. without the lump sum cut) as suggested in the earlier part of para 6 of the Report. It might also result in a large number

of supplementary grant thus increasing work all round. The imposition of a lump sum cut in the over-all provision under a grant as recommended by the Committee over and above the detailed cuts made during normal budget scrutiny, or the exhibition of such cuts in the printed budget, would not be advisable or practicable. The proper course would seem to be to continue to attempt as close an approximation as possible between the budget estimates and the final actuals.

As regards surrender of savings in expenditure instructions already exist to the effect that anticipated savings should be surrendered as and when noticed without waiting till the end of the year (vide Note 1 below Rule 69 of G.F.Rs. 1963, and Finance Ministry O.M.No.F. 8(9)-B/61, dated 22-10-1962.)

[O.M. No. F. 18(13)-E.G.I. (B)/63 dated 21st May, 1964].

Recommendation

The Committee feel that for having a true basis for comparison of the growth of national income and the increase in revenue from direct taxes over the decade, it would be necessary to compile the figures of taxes on income earned during the respective years, irrespective of whether they were actually assessed in the same or in the subsequent years. Further, as agricultural incomes were not subject to income tax, the comparison should really be made with the growth of non-agricultural income during the period. The Committee feel that a study conducted on these lines in the Finance Ministry would be useful so as to see how far the collection of taxes has kept pace with the growth of non-agricultural incomes. They would like to be apprised as to how far a study of this nature has been feasible and of the results thereof.

(S. No. 7 of App. V to the 9th Report—3rd Lok Sabha).

ACTION TAKEN

The matter is under consideration.

[O.M.N.F.8(8)-B/63 dated 10th Dec. 1964]

Recommendation

The Committee note from an Annexure appended to the note that in a circular issued by the Planning Commission in August 1962, they had observed that "in the past reporting of expenditure from quarter to quarter has been generally unsatisfactory." The Committee, therefore, desired to know the nature of the shortcomings or defects pointed out by the Planning Commission. The Ministry promised to furnish the information, which is still awaited.

[S. No. 10 of App. V to the Ninth Report—Third Lok Sabha]

ACTION TAKEN

The defects in the reporting of expenditure referred to in para 4 of the Planning Commission's letter No. PC(P)4/2/62 dated the 4th August, 1962 relate to the delays and the incomplete nature of the reports submitted by State Governments. After consulting the Ministries and the Planning Commission, the State Governments have been requested to ensure that the statements of expenditure are sent regularly and with complete details.

This has been seen by the Comptroller and Auditor General of India.

[O.M. No. 2(19)-P II/60.]

Recommendation

The Public Accounts Committee, 1962-63 (Third Lok Sabha) in para 13 of the Ninth Report had observed that due to inability of Government to take a decision in regard to issue of a circular drafted two years ago grants-in-aid to States worth crores of rupees had continued to escape audit check as regards their utilisation in the manner prescribed. The Committee therefore urged that the lacunae referred to by the Comptroller and Auditor General should be removed without further delay.

[S. No. 11 of App. V to the Ninth Report (Third Lok Sabha)]

ACTION TAKEN

After examining the matter in consultation with the Comptroller and Auditor General and the Planning Commission, the State Governments have been informed that the final payments of assistance for Plan Schemes will be made on the basis of audited expenditure, instead of on the basis of departmental figures of expenditure. In order to facilitate audit check and with a view to removing the defects in the existing system pointed out by the Comptroller and Auditor General before the Public Accounts Committee, the State Governments have been requested to publish at the commencement of each year, a statement of schemes including in the Annual Plan arranged according to Heads of Development indicating the provision made for each scheme under various Heads of Account. This is intended to secure a link between plan schemes and the Budget heads of account, under which expenditure is booked. The State Governments have been requested to furnish to the Accountant General concerned the statements of expenditure, duly reconciled with Accountant General's figures by 31st December, 31st March and 31st August for the periods ending 30th September, 31st December, and 31st March respectively. The statements of Expenditure are to

include details of the expenditure on the scheme, showing the provision made and Head of Account under which the expenditure is accounted for, the plan outlay under the relevant Head of Development and the total expenditure for the Head of Development arranged schemewise. In the case of expenditure incurred through local bodies and similar institutions receiving grants and loans from the State Government, it is proposed that audit is to be completed on the basis of utilisation certificates. In order to provide adequate time for enabling the states to make necessary arrangements, this revised procedure will be introduced with effect from 1965-66.

2. The possibility of introducing simpler and more uniform classification of the plan schemes under different Heads of Development is being studied by the Planning Commission and the Ministry of Finance. It is proposed to forward tentative views and suggestions to the State Governments in the near future.

3. The draft letter referred to in the observations made by the Public Accounts Committee was suitably modified in order to include the points mentioned in paragraphs 1 and 2 above, and was issued on 9th October, 1964. A copy of the letter is enclosed.

[O.M. No. 2(19)-P-II/60].

Recommendation

The Committee desire that the position in regard to entrusting the following two functions to the Comptroller and Auditor General regarding the Reserve Bank of India may be examined and a decision in this regard communicated to them in due course:—

- (i) *To advise Government as to the appointment of auditors; and*
- (ii) *To issue directives to Auditors regarding the manner of auditing of accounts.*

(S. No. 12 of App. V to the 9th Report—3rd Lok Sabha).

ACTION TAKEN

A note indicating the position is enclosed. (O.M. No. F. 3(40)-BC/63, dated 1-8-1964—Annexure I).

ANNEXURE

No. F.3(40)-BC/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 1st August, 1964.

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Note on the recommendations of the Public Accounts Committee in regard to auditing of the accounts of the Reserve Bank of India

In paragraph 14 of their Ninth Report, the Public Accounts Committee (of the third Lok Sabha) indicated that the desirability of enabling the Comptroller and Auditor General:

- (i) to advise Government as to the appointment of auditors of the Reserve Bank, and
- (ii) to issue directives to the auditors regarding the manner of auditing the accounts

might be examined and that the decision of the Government in this regard might be communicated to the Committee in due course.

2. As regards the suggestion at (i), the present practice is to appoint three independent external auditors qualified to audit the accounts of companies under section 226 of the Companies Act, 1956. As the Bank has to maintain elaborate and complicated accounts and as a detailed knowledge of the provisions in the Bank's statute and their implications and also of the Bank's regulations and orders is an essential requisite for an adequate scrutiny of the accounts, it has been considered desirable so far not to change the auditors frequently. The Comptroller and Auditor General is, however, consulted every year by the Government, before the appointment or re-appointment of the auditors is notified.

3. As regards (ii), the practice which is being followed by the central banks in the U.K. and the U.S.A. has been examined. There is no statutory or formal provision for the audit of the Bank of England. The annual report does not include any auditor's certificate. According to Section 6 of the Bank Charter Act, 1844, an account of the amount of Bank of England notes issued by the Issue

Department of the Bank of England and of the gold coin, gold and silver bullion and securities in the Issue Department and also an account of the capital stock deposits and money and securities belonging to the Banking Department, on some day in every week to be fixed by the Commissioners of Stamps and Taxes, are transmitted to the Commissioners, in a prescribed form, and published in the next succeeding London Gazette. In the United States, too, there is no special provision for the audit of the accounts of the Federal Reserve System. The audit, in fact, is carried out by a public accounting firm.

4. All items of expenditure of the Reserve Bank are strictly in accordance with the rules laid down by the Central Board. The system of book-keeping is on approved commercial banking lines. The Reserve Bank of India publishes, in addition to its weekly balance sheet, a profit and loss account every year, an annual report by its Central Board of Directors, which is printed in the Gazette, an annual report on currency and finance and various other books and pamphlets. The information and other particulars, as disclosed in the weekly balance sheets, the annual profit and loss account and other reports, are fully and freely discussed in the newspapers and the financial and other journals. Broadly, the position is that except for certain details, which according to the usage and practice which is customarily followed by central banks are necessarily to be treated as secret, the results of the Bank's operations and working are available to the general public and receive wide publicity.

5. As the Bank's policy and procedure are well-known, as Government has its own nominee on the Central Board and is otherwise also in close and continuous touch with the Governor and other senior officers of the Bank, there has been no occasion so far for Government to issue any formal directions to the Bank (under Section 7 of the Bank's statute) or to provide for the investigation of any particular matter in the course of audit or to arrange for an audit by the Comptroller and Auditor General (in terms of the permissive provision in Section 51 of the statute).

6. It may be relevant to add that the Bank is not, strictly speaking, a commercial organisation. It is not an avowed object of the Bank to make larger profits. The fact that profits are made and passed on to Government is very much more incidental to the policies followed and the decisions taken by the Bank in the economic field than the consequence of isolated steps taken to incur any given expenditure or to earn any specific income. It is difficult to see how any effective or useful scrutiny of the Bank's accounts

can be devised or undertaken by the Comptroller and Auditor General unless it is intended that the auditors should undertake a critical examination of the Bank's economic policies and decisions on various matters, e.g., the rate of lending to and the quantum of supervision over commercial banks, the rate of discount in respect of export and domestic bills, the quantum and rate of assistance to enterprises in certain special sectors like agriculture and cooperatives and the quantum of economic research that the Central Bank of the country should undertake. In other words, insofar as the Bank is required or expected to take its own decisions in regard to such matters as interest rates, investments, open market operations and appropriations for secret or inner reserves, or in respect of the expenditure that the Bank incurs in the discharge of its functions of giving independent economic advice to Government, there is ordinarily no scope for giving any directions at the instance of audit without impairing the autonomy of the Bank which Parliament has accepted so long.

7. The Reserve Bank, unlike other corporations or institutions in the public sector, is in a special position. The rules or conventions, as they are applicable to ordinary industrial or even financial establishments subject to regular audit by the Comptroller and Auditor General, cannot be applied to or in relation to the Reserve Bank. It is not therefore considered necessary or desirable to disturb the existing arrangements.

A. BAKSI,

Joint Secretary to the Government of India.

To

The Chairman and Members of the Public Accounts Committee.

Recommendation

(i) The Committee feel that the existing manner of getting parliamentary approval to the borrowing programme of Government does not provide satisfactory opportunity of an intelligent appraisal in Parliament of the issue involved, which would be afforded, if there were a specific debate thereon. They understand that the practice established in the United Kingdom, Canada, Ceylon and the United States of America was to obtain the approval of the legislature either specifically before going to market for loans or to restrict the borrowing programme to the limits prescribed by the legislature. The Committee, therefore, suggest that a study might be made of the procedures followed in this regard in various democratic countries (as agreed to by the Secretary, Ministry of Finance during evidence) so as to arrive at a method of obtaining specific approval of Parliament to the borrowing programmes that would suit the needs of our developing economy. The result of this study should be communicated to the Committee at an early date. Meanwhile, the Committee would invite the attention of Government to the observation of the Estimates Committee in their Sixth Report (Second Lok Sabha) with which they are in agreement, regarding laying a copy of the loan notification on the Table of Parliament, while in session.

(ii) The Committee also note that in replying to an earlier recommendation of the Estimates Committee on this subject, the Ministry of Finance had stated—"If the Parliament is in session, a copy of the loan notification can be laid on the Table of Parliament, immediately after it is issued. After the loan is closed, a further report on the results thereof can be laid on the Table of Parliament giving the amount of the subscriptions received in cash and in conversion separately for each loan, for which press notes are usually issued."

The Committee understand that even this proposal as accepted by the Ministry of Finance has not yet been implemented. The Committee recommend its early implementation.

(S. No. 13 of Appendix V to the 9th Report—3rd Lok Sabha).

ACTION TAKEN

(i) A note indicating the position is enclosed. (O.M. No. F. 8(8)-B/63 dated 2nd December, 1964—Annexure II).

(ii) The recommendation of the Committee has since been implemented.

[O.M. No. F. 8(8)-B/63 dated 10th December, 1964.]

ANNEXURE
No. F.8(8)-B/63
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)
(Budget Division)

New Delhi, the 2nd December, 1964

MEMORANDUM

SUBJECT: *Ninth Report of the Public Accounts Committee (Third Lok Sabha)—Memorandum on the recommendations of the Public Accounts Committee in regard to the Borrowing Powers of Government.*

In paragraph 15 of their Ninth Report (Third Lok Sabha) the Public Accounts Committee had made the following observation:

"The Committee feel that the existing manner of getting parliamentary approval to the borrowing programme of Government does not provide satisfactory opportunity for an intelligent appraisal in Parliament of the issue involved, which would be afforded, if there were a specific debate thereon. They understand that the practice established in the United Kingdom, Canada, Ceylon and the United States of America was to obtain the approval of the legislature either specifically before going to market for loans or to restrict the borrowing programme to the limits prescribed by the legislature. The Committee, therefore, suggest that a study might be made of the procedures followed in this regard in various democratic countries (as agreed to by the Secretary, Ministry of Finance during evidence), so as to arrive at a method of obtaining specific approval of Parliament to the borrowing programmes that would suit the needs of our developing economy. The result of this study should be communicated to the Committee at an early date....."

The Government of India have since ascertained the procedures followed in the United Kingdom, Canada, U.S.A. and Ceylon. A

brief account of the practices and procedures of Parliamentary control over Government borrowing in these countries is given below:

(A) THE UNITED KINGDOM

(i) The National Loans Act, 1939 empowers the Treasury to raise money required for meeting any supply which has been granted by Parliament and in addition a sum not exceeding £250 million; or for the repayment of any maturing loans or Treasury Bills or ways and means advances.

(ii) The above power to raise money also applies to raising money outside U.K. whether in Sterling or any other currency, but excludes National Savings Certificates etc.

(iii) For the purpose of raising money, the Treasury may create and issue such securities as they think fit. The rate of interest and other conditions as to repayment, redemption etc., are to be determined by the Treasury.

(iv) The Annual Appropriation and Consolidated Fund Acts empower the Treasury to borrow by the issue of Treasury Bills or by taking ways and means advances to meet temporary requirements.

(v) The Statutes Authorising Local Authorities to borrow from the Treasury within specified limits also empower the Treasury to borrow moneys required for the purpose.

(vi) The Treasury may borrow without limit for certain specific purposes, including these connected with the country's foreign exchange position e.g. provision of additional Sterling Capital for the Exchange Equalisation Account and the maintenance of the value of U.K.'s subscription of I.M.F. and I.B.R.D.

(B) CANADA

(i) The Financial Administration Act provides that no money shall be borrowed or security issued without the authority of Parliament. Such authority is usually provided through the Annual Appropriation Acts.

(ii) The Financial Administration Act provides authority to the Governor General-in-Council to authorise the Minister of Finance to borrow money for a period not exceeding 6 months where the resources of the Consolidated Fund are insufficient.

(iii) Where authority is conferred by Parliament to borrow money, the Governor General-in-Council may authorise the Minister of Finance to borrow money by the issue and sale of securities

in such form and on such terms and conditions as the Governor General-in-Council may approve.

(C) U.S.A.

(i) The First Liberty Bond Act 1917 authorised the Secretary of the Treasury with the approval of the President to borrow up to \$5 billion subject to such terms and conditions and rate of interest not exceeding $3\frac{1}{2}$ per cent per annum as the Secretary of the Treasury may prescribe. In addition, the Treasury was authorised to issue Certificates of indebtedness upto \$2 billion payable within one year from the date of issue. The Act also required that the bonds would not be issued at less than par.

(ii) The borrowing limits have been raised steadily by the succeeding Acts, the present limit being \$315 billion, the rate of interest being limited to 4.25 per cent. The present limit includes moneys raised through Certificates of Indebtedness, Treasury Bills, etc.

(iii) The Acts passed in certain years also prescribed the limits of maturity in years up to which or between which, bonds or securities may be issued.

(D) CEYLON

(i) The borrowings are required to be made through a Monetary Board constituted under the Monetary Law Act.

(ii) The Ceylon Development Loans Act empowers the Monetary Board to raise loans not exceeding Rs. 600 million for expenditure on work connected with or incidental to the development of Ceylon.

(iii) The Treasury may borrow by issue of Treasury Bills, sums not exceeding amounts specified in the related resolution of the House of Representatives.

(iv) While the Ceylon Development Loans Act authorises the raising of loans in the United Kingdom and from the I.B.R.D., the Foreign Loans Act empowers the raising of loans from other foreign sources. No limits for such borrowings have been prescribed.

3. The Government of India are empowered under Article 292 of the Constitution to borrow upon the security of the Consolidated Fund of India within such limits, if any, as may from time to time

be fixed by Parliament by law. No such law has been enacted by Parliament so far, and consequently there are at present no statutory limits within which the Government of India may raise loans both internally and externally. The question of prescribing such limits was raised by the Estimates Committee in their Twentieth Report (Second Lok Sabha) and again in a Private Member's Resolution in Lok Sabha in August, 1959. It was explained on behalf of Government that the provision in the Constitution was permissible and not mandatory. Further Government's borrowings were made within the framework broadly envisaged in the Five Year Plans and in any case in the programme indicated in some greater detail in the annual budgets. Parliamentary control over Government's borrowings was thus secured when the Five Year Plans as well as the annual budgets were discussed in Parliament. Moreover, rigid statutory limits would hardly be practicable in the context of the development plans of Government. While the object in view would hardly be served by prescribing very wide limits of borrowings, narrow limits would result in frequent amendment of statutes. Parliamentary control over borrowings through annual budgets was therefore the more practicable and preferable course. Neither the recommendation of the Estimates Committee, nor the Private Member's Resolution in Lok Sabha for prescribing statutory limits for Government's borrowings was consequently pressed.

4. The extent of Government's borrowings which is feasible having regard to the likely market conditions and the savings in the economy are indicated both in the Five Year Plans and the annual Budgets of the Government. These also show the proposed borrowings under such heads as Permanent Debt, Floating Debt and Debt raised outside India. The timing and the terms and conditions on which the borrowings may be made are not however set forth in the Budget documents since these are settled in the light of the advice of the Reserve Bank of India and after taking into account the market conditions prevailing at the time the borrowings are to be made. Thus, while it is not practicable to arrange for Parliamentary control over the terms and conditions of Government's borrowings, the present arrangement does not detract from Parliamentary control over the extent of Government borrowings. Moreover, in the ultimate analysis, whatever the extent of loans raised the outgo from the Consolidated Fund to which the loans are credited, whether in the form of expenditure or repayment of loans and treasury bills, is fully covered by Parliamentary control through enactment of Appropriation laws.

5. In all the circumstances, Government are satisfied that no real advantage would be secured by prescribing statutory limits on Government's borrowings.

Recommendation

The Committee learnt during the course of evidence that the net burden of interest on revenue had to be rated at a much higher figure than shown above, because barring the railways, the parties in receipt of the Government of India loans paid interest out of fresh borrowing from Government of India. The Committee noted this with surprise. They would like to know the principle, if any, on the basis of which this practice had to be resorted to in such a large measure. The Committee are of the view that, when the recipients utilised the loans on projects involving long period of gestation, it would be more correct to provide in the sanctions to the loans themselves that payment of interest would commence after a specified period. They urge that healthy practice must be set up in regard to recovery of loans and interest.

[Serial No. 14 of Appendix V to the 9th Report (3rd Lok Sabha)].

ACTION TAKEN

It appears, the Committee are objecting to the practice of grant of loans to borrowers to enable them to discharge their interest liability in respect of earlier loans. Their suggestion would appear to imply that there should be an interest free holiday or at least a moratorium during the first few years of the period of construction. The Committee had made a somewhat similar recommendation in para 54 of their Eighteenth Report (Second Lok Sabha), citing in support the practice followed by the World Bank. In reply, they were informed that the World Bank did not allow any moratorium on interest in respect of the loans advanced by them. [Vide O.M. No. F.8(53)-B 59, dated 19-6-1962]

So far as information is available, loans for the repayment of interest charges are advanced only in the case of River Valley Projects. The Committee had already been informed that the normal procedure relating to Irrigation Projects allows for the interest charges to be capitalised during the period of construction. The write-back of such capitalised interest is treated as the first charge on capital receipts or on the surplus revenues of the project after it commences working.

In the case of loans to public sector undertakings, however, since the money is advanced out of Government's own borrowings on

which interest is payable, there is no reason why the undertakings in question should not be made liable for the interest liability right from the very beginning. Moreover, while it has been accepted as a ceded that the grant of loans need not run *pari passu* with the equity capital advanced to public sector undertakings, it has also been conceded that the grant of loans need not run *pari passu* with the equity investment. In other words, wherever justified, the initial requirements of the undertakings, before they become revenue earning, are expected to be financed by capital investment which does not involve any liability for the payment of interest. But where loans are given and accepted by the undertakings, they carry the liability for the payment of interest. It is not, therefore, usual to allow any moratorium for the payment of interest. An exception was made in the case of Hindustan Steel where the loans advanced were consolidated into a single loan as on 1st April, 1962 without carrying any liability for the payment of interest for the earlier period. This special treatment was given mainly because it would not have otherwise been possible for this new public sector enterprise to compete with the well-established Steel producers in the private sector. Such a course was in fact recommended by the Committee in para. 54 of their 18th Report (2nd Lok Sabha).

On the whole, therefore, it is felt that there would appear to be nothing objectionable in the grant of loan of repayment of interest in certain cases *e.g.*, River Valley Projects. The rule that where loans are given to projects interest should be charged in the normal manner, is considered to be sound.

In the circumstances, it is hoped that the Committee would perhaps agree to the status quo being maintained.

[O.M. No. F. 18(13)-E.G.I(B)/63 dated 21st May, 1964].

Recommendation

(i) *In view of the fact that mobilisation of resources for investment purposes so as to raise the level of living in the country is an immense task necessitating even recourse to deficit financing within certain limits, the Committee consider that there is force in the views of the Ministry of Finance that in the present trend of Government activities and expenditure, there should be surplus of Rs. 30 crores or more every year in the budget for debt redemption charges, which was not practicable. However, Parliament and the Public Accounts Committee have to see that loans are essentially utilised on productive investments, so that they would generate their own means of repayments.*

(ii) *Keeping in view the observation of the Third Finance Commission and the fast pace at which the public debt is growing, the Committee suggest that the Explanatory Memorandum to the Budget should give a more detailed Account of the utilisation of borrowed moneys and indicate to what extent it has been ensured that the investments would be self-financing in course of time.*

(S. No. 15 of Appendix V to the 9th Report—3rd Lok Sabha).

ACTION TAKEN

The Explanatory Memorandum on the Budget already gives by broad categories, the manner in which the total outstanding debt of the Government of India has been utilised. It also gives an analysis of the interest bearing obligations of the Government of India and the interest-yielding assets held by them. Further, the working results of the Government commercial and industrial undertakings are available in their respective Annual Reports and Accounts and a Consolidated Annual Report of their working is also brought out by the Expenditure Department, a brief summary of which is included as an Annexure in the Explanatory Memorandum on the Budget. Considering the limited time within which the Memorandum has to be prepared after the final budget figures have been adopted, it is not practicable to make any modifications in its scope and content. Any further analysis as to the extent to which the investments are or would become, self-financing can only be attempted as a post-budget exercise, either by the undertakings themselves or the Ministries concerned. The feasibility of undertaking such an analysis and also of reporting it to Parliament has been referred to the Department of Expenditure of this Ministry for examination.

[O.M. No. F. 8(8)-B/63 dated 1st Dec. 1964]

Recommendation

The Committee note that the settlement of terms & conditions of loans granted to States for Rehabilitation of D.Ps. has been pending too long. They would like to be informed of the settlement reached in this regard. The Committee would also suggest for future guidance that terms and conditions of loans should be settled first before any loans are actually given by the Central Government.

(S. No. 18 of Appendix V to the 9th Report—3rd Lok Sabha)

ACTION TAKEN

The terms & Conditions of loans granted to States for rehabilitation of D.Ps. have since been settled and are as under:—

(1) *Loans advanced to D.Ps. from West Pakistan.*

It has been decided that the entire loss not exceeding 10% of the total loans advanced to the State Governments in respect of Rehabilitation loans will be borne by the Central Government. In other words, it would mean that the State Government would pay to the Central Government whatever amount they are able to collect from the Displaced Persons and others.

2. *Loans advanced to D.Ps. from East Pakistan.*

(i) It has been decided that

- (a) Loans advanced to displaced persons from East Pakistan for their rehabilitation will be remitted to the extent of Rs. 1,000 in each case;
- (b) if, after remission as at (a) above, there is any balance left, the amount in excess of Rs. 2,000 will also be remitted; and
- (c) that no interest will be charged on the amount of loan remitted.

(ii) the concessions indicated at (a), (b) & (c) above will not be applicable to:

- (a) Contributory house building loans.
- (b) Professional loans.
- (c) Loans advanced through Refugee Businessmen's Rehabilitation Board.
- (d) Loans advanced by the Rehabilitation Finance Administration.
- (e) Loans granted to displaced families in Dandakarayanya.
- (f) Loans granted to D.Ps. from East Pakistan after 31-3-1964.
- (g) Loan granted to displaced persons from East Pakistan who migrated to India after 31-12-1963.

(iii) It has further been decided that the State Governments will be absolved of their responsibility to share any portion of losses on loans advanced to the displaced persons, which will now be borne centpercent by the Central Government.

All the sanctions to loans which are being issued now specify the terms & conditions including terms and conditions of their repayments. Where in a few cases the full terms were not indicated in the past, the omission has now been supplied.

(O.M. No. 4/8/63-Bud. dated 1st Aug. 1964.)

Recommendation

The Committee feel that in the matter of repayment of loans and interest the Centre and State Governments should on no account deviate from the terms and conditions already settled. In case, the ways and means position of a particular State at any time needs to be strengthened, the Centre should consider the question independently and render such assistance in a direct manner instead of permitting defaults in the repayment of contracted loans. The Committee see from a note earlier submitted to them that the Ministry of Finance were thinking over the matter on these lines. They hope that steps will be taken accordingly to enlist the cooperation of State Governments in this regard.

(S. No. 19 of Appendix V to the 9th Report—3rd Lok Sabha)

ACTION TAKEN

The recommendation is brought to the notice of States as and when defaults in payment of interest are reported by the Accounts Officers.

[O.M. No. F. 8(8)-B/63 dated 1st Dec. 1964]

Recommendation

The Committee are inclined to agree with the Comptroller and Auditor General that where the guarantor was a Government, whose credit was unquestionable, the lender might not insist on a detailed scrutiny of the borrower's financial position. Therefore, it is necessary for the Government as a guarantor to ensure that the borrower would conduct its affairs in such a manner that there was no default in the repayment of the loans. The Committee suggest that the question may be reviewed in the light of the above observations and suitable measures devised to safeguard Government's interest in giving these guarantees.

(S. No. 21 of Appendix V to the 9th Report—3rd Lok Sabha)

ACTION TAKEN

The position as regards the levy of fees in respect of guarantees given by the Central Government was explained in detail to the PAC vide in this connection paragraph 14 of the Twenty-Second Report of the PAC (Third Lok Sabha). The Committee's observation that before giving any guarantees, Government should satisfy itself that its interests will be adequately safeguarded, has been noted and will be borne in mind while considering individual cases.

[O.M. No. F. 8(8)-B/63 dated 15th January, 1965]

Recommendation

The Committee think that if the estimated gap between resources and expenditure closely approximates to the actual gap, it would be more beneficial to the economy. A wider gap shown in the estimates tends to release inflationary trends. Realistic estimates in respect of both resources and expenditure are, therefore, imperatively necessary.

[S. No. 1 of Appendix II to the 22nd Report (Third Lok Sabha).

ACTION TAKEN

The observations of the Committee have been noted.

[O.M. No. 8(24)-B/64 dated 16th Jan. 1965].

Recommendation

The Committee feel concerned at large savings in the Capital expenditure during 1961-62 (Rs. 92.54 crores). This indicates that the administrative Ministries are over-optimistic about the implementation of the various schemes. The Committee reiterate the observations made in paras 5 and 6 of their Ninth Report (Third Lok Sabha) that the administrative Ministries should work out details of the various projects and schemes included in the Plan in advance of their inclusion in the Budget, and that only such schemes should be included in the Budget as have a reasonable prospect of being carried out during the year. The Committee have also recommended the imposition of a lump sum cut in respect of the overall provision under a grant in respect of which savings are a recurring feature, allowing the administrative Ministry to obtain a Supplementary Grant later, if necessary. The Committee desire that an early decision should be taken in the matter".

[Serial No. 3(i) of Appendix II to the 22nd Report (Third Lok Sabha)].

ACTION TAKEN

Attention in this connection is invited to this Ministry's O.M. No. F.18(13)-E.G.I(B)/63, dated 17-3-64 and F.18(13)-E.G.I(B)/63, serial Nos. 5 (para 5) and 6 (para 6) respectively to Appendix V to serial Nos. 5 (para 5) and 6 (para 6), respectively of Appendix V to the 9th Report (Third Lok Sabha).

[O.M. No. F. 14(6)-E.Coord./64-I dated 13th Nov. 1964].

Recommendation

The Committee also note that in spite of delegation of powers made some years back to the administrative Ministries to incur expenditure, large savings continue to occur. The Committee desired the Ministry of Finance to examine the feasibility of making the financial control exercised through the Financial Advisers attached to the various Ministries more effective. The Secretary, Department of Economic Affairs promised to review the position in this regard. The Committee would like to know the outcome of this review.

[S. No. 3(ii) of Appendix II to the 22nd Report (Third Lok Sabha)].

ACTION TAKEN

The savings in budgetary provisions arise due to a variety of factors and unavoidable circumstances, e.g., delays in the procurement of stores, equipment, plant and machinery, recruitment of staff particularly technical personnel, foreign exchange difficulties, delay in the book adjustment of debits and sometimes also over-estimation of the spending capacity of the administrative authorities. The delegation of enhanced financial powers to Ministries and implementing authorities is intended to facilitate the quicker and smoother implementation of the development schemes and other projects. The occurrence of large savings in the budget grants cannot always be attributed to the non-exercise of the delegated powers by the administrative authorities and any restriction on the delegated powers of Ministries apart from restricting opportunities to spending authorities to work up to the Plan and other targets envisaged for them, may also not provide remedy to this problem. The solution to the problem would lie more in improving progressively the methods of realistic budgeting and the regulation of expenditure out of the sanctioned budget grants. Greater attention is being paid by the Ministry of Finance to the need for adequate pre-budget scrutiny of the proposals for inclusion in the budget, and towards this end, the Ministries have been enjoined to draw up a phased programme of preparation and submission to Finance Ministry of budget proposals well in advance to enable detailed pre-budget scrutiny being conducted. Instructions have also been issued for ensuring that only such projects are included in the budget as have a reasonable prospect of being carried through during the financial year. The Accounts for 1962-63 and the Audit Report (Civil) 1964 also show that there has been some improvement in the position of overall savings in the budgeted grants during 1962-63 as compared to the earlier years. The question of tighten-

ing up the financial control machinery is receiving continuous attention of the Finance Ministry and the trend of savings in the budget in the subsequent years will continue to be watched towards this end.

[O.M. No. F. 10(11)-E. Coord./64 dated 10th March, 1965]

Recommendation

The Committee have an apprehension that owing to the delegation of more powers and the provision of funds on a liberal basis, there has been a tendency to overlook avoidable expenditure. When more funds are available, there is the usual rush to spend the amount towards the end of the financial year, so that funds may not lapse. This tendency requires to be curbed.

[Serial No. 3(iii) of Appendix II to the 22nd Report (Third Lok Sabha)].

ACTION TAKEN

The observations of the Committee and the existing instructions on the subject have been brought to the notice of all the Ministries for information and guidance.

[Vide O.M. No. 14(6)-E (Coord)/64. dated 13th November, 1964, (copy enclosed)].

No. F. 14(6)-E(Coord)/64
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Expenditure)

New Delhi, the 13th November, 1964.

OFFICE MEMORANDUM

SUBJECT: *Twenty-Second Report of the Public Accounts Committee (Third Lok Sabha).*

The undersigned is directed to invite a reference to the observations of the Public Accounts Committee at Serial No. 3(iii) (Para 3) of Appendix II to their 22nd Report (Third Lok Sabha), which are reproduced below:—

“The Committee have an apprehension that owing to delegation of more powers and the provision of funds on a liberal basis, there has been a tendency to overlook avoidable expenditure. When more funds are available, there is the usual rush to spend the amount towards the end of the financial year, so that funds may not lapse. This tendency requires to be curbed”.

The controlling officers administering a grant are required normally to conduct a review of the progress of expenditure from month to month with reference to the sanctioned grants so as to keep a close watch over the trend of express or savings therein from time to time. In the case of large capital grants such a review is required to be conducted every quarter and during the last few months of the financial year every month. This will enable the controlling officer to ensure that there is even flow of expenditure during the year and that there is not any unjustifiable rush of expenditure during the closing months of the year merely to avoid lapse of grants. The above instructions were brought to the notice of all the Ministries, vide the Ministry of Finance (Department of Economic Affairs) O.M. No. F. 14(3)-B-57, dated the 10th October, 1957, (copy enclosed).

Attention in this connection is also invited to note 2 below Rule 69 of G.F.Rs. 1963, which stipulates that money should not be spent hastily or in an ill-considered manner merely because it is available

or to avoid lapse of funds. Note 3 *ibid* also contemplates that rush of expenditure particularly in the closing months of the financial year shall be regarded as a breach of financial regularity and should be avoided.

The Ministry of Home Affairs etc. are requested to note the observations of the Public Accounts Committee cited above and the existing rules and orders on the subject and also issue suitable instructions to their subordinate authorities.

K. SANKARAN,

Deputy Secretary to the Govt. of India.

To

All Ministries/Departments of the
Government of India.

No. F. 14(6)-E(Coord)/64

Copy also forwarded for information to:—

- (1) All Branches in the Expenditure Divisions.
- (2) Department of E.A./Coordination Revenue & Company Law.
- (3) Lok Sabha Secretariat (P.A.C. Branch).
- (4) E.G.I. Branch and Cash & Budget Branch.

K. SANKARAN,

Deputy Secretary to the Govt. of India.

Copy of Office Memorandum No. F. 14(3)-B/57, dated the 10th October, 1957 from the Department of Economic Affairs to All the Ministries/Departments of the Government of India.

SUBJECT: Abnormal rush of payments towards the close of the financial year.

The undersigned is directed to state that inspite of the provisions of paragraph 96 of the General Financial Rules Volume I and the instructions issued by this Ministry from time to time, rush of expenditure in the closing months of the year is not showing any signs of abatement. Excessive expenditure in the closing months of the year is likely to create the impression that Government moneys are being expended hastily or in an ill-considered manner without proper scrutiny and check. Every attempt has, therefore, to be made to prevent this unhealthy practice and Ministries must review periodically the progress of their expenditure so as to ensue a regular flow, throughout the year, as far as possible. In this connection attention is also invited to the recommendations made in paragraph 13 (b) of the Public Accounts Committee's 15th Report which were brought to the notice of the Ministries in O.M. No. 14(18)-EII(A) '56, dated the 24th October, 1956 and in which a similar suggestion was made for a periodical review of the progress of expenditure by the Ministries which would check rush of expenditure at the end of the year.

2. Rush of expenditure on purchases of Stores, Contingencies, Stationery etc. in the closing of the year is partly attributable to the desire on the part of spending authorities to avoid the lapse of Grants. Ordinarily, the budget for the year includes provision for all works in progress, for commitments carried-over from the previous year, for the normal expenditure of the year and for such new items as have been accepted. There is no real risk, therefore, that the moneys unexpended in the current year would not be made available against next year if required. Prudent budgeting also demands that the estimates for the coming year should be as realistic as possible and should include adequate provision for all expenditure likely to be incurred during that year including liabilities taken-over from the current year.

3. The undersigned is to reiterate that grants have not been used to the full extent for valid reasons. Finance Ministry would be prepared to consider proposals to allot provision for the unexpended amounts either in the original budget of the coming year or by means of supplementary grants in that year provided the

purposes for which these amounts were originally included in the sanctioned Grants continue to be operative. It is hoped that with this assurance the Ministries concerned would take positive steps to prevent the rush of expenditure in the closing months of the year, and also to refrain from making purchases in a hurry merely to avoid lapse of grants.

Recommendation

The Committee desired to be furnished with a note stating the break-up of expenditure on Police for the border areas and other territories for the years 1956-57, 1960-61 and 1961-62. (Serial No. 5 of Appendix II to 22nd Report—(Third Lok Sabha).

ACTION TAKEN

STATEMENT I

Expenditure on Police for Border Areas.

Demand	(Rs. in lakhs)		
	*1956-57	%1960-61	£1961-62
Police	6.35	25.62	32.56
Himachal Pradesh	11.38	59.14	64.12
Manipur	38.20	93.48	79.77
Tripura	42.24	44.18	60.86
Tribal Areas (NEFA)			618.95
TOTAL	98.17	227.42	856.26

*Demands for Grants for 1958-59 and appropriation Account for 1956-57

%Demands for Grants for 1962-63 and appropriation Accounts for 1960-61.

£Demands for Grants for 1963-64 and appropriation Account for 1961-62.

N.B.—Prior to 1961-62, expenditure on Tribal Areas & Naga Hills and Tuen Sang Area was accounted for under the Major Head "34-Tribal Areas". The figures relating to "Frontier Watch & Ward—Assam Rifles" for 1956-57 and 1960-61 are Rs. 263.76 lakhs and Rs. 523.93 lakhs respectively.

STATEMENT II

Police Expenditure on Other territories

(Rs. in lakhs)

Demand	*1956-57	**1960-61	***1961-62
Police	294.85	706.91	650.52
Delhi	154.44	220.17	237.34
A. & N. Islands	15.92	22.02	23.11
Kutch L.M.A. Islands . . . . .	..	0.85	0.77
Kutch	13.14	..	..
Relation with States	68.90	..	..
Naga Hills Tuensang Area . . . . .	..	..	107.82
Dadra & Nagar Haveli . . . . .	..	..	0.51
	547.24	949.95	1020.07
Add figures B F from Statement I	98.17	227.42	856.26
Total (Gross)	645.41	1177.37	1876.33
Less Recovery	2.75	3.07	..
Total (net)	642.66	1174.30	1876.33

*Demand for Grants for 1958-59 and Appropriation Accounts for 1956-57

**Demands for Grants for 1962-63 and Appropriation Accounts for 1960-61.

***Demands for Grants for 1963-64 and Appropriation Accounts for 1961-62.

[O.M. No. F. 303 64-A.C. I dated 4th July, 1964.]

Recommendation

The Committee (1962-63) were critical about the unsatisfactory state of affairs arising from grants-in-aids to States worth crores of rupees continuing to escape audit check in regard to their utilisation due to the lacunae pointed out by the Comptroller & Auditor General. The Committee feel concerned to note that no head-way has been made in removing these lacunae and the position continues to be unsatisfactory. The circular prepared in consultation with the Comptroller and Auditor General more than 3 years ago regarding reporting of actuals by the States, as certified by the respective Accountants General, has still not been issued. It is understood from Audit that Accountants General are unable, in several cases, to obtain information from State Governments regarding the exact schemes on which the funds made available by the Centre have

been or are proposed to be utilised and that the departmental figures of expenditure met from loans and grants as furnished to the Government of India are not often supported by any details in the department records which can be verified by audit. The Committee are unable to understand why the Government of India are unable to insist on information being given to them and to Audit about the Schemes on which the Central assistance is actually utilised and the expenditure incurred on each such scheme so that the departmental figures could be test checked from their own initial records even if there are difficulties in reconciling the departmental figures with the figures as booked in the accounts. It seems clear that the present situation under which the Government of India determine the quantum of assistance finally admissible to State Governments on the basis of figures which are not verifiable either from departmental records from the accounts maintained by the Accountants General calls for immediate remedial action.

The Committee desire the Ministry of Finance to take vigorous steps to devise a method that would enable the Comptroller & Auditor General to exercise proper checks in regard to the Central assistance made available to the States and to apprise Parliament of results of these checks. The Committee hope that the matter would be finalised without further delay.

[S. No. 6 of Appendix II to 22nd Report (Third Lok Sabha)].

ACTION TAKEN

The State Governments have been informed that final payments of assistance for Plan Schemes will be made on the basis of audited expenditure, instead of on the basis of departmental figures of expenditure. The procedure which has been introduced has been explained in detail in the reply to para 13 of the Ninth Report in the Department of Co-ordination Office Memorandum No. 2(19)-PII/60, dated the 22nd December, 1964, addressed to the Lok Sabha Secretariat. A copy of the reply is enclosed.

[O.M. No. 9(39)-P/64, dated 15th January, 1965].

No. 2(19)-PII/60
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF CO-ORDINATION
(Planning Branch)

New Delhi, the 19th December, 1964.

OFFICE MEMORANDUM

SUBJECT: *Ninth Report of the Public Accounts Committee (Third Lok Sabha) Action on—*

The undersigned is directed to forward herewith 40 copies of a statement indicating the action taken on the recommendations of the Committee in para 13 of their Ninth Report (Third Lok Sabha).

A reply in respect of para 12 will be submitted separately.

S. DUTT,

Joint Secretary to the Government of India.

To

The Lok Sabha Secretariat,
Public Accounts Committee Branch,
New Delhi.

No. 2(19)-PII/60

Copy, together with a copy of the above statement, forwarded for information to:

1. Department of Economic Affairs, Budget Branch, New Delhi.
2. Department of Expenditure, Expenditure Co-ordination Branch, New Delhi.

S. R. SANKARAN,
Under Secretary to the Govt. of India.

Statement of action taken on the recommendations of the Public Accounts Committee—Ninth Report (Third Lok Sabha).

Ministry of Finance

Recommendation

The Public Accounts Committee, 1962-63 (Third Lok Sabha) in para 13 of the Ninth Report had observed that due to inability of Government to take a decision in regard to issue of a circular drafted two years ago grants-in-aid to States worth crores of rupees had continued to escape audit check as regards their utilisation in the manner prescribed. The Committee therefore urged that the lacunae referred to by the Comptroller and Auditor General should be removed without further delay.

[Para 13 of Ninth Report (Third Lok Sabha)].

ACTION TAKEN

After examining the matter in consultation with the Comptroller and Auditor General and the Planning Commission, the State Governments have been informed that the final payments of assistance for Plan Schemes will be made on the basis of audited expenditure, instead of on the basis of departmental figures of expenditure. In order to facilitate audit check and with a view to removing the defects in the existing system pointed out by the Comptroller and Auditor General before the Public Accounts Committee, the State Governments have been requested to publish at the commencement of each year, a statement of schemes included in the Annual Plan arranged according to Heads of Development indicating the provision made for each scheme under various Heads of Account. This is intended to secure a link between plan schemes and the Budget heads of account, under which expenditure is booked. The State Governments have been requested to furnish to the Accountant General concerned the statements of expenditure, duly reconciled with Accountants General's figures by 31st December, 31st March and 31st August for the periods ending 30th September, 31st December, and 31st March respectively. The statements of expenditure are to include details of the expenditure on the scheme, showing the provision made and Head of Account under which the expenditure is accounted for, the plan outlay under the relevant Head of

Development and the total expenditure for the Head of Development arranged schemewise. In the case of expenditure incurred through local bodies and similar institutions receiving grants and loans from the State Government, it is proposed that audit is to be completed on the basis of utilisation certificates. In order to provide adequate time for enabling the states to make necessary arrangements, this revised procedure will be introduced with effect from 1965-66.

2. The possibility of introducing simpler and more uniform classification of the plan schemes under different Heads of Development is being studied by the Planning Commission and the Ministry of Finance. It is proposed to forward tentative views and suggestions to the State Governments in the near future.

3 The draft letter referred to in the observations made by the Public Accounts Committee was suitably modified in order to include the points mentioned in paragraphs 1 and 2 above, and was issued on 9th October, 1964. A copy of the letter is enclosed.

S. DUTT,

Joint Secretary to the Government of India.

No. 2(19)-PII/60

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Co-ordination)

New Delhi, 9th October, 1964.

From

Shri Mani Narayanswami,
Deputy Secretary to the Govt. of India,
Ministry of Finance (Department of Coordination).

To

All State Governments (Finance Secretaries).

SUBJECT: *Procedure for final adjustment of Central assistance to States for Plan Schemes.*

I am directed to invite a reference to para 12 of Planning Commission's letter No. PC(P)4/2/61, dated 20th October, 1961 in which it was stated that the Ministry of Finance would be issuing instructions regarding the procedure to be followed in the final adjustment of Central assistance to State Governments for Plan Schemes.

2. As indicated in the Ministry of Finance, Department of Economic Affairs letter No. F.2(17)-PII/58, dated the 26th May, 1959 final adjustment of Central assistance is carried out at present on the basis of departmental actuals of expenditure. The Government of India have further examined this matter in consultation with the Planning Commission and the Comptroller and Auditor General. It has now been decided that, with effect from 1965-66, the final adjustment of Central assistance to States for Plan Schemes should be on the basis of audited figures of expenditure instead of departmental figures.

3. For this purpose, it will be necessary for State Governments to furnish to the Accountant General concerned a statement showing separately for each Plan Scheme the departmental figures of expenditure, duly reconciled with the A.G.'s figures. These statements

may be in the form given in Annexure I. The statements of expenditure may kindly be furnished according to the following schedule:

- | | | |
|---|-----------|----------------------------|
| 1. For period ending 30th September | . | By 31st December |
| 2. For period ending 31st December | . | By 31st March (Following) |
| 3. For the financial year from 1st April to 31st March. | | By 31st August (Following) |

A copy of the periodical statement of expenditure furnished by the State Government to the Accountant General may also be sent simultaneously for information to the Ministry of Finance (Department of Coordination).

4. It is requested that the State Government may publish at the commencement of the year a statement of schemes included in its Annual Plan, arranged under Heads of Development, indicating the provisions made for each scheme under the various budget heads of account. Such a link between the Plan schemes and the Budget has already been exhibited by some States and the note at Annexure II indicates the outlines of the procedure followed in U.P., which may be suitably adapted by each State Government in consultation with the A. G. concerned.

5. On receipt of the audited expenditure figures for the year, with the certificate of audit of the Accountant General concerned, the Ministry of Finance (Department of Coordination) will arrange to make final adjustments in respect of Central assistance.

6. As stated earlier, to provide adequate time for such arrangements as may have to be worked out by State Governments, the revised procedure will be introduced with effect from 1965-66. The account of Central assistance will be kept open, if necessary until the end of the second succeeding financial year (e.g. upto 31-3-1968 in respect of the year 1965-66). This is to enable audit to be completed on the basis of utilisation certificates for expenditure incurred through local bodies or such other institutions as receive Grants/Loans from the State Government.

7. It is emphasized that although final payment will be on the basis of details of scheme-wise expenditure, the assistance due to State Governments will continue to be regulated, even after the introduction of the revised procedure, on the basis of expenditure incurred, by Heads of Development. Arrangements for provisional payments of Central assistance will continue as at present. The assistance will also continue to be subject to the existing provisions

about ceilings of overall Central assistance and grants, and of earmarked assistance for river valley projects, agricultural programmes, etc.

8. The possibility of introducing simpler and more uniform classifications for schemes under different heads of development is being studied by the Planning Commission and the Ministry of Finance in consultation with the Comptroller & Auditor General. In the near future, it is hoped to forward tentative suggestions for the views and comments of State Governments.

9. Final adjustment of Central assistance upto and including 1964-65 will be carried out, as at present, on the basis of departmental actuals as reported by State Governments.

Yours faithfully,

MANI NARAYANSWAMI,

Dy. Secy. to the Govt. of India.

Copies forwarded to:—

1. Comptroller & Auditor General, Accountant General (Central Revenues) and Accountants General of States.
2. All Ministries of Government of India and all Departments of the Ministry of Finance.
3. Planning Commission.
4. Financial Advisers in the Department of Expenditure.
5. Planning Secretaries of the State Governments.

MANI NARAYANSWAMI,

Dy. Secy. to the Govt. of India

ANNEXURE I

GOVERNMENT OF _____
ANNUAL PLAN FOR YEAR _____
Statement of expenditure for period ending _____

Head of Development : Plan Outlay* : Budget Provision :					Grant :	Central Assistance Allocated :		Remarks
							Loan : Total :	
Sl. No.	Code Number of Scheme	Name of the Scheme	No. and date of Govt. letter sanctioning the Scheme	Head or heads-of account under which the expenditure is accounted for in the State Section.	Expenditure on the scheme (To be given separately if more than one head of account is operated.)			If the scheme is partly or wholly executed through loans only or grants to local bodies etc., indicate authority executing the scheme and amount.
								Authority Amount
(1)	(2)	(3)	(4)	(5)	(6)			(7) (8)
					(i)	(ii)	(iii)	(i) (ii)

Total Expenditure for the Head of Development _____

*Plan outlay under a head of development refers to outlay for the year indicated to the State Government on the basis of Annual Plan discussions.

†If the expenditure on the scheme is incurred under more than one head of account, say, Revenue, Capital or Loan head, the different heads of account should be indicated in this column.

ANNEXURE II

Outlines of a Procedure for linking Plan Schemes with Budget Provisions

The schemes included in the Annual Plan of the State have to be linked to the provisions under the Budget Heads of Account in a single document to be published along with or immediately after the Budget is presented to the State Legislature. Such a link would serve the purpose of relating the Heads of Development under the State Plan with the Heads of Account followed under the instructions of the Comptroller and Auditor General. The link is necessary as the Heads of Development and Budget Heads of Account at present follow a different pattern.

2. The Budget/Plan link is intended to provide a detailed break-up of the provisions for individual schemes under different Heads of Development. An abstract or summary of these detailed lists, in the opening pages of the document, is necessary.

3. As an example, extracts from a publication which the Government of Uttar Pradesh releases every year, entitled "Annual Plan Analysed in terms of the Budget" are enclosed. For purposes of illustration, the Heads of Development under "Co-operation & Community Development" have been taken. Attention is invited to the following features:

- (i) The link between Plan schemes and Budget heads is provided by means of Code Numbers. Taking the classification in the U.P. document, all sectors are first covered in Code Numbers 1 to 7 in the fifth digit, as follows:

1—Agricultural Programmes

2—Co-operation & Community Development

3—Irrigation & Power

4—Industry & Mining

5—Transport & Communications

6—The Social Services

7—Miscellaneous

- (ii) Thereafter Code Numbers in the fourth digit are assigned to the Heads of Development under the sectors e.g. 2.1 denotes "Co-operation", 2.2 denotes "Community Development" and 2.3 denotes "Panchayats". The numbers in the third digit indicate a grouping of schemes appropriate to

the Head of Development. Thus 2.1.1 is for schemes under "Co-operation" of the Industries Department. The numbers in the last two digits denote the individual schemes e.g. 2.1.1.08 denotes "Cooperative Consumer Stores".

4. Distinct Heads of Account would also have to be opened for each individual scheme under the detailed Budget estimate, under the relevant Major and Minor Heads of Account, if such a system is not already being followed. Reference to the Code No. assigned to each scheme in the manner indicated above, should be given in the detailed budget estimates against the Heads of Account, to facilitate easy correlation of the scheme to the Budget provision.

5. The bills for expenditure incurred under Plan schemes would have to drawn separately by the Drawing and Disbursing Officers, indicating full classification and the Code No. of the scheme. At a convenient stage the State Government and the Accountant General may consider the possibility of introducing different colours for bills relating to Plan and non-Plan schemes, as this may facilitate the posting of Plan expenditures.

6. It is emphasized that, as a normal practice, departmental figures of expenditure should be reconciled every month with the figures booked by the A.G., so that any misclassification in accounts is properly rectified.

2. CO-OPERATION & COMMUNITY DEVELOPMENT

2.1 Co-operation

(Figures in Rupees)

Code No.	Groups Schemes	Total budget provision in 1964-65	Heads of account under which provision has been made		
			34-Co-operation	96-Capital	Q-Loans & Advances
1	2	3	4	5	6
<i>(1) Co-operative Department</i>					
<i>Carried-over Schemes</i>					
21101	Co-operative Credit	1,43,800	1,43,800	..	..
21102	Co-operative Marketing	..	..	..	..
21103	Co-operative Training	8,98,300	8,98,300	..	..
21104	Co-operative Farming	13,500	13,500	..	..
<i>New Schemes</i>					
21105	Co-operative Credit & Banking	79,45,500	79,45,500	..	..
21106	Co-operative Marketing, Processing & Storage	88,45,600	17,51,800	24,00,000	46,93,800
21107	Co-operative Farming	6,98,900	2,86,400	87,500	3,25,000
21108	Co-operative Consumer Stores	..	..	..	..
21109	Co-operative Training & Education	2,76,400	2,76,400	..	..
21110	Scheme of Labour Co-operatives	1,19,100	1,19,100	..	..

21111	Publicity and Propaganda	1,39,000	1,39,000	..	..
21112	Additional Department Staff	8,49,700	8,49,700	..	..
21113	Special Scheme for Co-operative Consumer Stores	2,76,100	2,76,100	..	..
21114	Drug Development Scheme	44,800	44,800	..	..
21115	Co-operative Printing Press	1,08,500	21,000	87,500	..
TOTAL FOR GROUP 1		2,03,59,200	1,27,65,400	25,75,000	50,18,800
(2) Industries Department					
21201	Co-operative Sugar Factories	100	..	100	..
(3) Finance Department					
21301	Audit Organisation	8,50,000	8,50,000	..	..
21302	Audit Staff for Co-operative Consumers Stores	2,32,100	2,32,100	..	..
TOTAL		10,82,100	10,82,100	..	..
TOTAL for 2-1 Co-operation		2,14,41,400	1,38,47,500	25,75,100	50,18,800

2. CO-OPERATION AND COMMUNITY DEVELOPMENT

2.2 Community Development

(Figures in rupees)

Code No.	Groups/Schemes	Total budget Provision in 1964-65	Heads of account under which provision has been made			
			37-Communi-ty Project N.E.S., etc.	39-Miscel-laneous Social and Developmental Orga-nizations (Planning (Depart-ment)	109-Capital	Q-Loans & Advances
1	2	3	4	5	6	7
(1) <i>Community Development Schemes :</i>						
22101	Carried over Schemes	9,64,00,000	5,65,00,000	..	99,00,000	3,00,00,000
22102	New Schemes					
	TOTAL FOR GROUP (1)	9,64,00,000	5,65,00,00	..	99,00,000	3,00,00,000
(2) <i>Planning Research and Action Institute</i>						
22201	Research Activities	2,89,400	..	2,89,400	..	..

22202	Establishment of Mother Project					
22203	Baseline Survey and evaluation study of applied Nutrition Programme	43,100		43,100		
TOTAL FOR GROUP (2)		3,32,500		3,32,500		
TOTAL FOR 2·2 Community Development		9,67,32,500	5,65,00,000	5,32,500	99,00,000	3,00,00,000

2. CO-OPERATION & COMMUNITY DEVELOPMENT

2.3 Panchayats

(Figures in Rupees)

Code No.	Groups/Schemes	Total budget provision in 1964-65	Heads of account under which provision has been made		
			71-Expenditure in connection with establishment of Gaon Sabhas and Panchayats.	39-Miscellaneous Social and Developmental Organizations (Planning Department)	Q-Loans and Advances.
1	2	3	4	5	6
(1) Panchayat Raj Departments.					
23101	Loan for development of Gaon Sabhas property and creation of Productive assets of Panchayats	6,00,000	..	..	6,00,000
23102	Training of Panchayats Secretaries	3,90,000	3,90,000	..	..
23103	Additional assistance to Gaon Sabhas for maintenance of Panchayats Secretaries	14,67,200	14,67,200	..	..
23104	Additional staff for Panchayat Raj Department	24,500	24,500	..	..
23104	Audit & Accounts organisation for Zila Parishads and Kshetra Samities	13,19,600	13,19,600	..	..
TOTAL FOR GROUP (1)		38,01,300	32,01,300	..	6,00,000

(2) *Planning Department*

23201	Training of non-officials, setting up of District Institutes	9,11,200	..	9,11,200	..
23202	Study Camps for M.L.A.s	24,000	..	24,000	..
23203	Sammelans for non-officials . . . . .	..	..	..	..
23204	Publication of literature	60,000	..	60,000	..
23205	Training Reserve . . . . .	..	..	..	..
TOTAL—FOR GROUP (2)		9,95,200	..	9,95,200	..
TOTAL—FOR 2·3—Panchayats		47,96,500	32,01,300	9,95,200	6,00,000

(Figures in Rupees)

Code Number	Groups/ Scheme	Total Budget provision in 1964-65	Heads of account under which provision has been made.										
			Expenditure in connection with establishment of Gaon Sabhas & Panchayats	34-Co-operation	37-Community Projects and N.E.S., etc.	39-Miscellaneous Social & Developmental Organisations (Planning Department)	99-100-Irrigation Works	99-100-Irrigation Establishment (including tools, Plant & suspense).	96-Capital outlay on Industrial Development	101-Capital outlay on Electricity Schemes	101-Electricity Establishment	109-Capital	Loan and Advance
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2. CO-OPERATION & COMMUNITY DEVELOPMENT													
2.1 Co-operation													
21100	Co-operative Department Schemes	2,03,59,200	..	1,27,65,400	..	..	..	..	25,75,000	..	..	..	50,18,800
21200	Industries Department Schemes	100	..	..	..	..	..	..	100	..	..	..	..
21300	Finance Department Schemes	10,82,100	..	10,82,100	..	..	..	..	..	..	..	..	..
TOTAL		2,14,41,400	..	1,38,47,500	..	..	..	..	25,75,100	..	..	..	50,18,800

Provision for additional
dearness allowance

63,924

63,924

TOTAL FOR SECTOR

2.1

2,15,05,324

1,39,11,424

25,75,100

50,18,800

2.2 Community
Development

22100 Community Development
Schemes

9,64,00,000

5,65,00,000

99,00,000

3,00,000

22200 Planning Research
& Action Institute
Schemes

3,32,500

3,32,500

TOTAL

9,67,32,500

5,65,00,000

3,32,500

99,00,000

8,00,000

Provision for additional
dearness allowance

12,02,537

12,00,000

2,537

TOTAL FOR SECTOR

2.2

9,79,35,037

5,77,00,000

3,35,037

99,00,000

3,00,000

2.3 Panchayats

23100 Panchayat Raj De-
partment Schemes

38,01,300

32,01,300

6,00,000

1	2	3	4	5	6	7	8	9	10	11	12	13	14
23200	Planning Department Schemes	9,95,200	..	..	..	9,95,200	..	..	..	..	..	..	..
	TOTAL	47,96,500	32,01,300	..	..	9,95,200	..	..	..	..	..	..	6,00,000
	Provision for additional dearness allowance	46,091	40,000	..	..	6,091	..	..	..	..	..	..	..
	TOTAL FOR SECTOR 23	48,42,591	32,41,300	..	..	10,01,291	..	..	..	..	..	..	6,00,000

Recommendation

The Committee note that although a year has elapsed since they suggested that a study should be made of the procedures followed in various democratic countries for obtaining parliamentary approval to Government borrowing not much headway has been made in this regard. The Committee trust that the Ministry of Finance would vigorously pursue the matter and apprise the Committee of the outcome of their study before they consider the next year's accounts.

[S. No. 7 of Appendix II to the 22nd Report—Third Lok Sabha].

ACTION TAKEN

A note has already been sent to the Public Accounts Committee with this Ministry's O.M. No. F.8(8)-B/63, dated 11th December, 1964.

Recommendation

The Committee are glad to note that there has been no default in the payment of the principal or of the interest on foreign loans.

[S. No. 8 of Appendix II to the 22nd Report—Third Lok Sabha].

ACTION TAKEN

The observation of the Committee has been noted.

[O.M. F.8(24)-B/64, dated 16th January 1965.]

Recommendation

The Committee feel concerned over the delay in repayment of principal and interest by some of the State Governments. They reiterate the view expressed in para 21 of their Ninth Report (Third Lok Sabha) that in the matter of repayment of loans and interest the Central and State Governments should on no account deviate from the terms and conditions already settled. In case the ways and means position of a particular State at any time needs to be strengthened, the Centre should consider the question independently and render such assistance in a direct manner instead of permitting defaults in the repayment of contracted loans.

[S. No. 9 of Appendix II to the 22nd Report—Third Lok Sabha].

ACTION TAKEN

The State Governments have already been addressed in the matter and the Lok Sabha Secretariat informed accordingly vide this Ministry's OM. No. F.8(8)-B/63, dated 11th December, 1964.

Recommendation

The Committee trust that an early decision will be taken on the question of the Central Government themselves undertaking construction of the major projects in the States instead of advancing them loans for the purpose, considering all the difficulties that are being experienced in repayment.

[S. No. 10(ii) of App. II to the 22nd Report—Third Lok Sabha.]

ACTION TAKEN

The matter is under consideration.

[O.M. No. 9(38)-P/64, dated 16th February, 1965.]

Recommendation

The Committee desire that early decision should be taken regarding repayment of the loans relating to the Eastern Sector and the Committee informed.

[(Serial No. 11—Para 11) (22nd Report Third Lok Sabha—1963-64)].

It has been decided that in case of the loans relating to the Eastern Sector, the State Governments will be absolved of their responsibility to share any portion of losses on loans advanced to displaced persons which will now be borne entirely by the Central Government.

No. 8/12/64-Bud, dated 19th October, 1964.

Recommendation

The Committee desired to be furnished with a detailed note indicating—

- (a) *the reasons for the loans and advances mentioned in this para remaining outstanding;*
- (b) *steps taken for their recovery; and*
- (c) *the present position regarding their recovery.*

The Committee defer consideration of the matter till the requisite information is made available to them. All the same, the Committee desire that Ministries concerned should make vigorous efforts to recover the old arrears of principal and interest, and not allow them to accumulate in future.

[S. No. 13 of Appendix II to the 22nd Report Third Lok Sabha].

ACTION TAKEN

A note has already been sent to the Lok Sabha Secretariat vide this Ministry's O.M. No. F.8(24)-B/64, dated 7th January 1965.

Recommendation

In para 23 of their Ninth Report (Third Lok Sabha), the Committee had suggested that suitable measures should be devised to safeguard Government's interest in giving guarantees, as the lender might not insist on a detailed scrutiny of the borrower's financial position when the guarantor was a Government whose credit-worthiness was un-questionable. According to the Ministry's own admission the risk would legitimately arise in the case of loans to co-operative societies. The Committee desire that in every case where it is decided to give Government guarantee for the loans taken by private institutions, the Ministry of Finance should, before according their concurrence, satisfy themselves that Government interests are duly safeguarded.

[S. No. 14 of Appendix II to the 22nd Report—Third Lok Sabha].

ACTION TAKEN

A reply has already been sent to the Lok Sabha Secretariat with this Ministry's O.M. No. F.8(8)-B/63, dated 15th January 1965.

Statement of action taken on the recommendations of the Public Accounts Committee.

Seventh Report (Third Lok Sabha)**Recommendation**

The Committee would like Government to impress upon the Ministries/Undertakings the imperative need for conserving foreign exchange in all possible ways in the present juncture, so that it might be utilised more fruitfully for the more pressing needs of the country.

[S. No. 73 of Appendix III to the 7th Report—Third Lok Sabha].

ACTION TAKEN

Necessary instructions have been issued to the various Ministries, etc. vide this Ministry's O.M. No. F.24-GR/64, dated 13th October, 1964.

Eighth Report (Third Lok Sabha)**Recommendation**

The Committee desire that the present procedure of including savings under floatation of treasury bills which were grossed up four times for inclusion in the budget should be reviewed in consultation with the Comptroller and Auditor General.

[S. No.-1 of Appendix IV to the 8th Report—Third Lok Sabha].

ACTION TAKEN

A note indicating the position is enclosed.

[Memorandum No. F. 8(7)-B/63 dated 3-6-64 Annexure].

ANNEXURE

No. F. 8(7)-P/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 3rd June, 1964.

MEMORANDUM

SUBJECT: *Recommendations made by the Public Accounts Committee in their Eighth Report (Third Lok Sabha).*

In para 5 of their Eighth Report (Third Lok Sabha), the Public Accounts Committee have recommended that the present procedure of including savings under floatation of treasury bills, which were grossed up four times for inclusion in Budget, should be reviewed in consultation with the Comptroller and Auditor-General.

2. The treasury bills issued by the Government of India have a currency of 91 days. These include the bills issued in favour of the public, State Governments and other parties and also the *ad hoc* treasury bills issued in favour of the Reserve Bank to replenish Government cash balances from time to time. The rates of interest follow the lowest rates tendered and accepted at the weekly auctions for the sale of treasury bills to the public. These rates are also applied to the *ad hoc* treasury bills.

3. The period of the treasury bills has been deliberately kept at 91 days to provide a convenient arrangement for short-term borrowings by the Central Government and for similar investments by State Governments and other parties of their balances in excess of their immediate requirements. These bills can be readily discounted with the Reserve Bank whenever the investors are in need of funds. It has not been considered necessary to issue treasury bills for periods longer than 91 days, nor is there likely to be any demand for them. Those who wish to go in for longer period investments can always get their bills re-invested on maturity for

alternatively invest their moneys in the normal dated securities of the Government of India.

4. The *ad hoc* treasury bills issued in favour of the Reserve Bank admittedly stand on a different footing, as they represent more or less long-term investments. It is precisely for this reason that ever since 1958-59 a sizable part of these treasury bills has been converted into dated securities. The total value of conversions so far made is of the order of Rs. 675 crores. The question of issuing a separate series of treasury bills for periods exceeding 91 days to cover exclusively the remaining *ad hoc* treasury bills has been considered a number of times but has not been found acceptable. In the first place, it would increase the cost of borrowings as the rate for a treasury bill of a longer maturity would be considerably more. Secondly, in the absence of any public auction, the rate would have to be determined artificially and not on the basis of weekly auctions as at present. Both the Reserve Bank and the Comptroller and Auditor-General have been consulted and agree that it is not necessary to make any change in the existing procedure.

5. Following the requirements of gross budgeting, provision has to be made in the Appropriation "Repayment of Debt" for the discharge of treasury bills including *ad hoc* treasury bills four times a year. This arrangement no doubt results in inflating the budget provisions and also in increasing the percentage of overall savings, if, as a result of improvement in the resources or savings in expenditure, recourse to deficit financing, and consequently the issue of *ad hoc* treasury bills, does not keep pace with what was originally anticipated at the time of the Budget. The saving in the provision for repayment of *ad hoc* treasury bills is, however, notional and reflects the overall budgetary position. It is thus not strictly comparable with the savings under normal expenditure estimates which are duly explained in the Grants or Appropriations concerned. For a correct appraisal of the overall savings under all the Grants and Appropriations, the Comptroller and Auditor-General has agreed to devise a suitable procedure for bringing out the position clearly in his Audit Reports in future.

6. This has been seen by Audit.

Joint Secretary to the Govt. of India.

To

The Chairman and Members
of the Public Accounts Committee.

Recommendation

The Committee would like the Ministry of Finance to examine whether it would not be desirable to keep the Parliament informed

when the basis and pattern of Central assistance to the States as originally approved by Parliament subsequently undergoes a change.

[S. No. 19 of Appendix IV to the Eighth Report—(Third Lok Sabha)].

ACTION TAKEN

A note indicating the position is enclosed.

(Memorandum No. F.9(23)-P/63, dated the 17th September, 1964—Annexure).

ANNEXURE

No. F.9(23)-P/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF CO-ORDINATION)

New Delhi, the 17th September, 1964.

26th Bhadra, 1886 (Saka).

MEMORANDUM

SUBJECT: *Patterns of Central assistance to States—Submission of the original patterns and subsequent changes therein to Parliament for information/approval.*

The patterns of Central assistance to States for Plan and non-Plan schemes are determined by the Administrative Ministries in consultation with the Ministry of Finance. The patterns of assistance run into a very large number of individual schemes and vary considerably from scheme to scheme. They are used only for the determination of the ceiling of assistance for each head of development for purposes of Budget provision and not for actual release of Central assistance to the States which is based on the approved outlay and the actual expenditure incurred by the State Governments on each head of development in the State Plans.

2. Patterns of assistance are not specifically presented to and approved by Parliament. A brief mention of the sharing arrangements is however, made wherever necessary, in the notes on important schemes appended at the end of the volumes of Demands for Grants. In view of the large number of schemes and the frequent modifications made in the patterns of assistance from time to time, the Government of India consider that it would not be practicable to submit to Parliament each and every pattern of assistance or amendment made thereto. The Parliament is also not likely to be interested in the mass of these details which serve merely as a working rule for distribution amongst the States of the amounts of Central assistance provided in the Budget. Instructions are, however, being issued to the Ministries to amplify, wherever possible, the notes on their schemes indicating the patterns of assistance in important cases and the major modifications that might be made from time to time.

3. This has been seen by the Comptroller & Auditor General of India.

S. DUTT.

Joint Secretary to the Govt. of India.

Recommendation

The Committee feel concerned to note that the requisite statements have yet to be received in respect of more than three-fourths of the provisional payments made to the various States under the scheme for raising emoluments of State Government low-paid employees. They desire that the Ministry of Finance should take vigorous steps to expedite the final adjustment of the provisional payments. If delay in submission of the information by the State Governments is due to difficulties in procedure, this should be simplified in consultation with the Comptroller and Auditor General. The Committee would like to be informed in due course of the progress made in making adjustments.

[S. No. 42 of Appendix IV to Eighth Report of the Public Accounts Committee 1962-63—(Third Lok Sabha)].

ACTION TAKEN

The State Governments are constantly being pressed to finalise their accounts by official and demi-official correspondence. The views of the Public Accounts Committee have also been brought to their notice on the 9th September, 1963 and they have been requested to indicate whether they have any suggestion for simplifying the procedure without dislocating the work already done.

2. The accounts with the State Government of Mysore have since been settled. No information has been received from the Government of Jammu and Kashmir. The remaining State Governments have forwarded either wholly or in part, the figures in regard to the scheme period to the Accountants General concerned for scrutiny and furnishing of audit certificates. A statement is enclosed showing the progress made by the different States in finalising their claims.

3. The Comptroller and Auditor General was requested to advise modifications, if any, in the prescribed accounting procedure which might help quick settlement of the accounts without dislocating the work already done in this regard. He has since informed that in the absence of particulars about the exact difficulties in the preparation of the statements by the departmental disbursing officers, and in view of the fact that the process of adjustment is in different stages in different States, no change in the existing procedure need be introduced at this stage, as it might render the work so far done infructuous. The Comptroller and Auditor General has, however,

suggested that the Government of India may prescribe a target date by which State Governments should submit the statements to the Accountants General failing which the Central Assistance due to the State Governments would be finalised on the basis of the statements received by the target date and the excess amount received, if any, would be refunded to the Central Government. He feels that if at all any modification is considered necessary, it has to be examined with reference to the practical difficulties confronting each State Government in compiling the statements for check by the Accountants General and the progress made so far and that a common solution cannot be found at this stage.

4. The Accountant General, Central Revenues has seen and vetted this note.

Joint Secretary to the Government of India.

Statement showing grants made to State Government on account of the scheme for improvement of the emoluments of low-paid employees and the progress of verification of their utilization.

Amount in lakhs of Rs.

Sl. No.	Name of State	Amount paid	Amount for which state-ments have been sent to Audit	Amount verified and passed by audit	Balance for which certificate is required	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Andhra Pradesh	551.60	357.96	..	551.60	Complete figures for 1957-58 were furnished to the A. G. in November, 60. Complete figures for remaining years could not be furnished to Audit as certain offices had defaulted. Efforts are being made to collect the actuals.
2	Assam	67.38	62.24	..	67.38	Consolidated statements showing the State Government's claim for the years 1957-58 to 1960-61 as shown in column 4 sent to the A.G., Assam in complete form in September, 1962. A.G. has pointed out certain difficulties about verification ; the case is being pursued by the State Government. The State Govt. will offer suggestions for simplification of the procedure in case their present efforts to finalise the case take unduly long time.

3	Bihar	526.00	96.00	77.50	448.50	Statements of claims in respect of some of the Departments for the years 1957-58 to 1959-60 have already been sent to the A. G. The State Govt. reported in July, 1962 that statements for the remaining Departments were expected to be sent to the A. G. within a few months. Intimation has been received in February, 64 that details in respect of some more Departments have been sent to the A.G., Bihar. The question of evolving some simplified procedure is also stated to be under consideration.
4	Gujarat	35.00	Information not available		35.00	All efforts are being made by the State Government to get and consolidate the figures of Central Assistance for the years 1957-58 to 1960-61. The Secretaries of the Administrative Departments are also being requested to point out the difficulties in finalising the statements. The information is expected to be collected very shortly.
5	Jammu & Kashmir	29.00	Do		29.00	No information has been received from the Government of Jammu & Kashmir.
6	Kerala	444.24	62.33		444.24	State Government reported in June, 1962 that the claim would be finalised in about three months ; but in December, 63 they have stated that the adjustment will have to be made on an <i>ad hoc</i> basis. The formula suggested by them for this purpose is under examination.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
7	Maharashtra	434.24	290.94		434.24	Information in respect of the Departments in so far as the Maharashtra area is concerned has been prepared and it indicates that the entitlement of Maharashtra would be Rs. 290.94 lakhs. Information prior to 1-5-60 pertaining to the area now forming part of Gujarat is yet to be received from the Government of Gujarat. The Government of Gujarat is being expedited in the matter. The Government of Maharashtra do not favour any change in the existing procedure as it is likely to dislocate the work already done.
8	Madras	818.64	322.75		818.64	Figures for the years 1957-58 and 1958-59 sent to the Accountant General Madras. As regards the claims for 1959-60, further particulars are awaited from a few heads of Departments and on their receipt, the figures for this year will be finalised. The Accountant General, Madras has reported that the statement of expenditure submitted to him by the State Government could not be verified by him for want of requisite details. The claim for 1960-61 was kept pending by the State Government as they needed some clarification on the accounting

procedure. The Accountant General, Madras has reported that the clarification sought for by the Madras Government has already been furnished to the State Government in February, 1964.

9	Madhya Pradesh	303.51	189.33	84.40	219.11	Claims for the years 1957-58, 1958-59, and part of 1959-60 and 1960-61 amounting to Rs. 189.33 lakhs have already been sent to the A.G., Madhya Pradesh and A.G. has already verified claims to the extent of Rs. 84.40 lakhs. As regards remaining statements for the years 1959-60 and 1960-61 some details are still awaited by the State Government and will be completed soon.
10	Orissa	196.00	200.49		196.00	State Government reported in May, 1961 that claims for the years 1957-58 to 1960-61, except in respect of a few major heads, had already been sent to the A.G., Orissa. The claims in respect of the other few major heads were furnished in August, 1963. The Accountant General, Orissa has reported that the statement of expenditure submitted to him by the State Government could not be verified by him for want of requisite details. But the excess claimed by the State Government will be paid to them only on receipt of audit certificate of entitlement.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
11	Punjab	61·56	56·60	52·97	8·59	The State Government have already submitted on 23-10-62 their claim for all the years (<i>i.e.</i>) from 1957-58 to 1960-61. Audit have verified and passed an amount of Rs. 52·97 lakhs. Formal Audit certificate is awaited from the Accountant General, Punjab.
12	Rajasthan	303·25	240·95	237·94	65·31	State Government reported in July, 1962 that claims to the extent of Rs. 240·95 lakhs were sent to the A.G. Information in regard to the employees of Local Bodies is being collected and on receipt of this information from various Municipalities, the final figures will be furnished to the A.G., Rajasthan. Meanwhile Audit have verified the claims upto to Rs. 237·94 lakhs.
13	Uttar Pradesh	1488·80	Information not available.		1488·80	The State Government reported in August, 1963 that the matter was under active consideration.
14	West Bengal	204·02	200·09	131·87	72·15	Detailed accounts so far sent to the A.G., West Bengal amount to Rs. 2,00,09,855. Further accounts for Rs. 3,92,145 will be submitted in due course. Claims

to the value of Rs. 131·87 lakhs have been verified by audit already.

15	Mysore	52·99	74·01	74·01	..	Account already settled. As against an 'on Account' payment of Rs. 52·99 lakhs, audited accounts for a sum of Rs. 74·01 lakhs were submitted by the Government of Mysore. The additional amount due to the State Government was found by re-appropriation and paid to the State Government in 1962-63.
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Recommendation

The Committee recommend that in cases where financial assistance is to be given to societies or organisation which result to profit making, it should be in the form of loans and not grants.

[Serial No. 48(iii) of Appendix IV to the 8th Report (Third Lok Sabha)].

ACTION TAKEN

Necessary instructions have been issued to the various Ministries vide this Ministry's O.M. No. 11(24)-E.II(A)/63, dated 13-5-1964 (copy enclosed).

Recommendation

The Committee are also not happy that large amounts of cash were entrusted to low paid employees for disbursement. They would like the Ministry of Finance to examine this matter and issue necessary instructions on the subject so that such cases do not recur.

[Serial No. 60(ii) of Appendix IV to the 8th Report (Third Lok Sabha)].

ACTION TAKEN

Necessary instructions have been issued to the various Ministries, vide this Ministry's O.M. No. 11(24)-E.II(A)R63, dated 20-5-64 (copy enclosed).

No. 11(24)-E.II(A)/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi-2, the 13th May, 1964.

OFFICE MEMORANDUM

SUBJECT:—*Recommendations of the Public Accounts Committee regarding financial assistance to societies or organisations which resort to profit making, made in their Eighth Report (Third Lok Sabha) on Audit Report (Civil), 1962.*

The Public Accounts Committee have brought to notice a case where a substantial grant was given to a Society which resorted to profit making. They have recommended that where financial assistance is to be given to Societies or organisations which resort to profit making, it should be given in the form of loans and not as grants.

2. Government have considered the recommendations of the Public Accounts Committee and are broadly in agreement with the principle underlying it. This will not, however, preclude the payment of grants or assistance to organisations and Societies in accordance with the set pattern or policy of Government even where such organisations and Societies would ultimately make profits on the transactions they are authorised to make. It has accordingly been decided in consultation with the Comptroller and Auditor General of India, that in cases where financial assistance is proposed to be granted to a Society or organisation likely to make profits, the feasibility of giving loans instead of grants-in-aid should be specifically considered by the sanctioning authority in consultation with the Ministry of Finance (Department of Expenditure).

3. The Ministry of Home Affairs, etc. are requested to bring the recommendation to the notice of all authorities subordinate to them.

HOT CHAND,

Under Secretary to the Government of India.

To

All Ministries of the Government of India etc., etc.

(As per standard endorsement).

No. F. 11(24)-E.II(A)/63

Copy to all officers and Branches of the Expenditure Divisions with the request that the above recommendations may be kept in view while scrutinising proposals for sanctioning grants-in-aid to the various Societies, Organisations etc., received from the administrative Ministry/Administrators of Union Territories etc.

HOT CHAND,

Under Secretary to the Government of India.

No. F. 11(24)-E.II(A)/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi-2, the 20th May, 1964

OFFICE MEMORANDUM

SUBJECT:—Recommendations of the Public Accounts Committee regarding handling of cash by low paid employees, made in their Eighth Report (3rd Lok Sabha) on Audit Report (Civil), 1962.

The Public Accounts Committee have brought to notice certain features of a case where due to the defective maintenance of accounts, substantial amounts of undisbursed pay and allowances were not refunded into the Treasury, as required under Rule 283(2) and proviso thereto, of the Central Treasury Rules but were irregularly utilised along with other miscellaneous receipts towards contingent expenditure of the office or for advance for such expenditure. The undisbursed amounts were also utilised for emergencies. Besides, out of the amounts advanced to certain officers for flood and fire relief work, a substantial sum was outstanding against two Lower Division Clerks and no mention of these advances was made in the certificate of physical verification of cash.

2. The Public Accounts Committee have, in this connection, observed as follows:—

“The Committee are also not happy that large amounts of cash were entrusted to low paid employees for disbursement. They would like the Ministry of Finance to examine the matter and issue necessary instructions on the subject so that such cases do not recur”.

3. In this case, the irregularities occurred due to the non-observance by the administrative authority concerned of the rules existing on the subject. The various Rules, which were infringed, are:—

- (a) Rule 7(1) of the Central Treasury Rules which prescribes *inter-alia* that moneys received as revenues of the Government shall not be appropriated to meet the departmental expenditure nor otherwise kept apart from the Public Accounts of the Central Government.
- (b) The provisions contained in sub-rule (2) of Rule 283 of the Central Treasury Rules read with the proviso thereto which provide for the refund of undisbursed pay and allowances and for the circumstances in which such amounts could be retained.
- (c) The requirements of Rule 270 of the General Financial Rules regarding furnishing of security of adequate amount by persons handling cash or stores.

4. The necessity for observing scrupulously the existing rules and instructions in this regard cannot be over-emphasised and adequate departmental action should be taken for the non-observance of the financial rules and regulations. Particular care should be taken in

respect of personnel entrusted with the handling of cash or stores, etc., stress being laid on the following principles:—

- (i) The Government employees entrusted with cash and stores should be required to furnish adequate securities required under rule 270 of the General Financial Rules, 1963.
- (ii) It should be ensured that the undisbursed cash in the custody of a particular Government servant, at any time, is not disproportionate to the amount of his security.
- (iii) It should also be ensured that the Government employees, who are entrusted with handling of cash, are conversant with the rules on the subject, namely the Central Treasury Rules, the General Financial Rules, 1963, etc.
- (iv) It should be made incumbent on all the Heads of Offices to ensure that the provisions of the General Financial Rules and the Central Treasury Rules and other departmental regulations in regard to handling of cash, refund of undisbursed pay and allowances, prompt accounting of advances paid to subordinate officials etc, avoiding irregular utilisation of departmental receipts for departmental expenditure etc. are scrupulously observed in all cases.

Under Secretary to the Government of India.

To

All Ministries of the Government of India etc.

(as per standard endorsement)

Sixteenth Report (Third Lok Sabha)

Recommendation

The Committee regret to find that in spite of their observations and recommendations the position had not improved as notes from most of the Ministries were received after the prescribed time-limit was over, in some cases several months later. The Committee hardly need emphasise once again that delay in the submission of these notes by the Ministries hold up the presentation of the Report of the Committee to Parliament with the result that the process of the regularisation of the excess is further delayed.

[Serial No. 1 of Appendix XV to the 16th Report (Third Lok Sabha)].

ACTION TAKEN

The recommendation of the Committee has been brought to the notice of the Ministries vide O.M. No. F.14(3)-E(Coord)/64-I, dated the 19th October, 1964.

Recommendation

The Committee feel that with greater degree of precision in estimating and better control over progress of expenditure and prompt reconciliation of the departmental figures of expenditure with those of the Accounts Offices, better results could be achieved. They hope that Ministries will take suitable steps towards this end.

[Serial No. 2 of Appendix XV to the 16th Report (Third Lok Sabha)].

ACTION TAKEN

The recommendation of the Committee has been circulated to the various Ministries along with necessary instructions (vide O.M. No. F.14(3)-E(Coord)/64-I, dated the 19th October, 1964.

Recommendation

The Committee would like the Ministry of Finance to enjoin upon the administrative Ministries the necessity of strictly following the instructions issued by them for making provisions to meet the payments of awards, decrees, etc.

[S. No. 3 of Appendix XV to the Sixteenth Report (Third Lok Sabha)].

ACTION TAKEN

Necessary instructions have been issued vide this Ministry's O.M. No. F.8(3)-B/64, dated 15-6-1964.

Recommendation

The Committee are surprised that the Ministry should have issued instructions regarding postponement of payment of all the pending bills to the next financial year, although they must have been aware of the provisions in the Financial Rules and of the Recommendation of the P.A.C. contained in para 6 (vi) of their Forty-First Report (Second Lok Sabha) that postponement of expenditure on the plea of lack of funds is objectionable and vitiates effective parliamentary control. The Committee trust that strict instructions will be issued to avoid a contravention of the financial rules in future.

[S. No. 6 of Appendix XV to the Sixteenth Report (Third Lok Sabha)].

ACTION TAKEN

The matter is under consideration.

Recommendation

It appears that there is some lacuna in the prescribed procedure with regard to exchange on remittance transactions. The Committee are informed that the Ministry of Finance propose to review the present procedure in consultation with the Comptroller and Auditor General with a view to ensuring that such uncovered excesses do not recur. The Committee would like to be informed about the steps proposed to be taken as a result of this review.

[S. No. 7 of Appendix XV to the Sixteenth Report (Third Lok Sabha)].

ACTION TAKEN

The matter is under consideration.

Recommendation

The Committee do not feel happy to find that the Ministries had not been doing reconciliation work in this respect properly as provided in the rules. They would suggest the Ministry of Finance to look into such matters where a number of Ministries have to deal with a particular item of work and take suitable steps to ensure that they perform their duties properly. Where necessary, such items of work should be concentrated in a single Ministry; alternatively there should be a coordinating authority to keep a watch over such matters.

[Serial No. 8(c) of Appendix XV to the Sixteenth Report (Third Lok Sabha)]

ACTION TAKEN

The recommendation of the Committee has been brought to the notice of the Ministries along with necessary instructions.

[Vide O.M. No. F.14(3)-E(Coord 64-I, dated the 19th October, 1964).

Recommendation

The Committee regret to note the lack of coordination amongst the various authorities in the matter of adjustment of debits pertaining to expenditure incurred by Defence Estimates on J. K. Militia and of old debts pertaining to the cost of air lifts provided by I.A.F. to the Police Battalion personnel. They would like the Ministry of Finance to issue suitable instructions to Ministries in consultation with the Comptroller and Auditor-General, to avoid recurrence of such cases.

[Serial No. 9 of Appendix XV to the Sixteenth Report (Third Lok Sabha)].

ACTION TAKEN

Necessary instructions have been issued to the Ministries in consultation with the Comptroller and Auditor General of India.

[Vide O.M. No. F.18(16)-E.G.I. (B)/64 dated the 28th August, 1964 (Copy enclosed)].

No. F. 18(16)-E.G.I.(B)/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

Estt. (Coord.) Branch

New Delhi, the 28th August, 1964.

SUBJECT:—16th Report of the Public Accounts Committee (Third Lok Sabha).

The undersigned is directed to invite a reference to the under-mentioned observations of the Public Accounts Committee at Serial No. 9 [Para 7(vi)] of Appendix XV to their 16th Report (Third Lok Sabha):

Observations

"The Committee regret to note the lack of co-ordination amongst the various authorities in the matter of adjustment of debits pertaining to expenditure incurred by Defence Estimates on J.K. Militia and of old debits pertaining to the cost of air-lifts provided by the I.A.F. to the Police Battalion personnel. They would like the Ministry of Finance to issue suitable instructions to Ministries in consultation with the Comptroller and Auditor General, to avoid recurrence of such cases."

2. The full facts relating to this observation are contained in para 7(vi) and Appendix VII to this Report. The observations were made with reference to excess in a Grant resulting from a book adjustment made without following strictly the instructions existing on the subject. Failure on the part of one department to inform another, sufficiently in advance, about the particulars of debits being raised resulted in the omission to make provisions in the budget necessary to cover the debits. The procedure prescribed in the Comptroller and Auditor General's letter No. 542-Admn.II/89—58, dated 11-3-1958 (copy enclosed) was also not observed strictly in this case.

3. The observations of the Committee are brought to the notice of the Ministries with the request that recurrence of such cases should be avoided and that instructions issued in this behalf should be observed strictly.

4. The Comptroller and Auditor General has also issued necessary instructions in this connection, to his subordinate offices.

vide his letter No. 959-T-Admn.II/201-64, dated 11-6-1964 (Copy enclosed).

Deputy Secretary to the Government of India.

To

All Ministries/Departments/Comptroller and Auditor General.
Copy forwarded to:—

- (i) All Expenditure Divisions.
- (ii) Department of E.A. (Budget Division)/Department of Revenue and Company Law/Department of Co-ordination.
- (iii) Lok Sabha Secretariat (P.A.C. Branch).

COPY OF LETTER No. 959-T-ADMN. II/201-64, DATED 11-6-1964 FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA TO ALL ACCOUNTANTS GENERAL AND OFFICES SUBORDINATE TO THEM.

SUBJECT:—*Procedure regarding control of expenditure incurred by one department on behalf of another in respect of supplies and services and adjustment of debits therefor.*

I am directed to invite a reference to the Observation/recommendation made by the Public Accounts Committee against serial No. 9 of Appendix XV of their 16th Report (Third Lok Sabha). The Committee has observed that there is a lack of co-ordination amongst the various authorities in the matter of inter-departmental and inter-Governmental adjustments of debits which has resulted in excess in a particular Grant and has desired that the Ministry of Finance should issue suitable instructions to avoid recurrence of such cases. The Ministry of Finance are issuing necessary instructions to the Ministries and Departmental officers. It was noticed that the irregularities as pointed out by the Public Accounts Committee in para 7(vi) and Appendix VII of the said Report had occurred partly due to non-observance of the procedure laid down in this office circular letter No. 542-Admn. II/89-58, dated the 11th March, 1958 (copy enclosed for ready reference). It is requested that the instructions issued in this office letter dated 11th March, 1958 referred to above are strictly observed in future.

COPY OF LETTER No. 542-Admn. II/89-58, DATED 11TH MARCH, 1958
FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA,
NEW DELHI TO ALL ACCOUNTANTS GENERAL AND COMPTROLLER ETC. AND
COPY TO THE GOVERNMENT OF INDIA, MINISTRY OF FINANCE ETC., ETC.

SUBJECT:—*Procedure regarding control of expenditure incurred by one department on behalf of another in respect of supplies and services and adjustment of debits therefor.*

I am to state that this office had had under consideration the question of effective control over-expenditure incurred by one Government/Department on behalf of another, which is adjusted through book transfers.

2. A large and important category of such transactions relates to stores purchased through the Director General, Supplies and Disposals, High Commissioner for India in United Kingdom, India Supply Mission, Washington or the Indian Embassies elsewhere. The present position is that in all such cases, the officer against whose allotment of funds the payment is debited, gets the earliest intimation of it only through his Accounts Officer after the monthly account in which the debit is included, has been closed.

3. Another category is book adjustments in respect of cost of services rendered or supplies made by other Governments and also by other Departments of the same Government where under the directions in Chapter 4—Account Code, Volume I, inter-departmental adjustment is permitted. In such cases, when debits are received supported by the acceptance on invoices, the Accountant General adjusts them without any further reference to the Departmental Officer. Where, however, a debit is not supported by a record of acceptance by an officer of the department concerned, the Accountant General is required [para 5(3), Annexure B to Chapter 5—General Financial Rules, Volume I] to obtain the concurrence of the department concerned before accepting and adjusting it.

4. With a view to provide a second line of defence against lapses in proper and efficient control of expenditure, it has been decided that the Accountant General should send intimation of adjustments of debits received from or demands made by other Accounts Officers to the departmental officer concerned as soon as any such adjustment is made or the demand is accepted for payment, instead of doing it after the closing of the month's accounts as at present.

5. In the case of purchase of stores, arrangements are also being made with the Central Government that instructions are issued to the paying authorities both in India and abroad that they should send automatically, in every case, an intimation to the indenting

officer as soon as a payment is made on his behalf, independently of any action with the Accounts Officer for adjustment of the transactions.

Recommendation

Subject to the observations made in para 7 of the Report, the Committee recommend regularization of the excesses referred to in para 4.

[S. No. 12 of Appendix XV to the Sixteenth Report (Third Lok Sabha)].

ACTION TAKEN

Necessary action has been taken to get the excesses regularised.

Twentieth Report (Third Lok Sabha)

Recommendation

The Committee note that factual statement in the Audit Report in regard to cash balances held in the Mission-Djakarta has been contested by the Ministry in evidence. The Committee have pointed out in the past that in order that they may come to proper conclusions, the Ministries should furnish full facts to Audit so that a complete picture is available to the Committee as regards facts. They hope that due care will henceforth be taken in this regard.

[Serial No. 2(i) of Appendix XVI to the Twentieth Report (Third Lok Sabha)].

ACTION TAKEN

The recommendation of the Committee has been brought to the notice of all the Ministries for information/guidance.

[Vide O.M. No. F. 18(32)-E.G.I./64(I), dated 11-5-64]

Recommendation

The Committee take a serious view of the fact that in contravention of the rules, no report was made to Audit in regard to pilferages and falsification of accounts. Expert audit scrutiny was obviously necessary as soon as suspicions were raised. The Committee desire that the Ministry of Finance should take due notice of this and prevent recurrence of such instances.

[Serial No. 38(i) of Appendix XVI to the Twentieth Report (Third Lok Sabha)].

ACTION TAKEN

The recommendation of the Committee has been brought to the notice of all the Ministries for information/guidance.

[Vide O.M. No. F. 18(32)-E.G.I./64 (I), dated 11-5-1964].

Recommendation

The Committee consider it extremely unfortunate that even though the terms and conditions of the grant to the Children's Film Society were subsequently liberalised, the important suggestion made originally by the Ministry of Finance that the position might be reviewed at the end of the Third year in the light of the experience gained and results achieved was not implemented. The Committee consider this a serious lapse on the part of the Ministry. Had this suggestion been implemented many of the irregularities committed by the Children's Film Society would have come to light much earlier and effective remedial action could have been taken.

Grants were being released during the long period of seven years without any serious attempt to enforce the normal checks envisaged in the financial rules on the plea that it was for the Members of the Society to see to its proper functioning. The Committee were surprised to be informed in this connection that no replies were received by Audit to the points raised in the Inspection Reports on the accounts of the Society successively for the four years 1955-56 to 1958-59. It was explained by the Ministry that the draft replies sent by the Society to the Ministry were not found satisfactory and, therefore, they could not be forwarded to Audit. If so, the Committee feel that there was case for Government to withhold releasing of further grants till they satisfied themselves about the proper functioning of the Society. The Committee feel concerned at the scant regard shown year after year to the objections raised in the Audit Inspection Reports and the belated discovery by the Ministry that the functioning of the Society was "absolutely topsy turvey". In this connection attention is invited to para 38 of the First Report of P.A.C. (1951-52) regarding expeditious disposal of audit objections".

[Serial No. 46 of Appendix XVI to the Twentieth Report (Third Lok Sabha)].

ACTION TAKEN

The recommendation of the Committee has been brought to the notice of all the Ministries for information/guidance.

[Vide O.M. No. F. 18(32)-EG/64 (I), dated 11th May, 1964.]

*Twenty-third Report (Third Lok Sabha)***Recommendation**

The Committee regret to note that as a result of the interpretation given by the Company Law Administration to the provisions of Act relating to Branch Auditors, Government Companies are appointing their own Officers as Branch Auditors. This in the opinion of the Committee is not a healthy practice. It is obvious that the comments of the Branch Auditors who are officers of the Company cannot be as objective and independent and would not receive the same weight as the comments of independent Auditors appointed on the advice of the Comptroller & Auditor General. The Committee desire that this matter should be reviewed and the present practice of appointing Branch Auditors for Government Companies in the manner described should be discontinued. In the opinion of the Committee, the Branch Auditors should also be appointed on the advice of the Comptroller and Auditor General in the same manner as that of the Auditors for the Head Office.

[S. No. 82 of para No. 91 (Appendix III)].

ACTION TAKEN

The undersigned is directed to refer to the above mentioned report of the Public Accounts Committee and to say that though there is a difference of opinion regarding the interpretation of the provisions of the Companies Act, 1956 in regard to the appointment of branch auditors of Government companies, it has now been agreed to by the Comptroller and Auditor General of India that so long as it is ensured that Government companies do not appoint branch auditors for the branches which are audited by auditors appointed either under the directive issued by the Comptroller and Auditor General of India or under the orders of the Central Government appointing auditors of the company on the advice of the Comptroller and Auditor General of India, the Comptroller and Auditor General would not see any objection to Government companies appointing their own branch auditors for other branches. The Comptroller and Auditor General of India has also agreed that he would issue necessary directives to the auditors appointed in consultation with him indicating the branches or their number which should be audited by them. The Company Law Board proposes to inform the Government companies through the Ministries concerned that for such branches as are actually audited by the statutory auditors or auditors appointed by the Central Government in consultation with the Comptroller and Auditor General of India, no branch auditor need or should be appointed by them. With regard

to the other branches which are not so audited, it would be up to the Government companies to make such arrangements for their audit as they consider necessary.

2. It may be added in this connection that under Section 228 of the Companies Act, branch auditors are also required to be persons qualified for appointment as statutory auditors of the company.

3. The above reply issues in consultation with the Comptroller and Auditor General of India and with the approval of the Special Secretary and Chairman of the Company Law Board.

Secretary to the Company Law Board.

[O.M. No. 15/22/64 IGC, dated 1-12-1964].

Twenty-fifth Report (Third Lok Sabha)

Recommendation

While the Committee appreciate that the annual estimates have to be framed keeping in view the Plan targets, they feel that there is all the more reason, to see that the estimates include provision for such schemes only as are mature enough to be taken up for execution and that the administrative machinery is fully geared up to achieve the targets. The estimates must also taken into consideration the difficulties that are likely to be encountered in execution. Large savings clearly show that there is failure to spend usefully the funds to the extent anticipated. The Committee especially feel concerned to note the increase in the percentage of savings from 6.7 per cent (Rs. 500 crores) in 1960-61 to 11.9 per cent (Rs. 888 crores) in 1961-62. Such a situation calls for the need for better budgeting particularly in the matter of avoiding provision for immature schemes and for greater drive to achieve the Plan targets without overlooking the need for economy and financial regularity

[Serial No. 1 of Appendix I to the 25th Report of the P.A.C. (Third Lok Sabha)].

ACTION TAKEN

The recommendation of the Committee has been brought to the notice of all the Ministries for information/guidance.

[Vide O.M. No. F. 18(53)-E.G.I./64-I, dated 5-6-1964].

Recommendation

In para 6 of their Eighth Report (Third Lok Sabha), the Committee had expressed concern over the continuance of savings in the

schemes executed by the State Governments and had desired that the system should be reviewed with a view to providing for realistic estimates in this behalf in the budget placed before the Parliament. The Committee desire that this matter should be examined in consultation with the Planning Commission and the States and steps taken to remedy the present position under which the States fail to utilise the provision made for development schemes in the Central budget.

[S. No. 2, Para 6 of Twenty-fifth Report—Third Lok Sabha].

ACTION TAKEN

The matter is under examination.

Recommendation

The Committee suggest that before including various schemes in the budget, the availability of foreign exchange for the purpose should be ascertained in consultation with the Ministry of Finance well in advance. Where the availability of foreign exchange for schemes was doubtful, only a small provision should be included in the original budget and supplementary grant obtained as and when the foreign exchange becomes available.

[Serial No. 6 of Appendix I to the 25th Report of the P.A.C. (3rd Lok Sabha)].

ACTION TAKEN

Attention in this connection is invited to a similar recommendation of the Public Accounts Committee in para 13(e) of their 42nd Report (2nd Lok Sabha). With reference to that recommendation it was decided that:—

“in the case of schemes involving a foreign exchange content of over Rs. 1 lakh, budget provision should be accepted by the Expenditure Department only after reference to the E.A. Department. The E.A. Department would deal with the cases as expeditiously as possible and give them advice. Schemes for which foreign exchange has been specifically earmarked, need not be referred to the E.A. Department.”

This decision was also circulated to the various Ministries with reference to a similar recommendation of the Public Accounts Committee at Serial No. 6 of Appendix IV to their 8th Report (3rd Lok Sabha).

Recommendation

The Committee are surprised how the Finance Ministry agreed with the view that funds could be provided for the purchase of assets of the Jaipur Mining Corporation without obtaining the specific approval of Parliament for the expenditure. The Committee note that the funds provided by re-appropriation in 1961-62 had remained unutilised. Also, no specific provision for the expenditure was made in the budget for 1962-63 and thus the opportunity for obtaining the specific approval of Parliament was not availed of. Since the purchase of the assets of the Corporation involved expenditure on a 'new service' in 1962-63 the Committee feel that this require regularisation by Parliament, ex post facto. In para 82 of their 42nd Report (Second Lok Sabha), the Committee had discussed the manner of regularisation of expenditure on a 'new service' which may be disclosed after the end of the financial year. The Committee had expressed the opinion that as in the pre-Constitution days, such cases could be brought before Parliament for approval, without violating any of the provisions of the Constitution, by moving a resolution in appropriate terms and getting its approval ex post facto to the money spent on such items. The Committee regret to point out that the comments of Government on this recommendation have not yet been furnished to them. The Committee would like to urge on Government to expedite their decision in this behalf and take necessary action in the present case.

(S. No. 8 of Appendix 1 to 25th Report—Third Lok Sabha).

ACTION TAKEN

The undersigned is directed to invite a reference to the recommendation made in Para 82 of the Forty-second Report of the Public Accounts Committee (Second Lok Sabha) regarding the regularisation of expenditure incurred on a "new service" which was not covered by valid appropriation of funds but which did not result in an excess over the grant or appropriation as a whole.

2. The recommendation of the Committee has been considered in consultation with the Ministry of Law and the opinion of the Attorney-General has also been obtained. A copy each of the Statement of the case for the opinion of the Attorney-General and the Counsel's opinion of 17th February, 1964 is enclosed.

3. The present Attorney-General has concurred with the view expressed by his predecessor on 17th May, 1958 that having regard to the express prohibition in Article 114(3) of the Constitution, and this prohibition also applies equally to Articles 115 and 116, the expenditure incurred on a "new service", which is not covered by a

valid appropriation but which does not cause an excess over the grant cannot be regularised by means of a Parliamentary Resolution, as contemplated by the Committee. The Attorney-General has also observed that the legislative function of permitting or validating expenditure from the Consolidated Fund of India can be performed only by following the procedure laid down in Articles 112 to 116 of the Constitution and not in any other manner, such as by a Resolution of the Parliament; nor can a Parliamentary Resolution condone the illegality and validate irregular expenditure. The Attorney-General has also explained why the pre-Constitution procedure to which the Committee have referred, cannot be followed.

4. In view of the constitutional position explained above, and pending the amendment of the Constitution for providing expressly for the regularisation of such technical excesses, by appropriation by law, the object that the Committee have in view would perhaps be served by bringing such instances specifically to the notice of the Parliament in their Reports.

5. This Note has been seen by the Comptroller and Auditor-General of India.

Joint Secretary to the Government of India.

The Chairman &

Members of Public Accounts Committee.

(O.M. No. F. 2(51)—B/56 dt. 5th May, 1965).

Statement of Case for the Opinion of the Attorney-General of India

In the year 1958 Attorney-General considered the question whether an amount spent out of the Consolidated Fund of India or of a State in a particular year on a "new service", for which no grant was voted by the Legislature for that year and which came to notice in a later year, could be regularised by the Legislature and, if so, in what manner. Learned Counsel, in his opinion dated 17th May, 1958, expressed the view that having regard to the express prohibitions in articles 114(3) and 266(3) of the Constitution, it is necessary that there should exist some Constitutional provision under which the authorised expenditure could be approved by the Legislature. He also added that the practice prevailing in India prior to the Constitution was not relevant to the matter. According to learned Counsel on a proper construction of articles 115(1)(b) and 116(1)(c) as well as the corresponding provisions relating to the States, it is difficult to say that the Legislature can be asked to

approve the unauthorised expenditure on a new service acting under these provisions. He, however, considered that if it was desired to approach the Legislature in order to regularise the expenditure, the only possible method is by putting a strained construction on the language of articles 116(1)(c) and 206(1)(c) of the Constitution.

2. The Public Accounts Committee was duly apprised of the learned Counsel's opinion as aforesaid. In para 82 of its Forty-second Report the Committee observes as under:—

“The Committee are of the opinion that as in the pre-Constitution days, such cases can be brought before Parliament for approval, without violating any of the provisions of the Constitution, by moving a resolution in appropriate terms and getting its approval *ex-post-facto* to the money spent on such items. However, in cases where by incurring such expenditure, the amount authorised by Parliament for a particular demand (Service) for that year has been exceeded the provisions of Article 115(1)(b) of the Constitution will be attracted, and the excess will have to be regularised under those provisions.”

The question to be considered is whether the Committee's recommendation regarding the moving of a resolution for the purpose referred to above can be given effect to under the Constitution.

3. Articles 114(3) and 204(3) of the Constitution provide that no money shall be withdrawn from the Consolidated Fund of India or the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of these articles. Article 266(3) containing similar provisions provides that no moneys out of the Consolidated Fund of India or the Consolidated Fund of a State shall be appropriated except in accordance with law and for the purposes and in the manner provided in the Constitution. Further, articles 115(1)(a) and 205(1)(a) provide that when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the annual financial statement for that year, the President or the Government shall cause to be laid before Parliament or the State Legislature, as the case may be, another statement showing the estimated amount of that expenditure. As provided by articles 115(2) and 205(2) the procedure for voting the supplementary demands relating to such new services and passing the connected Appropriation Bills is similar to the one applicable in relation to the annual financial

statement. Thus, expenditure on a new service cannot be incurred *ab initio* without an appropriation law passed by Parliament, or the State Legislature, as the case may be. But, if by inadvertance or otherwise, such an expenditure is incurred without being covered by an Appropriation Act, it appears that it is not open to Parliament or the State Legislature to regularise such expenditure by passing a formal resolution for the purpose. Such a course might virtually imply that Parliament or the Legislature has thereby become a party to the Constitutional irregularity of having incurred the expenditure without the sanctity of Appropriation law. The passing of an Appropriation Act by Parliament or the State Legislature is essentially a legislative function to be performed by it in the prescribed manner by debating the proposed law in the form of an Appropriation Bill which would go through all its stages in the manner required by the Constitution, including articles 114 and 204 thereof. That manner of exercising the essential legislative function cannot be substituted by adopting a summary method of a resolution passed by Parliament or the State Legislature.

4. The Public Accounts Committee refers to the practice in the pre-Constitution days. It may be noted that neither the Government of India Act, 1919 nor the Government of India Act, 1935 made any specific provision for regularisation of expenditure in excess of the grants, nor did they contain any restrictive provisions like those in articles 114(3), 204(3) and 266(3) of the Constitution. Provision for this purpose was made only through Rule 49 of the former Indian Legislative Rules (which corresponds to the provisions of articles 115(1)(b) of the Constitution). In 1930-31 when a question arose for the regularisation of expenditure on a new service, the Public Accounts Committee did not consider it worthwhile to seek an amendment of the rule, but suggested that it would be enough if the Resolution for taking into consideration the Report of the Committee is expanded so as to include that the Assembly approves the said expenditure. This view seems to have been taken by giving a liberal construction to the said rule.

5. The position after the commencement of the Constitution is really different. The expenditure from the Consolidated Fund of India or the Consolidated Fund of the State is expressly required to be covered by appropriation law made under articles 114(3) and 204(3) read with article 266(3) of the Constitution. Further the report of the Public Accounts Committee is no longer being taken into consideration by moving a formal resolution for the purpose. It may thus be inferred that even assuming that the pre-Constitution procedure of approving the excess expenditure or expenditure

on a new service by a resolution did not contravene the provisions of the Government of India Act, 1935, it does not seem open to Parliament or the State Legislature, in view of the express provisions of the Constitution referred to above, to approve the expenditure from the Consolidated Fund of India or the Consolidated Fund of the State by means of a resolution as contemplated by the Committee.

6. In the circumstances it is considered that the recommendation made by the Public Accounts Committee as aforesaid is not strictly in accordance with the provisions of the Constitution as explained above and cannot, therefore, be given effect to under the Constitution. As the resolution of Parliament has not the efficacy of law, such a resolution cannot serve the purpose of bringing into play the power of Parliament to legislate regarding the withdrawal of money from the Consolidated Fund of India as contemplated by articles 114(3) and 266(3) of the Constitution or even to condone or regularise the omission to cover such expenditure by an appropriate law under the Constitution.

7. Learned Counsel is requested to give his opinion on the following questions, namely:—

- (1) Whether the recommendation made by the Public Accounts Committee as referred to in paragraph 2 above can be given effect to under the Constitution;
- (2) if the answer to the above question be in the negative, whether it is possible to regularise an expenditure of the kind referred to in paragraph 3 above and if so, in what manner; and
- (3) generally.

Joint Secretary and Legal Adviser.

*New Delhi, dated the
25th January, 1964.*

No. AGF/31/64/4787(5).

Re: The manner of regularisation of an amount spent out of the Consolidated Fund of India or a State for which no grant was voted by the Legislature-reference by the PAC.

Opinion

In my opinion, paragraph 82 of the Forty-second Report of the Public Accounts Committee is not correct. The scheme of the rele-

vant articles in the Constitution regarding expenditure from the Consolidated Funds of the Union and the States is that such expenditure can be sanctioned or validated by a law made by Parliament. The permitting or validating such expenditure is a legislative function. The relevant articles for the Union are articles 112 to 116 and for the States articles 202 to 206. Since the two sets of the articles are identical in terms, I need only mention those relating to the Union.

2. In the first part of the Public Accounts Committee's opinion, "such cases" I take to mean cases of the kind referred to in the opinion of the Attorney-General given in 1958, i.e. not being of any of the kinds mentioned in articles 114, 115 and 116. The Attorney General expressed his opinion to the effect that there was no provision in the Constitution for the sanctioning or validating the payment of such items. I agree and adopt his opinion. The fact that such items are not provided for cannot leave them at large to be dealt with in some other manner, e.g. by a Resolution as recommended by the Public Accounts Committee, since the Constitution provides expressly by article 114(3) that "no money shall be withdrawn from the Consolidated Fund except under an appropriation made by law" and that prohibition applies equally to articles 115 and 116. If, therefore, such items are paid out without a previous grant duly approved by law, such payments are illegal and no resolution of the House can render it valid or condone the illegality.

3. In view of the articles of the Constitution above mentioned, the practice, if there was any before the Constitution, to validate payments in some particular manner is irrelevant. The Public Accounts Committee says that the pre-Constitution practice can be followed without violation of the provisions of the Constitution but that cannot be so in view of the express provision in article 114(3) which I have already mentioned. There is only one provision for *ex-post-facto* approval, that is, in article 115(b) which applies only when there is an excess expenditure on a service beyond a grant already made for that service, which is the kind of item covered by the latter part of the relevant paragraph in the Public Accounts Committee's Report.

4. I may add a few words as to the position before the Constitution. Under section 33 of the Government of India Act, the Governor-General had to lay before the Legislature a statement of the estimated receipts and expenditure for the year. This corresponds roughly to article 112. Section 34 of that Act corresponds to article 113. Under section 35, the Governor-General, after the grants were

made by the Legislature, had to authenticate by his signature a schedule specifying the grants made and lay it before the Legislature. There was, however, no Appropriation Bill and no Appropriation Act. Sub-section (3), however, of section 35 provided: "No expenditure from the revenues of the Dominion shall be deemed to be duly authorised, unless it is specified in the Schedule". This was a provision analogous to article 114(3). Section 36 is similar to article 115(1) and provided for a supplementary statement if further expenditure became necessary over and above the authorised expenditure. There was no provision equivalent to article 115(b) or 116. There was thus nothing similar to article 115(b) which provides for ex-post-facto validation by law of excess money spent. There was a rule in the Indian Legislative Rules, being rule 49 which however, corresponded to article 115(1)(b) and it may be stretching the words of that rule that some item of the nature referred to by the Committee may have been sought to be passed. It is unnecessary to consider whether that was properly done or not, having regard to the differences that have been pointed out and in particular, by reason of the express prohibition in the Constitution the cases referred to by the Public Accounts Committee in the first part of the relevant paragraph cannot be dealt with by a Resolution as suggested.

Attorney General for India

New Delhi, dated the 17th February, 1964.

Recommendation

The Committee take a serious note of the disregard of the prescribed procedure by the Supervisory Officers in not exercising proper checks which facilitated loss of confiscated currency notes and other securities amounting to Rs. 10,656. The Committee also regret the abnormal delay in completing the departmental inquiry. They hope that the departmental enquiry will be expedited and suitable punishment awarded to the guilty officer and to those who failed to exercise proper supervision.

(S. No. 11 of Appendix 1 to 25th Report—3rd Lok Sabha).

ACTION TAKEN

Upto December, 1960 when this loss came to light, the procedure for disposal of confiscated currency and other securities was mainly governed by Rule 109 of the Central Government compilation of Treasury Rules relating to the custody of Government money. After

the loss in question came to notice, however, a review was made of the procedures followed till then. Revised instructions with a view to further tightening at the procedures in this regard, have since been laid down (Copy enclosed). Broadly, under the new arrangements custody of confiscated goods, intercepted when imported or exported through the medium of post offices, is to remain with the postal Authorities, until they are ready for disposal. Valuable articles like gold, jewellery, diamonds etc. are however, taken over from the post office immediately upon confiscation. Such articles are separately accounted for and are kept in the custody of (Godown keeper/Cashier) under proper receipt. Currency is further deposited with the Reserve Bank of India. These instructions ought to minimise the instances of similar losses in future.

2. As regards the action taken against the officers *prima-facie* responsible in this case, it may be stated that charge sheets were issued to both the then Principal Appraiser and his Stenographer on 25th April, 1962. They were subsequently placed under suspension with effect from the 17th February, 1964. The Principal Appraiser submitted his defence statement on 17th March, 1964 and his Steno-submitted his defence statement on 1st July, 1964. Though a departmental officer had been appointed as the Inquiry Officer as long back as 11th May, 1962, he could not hold the oral inquiry for want of the defence statements of the officers involved. In June 1964, the Principal Appraiser raised an objection to the appointment of a Departmental Officer as Inquiry Officer, on the grounds that he is not likely to get justice from him. The Central Vigilance Commission were then requested to spare the services of a Commissioner for Departmental Enquiries for the purpose. The order regarding appointment of Commissioner for Departmental Enquiries as Inquiry Officer has in this case was issued on 24th August, 1964. The Inquiry Officer has started the oral inquiry in this case with effect from 9th December, 1964. A close watch is being kept over the progress of the inquiry and it is hoped that the proceedings will be completed early.

Joint Secretary to the Government of India.

COPY

INSTRUCTION NO. 50/61

(Customs)

SUBJECT: Negotiable Instruments—Handling of in the Foreign Post Office, Delhi.

In the case of detention of cheques and other negotiable instruments for the encashment of which time is fixed the Air Sorting

Office and LMA Section of Foreign Post should not issue any letter to the party concerned but should straightaway send the cases to the Penalty Section of Foreign Post. All the particulars i.e. number and date of the negotiable instrument should be given in the report. The value of such instruments should also be given in Indian Currency. Such cases should be clearly marked at the top "for immediate action" by Penalty Section. At the top of the first report, date of expiry of the negotiable instrument should also be shown prominently with Red Ink. The Air Sorting Section should also maintain a register to watch the progress of the cases and should submit a fortnightly report to the Principal Postal Appraiser (I) (By Name) of Foreign Post in regard to the disposal of the case. In the report the expiry date of the pending negotiable instruments should be mentioned.

The Penalty Section should, on receipt of such cases, register them in the offence Register, issue show cause memo to the party after obtaining P.P.A's order and on the outer cover of the file the date of expiry of the negotiable instruments should be recorded with Red Ink. The penalty Section should keep a watch on the receipt of party's reply to the show cause memo. If no reply is received from the party within a period of 14 days, the penalty section should put up the cases for *ex parte* decision. The register for keeping of the movements of files containing negotiable instruments should be put up the cases for *ex parte* decision. The register for keeping of fail.

As soon as orders of confiscation of the negotiable instruments are passed on the file by the Assistant Collector, the Penalty Section should send the file to the Air Sorting Office, L.M.A. Section for taking over and deposit of the same with the Cashier by 4.30 P.M. on the same date such articles are taken over from the postal authorities. The Chief Accounts Officer will thereupon take immediate steps to see that the negotiable instrument is encashed within its validity period.

Collector of Central Excise, Delhi.

August, 1961

C. No. VIII (Headquarters)/9/22/61.

Recommendation

The Committee are sorry to note that there are continued delays in sending the pension cases to Audit Offices. With regard to the

furnishing of particulars for settlement of Provident Fund balances also, the position is not satisfactory as will be observed from the Audit para. The Committee consider it extremely unfair that the retirement dues of Government servants retiring after a long service of 25 or 30 years should be delayed in this fashion. In this connection the Committee would like to refer to their earlier recommendations contained in sub-paras 5 and 6 of para 46 of their 8th Report (Third Lok Sabha). In view of the continuing unsatisfactory position in this regard, the Committee suggest that the Government should appoint a Committee with a Senior Officer of the Comptroller and Auditor General and another Senior Officer of the Ministry of Finance to examine the various problems connected with the settlement of retirement dues and to streamline the entire procedure with a view to ensuring that the retirement dues are paid promptly to avoid any financial hardship to the retiring Government servants.

[Serial No. 13 of Appendix I to the 25th Report (3rd Lok Sabha) 1963-64].

ACTION TAKEN

The problem of expediting the payments of pensions to retired officials has been receiving the continuous attention of the Government for some time past. As a first step the rules governing the payment of pensions and the procedure to be followed were rationalised and consolidated and a "Hand book of Instructions to ensure timely disposal of pension cases" was issued in 1960 for the guidance of the various Ministries and its attached and subordinate offices. This was followed by the review of the results achieved in 1962 when the various Ministries were addressed on the question. While emphasising the need for prompt settlement of pension cases the Ministries were requested to indicate the difficulties experienced by them in the prompt settlement of the pension cases and inviting suggestions for improving the procedures. Then again, the same question was taken up with the Ministries in 1965, who were advised to scrutinise all cases of delay in the preparation of pension papers and to fix responsibility for and punish erring officials where necessary. Copies of the instructions issued during 1962 and 1963 are enclosed. It is hoped that these measures are having the desired effect and that the cases of delays in preparation of pension papers would be reduced considerably, if not completely eliminated.

It may be pointed out that the Public Accounts Committee report relates to the year 1962-63 when it was too early for the full impact of these measures to be felt. As such, it is considered advis-

able to wait for the position in the subsequent years before setting up a Committee as recommended by the Public Accounts Committee.

The A.G.C.R. has been requested to furnish relevant statistics of pension cases sent to Audit during 1963-64 to see whether these reflect any change in position. His reply is awaited.

COPY OF D.O. LETTER No. 2535-PSS/62 DATED THE 4TH AUGUST, 1962
FROM THE SECRETARY, MINISTRY OF FINANCE (DEPARTMENT OF EXPENDITURE) ADDRESSED TO ALL SECRETARIES.

Of late, one of the targets of public criticism of administration has been delays in sanctioning pensions. Even though critics are apt to generalise from stray cases, some of their criticism is not entirely misplaced.

2. The problem has no doubt received the Government's attention. In March 1959, we issued certain instructions which were calculated to facilitate expeditious disposal of pension cases. This was followed by several measures of simplification of rules and procedures. When in 1960, we consulted all Ministries about their working, their replies left us in no doubt that they considered the position to be satisfactory.

3. It was reasonable thereafter, to expect a marked improvement in the disposal of pension cases. But our information goes to show that the problem has not been brought fully under control. In the audit report for 1962, for example, attention has been drawn to the fact that of 1956 pension cases of central government employees during 1960-61, 1163 cases were received after the date of retirement. Of these, 367 were received one year after retirement. Even so, papers in respect of several of them were incomplete. This feature of pension cases has been further confirmed by an analysis of 80 cases, selected at random, made recently by an officer of this Department. Our rules require that pension cases should be initiated at least one year before retirement. In the majority of cases this was not so. The delay was further accentuated by incomplete documents.

4. The conclusions suggested by this analysis are obvious. If there are any difficulties in following the instructions and rules and procedures, we would very much like to know what these are to see how best they may be resolved.

5. I find that some cases were delayed due to indifference or reluctance on the part of retiring persons to put in their applications in time. I suggest that Ministries should treat this as an obligatory

function of persons approaching superannuation, which should be performed as a matter of administrative discipline.

6. If your investigation of the problem in your department and other offices suggests the need for an orientation of the personnel handling pension cases or for visits of inspection and advice by experienced officers, I shall be glad to organise both.

Immediate

No. F. 18(11)-EV(C)/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 24th September, 1963.

OFFICE MEMORANDUM

SUBJECT:—*Delays in the disposal of pension cases—Report of the Public Accounts Committee (3rd Lok Sabha).*

The Public Accounts Committee (3rd Lok Sabha), 1962-63, have felt deeply concerned over delays in finalisation of pension cases. They have observed that the delays are mainly attributable to non-submission of papers to Audit in time, incomplete records and protracted correspondence for securing clarifications.

2. The instructions issued in the matter by this Ministry clearly provide that steps to prepare pension papers of retiring officers should be taken twelve to eighteen months before the anticipated date of retirement of the concerned officer. The rules (Article 912 and 917 CSRs) also provide that the pension papers duly completed should reach the Audit Officer before the actual retirement of the officer. In actual practice, in a number of cases it has been found that the administrative Ministries have been forwarding pension papers to Audit long after the retirement of the officers, resulting in considerable hardship and privation to the retired officers.

3. The delay in settlement of pension claims has been a subject of severe criticism both in public and the Press. The Public Accounts Committee have emphasised the need for maintaining service documents of officers up-to-date so as to avoid difficulties at the time of retirement and have suggested that serious notice should be taken of the disregard of instructions issued by this Ministry in the matter of expeditious settlement of pension cases.

The Ministry of Home Affairs etc. are accordingly requested to impress upon the authorities under them dealing with pension cases the need for expeditious settlement of pension cases and to ensure that the instructions issued by this Ministry from time to time about the expeditious settlement of pension cases are scrupulously followed. Responsibility should also be fixed wherever delays happen as a result of obvious non-compliance with rules.

Joint Secretary to the Government of India.

To

•
All Ministries of the Government of India.

*Joint Secretaries by name.

No. F. 18(11)-EV(C)/63

1. Copy forwarded to Comptroller and Auditor General for information and necessary action.

2. Copy also forwarded to:—

- (i) The Lok Sabha Secretariat, and
- (ii) E.G.I. Branch, Ministry of Finance with reference to U.O.

No. 18(12)-EGI(B)/63 dated the 6th August, 1963.

By order, etc.

Under Secretary to the Government of India.

Recommendation

The Committee have in their previous Reports emphasised the need for prompt clearance of outstanding audit objections and inspection reports. They regret to find that the position in respect of some Ministries continues to be unsatisfactory. Determined efforts are, therefore, called for to dispose of old objections and avoid their accumulation in future. The Committee note that orders were issued by Government in 1957 that the Ministries should designate a Senior Officer to deal with audit objections with a view to ensuring their prompt disposal. The Committee desire that such of the Ministries as have not designated a special officer for the purpose should soon take necessary action in the matter. The Committee also suggest that a procedure should be laid down to pick up for disposal more impor-

tant objections which call for early settlement and which might otherwise involve possible loss to Government.

[Sl. No. 25 of Appendix I to the 25th Report (3rd Lok Sabha)].

ACTION TAKEN

The Committee's observations above have been brought to the notice of all Ministries. They have been advised to take early action for designating a special officer for dealing with audit objections if they have not already done so and to intimate to the Finance Ministry the names of officers so designated for this work, vide Department of Expenditure O.M. No. F. 18(64)-EGI/64, dated the 13th August, 1964 (Copy enclosed) which has been issued after consultation with the Comptroller & Auditor General.

For dealing with the more important objections promptly, a suitable procedure already exists vide Secretary (R & E)'s D.O. letter No. 26/SF/55, dated 6th January, 1955 addressed to all Secretaries to the Government of India (relevant extract from which is given below):—

"Irregularities of serious nature such as defalcation, culpable negligence etc. should be reported by the Accountant General concerned as soon as they are discovered, to the Secretary of the Ministry by name. The latter should give urgent attention to the rectification of the defect or remedial action to be taken and inform the Accountant General, as quickly as possible, of the action Government are taking or propose to take."

The same letter also contemplates that other important objections which are likely to find a place in the Audit Report will be discussed between an officer of D.A.G.'s rank and above on the audit side and Deputy Secretary's rank on the executive side. The attention of the administrative Ministries has been invited to this letter and they have also been requested to follow the procedure laid down therein in regard to the more important objections (Vide O.M. dated 13-8-1964 mentioned above).

The existing orders also stipulate that the administrative Ministries should bestow special care in respect of such objections as involve the possibility of recurring loss unless quick remedial action is taken.

Twenty-sixth Report (Third Lok Sabha)**Recommendation**

While the committee are glad to observe that there had been some improvement in the furnishing of the statements by the various Ministries pursuant to the recommendations of the Committee, they still find that in a number of cases, these statements are over due for more than 1 year. The Committee trust that the Ministries will pay greater attention to this matter and expedite the submission of these notes within the time prescribed by them.

[Sl. No. 1 of Appendix II to the 26th Report (3rd Lok Sabha)].

ACTION TAKEN

Noted. A similar recommendation made in Sr. No. 1 of Appendix XV to the 12th Report of the Public Accounts Committee (Third Lok Sabha) was brought to the notice of all the Ministries for information/guidance last year.

[Vide O.M. No. F. 18(17)-E.G.I.(B) 63, dated 18-7-1963].

Recommendation

As regards notes statements furnished by the Ministries pursuant to recommendations of the Committee contained in their Reports of 2nd Lok Sabha (Appendix II to 12th Report), relating to Civil Accounts and Part III of Eleventh Report (3rd Lok Sabha) relating to Defence Services Accounts comments in selected cases have been detailed in this Report; the Committee do not wish to make any comments on the remaining items. These notes have not been appended to the Report. The Committee, however, trust that necessary action will continue to be taken on these cases in the light of their observations recommendations made earlier.

[Sl. No. 2 of Appendix II to the 26th Report (3rd Lok Sabha)]

ACTION TAKEN

Noted.

Recommendation

The Committee would like to emphasise again that the representatives of the Ministries and Departments appearing before the Committee should come fully posted with facts and furnish accurate information to the Committee. They would also invite attention in this connection to para 15 of this Report.

[Sl. No. 8 of Appendix II to the 26th Report (3rd Lok Sabha)].

ACTION TAKEN

Noted. A similar recommendation of the Committee made in Sr. No. 34 (ii) of Appendix VIII to the 14th Report (Third Lok Sabha) has only recently been brought to the notice of all the Ministries for information/guidance.

[Vide O.M. No. 18(25)-EGI(B)/63, dated 17-3-1964].

Recommendation

The Committee (1962-63) had recommended that in cases where financial assistance is given to Societies or Organisations which resort to profit making, it should be in the form of loans and not grants. The Committee have not yet been informed of the final decision taken in this regard. They desire that this should now be expedited.

[Sl. No. 11 of Appendix II to the 26th Report (3rd Lok Sabha)].

ACTION TAKEN

Attention in this connection is invited to this Ministry's O.M. No. F. 18(12)-EGI(B)/63, dated 4th June, 1964 addressed to Lok Sabha Secretariat in which the final reply in respect of the recommendation at Serial No. 48 (iii) of Appendix IV to the 8th Report (3rd Lok Sabha) has already been furnished.

Recommendation

The Committee also consider that in future, where Government Departments or statutory corporations take up, on rent, land, etc. leased earlier by Government to outside parties, the rent payable and the dates on which they should be paid should be settled in consultation with the Ministry which originally leased out the land to the outside parties concerned. [In this connection, the Committee would invite a reference to another case of this kind reported in paragraph 24 of their Eighteenth Report (Third Lok Sabha) in which they have commented upon the irregular financial benefit derived by the Delhi Cloth Mills by their leasing to the Hindustan Insecticides Ltd. (a Government concern) a portion of the land originally allotted to the Mills by the Delhi Development Authority.]

[Sl. No. 13 of Appendix II to the 26th Report (Third Lok Sabha)]

ACTION TAKEN

The recommendation of the Public Accounts Committee has been accepted and brought to the notice of all the Ministries/Departments

for information and guidance, vide this Ministry's O.M. No. F. 14(9)-E(Coord)/64-I, dated 25th March, 1965.

Recommendation

The Committee had desired to be furnished with the information in respect of expenditure incurred on light refreshments, laying of foundation stones, opening of public buildings and inauguration ceremonies etc., by the Ministries and Departments of the Government of India during the year 1960-61. According to the information furnished by the Ministry of Finance the expenditure on various items during 1960-61 was as follows:—

Expenditure on	Amount
	Rs.
Light refreshments	2,55,084
Laying of foundation stones	10,260
Opening of public buildings	14,630
Inauguration ceremonies etc.	2,51,086

The above figures appear to support the apprehension of the Committee that the Administrative Ministries had not been exercising due care and economy in incurring expenditure on these accounts in the past. The Committee, therefore, welcome the step taken by the Ministry of Finance in fixing a ceiling of Rs. 500 in this regard. They would like to watch the results of this measure through subsequent Audit Reports.

[Sl. No. 16 of Appendix II to the 26th Report (Third Lok Sabha)]

ACTION TAKEN

The observations of the Committee have been noted.

Recommendation

The information received from various Ministries about expenditure incurred on Annual Reports of Public Undertakings confirms the impression of the Committee (1962-63) that a substantial amount (Rs. 2,71,707.26 during 1961-62) is being spent in bringing out these annual reports, some of which were produced with high quality papers, coloured charts and graphs etc. The Committee, therefore, reiterate, that there is scope for economy in this regard and that suitable steps should be taken by the Ministries to effect economy.

[Sl. No. 17 of Appendix II to the 26th Report (3rd Lok Sabha)]

ACTION TAKEN

In pursuance of the recommendation of the P.A.C. in Sl. No. 72 of their 7th Report (Third Lok Sabha), instructions were issued to Secretaries of all Ministries/Departments of the Government of India Under Secretary (Department of Coordination)'s D.O. letter No. 756-SCDN/63, dated 4th November, 1963. The Secretaries were requested to impress upon Managing Directors of all Public Undertakings that the responsibility for ensuring economy in the publication of their annual Reports rested with them personally.

No. 756-SCDN/63

SECRETARY

GOVERNMENT OF INDIA

(Department of Coordination)

New Delhi, the 4th November 1963.

My dear,

Please refer to D.O. letter No. 2233-PSS/60, dated the 9th June, 1960 from Wanchoo regarding publication of annual reports of Government Companies and Corporations. It is noticed that, in spite of these instructions public undertakings continue to use costly paper for publishing their annual reports. The Public Accounts Committee have also referred to this matter in para 79 of their Seventh Report 1962-63 (Third Lok Sabha) published in February 1963 that reports of some of these undertakings were lavishly produced with high quality paper, coloured charts and graphs and photographs. The Committee had recommended that in view of the great need for economy in the present emergency, large amounts could be saved if the Annual Reports of all public undertakings are produced in the simple manner of the Annual Reports of the various Ministries of the Government of India. A copy of the instructions issued to the Ministries is also enclosed which you may kindly forward to the Companies/Corporations with which you are administratively concerned. The Finance Minister desires that you may impress upon the Managing Directors that the responsibility for ensuring this rests upon them personally.

Yours sincerely,

Sd/-

To

Secretaries of all Ministries/Departments of the
Government of India.

No. F. 3(2)-PC/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi; 4th November, 1963.

OFFICE MEMORANDUM

SUBJECT:—*Seventh Report of the Public Accounts Committee 1962-63 (Third Lok Sabha).*

The undersigned is directed to refer to the recommendation at Sl. No. 72 of Appendix III of the Seventh Report of the Public Accounts Committee 1962-63 (Third Lok Sabha) reproduced below:—

“In view of the great need for economy in the present emergency so as to strengthen the sinews of defence, the Committee feel that large amounts could be saved if the Annual Reports of all Public Undertakings were produced in the simple manner of the Annual Reports of the various Ministries of the Government of India. The Committee trust that Government will issue necessary instructions to all concerned in this matter.”

The Committee had mentioned in their Report that annual reports of some of the public undertakings were lavishly produced with high quality paper, coloured charts and graphs and photographs. The Ministry of Industry etc. are requested to instruct various public undertakings, under their administrative control, to implement the above recommendation of the Public Accounts Committee.

Under Secretary to the Govt. of India

To

All Ministries/Departments of the Government of India.

APPENDIX VIII
MINISTRY OF FOOD & AGRICULTURE
(Department of Agriculture)

*Statement showing action taken on the recommendations of the
Public Accounts Committee.*

Recommendation

The Public Accounts Committee has occasion to review the unsatisfactory performances of the firm mentioned in the Audit para during the last five years, when several cases of irregularities and breaches of agreements committed by the firm were reported to them. They were informed in September, 1961 that the question of terminating the agreement with the firm was under consideration of Government, but it was not possible to do so immediately as certain disputes between the Government and the firm were pending in arbitration. The Committee had then recommended in para 90 of their 42nd Report (Second Lok Sabha) (this was reiterated in para 46 of their 7th Report—Third Lok Sabha) that the opinion of the Attorney-General should be sought regarding the future course of action. They would await the final decision taken in this regard.

[S. No. 32 of Appendix V of the Nineteenth Report (1963-64)].

ACTION TAKEN

A note of the Public Accounts Committee indicating the action taken on their recommendation will be submitted by the Department of Supply.

(No. 1-1/64-Budget dated 23-6-1964).

Recommendation

The Committee regret to note that no survey was made about the availability of raw materials before purchasing the bone digesters. The Administration even failed to watch the working of the five digesters purchased at a cost of Rs. 14,765 in 1957 before placing order for the next five digesters, resulting in avoidable loss on the care and maintenance of the surplus digesters besides unnecessary locking up of funds.

The Committee desire that the surplus bone digesters should be disposed of expeditiously.

[S. No. 23 Appendix XVI, Twentieth Report—164].

ACTION TAKEN

A note containing the action taken on the recommendation has been submitted by the Tripura Administration to the Accountant General, Assam & Nagaland on the 30th June, 1964 for vetting. The vetted note is still awaited.

Recommendation

(i) *The Committee are not satisfied with the explanation in this case. They regret to note that no action was taken to settle the rate for clearing and stocking of the balance of timber as soon as it became clear that its continued storage with the old contractor was unavoidable. The plea that it was not clear at that time as to how long these stocks would remain with the contractor is hardly convincing. Had timely action been taken in the matter, it would have saved delay and legal expenses incurred over a period of years.*

(ii) *The Committee also note that out of Rs. 15,004 paid to the contractor towards refund of amounts withheld on account of shortage of timber, only a sum of Rs. 6,377 had been recovered from the shipping company and further claims for only a few hundred rupees were pending. They would like to be informed of the reasons for the non-realisation of the balance of the loss on this account.*

[S. No. 24 Appendix XVI, Twentieth Report, 1964].

ACTION TAKEN

See remarks against next time (S. No. 25 of Appendix XVI).

Recommendation

The Committee observe that there is differences of opinion between the Ministry of Food & Agriculture and Law regarding the liability for the Port Trust dues. They, therefore, desire that the Ministry should refer the matter to the Ministry of Law for their reconsideration and that their final opinion be intimated to the Committee as well.

[S. No. 25 Appendix XVI, Twentieth Report, 1964].

ACTION TAKEN

The Ministry of Law to whom the matter was referred asked for the relevant files of the Ministry of Transport as well. These have

been received and the matter has again been referred to the Ministry of Law on 27th July, 1964. On receipt of the opinion of the Ministry of Law a note will be prepared in respect of S. No. 25 as also S. No. 24 and submitted to the Director of Commercial Audit for vetting.

[Min. of Food & Agriculture (Deptt. of Agri.) O.M. No. 1-3/64--
Budget dated 7-8-1964].

In this connection the Min. of Law have stated as follows:—

The question has been considered further. A copy of our note setting out the legal position is enclosed.

[Min. of Law, O.M. No. F.5(2) (3)/64, B. & A., dated, 5th November, 1964].

MINISTRY OF LAW

(Department of Legal Affairs)

Annexure to Note No. F. 5(2) (3)/64—B. & A., dated the 16th September, 1964.

The Public Accounts Committee in para 28 of its Twentieth Report have been pleased to observe:—

“The Committee observe that there is a difference between the Ministry of Food & Agriculture and the Ministry of Law regarding the liability for the Port Trust dues. They, therefore, desire that the Ministry should refer the matter to the Ministry of Law for their reconsideration and that their final opinion be intimated to the Committee as well”.

2. A sum of Rs. 1,38,775/3.9 would appear to have been due to the Calcutta Port Commissioners by way of Port charges on timber imported at Calcutta Port on Government account. The circumstances in which this amount remained unpaid are explained in the letter of the Chairman, Calcutta Port Commissioners dated 9th April, 1956.

3. On a reference by the Ministry of Transport to the Ministry of Food & Agriculture, the Ministry of Food & Agriculture disclaimed any liability in the matter. According to them, it was the responsibility of the Clearing Agents to file the bills of entry and pay the port dues. The Port Commissioners took the stand that the responsibility was that of the Government as the consignee of the goods.

4. The question was referred to this Ministry and Shri R. R. Desai, Deputy Legal Adviser, in his note dated 18th July, 1958 ex-

pressed the opinion that *prima facie* it appears to be the responsibility of the Government to pay these dues and that it was not clear how their Clearing Agents, namely, the Assam Bengal Saw Mills would be responsible for payment of those charges in respect of goods imported by the Government. He opined that the Company is after all the agent of the Government for clearing those goods and the ultimate responsibility would appear to be that of the Government and that even if there be an agreement between the Government and the Clearing Agents in that behalf, still as regards the Calcutta Port Commissioners, the primary responsibility would be that of the importer Government. All the same, however, he stated that the Transport Ministry may arrange for a discussion to enable the Ministry of Law to understand the view point of the Ministry of Food & Agriculture.

5. The Ministry of Food & Agriculture, however, adhered to their views on the ground that Messrs. Assam Bengal Saw Mills were working under an agreement with the Government and all responsibility for paying of the river dues and other charges was theirs. They were of opinion that the Port Trust Authorities did not inform the Food & Agriculture Ministry in time that their dues were falling into arrears and the Clearing Agents did not pay them. If this position was known to them well in time, they would have taken all the necessary steps then and there for the clearance of their dues.

6. The point was reconsidered by Shri K. K. Raju in his note dated 29th September, 1959 and he confirmed the opinion expressed by Shri R. R. Desai referred to above:

7. No meeting was, however, arranged as suggested by Shri R. R. Desai.

8. The legal position as stated by Shri R. R. Desai in his above said note would appear to be quite correct. Section 111(3) of the Calcutta Port Act provides that tolls, dues, rates and charges in respect of goods to be removed from the premises of the Commissioners shall be payable before the goods are removed. Then Section 113(1) provides that the Commissioners shall take charge of the goods upon their landing and store them properly. Section 113(2) deals with the responsibility of the consignee to take delivery of the goods from the premises of the Commissioners within 5 clear working days from the date of landing. Section 118 confers a right upon the Commissioners to sell by public auction the goods in question if the port dues are not paid to the Commissioners. Section 119(2) stipulates that before an auction sale is held as per provisions of Section

118, notice of the sale shall be given to the owner of the goods by letter delivered or sent to him by post at such address as may be noted in the manifest of the goods or in any other documents which have come to the hands of the Commissioners. A reading of the above said provisions of the Calcutta Port Act would indicate that the Port Commissioners have a lien over goods for the port dues and that they can auction the same for realisation of their dues after proper notice to the owner of the goods. The notice to the owner of the goods provided for in Section 119 (2) would appear to indicate that it was the primary liability of the owner of the goods to pay the port dues.

9. It is no doubt true that the rates stipulated in clause 7 of the agreement with the Assam Bengal Saw Mills include the port dues and harbour dues etc. which are payable on the goods. The liability to pay the port dues was, therefore, cast upon the Company but this liability was vis-a-vis the Government and not the Port Trust Commissioners who were not parties to the agreement between the Clearing Agents and the Government. The Port Trust Authorities were, therefore, legally quite justified in making a claim against the Government for their dues. It may be further observed that the fact that the Port Trust Authorities did not inform the Food & Agriculture Ministry in time that their dues were not being paid by the Clearing Agents cannot be said to wipe out the liability of the Government as an owner of the goods for payment of the port dues. It is no doubt true that if the Food & Agriculture Ministry had been intimated of the non-payment in time, they would have taken the necessary steps to recover the amounts from the Clearing Agents, but on that account it cannot be said that the liability of the Government to pay port trust dues as principals was wiped out.

10. The legal position as explained by this Ministry in their note dated 18th July, 1958 would, therefore, appear to be quite correct.

*Joint Secretary & Legal Adviser to
the Government of India*

NEW DELHI.

Dated the 16th September, 1964

Recommendation

The Committee regret to note that although all the recurring expenditure on the Station was to be borne by the Indian Central Oil-seeds Committee, no steps were taken by them to satisfy themselves

about the suitability of the site before releasing the grants. It is surprising that it should have taken them three years to realise that the site was not suitable for experimental work. This resulted in an infructuous expenditure of Rs. 68,762.

The Committee hope that the procedure for the selection of appropriate sites for such research stations should be finalised early in consultation with the State Governments to avoid the recurrence of such cases. The Committee also trust that in future no such research stations would be opened without making a thorough enquiry in consultation with State Governments, about the suitability of the site and its soil.

[S. No. 26 Appendix XVI, Twentieth Report, 1964].

ACTION TAKEN

The matter was discussed with the State Directors of Agriculture in January, 1963. It was decided that the State Governments should constitute a Sub-Committee consisting of the State Director of Agriculture, Agronomist, Soil Chemist and Specialist in the subject, which should examine and certify the suitability of the site for a Research Scheme before it is actually implemented. Instructions were accordingly issued to all State Governments by this Ministry vide letter No. 8-11/62-Com.II, dated the 30th January, 1963 (vide copy attached) (Annexure I) that before a research station with financial assistance from a Commodity Committee is established at a particular location, a committee consisting of the above mentioned officials should certify that the location is suitable from all points of view for the type of research to be carried out.

The Indian Central Oilseeds Committee has also issued instructions to all State Governments on 27th April, 1963 [ICOC letter No. 1-4/63-A.R.&D., dated 27th April, 1963 (Annexure II)] that the selection of the site where a research scheme financed by the Committee is to be operated should be entrusted to a Sub-Committee consisting of the State Director of Agriculture, Agronomist, Soil Chemist and the Oilseeds Botanist, which should examine the site and certify the suitability of the same before a research scheme is actually implemented here (vide copy attached).

This note has been vetted by Audit.

[O.M. No. 1-3]64-Budget, dated 27th August, 1964.]

ANNEXURE I

COPY OF LETTER No. 8-111/62-Com. II, DATED THE 30TH JANUARY, 1963 FROM THE UNDER SECRETARY TO THE GOVERNMENT OF INDIA, MINISTRY OF FOOD AND AGRICULTURE (DEPARTMENT OF AGRICULTURE) I.C.A.R., NEW DELHI TO ALL STATE GOVERNMENTS AND UNION TERRITORIES.

SUBJECT:—Agricultural Research Schemes financed by the Central Commodity Committees—Selection of sites for.

As you are aware, a number of research schemes are being financed by the Central Commodity Committees in the States and Union Territories. A case has recently come to the notice of the Government of India, wherein a considerable amount of infructuous expenditure was incurred by a Commodity Committee on financing a research scheme, due to the faulty selection of the site for running the research scheme. With a view to avoiding such infructuous expenditure in future, it has been decided that the selection of the site where a research scheme is to be operated should be entrusted by the State Governments to a Sub-Committee consisting of the State Director of Agriculture, Agronomist, Soil Chemist and the Specialist in the subject, which should examine the site (sites) and certify to the suitability of the same before a research scheme is actually implemented there. It is requested that the suggestions made above may kindly be acted upon in future cases of selection of sites for operating the research schemes to be financed by the Central Commodity Committees.

ANNEXURE II

COPY OF LETTER No. F. 1-4/63. A.R.&D., DATED THE 27TH APRIL, 1963 FROM THE SECRETARY, INDIAN CENTRAL OILSEEDS COMMITTEE, HIMAYAT-NAGAR, HYDERABAD ADDRESSED TO ALL THE SECRETARIES TO THE STATE GOVERNMENTS AND COPY TO THE ALL DIRECTORS OF AGRICULTURE.

SUBJECT:—Agricultural Research Schemes financed by the Indian Central Oilseeds Committee—Selection of sites for.

I am to invite reference to letter No. 8-111/62-Com. II, dated the 30th January, 1963 from the Government of India, Ministry of Food and Agriculture (Deptt. of Agriculture) and to say that the Committee, at its meeting held in JJanuary, 1963 recommended as follows:—

"The Committee recommended that the State Governments might be requested that before a scheme was started the site for the same should be selected by a Committee

consisting of the Oilseeds Botanist, Agronomist, Soil Chemist, and the Director of Agriculture of the State concerned and that a certificate to the effect that the site was suitable for the purpose for which the research was intended etc. should be recorded".

It is requested that the recommendation made above may kindly be acted upon in future cases of selection of sites for operating research schemes financed by this Committee in your State.

The receipt of the letter may kindly be acknowledged.

Recommendation

The Committee regret to note the delay in the presentation of the Audit Reports relating to certain autonomous bodies to Parliament. They desire that such Reports should be presented to Parliament as soon as possible after their receipt from Audit.

(S. No. 27. Appendix XVI, Twentieth Report—1964).

ACTION TAKEN

In this connection it may be mentioned that on the recommendations of the Estimates Committee, it was decided in April, 1962 that the Central Commodity Committee's Annual Reports, together with their audited accounts, should be presented to the Parliament. The Committees were, accordingly, requested to finalise their Annual Reports, together with the audited accounts, latest by the end of January of the following year and supply requisite copies thereof to this Ministry latest by the 15th February, so as to enable them to place the same on the Table of the two Houses at the time of the discussions of the Demands for Grants of this Ministry. In compliance with the above decision, Annual Reports of the Commodity Committees for the year 1961-62, together with audited accounts, were placed formally on the tables of both the Houses. The Comptroller and Auditor General, however, pointed out that the Audit Report should also be presented to the Parliament along with the Annual Reports and audited Accounts, for the reason that the audited accounts are subject to the observations made in the Audit Report. Instructions in this regard were issued to the Central Commodity Committees in December, 1963 and as such, the audit reports could not be presented before the Parliament in time.

Annual Reports, along with the audited accounts and the Audit Reports thereon, of all the Central Commodity Committees except the Indian Lac Cess Committee for the year 1962-63 were presented to both the Houses of Parliament in the last Budget Session (February to May, 1964). The Annual Report of the Indian Lac Cess

Committee was presented to the Rajya Sabha on 6th June, 1964. Requisite number of copies thereof have also been supplied to the Lok Sabha Secretariat.

The observations made above by the Public Accounts Committee have again been communicated to the Commodity Committees and they have been advised on 3rd April, 1964 to so arrange the programme of their Annual Meetings that the Annual Reports, along with the audited accounts and the Audit Report thereon, are made available to this Ministry latest by the 15th February every year, so as to enable this Ministry to present them to the Parliament in time in future. This has been seen and vetted by audit.

[O.M. No. 1-3/64-Budget dated 7th August, 1964]

Recommendation

It is observed from the table given in the Report that the indigenous production of fertilizers was not keeping pace with the demand for the fertilizers with the result that substantial quantities of fertilizers continue to be imported involving heavy drain on foreign exchange. The Committee were unhappy to learn during the course of evidence that the total annual production of the fertilizers at the end of the Third Five Year Plan would be only 5 lakh tons in terms of nitrogen as against the earlier estimates of about 8 lakh tons and therefore the imports would have to continue for some time to come. The Committee desire that the reasons for the shortfall in production should be examined and vigorous efforts should be made to increase the indigenous production of fertilizers.

[S. No. 131, Appendix III to Twenty-third Report (Year) 1963-64]

ACTION TAKEN

We have referred the above recommendation to the concerned Ministry i.e. Ministry of Petroleum and Chemicals, (Department of Chemicals), for necessary action and to report the position to Public Accounts Committee. However, it may be added that the total annual production at the end of Third Five Year Plan, is now estimated at about 4.1 lakh tons, in terms of nitrogen.

[O.M. No. 1-5/64-Budget dated 17-10-1964]

Recommendation

The Committee are not satisfied with this explanation. They observe that according to the Ministry's own admission, "at the time of the preparation of the Third Five Year Plan the Government also took into account the possibility of something like Rs. 40 crores to Rs. 50 crores as additional resources arising from the pool profits".

It is, therefore, evident that the profits accruing to the Pool were not incidental due to the imported price of fertilizers being low in a particular period of one or two years but due to the fact that the prices had deliberately been kept high with a view to making profits. This, the Committee regret to point out, was not consistent with the object of the Pool, which was never intended to be a revenue earning scheme, but was to serve as an equalisation fund, so that all the imported and indigenous fertilizers could be made available to the consumers at a uniform price throughout the country. In the circumstances, such a wide margin of profits (Rs. 86·8 per metric tonne in 1960-61) by the Pool could by no means be justified. In the opinion of the Committee, fixation of selling prices at a considerable higher level than necessary for the real purpose of equalisation was objectionable in principle as it amounted to indirect taxation which was the prerogative of Parliament only. Besides, this defeated the basic concept of establishing the Pool which was to make the fertilizers available to the cultivators at reasonable rates in the interest of maximising agricultural production.

[S. No. 132. Appendix III to Twenty-third Report (Year) 1963-64].

ACTION TAKEN

In fixing the prices of fertilizers handled by the Pool it was not the intention of this Ministry to make unduly large profits and resort to indirect taxation. The profits in the Pool accrued on account of appreciable fall in the procurement prices of imported fertilizers. Since our aim was to make the country self-sufficient in fertilizers, and as the procurement prices of indigenous fertilizers were still very high, the Pool prices were not reduced.

As a result of reviews conducted in the recent past, the Pool prices of nitrogenous fertilizers have been reduced since 1961 as shown in the table below:—

Name of Fertilizers	Price upto 30-11-61	Price from	Price from	Price from 1-1-64
		1-12-61 to 4-10-62	5-10-62 to 31-12-63	
Sulphate of Ammonia . . .	344·50	330	330	330
Urea	684·10	670	670	570
Amm. Sul. Nitrate	408·50	400	400	400
Cal. Amm. Nitrate	324·80	310	278	278

It will be observed from the above table that there has been a substantial reduction in the Pool prices of Urea and Calcium

Ammonium Nitrate. The position will be reviewed further from time to time.

Recommendation

The Committee would also invite attention in this connection to their recommendation in para 17 of their 7th Report (1962-63) that in order to attract the agriculturists it is necessary that the final price of fertilizers payable by the consumers should be kept as low as possible by effecting economies both in the cost of production and in the expenses incurred by various intermediary agencies. The Committee, therefore, desire that Government, should urgently review their pricing policy for the fertilizers keeping in view the objects of the Pool. The prices of various type of fertilizers should be so fixed as to ensure that the benefit of lower imported price/cost of production was actually passed on the consumers to promote their sale and wider use.

[S. No. 133 Appendix III to Twenty-third Report (Year) 1963-64].

ACTION TAKEN

The question regarding effecting economies in the cost of production, has been referred to the concerned Ministry i.e., the Ministry of Petroleum & Chemicals (Department of Chemicals) for necessary action. The possibility of reducing the procurement prices of indigenous fertilizers was recently examined in a meeting attended by Secretaries (Co-ordination) Ministry of Finance, Ministry of Petroleum and Chemicals, Ministry of Agriculture etc. A table indicating the final procurement prices fixed at the meeting is given below:—

Name of the Unit		Product.	Years		
			1962-63	1963-64	1964-65 to 1966-67
1	2	3	4	5	6
			Rs.	Rs.	Rs.
1. Fertilizer Corporation of India (Sindri)		Sulphate of Ammonia.	329*	330*	316 per M.T. f.o.r. Sindri.
		Amm. Sul. Nitrate	443*	440*	426 Do.
		Urea	628*	620*	582 Do.

*These prices are inclusive of excise duty. The excise duty applicable for the period 1-1-1963 to 23-2-64 is averaged over the year 1963-64.

1	2	3	4	5	6
			Rs	Rs.	Rs.
2.	Fertilizer Corporation of India, Nangal Unit.	Cal. Amm. Nitrate	305*	268*	256 per M. Ton f.o.r. Naya Nangal.
3.	M/s. Hindustan Steel Ltd. Rourkela Factory.	Do.	305*	268*	256 per M. Ton. f.o.r. Rourkela.
4.	I.A.C.T. Alwaye	Amm. Sulphate	..	330 per M.T. f.o.r. Alwaye	316 per M. Ton f.o.r. Alwaye/ Kalamassery.

Steps have also been taken to reduce the margin of distribution allowed to intermediary agencies wherever possible. In that connection the distribution margin allowed to the distributors of Tea Plantations in the North East India has been reduced by Rs. 10 per Metric tonne i.e., from Rs. 30 to Rs. 20 per tonne w.e.f. 1st April, 1964 in the case of Ammonium Sulphate. The distribution margins allowed to other distributors of plantations in the South are under review.

With a view to promote intensive utilisation of fertilizers the Pool price of Urea, which is a concentrated fertilizer has since been reduced by Rs. 100 per Metric Tonne with effect from 1st January, 1964. The entire benefit of this reduction has been passed on to the consumers.

Recommendation

The Committee regret to note that the reconciliation of figures and the adjustment of the amount between the Pool, Special Development Fund and I.C.A.R. should have taken such a long time (about 7 years). They trust that the final adjustment of the amount between the Pool and the I.C.A.R. would be expedited. [S. No. 134 Appendix III to Twenty-third Report (Year) 1963-64].

ACTION TAKEN

The final adjustment of the amount (Rs. 75,29,726) between the Pool and the I.C.A.R. has been carried out by the Pay & Accounts Officer, Ministry of Food & Agriculture, New Delhi in the month of June, 1964.

[O.M. No. 1-5/64-Budget dated 17-10-64].

*These prices are inclusive of excise duty. The excise duty applicable for the period 1-4-1963 to 29-2-1964 is averaged over the year 1963-64.

Recommendation

(i) *The Committee are not satisfied with the explanation given for the savings under some Grants relating to Department of Agriculture. The instructions issued by the Ministry of Finance in 1958 pursuant to the recommendation contained in the 8th Report of the Committee (Second Lok Sabha) should have been followed in the present cases. The Committee hope that such cases will be avoided in future.*

[S. No. 5 (i) Appendix I—Twenty-fifth Report, 1964].

ACTION TAKEN

This Recommendation has been brought to the notice of all Attached and Subordinate Offices and Sections under the Department vide para 3 of this Department circular No. 2-12/64-Budget dated 3rd July, 1964 (copy enclosed) and they have been asked to ensure that only as much provision is got included in the Budget for 1965-66, as can be definitely utilised.

[O.M. No. 1-6/64-Budget dated 12-8-64].

No. 2-12/64-Budget

GOVERNMENT OF INDIA

MINISTRY OF FOOD & AGRICULTURE

(Deptt. of Agriculture)

New Delhi, the 3rd July, 1964: 12th Asadha, 1886 Saka

SUBJECT:—*Revised Estimates 1964-65 and Budget Estimates 1965-66—Submission of proposals to the Ministry of Finance.*

The preparation of Revised Estimates for 1964-65 and Budget Estimates for 1965-66 has to be taken up and completed in accordance with the general instructions laid down in the General Financial Rules. In order to ensure that the Budget is presented to the Parliament on the due date, a rigid time table has to be followed. The New Scheme of Budgeting and Financial Control introduced with effect from 1st June, 1962 also requires a proper and detailed pre-budget scrutiny of the schemes by the Ministry of Finance. It is, therefore, important that all new schemes which the I.C.A.R. and Sections in the Department would like to be included in the Budget for 1965-66 should be referred to that Ministry for scrutiny and financial concurrence at the earliest. The undermentioned programme for the submission of Budget proposals

for 1965-66 has accordingly been drawn up in consultation with that Ministry:—

Particulars of Estimates	Last date for submission of proposals	To whom to be submitted
(1) New Schemes-Plan/Non-Plan, entering the budget for the first time.	14-8-1964	Ministry of Finance (Deptt. of Expenditure).
(2) Plan Schemes not entering the budget for the first time.	30-9-1964	Do.
(3) Standing Charges and proposals for Fresh Charges for Non-Plan Schemes not entering the budget for the first time.	31-10-1964	Do.
(4) Major Works to be provided for in the Capital Demands of the Ministry of Works & Housing.	16-10-1964	Budget Section.

The dates indicated above should be treated as the final date by which all the proposals under the respective categories should reach the Ministry of Finance/Budget Section. Sections should take immediate steps to ensure that the schedule indicated above is strictly adhered to. The budget proposals submitted after the above-mentioned dates will not ordinarily be entertained by the Ministry of Finance and will run the risk of not being included in the Budget.

Revised Estimates 1964-65:

2. It has been noticed that adequate attention is not paid to a proper formulation of the Revised Estimates by the Estimating authorities. The figures of the current budget are very often adopted wholly or with slight modifications as Revised Estimates without making any attempt to arrive at a more realistic estimate with reference to the progress of expenditure and other information available. It is generally assumed that the amount provided in the Budget will by and large be spent. Finance Secretary wrote to our Secretary last year pointing out cases of substantial variations between the Revised Estimates and the Final Estimates adopted at the time of surrenders. Such cases of savings in actual expenditure as compared to the Revised Estimates have also been severely and repeatedly criticised by the Public Accounts Committee and in Parliament. It is, therefore, of utmost importance that Revised

Estimates are framed after a thorough and careful scrutiny of all the relevant factors. These Estimates should take into account the progress of expenditure and also the capacity of the spending authorities to utilise available funds during the rest of the year. The Revised Estimates are intended to indicate to the Parliament a more realistic estimate of the likely Receipts and Expenditure of the Government. Any reduction in the Revised Estimates does not amount to automatic surrender of funds. The estimating authorities should not, therefore, attempt to hold on to the funds.

Budget Estimates 1965-66:

3. (a) No lump sum or *ad-hoc* provision, unless there are very strong reasons to do so, should normally be suggested and will be accepted by Finance. The requirements of funds should be estimated with due care to ensure that only as much provision is got included in the Budget as can be definitely utilised. The availability of raw material, suitable technical personnel and time required for completion of buildings and such other factors, as affect the spending capacity of the authorities concerned, should be borne in mind. The Public Accounts Committee have recently criticised this Department for the large savings that accrued from the provision during 1961-62. Extracts from para 9 of their Twenty-fifth Report are enclosed for guidance.

(b) The estimates of expenditure, more particularly for Non-Plan Schemes must be kept down to the minimum. The Finance Ministry is not likely to accept increases on new items under Non-Plan. Instructions issued from time to time for effecting economy in public expenditure should be kept in view. Heads of Departments and Officers in the Ministry should pay personal attention to ensure that the estimates are realistic and do not provide for any activity/item of expenditure which can conveniently be given up or postponed till better times.

(c) In addition to the details and proformae prescribed in the General Financial Rules, information in respect of all Budget proposals should also be given in the proformae circulated vide Budget Section circular No. 2-35/61-Budget, dated the 6th June, 1962.

(d) All proposals should be accompanied by the following information:—

- (i) Actuals for 1962-63;
- (ii) For 1963-64, budget grant together with the accepted figures of Revised Estimates and final requirements or actuals;

- (iii) For the current year, actuals to date (5/6 months), adjustments likely to be made which may be known at that time and the possible requirements for the remaining months on as best an estimate and as much justification as is possible.

Last year's File should always be linked; otherwise the Finance Ministry is likely to return the File.

(e) All proposals seeking a provision of Rs. 1 lakh or more during 1965-66 should be seen and approved at Deputy Secretary level before these are referred to the Ministry of Finance.

4. Figures against each Unit of Appropriation both under Revised Estimates and Budget Estimates should be rounded off to the nearest hundred.

5. To enable the Budget Section to keep a watch over the progress of budget cases, all Budget proposals should be referred to the Ministry of Finance through the Budget Section, as that Ministry will not ordinarily accept any case direct from the Sections. In exceptional cases, however, where it becomes necessary to refer any case direct to the Ministry of Finance, Budget Section should be informed of the development at the earliest possible stage.

6. Instructions that are issued by the Ministry of Finance (Department of Economic Affairs) in this connection will be circulated as and when these are received in the Department.

I. J. BROUGHTON,

Deputy Secretary to the Government of India.

EXTRACTS FROM PARA 9 OF THE TWENTY-FIFTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (1963-64)

(Department of Agriculture)

Grant No. 39—Agriculture (Saving Rs. 0·99 crore).

Grant No. 40—Agricultural Research (Saving Rs. 1·91 crores).

Grant No. 41—Animal Husbandry (Saving Rs. 0·30 crore).

9. The savings under these grants worked out to 22·9 per cent., 30 per cent. and 27·9 per cent. of the total provisions respectively. Explaining the reasons for the savings, the Secretary, Department of Agriculture stated that in the Budget for 1961-62 which was the first year of the Third Five Year Plan a number of schemes were

included for which details had not been fully worked beforehand, and many of these schemes started late. There were various other difficulties e.g., delay in acquisition of land, tight foreign exchange position, etc.

It was pointed out by the Comptroller & Auditor General that according to the orders of the Ministry of Finance issued in August, 1958 where a new scheme was planned to be taken up in the budget year, which had been accepted in principle and for which the details necessary for budget provision were not available, budget provision would be limited to the requirements for preliminary expenses and for initial outlay on collection of materials, recruitment of skeleton staff, etc. The Financial Adviser stated that it was the general principle laid down by the Ministry of Finance and was generally observed by the Ministry. But where a scheme was such as likely to mature in a short period of time this principle was sometimes departed from.

The Committee are not satisfied with this explanation. The instruction issued by the Ministry of Finance in 1958 pursuant to the recommendation contained in the 8th Report of the Committee (Second Lok Sabha) should have been followed in the present cases. The Committee hope that such cases will be avoided in future.

Recommendation

(ii) Another point to which the Committee wish to draw attention is that at present there are a number of Research Institutes for various commodities under the Department of Agriculture, viz., Indian Agricultural Research Institute, Central Rice Research Institute, Central Potato Research Institute, Central Arid Zone Research Institute, Soil Conservation Research and Demonstration Centres, Institute of Agricultural Research, Statistics and Indian Grassland and Fodder Research Institute. At the instance of the Committee, the Department of Agriculture have furnished a note to the Committee stating the various researches carried out by these Institutes and how far these researches have helped in the development of agriculture. The Committee feel that instead of having multiplicity of Research Institutes, the Ministry should examine the feasibility of merging some of them in a single Institute with Research Stations spread over the various parts of the country, with a view to effecting economy in expenditure on establishment and securing better planning and co-ordination of research programmes.

[S. No. 5(ii) (para 9) of Appendix I—Twenty-fifth Report, 1964].

ACTION TAKEN

In an earlier Note submitted with this Ministry's Office Memorandum No. 1-6/64-Budget, dated the 12th August, 1964 it was stated as under:—

"The Agricultural Commissioner, Indian Council of Agricultural Research, has been asked to form a Technical Committee to examine the feasibility of regrouping this functions of the various Institutes. A note in this connection will be prepared and furnished on receipt of the recommendations of the Technical Committee."

The Technical Committee which was formed in April, 1964, examined the position as obtaining at present and in June, 1964, made recommendation to the effect that of the several research stations under the Project for Intensification of Regional Research on Cotton, Oilseeds and Millets functioning in different parts of the country, four important Centres should be attached to the Agricultural University/College in the area so that they could be developed for undertaking research on multiple crops and the remaining Centres should be offered to the State Governments for being run as State institutions in conjunction with the existing State Research Stations. In regard to the Commodity Research Institutes also, it was recommended that these Institutes should be developed as multiple crop institutions. The same principle was to be followed in regard to the Central Research Institutes like Rice Research Institute, Potato Research Institute etc., which would undertake research in multiple crops, particularly those which appear in rotation.

During consideration by the Ministry of the reorganisation of the Institutes in greater details, the Report of the high-powered Research Review Team appointed by the Government of India on 31st October, 1963 became available in March, 1964, and the question of strengthening agricultural research all over the country through a Central Co-ordinating Agency came up for consideration. It was decided on 24th September, 1964 that the re-organisation of the Central Research Institutes should be considered along with the re-organisation of the Central co-ordinating body, i.e., the Indian Council of Agricultural Research.

Accordingly, as a first step towards strengthening agricultural research and placing it on a sound footing, it has been decided on 28th August, 1964, following the recommendations made by the

Research Review Team, to re-organise the Indian Council of Agricultural Research into an effective body with all necessary powers to develop and administer a national programme commensurate with the country's needs.

In the said re-organisation proposals now under examination of the Government, it is proposed to take over all the Central Agricultural and Animal Husbandry Institutes in the country, including those at present administered by the Commodity Committees, under the administrative control of the Indian Council of Agricultural Research with its enhanced powers and authority in the field of guiding and co-ordinating agricultural research.

After the re-organisation of the Central co-ordinating and guiding agency in the field of agricultural research, the set up of the different Institutes would be reviewed with a view to re-organising or strengthening them on the lines indicated in the Report of the Public Accounts Committee.

This note has been vetted by Audit.

[O.M. No. 1-6/64-Budget dated 8-3-1965].

Recommendation

The Committee regret that apart from the undue delay in completing the departmental proceedings, the question of fixing responsibility on the supervisory officers for the defective supervision has not been taken up at all and is proposed to be postponed until the enquiry against the cashier is completed. The Committee consider it important that in all such cases the investigation of responsibility for failure of supervision should be taken up at a very early stage and completed without delay; the postponement of such action for a period of some years will not serve any useful purpose. The Committee recommend that suitable procedural instructions should be issued by Government for the guidance of all concerned.

[S. No. 7 Appendix II, Twenty-sixth Report—1964].

ACTION TAKEN

So far as procedural instructions are concerned the recommendation being of a general nature their issue is under the consideration of the Ministry of Home Affairs to whom a copy of the above recommendation has been sent.

As regards the responsibility for failure of Supervision, the position is that the Reconstruction Accounts Party appointed in consultation with the Audit completed the reconstruction of accounts of the Directorate of Marketing and Inspection from 22nd January,

1952 to 19th August, 1958 and submitted their Report to the Government of India. The proceedings against the Ex-cashier are in progress and are likely to be completed shortly. Investigations, if necessary, to fix responsibility for failure of supervision would be taken up as soon as the enquiry against the Ex-Cashier is completed. A note indicating this position has been sent to Accountant General, Commerce, Works & Misc. for vetting.

[O.M. No. 1-10/64-Budget, dated 18-8-1964].

Recommendation

The Committee would like to emphasise again that the representatives of the Ministries and Departments appearing before the Committee should come fully posted with facts and furnish accurate information to the Committee. They would also invite attention in this connection to para 15 of this Report.

[S. No. 8 Appendix II—26th Report, (3rd L.S.)].

ACTION TAKEN

The observations made by the Committee have been noted for future guidance.

Recommendation

While the Committee note the steps taken by the Ministry to ensure that the licensee in North Andamans does its job strictly in accordance with the North Andamans Agreement of Licence, they observed that the arbitration proceedings in this case have not yet been finalised. They would reiterate their earlier recommendation that this should be expedited and the Committee informed of the results.

[S. No. 9, Appendix II—26th Report, (3rd L.S.)].

ACTION TAKEN

The arbitration proceedings in this case commenced in the year 1961 when the licensee evoked provisions of Clause 33 of the North Andaman Agreement of Licence and served the President of India with a notice in April, 1961 for nominating his arbitrator within 15 days of the receipt of their letter in terms of the provisions of Section 9(b) of the Arbitration Act, 1940. A statement of claim was filed by them on 4th July, 1961. The Government had to file an elaborate counter-statement to effectively counter the licensee's claims as well as file a claim statement on behalf of the Government. The Government Counsel had to go through voluminous files before the counter-statement and claim on behalf of the Government could be filed on 1st December 1961. Thereafter the Company was given an opportunity to file its rejoinder which they did on 10th February,

1962. Likewise Government also filed its rejoinder on 15th March, 1962. The framing of issues on the basis of claims and counter claims of the parties was finalised by 12th May, 1962. This was followed by filing and admission of a mass of documents by both parties to substantiate their respective claims. The last sitting of the arbitrators for the filing and admission of documents was held on 9th February 1964, and thereafter the Counsel for the Company started the opening of his case. This work took about 58 sittings of the Arbitrators extending to over a period of about 21 months. Thereafter with effect from 6th March, 1964 tendering of evidence by witnesses on behalf of the licensee commenced. The tendering of evidence on behalf of the licensee and cross-examination of witnesses by Government Counsels has taken 9 sittings of the arbitrators and it is anticipated that some more sittings will be required to complete the cross-examination of the licensee's witnesses by the Government Counsel which, it is hoped, will be over by the end of November this year. It is expected that by the last week of December this year or by the beginning of January next year the tendering of evidence on behalf of the Government will commence. The number of sittings that will be required to complete the evidence and cross-examination of the witnesses on behalf of the Government cannot, however, be estimated at this stage.

Pleading on each of the 25 issues framed by the Arbitrators will commence soon after the evidence stage is completed.

This being a legal matter, it is not possible to make any accurate forecast as to the time which will be required for the conclusion of the case. The Committee will be informed of the results in this case as soon as the award of Arbitrators become available.

This has been vetted by the Director of Commercial Audit, New Delhi.

[O.M. No. 1-10/64—Budget dated 23rd November, 1964].

Recommendation

The Committee were informed by the Ministry of Works, Housing and Rehabilitation (Department of Works and Housing) that the Government had since referred the whole dispute i.e., the claim of the Bharat Krishak Samaj as well as the claim of the Government about World Agriculture Fair to Arbitration. The Committee would like to await the result of arbitration.

[S. No. 10 Appendix II—Twenty-sixth Report, 1964].

ACTION TAKEN

The Ministry of Works & Housing has confirmed that that Ministry is concerned with the recommendation in S. No. 10. A reply will, therefore, be furnished by the Ministry of Works and Housing.

Recommendation

The Committee (1962-63) had recommended that in cases where financial assistance is given to Societies or Organisations which resort to profit making, it should be in the form of loans and not grants. The Committee have not yet been informed of the final decision taken in this regard. They desire that this should now be expedited.

[S. No. 11 Appendix II—Twenty-sixth Report, 1964].

ACTION TAKEN

The recommendation is being processed by the Ministry of Finance who will furnish a reply to the Public Accounts Committee.

Recommendation

The Committee also consider that in future, where Government Departments or statutory corporations take up, on rent, land etc. leased earlier by Government to outside parties, the rent payable and the dates on which they should be paid should be settled in consultation with the Ministry which originally leased out the land to the outside parties concerned. [In this connection, the Committee would invite a reference to another case of this kind reported in paragraph 24 of their Eighteenth Report (Third Lok Sabha) in which they have commented upon the irregular financial benefit derived by the Delhi Cloth Mills by their leasing to the Hindustan Insecticides Ltd. (a Government concern) a portion of the land originally allotted to the Mills by the Delhi Development Authority].

[S. No. 13—Appendix II—Twenty-sixth Report, 1964].

ACTION TAKEN

The Department of Agriculture is not directly concerned with this recommendation, which appears to be of general nature to be processed either by the Ministry of Works and Housing or by the Ministry of Finance (Department of Expenditure), who may have to issue administrative instructions in this regard to all the Ministries and Departments of Government of India and Government

Corporation, etc., Ministry of Finance (Department of Expenditure) have, therefore, been requested to confirm that their Ministry are taking action on this recommendation and that they will include this item in their statement of action taken. Their reply is awaited.

[O.M. No. 1-10/64, Budget dated 18th August, 1964].

APPENDIX IX

MINISTRY OF FOOD & AGRICULTURE (DEPARTMENT OF FOOD)

Action taken on the recommendations of the Public Accounts Committee

Recommendation

The Committee would like the Ministry to complete the investigations into the various transit losses incurred during 1959-60 (Amounting to Rs. 1.05 crores) at an early date. They desire that suitable steps be taken to reduce the period taken in the investigation of losses.

[S. No. 51, Appendix IV, 8th Report (3rd L.S.)].

Recommendation

The Committee desire that further steps should be taken to reduce the losses of foodgrains at various stages of transit so that the over-all losses are reduced to the minimum. They would also like the cases of losses to be cleared as early as possible.

[S. N. 53, Appendix IV, 8th Report (3rd L.S.)]

ACTION TAKEN

Investigations have been carried out into the various transit losses amounting to Rs. 1.05 crores relating to the year 1959-60 and as a result thereof losses in respect of 29,666 cases amounting to Rs. 85.04 lakhs (approx) have been regularised. Cases relating to the balance amount viz., Rs. 20.88 lakhs involving 742 cases are still under examination and a further report will be furnished to the Lok Sabha Secretariat shortly. A sum of Rs. 2,10,402.58 and Rs. 50,819.77 have been recovered from the Railways and the Transport contractors respectively for the shortages noticed in transit by rail and road. No responsibility could however, be fixed on any officer/officers in the employ of the Government for the cases already finalised.

ACTION TAKEN

The Regional Directors have since been advised to investigate the cases of losses soon after these occur. They have also been

advised that wherever the claims against the Railways are tenable, those should be preferred and vigorously pursued. A copy of the instructions issued in this regard *vide* this Ministry letter No. 21/6/63/BFC. VIII, dated 3rd October, 1963 is enclosed. In the case of road transit losses due to the fault of the contractors, they have been asked to fix responsibility on the contractors expeditiously and recover the amounts from them. Recently the powers of Regional Directors for write off transit/storage losses have been raised to Rs. 5,000 from Rs. 1,000 and this will also facilitate quicker regularisation.

(ii) In so far as the question of reducing the losses of foodgrains at various stages of transit is concerned, the position is that all movement of foodgrains by rail are arranged in full wagon loads and wagons are properly sealed before despatch to avoid pilferage. For movements in open wagons supplied by the Railways against our indents for covered wagons and booked under Clear Railway Receipts, during the dry season, the risk is entirely of the Railways. In the case of road transit, the stocks are delivered to the transport contractors duly weighed and are taken over from them at destination after proper weighment. Where no weighment is possible at the respatching end, the stocks are moved in conveyors under proper escorts and with due precautions to avoid the possibility of any pilferage during transit. Some small losses in transit are, however, inevitable.

[U.O. No. 23/63-64/BFC.I./8th Report dated 18/21-11-64].

No 21/6/63-BFC. VIII

GOVERNMENT OF INDIA

MINISTRY OF FOOD AND AGRICULTURE

(Department of Food)

New Delhi-1, the 3rd October, 1963.

To

All Regional Directors.

Sub: Examination and regularisation of losses of foodgrains in transit by rail and road.

Sir,

I am directed to say that a recent census of the outstanding cases of losses of foodgrains in transit has revealed there were more than a lakh of cases outstanding for several years which had not been examined and regularised. This was a very unsatisfactory state of

affairs and in order to obviate its recurrence the following instructions are issued for strict compliance:—

- (i) The officers-in-charge of depots should submit to you within 10 days after the submission of the monthly, stock accounts, statements of losses in transit separately in respect of road and rail in the form prescribed in Ministry's letters No. 10(2)/56-IFA. VIII, dated the 1st April, 1957 and No. 20(7)/63-BFC. VIII, dated the 26th July 1963. It should be verified that transit loss statements have been received from every depot in respect of the quantity of loss shown in Column 7 of the Monthly Receipt Statement in form Appendix XXIV-Part II of the Food Department Manual Part X.
- (ii) The statements of rail transit losses should be scrutinised expeditiously by the 'Claims' Section of your office to see whether the claims have been correctly preferred against the Railways by the Depot Officers and they are tenable. In cases where no claims have been preferred it should be verified that the claims are not actually admissible and in such cases immediate action to regularise the losses should be taken by the Claims Section. Other claims should be vigorously pursued with the Railway by the Claims Section in your office.
- (iii) In the case of the statement of transit losses by road responsibility of the transport contractor concerned should be determined on the basis of work done by him each day and instructions issued for recovery of the loss from the contractor or if the contractor is not held liable action should be taken to regularise the loss. A copy of the final orders passed regarding recovery of the amounts from the contractors should be endorsed to the Pay and Accounts Officer for watching the recovery.
- (iv) Regularisation of transit losses which are not tenable against the Railways or the transport contractors should be completed within three months after the close of the month's account to which they relate.
- (v) A monthly report showing the number of transit losses both by road and rail outstanding for more than three months should be submitted so as to reach the Ministry on the 15th of every month. The items should be arrang-

ed yearwise and brief reasons for items more than 6 months old should be furnished therein.

Yours faithfully,

Sd/-

(HANBANS SINGH MAC)

Director (BFG)

for Director General of Food.

Recommendation

(i) The Committee are not satisfied with the position regarding clearance of foodgrains at ports as it exists at present. Since most of the losses occur in the case of bulk grain, the Committee would like the Ministry to take up the matter with the Port Trusts concerned about their responsibility in the matter so that these losses could be avoided to the extent possible.

(ii) The duties entrusted to the tally clerks and justification for their retention should also be carefully examined.

[S. No. 54, Appendix IV, 8th Report (3rd Lok Sabha)]

ACTION TAKEN

(i) & (ii) The matter was taken up with the Madras and Vishakapatnam Port Authorities, but they refused to accept any responsibility about bags in respect of cargoes received in bulk as the relevant statute and bye-laws of the Port relieve them of any such responsibility. In view of this, the system of taking discharge tally with stevedores of the Ports of Madras and Vishakapatnam for which tally clerks had been appointed was given up, with effect from Nov./Dec. 1962. Gunny bags are now delivered to the stevedores under clear receipt and the cost of gunnies short returned on the basis of the delivery of the cargo by the Port, is recovered from the stevedores at Madras as well as Vishakapatnam ports.

2. The matter had, however, again been taken with the Ministry of Transport on 11th November, 1963 who had been requested to take up the question with the Port authorities of Madras, Vizag and Calcutta with a view to persuading them to have a joint tally with stevedores of the bags of foodgrains at the time of discharge from each vessel separately before they are removed from the wharf to the transit sheds by the labour of the Port. The Port authorities of Vishakapatnam and Calcutta have not agreed to introduce this system of joint tally. The matter is, however, under further con-

sideration. If the Port Trusts eventually accept our proposal for a joint discharge tally between the Port Trust and the Stevedores, the whole problem will be solved. Under that arrangement the Port Trust will be responsible for delivery to the Food Department, the number of bags containing grains according to the discharge tally. There will, therefore, be no question of any loss either of grain or empty bags.

3. There are no tally clerks employed at Ports except at Madras. However, the system of signing the tally sheets of the stevedores at the time of discharge of the cargo by our tally clerks was discontinued from November/December 1962 at the Port of Madras also. At Vizag Port, the tally is the responsibility of the clearance contractor and no tally clerks are employed departmentally for this purpose. The name 'tally Clerks' is assigned to other clerks also whose duties are to supervise wagon loading, lorry loading, recording weights on wagon and lorry weighbridges, preparation of initial documents like truck chits and daily returns etc.

[U.O. No. 23/63-64/BFC.I-8th Report, dated 31-10-1964.]

Recommendation

The second statement (Appendix XIV) shows the losses in transit and storage during 1960-61, 1961-62 and 1962-63. The figure of transit losses and storage losses as furnished in the statement are given below:—

	Transit loss		Storage loss	
	Qty. (in M. tonnes)	Value (in lakhs of rupees)	Qty. (in M. tonnes)	Value (in lakhs of rupees)
1960-61	20,224	88.48	1,341	6.43
1961-62	18,966	79.57	1,910	6.26
1962-63	51,154	207.74	5,209	23.02

From the above figures, it would be seen that there has been a sharp rise in the transit losses as well as storage losses during the year 1962-63 (total loss of Rs. 230.76 lakhs). The Committee would like the Ministry to furnish a detailed note indicating the reasons for this sharp rise and steps taken to minimise such losses.

[S No. 28 (para 31) of Appendix XVI of the 20th Report of the Public Accounts Committee (3rd Lok Sabha)]

ACTION TAKEN

The proforma Accounts for the year 1962-63, have since been revised and the figures of transit and storage losses for the years 1960-61, 1961-62 and 1962-63 and percentages of loss are given below:—

Year	Total quantity procured during the year in M. tonnes.	Transit losses	Percentage of loss	Storage losses
1960-61	55,06,166	21,000	0.38	1,341
1961-62	34,81,208	17,966	0.52	1,910
1962-63	42,45,219	37,408*	0.75	5,241

*Includes 5651 tonnes which relate to the year prior to 1-4-62

Transit losses.—Reasons for the increase in the percentage of transit losses during 1962-63 have been thoroughly investigated and it has been found that there was a mistake of 13,746 tonnes in the figures of losses relating to the Eastern Region reported by the Pay and Accounts Officer, Calcutta. This mistake has been rectified by the Chief Pay and Accounts Officer and the figures of losses has come down from 45,503 tonnes to 31,757 tonnes with the resultant decrease in the percentage of loss from 1.07 to 0.75 per cent. Figures of loss relating to the various regions have been examined and it has been found that there was no increase in the quantum of losses in so far as the Northern and Southern Regions are concerned. There was a very slight increase 0.006 per cent in the case of Western Region. The bulk of the increase in transit losses took place in the Eastern Region alone. Detailed investigations into these losses reveal that during the year 1962-63 larger quantities of grains, as compared to the previous year, were moved from Calcutta to depots in Assam and Bihar, involving transshipment from Broad Gauge to Meter Gauge Railway resulting in higher losses in transit. It was also found that due to emergent conditions closed wagons were not available and grains had to be moved in open wagons. This also resulted in increase in transit losses. We have, however, now taken all possible steps to minimise transit as well as storage losses.

Storage losses.—The quantum of storage losses indicated in the Proforma Accounts for the year 1962-63 represents the losses which were written off during the year and not the losses which actually occurred during the year. This figure, therefore, also contains losses which occurred during a number of previous years and which were written off during 1962-63, as a result of a special drive undertaken

to regularise all cases of losses. It would, therefore, not be appropriate to compare this figure with the storage losses exhibited in the Proforma Accounts for the previous years. For future, instructions have been issued on 3rd April 1964 that the losses which take place during any one year should be shown in the Proforma Accounts for that year instead of indicating the losses written off during that year.

Steps taken to minimise transit losses:

While some transit losses are inevitable and are inherent in any mode of transport, a number of steps have been taken to bring down these losses to the barest minimum. Some of the effective measures taken are (i) greater vigilance in packing and handling of foodgrains and avoiding rough handling, (ii) tightening of security measures at the time of loading and unloading by appointment of tally clerks, wherever possible, for supervising the loading and unloading of foodgrains so that clear RRs and shortage damage certificates are granted by the Railways, (iii) private seals of the Department of Food are being put since 5th February, 1963, on wagons loaded in Bombay for despatch to certain major depots with a view to facilitating fixation of responsibility for short-landings, if any.

In a large number of cases, the transit losses are merely the result of using different modes of weighment at the forwarding and receiving ends. These losses, therefore, are only 'national' losses. The weights recorded on the wagon weighbridges of the ports and those recorded at the godowns are by different methods and on different Scales. So long as machines are different or different modes of weighment are adopted variations in weights are bound to occur. In order to avoid the difference in weights it has been decided to instal lorry weighbridges at our major depots. In the case of railway wagon weighbridges it is difficult to make each wagon stationary for weighment because of operational difficulties and that is why the weighment on railway weighbridges is not accurate. Lorries are made stationary on lorry weighbridge and then weighed. Weighments at both ends, are however necessary to rule out the possibility of pilferage or loss due to any default or negligence on the part of the Railways. These also form the basis for the initial records of clearance from ports and Storage in Depots and cannot be dispensed with.

It may be added that in some cases where are transit and storage gains also e.g. during the year 1962-63, there were 2,695 tonnes of transit gains and 5,333 tonnes of storage gains. These gains however, according to the rules are not set off against losses but are

taken as a receipt. If these gains are taken into account, the percentage of losses would come down considerably.

[U.O. No. 23/64-65/BFC.I /20th Report, dated 31-3-1965]

Recommendation

The Committee view with concern the large number of claims for transit losses pending settlement with the Shipping Companies (Total amount pending on 31st March, 1963, Rs. 37.33 lakhs) and the Railways (total amount pending on 31st March, 1963 over 32 lakhs). They desire that efforts should be made for early settlement of these claims.

[S. No. 30 of Appendix XVI (para 32 (ii)) of 20th Report (Third Lok Sabha)].

ACTION TAKEN

A note in respect of settlement of pending claims with Shipping Companies is being sent separately.

2. Regarding settlement of claims with Railways, it may be stated that there were 6257 claims amounting to (Rs. 33.23) lakhs pending with Railways as on 31st March, 1963. Out of these pending claims, 2970 claims amounting to Rs. 11.81 lakhs and pertaining to the years upto 1962 have been settled during the year 1st April, 1963 to 31st March, 1964. Necessary steps are being taken to settle the remaining pending cases with the Railways and the result thereof will be intimated in due course.

3. The accumulation of the claims was due to the fact that this work was attended to entirely by the officers-in-charge of the individual Storage Depots. In many cases, untenable claims were lodged. Such claims, as were lodged, were not followed up regularly as the depot officers had a number of other items of work on hand and had to attend to depot operations. The whole procedure has now been revised. Claims work now have with effect from dates noted below been centralised in the office of the Regional Director and an Assistant Director (Claims) is now looking after this work exclusively. It is expected that position will now improve considerably.

1. Northern Region -1st September, 1963;

2. Western Region—1st November, 1963;

3. Eastern Region—17th April, 1964;

4. Southern Region—1st January, 1964.

[U.O. No. 23/64-65/BFC.I 20th Report dated 14th August, 1964].

Recommendation

It was admitted that the depots accounts were not looked after as carefully as they should be. The Committee considered this as a highly unsatisfactory position.

[S. No. 31 of Appendix XVI, of the 20th Report (3rd Lok Sabha)].

ACTION TAKEN

Various measures have been taken to improve the state of accounts in the various food storage depots in the country. The services of senior officers of the Accounts Department have been obtained from the Comptroller and Auditor-General of India to man the accounts posts in the regional offices of this Department. There is a Director or Joint Director of Accounts in each Regional Office and he has been placed in charge of all the accounts work of the region. The Joint Directors at New Delhi and Madras joined duty on 14th August, 1963. The Directors at Bombay and Calcutta joined duties on 11th February, 1964 and 9th March, 1964 respectively. These officers are each assisted by a Deputy Director (Accounts) and an S.A.S. Accountant who are required to inspect the accounts of each depot at least once in a year and guide the godown staff in accounts matters. These officers have also been loaned by the Comptroller and Auditor-General of India except Director (Accounts) in the Western Region at Bombay who belongs to the Railway Accounts Service. Each Regional Office has in addition, borrowed from the Comptroller and Auditor General of India the services of two accountants who work as Accounts Instructors. They hold regular classes to train the godown staff in the matters relating to accounts. The first round of training of the godown staff is expected to be completed before the close of the calendar year, 1964. It is hoped that this will improve the accounts work in the storage depots.

[U.O. No. 23/64-65/BFC.I 20th Report dated 6th June, 1964].

Recommendation

The Committee are not satisfied with the explanation given in this case. Even after allowing for the hiring of some extra accommodation as and when it became available and allowing for a reasonable period for which they might remain vacant owing to the uncertainty of other factors, they see no justification for such a large number of godowns (131) remaining vacant for long periods (2 to 33 months) before they were either utilised or surrendered. These delays, the Committee regret to note had resulted in avoidable expenditure on pay and allowances of the staff and rent of the godowns during the period they remained vacant (over Rs. 1.50 lakhs). The Committee desire that steps should be taken to make

proper assessment of the requirements of the storage capacity in accordance with the programme for the purchase of foodgrains, to avoid such infructuous expenditure.

[S. No. 35 of Appendix XVI (para 37) of 20th Report (3rd Lok Sabha)]

ACTION TAKEN

The recommendation of the Committee is noted. In this connection it is stated that we have been constantly reviewing our storage requirements on the basis of expected import of foodgrains, procurement of indigenous foodgrains, completion of our constructed godowns in coming months and off-takes from Central Storage Depots. On the basis of these reviews and keeping an overall picture in view, godowns are hired and dehired. During the period 1st April, 1962 to 31st March, 1964 about 7.25 lakh tonnes of hired accommodation has been released.

2. It may be mentioned that factors on the basis of which these reviews are made for dehiring of godowns are variable and cannot be forecast with exactitude. The import programme is sometime falls short of the target owing to various reasons such as non-availability of Steamers, delay to Steamers, inadequate availability of foodgrains of the required type etc. etc. Expectations in regard to procurement from internal markets do not also sometimes materialise due to short production or inadequate arrivals of foodgrains in the markets or unexpected failure of procurement arrangements. All this results in non-availability of expected quantities of foodgrains and consequent vacancy of storage accommodation with the Government. The off-take of foodgrains from Government stocks has also an important bearing on the use of storage accommodation. When suddenly scarcity of foodgrains develops in the country owing to failure of crop or otherwise, the off-take from Government stocks goes up and godowns start getting vacant much against expectations. Recently we had such an experience when there was unduly heavy off-take from the Central Storage Depots. Against the average monthly off-take of 2.38 lakh tons during 1961-62 and 2.67 lakh tons during 1962-63, the average monthly off-take of wheat during 1963-64 was 4.01 lakh tons. The off-take during the month of March 1964, however, rose to as much as 7.16 lakh tons in order to meet the acute shortage and to keep the prices under check. This has naturally resulted in heavy vacancies both in owned and hired accommodations. It is expected that the stocks will be replenished in the near future by import programme as well as by procurement of indigenous foodgrains. Pending replenishment of the stocks, it is not possible or desirable to dehire godowns on the basis of this temporary vacancy.

3. It may also be pointed out that on account of development activities all over the country, hired accommodations at suitable centres are also difficult to get and once released are not expected to be available to us in times of need and at the same rate of rent as hitherto. However, as has been mentioned, we have been making periodical reviews of accommodation hired with us and all reasonable steps are being taken to dehire surplus godowns.

[U.O. No. 23/64-65/BFC.I/20th Report dt. 26-9-1964]

Recommendation

The Committee regret to note that although the Department of Food decided to curtail import in October, 1961 and informed the Finance Ministry about the saving in November, 1961, the amount was not surrendered till March, 1962.

[S. No. 4 of Appendix I of Twenty-Fifth Report (Third Lok Sabha)].

ACTION TAKEN

Noted. Instructions have been issued on 7th November, 1963 to all concerned to surrender surplus funds as soon as possible after the savings come to notice.

[U.O. No. 23 64 BFC.I/25th Report dt. 5-6-64]

APPENDIX X

MINISTRY OF HEALTH

All India Institute of Medical Sciences

Action taken on the recommendations of the Public Accounts Committee contained in their 20th Report (Third Lok Sabha)

Recommendation

The Committee are not convinced about the need of a Superintending Engineer when the advice of the Chief Engineer, C.P.W.D. in addition to that of their architects was available to the Institute. The Executive Engineer assisted by his other staff could well assist the Chief Engineer in matter of detail. Besides, the remaining staff of the Engineering Unit which includes two Assistant Executive Engineers, sixteen Section Officers and other junior staff appears to be excessive. (It is significant to note here that the Building Committee of the institute itself had recommended that there should be a small technical staff consisting of an Executive and Assistant Engineer and two Section Officers for supervising the progress of construction works). The Committee recommend that the strength of the Unit vis-a-vis the construction work which still remains to be executed may be examined and economy to the maximum extent possible, may be effected, urgently. [S. No. 43, Appendix XVI].

ACTION TAKEN

The services of the Chief Engineer, C.P.W.D., were available to the AIIMS only till 1958. It was only in 1958 that the Engineering Unit was established and a Supdg. Engineer and other necessary staff were appointed. The Building Committee recommendations to which audit have referred pertains only to the supervision of the work of the firm of architects. It was only for this portion of the work that 1 Executive and 1 Asstt. Engineer and 2 Section Officers had been suggested. It is to be pointed out that the supervision of the work of the Firm Architects is only a very small portion of the total work and responsibilities of the Engineering Unit. This

Unit has the following functions to perform:

- (i) Maintenance of completed works which are outside the duties of the Architects,
- (ii) additions and alterations to the buildings which falls outside the responsibility of the firm of architects.
- (iii) major works other than those under the firm of architects; a few of the more important examples of which are given below:
 - (a) water supply work including construction of tubewells and overhead tanks;
 - (b) construction of residential quarters, 4 CI type quarters, 8 CII type quarters, 16 DII type quarters,
 - (c) hostel for students;
 - (d) construction of airconditioning plant room and cooling towers;
 - (e) rehabilitation centre

It may be pointed out that the total annual budget of the above construction work comes to between Rs. 18 to 20 lakhs

It was in this background that the Chief Engineer of C.P.W.D., as far back as 1958 recommended an Engineering unit for A.I.I.M.S. consisting of—

Superintending Engineer	1
Executive Engineers	3
Asstt. Engineers	8
Section Officers	29
Junior Architect	1

As against this, the actual sanctioned strength of the Engineering Unit of the Institute is—

Superintending Engineer	1
Executive Engineers	2
Asstt. Engineers	4
Section Officers	16

The functions of the supervisory staff are as under

- 1 Asstt. Engineer—Maintenance of residential and non-residential building;
- 1 Asstt. Engineer—Maintenance of pre-clinical block, teaching block and OPD block

- 1 Asstt. Engineer—Planning and designing of buildings other than those under the Architects and technical check of buildings being constructed by the firm of architects.
- 1 Asstt. Engineer—(Electrical) Maintenance of lifts, electrical equipments, airconditioning equipment in the various buildings of the Instt.
- 1 Executive Engineer—Construction and maintenance works in the entire campus.
- 1 Executive Engineer—(Electrical)—Installation of lifts, electrical equipment and airconditioning equipment and all other electrical works.

It might be mentioned in passing that in the absence of Workshop which is still under construction, the Engineering unit of the Institute is looking after all the expensive electrical equipment under the various departments of the Institute although this equipment is not borne on the books of the Engineering Unit. This function and the work involved is not reflected in the budget of the Engineering unit.

In the background of what has been stated above, it is considered that the present strength of the Engineering unit is the minimum required and no further economy is feasible.

Recommendation

The Committee do not find that the explanations given to them are fully satisfactory. If the quotations of the lower tenderer were unworkable, the estimates were even more unworkable. It was so, the Committee feel that the Superintending Engineer should also not have recommended acceptance of the lower tender, as he did. The Committee feel that estimates must be framed in the light of the prevailing costs, if they are to serve the purpose of making an objective assessment of the reasonability and workability of tenders received. [S No 44, Appendix XVI].

ACTION TAKEN

The suggestions of the Public Accounts Committee regarding preparation of estimates have been considered and are accepted. The estimates will no doubt be prepared on the basis of the Delhi Schedule of Rates as is already being done. As prevailing rates (market rates) go on fluctuating, these cannot be taken as the basis for the preparation of Estimates. Some percentage will, however, be added taking into account the rise in market rates. This will enable an objective assessment being made of the reasonableness and workability of the tenders received.

APPENDIX—XI

MINISTRY OF HOME AFFAIRS

Statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee contained in their 8th Report (Third Lok Sabha).

Recommendation

(i) *The Committee feel unhappy over the manner in which this case has been dealt with. The revision of rates of royalty was deferred on the ground that a scheme for forming a Central Co-operative Society was under examination. But this scheme fell through. It is not understood, therefore, why, when the large margin of profit earned by the merchants was known steps were not taken earlier to revise the rate of royalty so that the benefit could go to the tillers of the soil.*

(ii) *The Committee also recommend that while giving evidence, the representatives of the Ministry should come fully prepared and furnish complete information to the Committee as far as possible. They would reiterate the recommendations made in Para 72 of their First Report (1951-52).*

[Serial No. 63 of Appendix IV to the 8th Report (3rd Lok Sabha)]

ACTION TAKEN

(i) The underlying object behind regulating the trade in the reserved areas (Nicobar Islands) under the A&N Islands (Protection of Aboriginal Tribes) Regulation, 1956 is to protect the interests of socially and economically backward tribes. In this connection it may be pointed out that if the entire trade is carried on by the Nicobarese themselves, they would not be liable for any royalty. Sub-section (ii) of condition 5 of the licence issued provides that on every item of local produce, purchased from the aboriginal tribes and exported therefrom to any place outside the reserved area, the licensee shall pay royalty to Government at such rates as may from time to time be fixed by the Chief Commissioner. The Chief Commissioner, who is to fix the royalty by rates, considers that royalty rates per 100 lbs. equal to 10% of the ruling market rates per maund of copra and betel-nut in Calcutta market are fair and reasonable.

The royalty rates were not revised prior to 1-4-1960 as the Chief Commissioner's Office was not informed about the prevailing Calcutta market rates by the Deputy Commissioner's Office. The Chief Commissioner allowed the old rates to continue in the absence of necessary material indicating the necessity for the revision of rates. The Chief Commissioner received information regarding average prices in Calcutta in June, 1958 and he could not have utilised this information in April, 1958. After receipt of information regarding the average prices of betelnuts and copra in Calcutta in June, 1958, the question of the revision of rates of royalty was taken up. Before the matter was finalised the question of formation of a Central Co-operative Society consisting of 27 co-operative societies in the Nicobar Group and 5 individual members of M. s. Akoojee Jadwet & Co. came up for consideration. The question of revision of royalty rates was not therefore further pursued pending formation of the Society. It was, however, decided in November 1959 that the proposed Co-operative Society would not be in order and that the then existing system of trade should continue. The question of revision of royalty rates was then revived and the rates were revised in April 1960, on an *ad hoc* basis by doubling the prevailing rates. In view of this position, the rates could not be revised earlier than 1-4-60.

The ruling prices in Calcutta market for betelnut and copra were at that time Rs. 118.90 per md. and Rs. 49.20 per md. respectively. The rates of royalty calculated on the basis of 10% of the then ruling market prices per md. work out to Rs. 11.89 per 100 lbs. of betelnut and Rs. 4.92 per 100 lbs. of copra as against the royalty rates of Rs. 17.37 per 100 lbs. of betelnut and Rs. 7.00 per 100 lbs. of copra, fixed in April, 1960.

The revised royalty rates were thus higher than 10% of the then market rate per md. of betelnut and copra in Calcutta. As the increased royalty rate could be paid only out of the profits, the trading companies in which the Nicobarese held 50% shares immediately reduced the purchase price of betelnuts and copra to the minimum fixed by the Admn. Thus the Nicobarese who were getting Rs. 0.30 per lb. for copra and Rs. 0.70 per lb. of betelnut started getting only Rs. 0.25 per lb. and Rs. 0.60 per lb. respectively after the upward revision of royalty rates. This adversely affected the interests of the Nicobarese.

Subsequently, there have been fluctuations in the prices of betelnuts and copra. In June, 1963, the Administration intimated the average prices of Rs. 205.20 per md. of betelnut and Rs. 70.40 per

md. of copra on the basis of which the royalty rates worked out to Rs. 20.52 for betelnut and Rs. 7.04 for copra per 100 lbs. as against the prevailing royalty rates of Rs. 17.37 per 100 lbs. of betelnuts and Rs. 7.00 per 100 lbs. of copra. The existing royalty rates were close to 10% of the average market prices worked out by the Administration. Meanwhile the question of increasing the purchase price of the copra and betelnuts from the Nicobarese, which was under consideration had been finalised and it had been decided to increase these prices substantially. This increase directly benefitted the producers and affected the profits of the trading concerns. In view of this, further revision of the rates of royalty was not attempted.

Regarding the observation of the Committee why steps were not taken earlier to revise the rate of royalty so that the benefit could go to the tillers of the soil, it may be pointed out that (i) royalty is a charge on the trading companies, namely, Car Nicobar Trading Company and the Nancowrie Trading Company (licensees); (ii) any increase in royalty would have adversely affected the working results of the two trading companies in which the Nicobarese hold 50% shares; (iii) the benefit of royalty is a revenue to the State and is not meant for being passed on to the producers or tillers of that soil.

The producers or the tillers of the soil can benefit only if the selling rates of their produce are increased. With this end in view the minimum purchase prices of copra, betelnut and coconut were revised w.e.f 1-7-1963 as shown below:—

Copra from 55nP per kg. to 75 nP per kg Betelnut from
Rs. 1.32 nP per kg to Rs. 2.20 nP. per kg

Coconut from Rs. 10.00 nP per 100 nuts to Rs. 13.60 per 100
nuts.

The rates were fixed after taking into consideration the average prices prevailing in the Calcutta market as also the previous working result of the licensed companies. There is now no scope for the revision of the royalty rates as any further increase in the rates will affect the interests of Nicobarese adversely.

The upward revision of minimum purchase prices would yield an additional income of about Rs. 4 lakhs to the Nicobarese.

(ii) Noted.

Recommendation

(a) The Committee feel surprised to note that the Ministry have repeated their plea as given last year (Appendix IV to 3rd Report) (1962-63) that expenditure under the sub-head "Tour Expenses" is of an uncertain and fluctuating nature, and that it is not therefore possible to foresee with any degree of precision and exactitude the expenditure likely to be incurred on this account, particularly on tours abroad during a particular year. They would reiterate their earlier recommendations contained in para 8 (ii) of their 3rd Report (1962-63) and hope the Ministry would make better effort in this behalf in future.

(b) The Committee also regret to note that as in the previous year, there was a surrender of Rs. 21,490 though the expenditure actually incurred was in excess of the grant.

(c) The Committee do not feel happy to find that the Ministries had not been doing reconciliation work in this respect properly as provided in the rules. They would suggest the Ministry of Finance to look into such matters where a number of Ministries have to deal with a particular item of work and take suitable steps to ensure that they perform their duties properly. Where necessary, such items of work should be concentrated in a single Ministry; alternatively there should be a co-ordinating authority to keep a watch over such matters.

[Sl. No. 8 of Appendix XV to the Sixteenth Report (3rd Lok Sabha)]

ACTION TAKEN

The observations at (a) & (b) above have been noted for future guidance. As regards the observation at (c) above the reconciliation work in respect of Group head 'A' under the grant 'Cabinet' (which includes provision for 'Tour Expenses' of Ministers) has since been taken over by the Ministry of Home Affairs with effect from 1963-64 in order to ensure that this work is done effectively vide O.M. No. 21162-AC. I dated the 8th March, 1963 (copy enclosed).

Recommendation

The Committee regret to note the lack of coordination amongst the various authorities in the matter of adjustment of debits pertaining to expenditure incurred by Defence Estimate on J.K. Militia and of old debits pertaining to the cost of air-lifts provided by the I.A.F. to the Police Battalion personnel. They would like the Ministry of Finance to issue suitable instructions to Ministries in con-

sultation with the comptroller and Auditor General to avoid recurrence of such cases.

[S. No. 9 of Appendix XV to the Sixteenth Report—3rd Lok Sabha].

ACTION TAKEN

Instructions from the Ministry of Finance are awaited. However, this Ministry have already issued instructions to the Inspector General of Police, Central Reserve Police, to the effect that the cost of Services obtained by the Commandants from the Defence Authorities on air lifts etc. should be ascertained and communicated to this Ministry at the end of November and February each year so that necessary funds for the purpose may be provided vide this Ministry's letter No. Dy. 4426.63-AC. I, dated the 21st November, 1963 (copy enclosed).

No. F. 2 11/62-Ac. I

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-11, the 8th March, 1963 17th Phalguna, 1884

OFFICE MEMORANDUM

SUBJECT:—*Reconciliation of expenditure figures relating to Union Ministers, Ministers of State and Deputy Ministers in respect of Group Head 'A'—Cabinet under Grant "Cabinet".*

According to the existing practice, the reconciliation of expenditure figures with the figures booked by Audit in respect of expenditure on Pay, allowances, honoraria, etc. and tours of the Union Ministers is done by each Ministry Department and the reconciled figures are intimated by them to this Ministry. Experience has shown that in most cases the reconciled figures intimated to this Ministry do not tally with the audit figures, with the result that considerable difficulty is experienced by this Ministry in accepting the audit figures of actual expenditure as shown in the final Appropriation Accounts and in furnishing the explanation for the variation between the departmental and audit figures. In this connection, the case of the Appropriation Accounts for 1961-62 may be cited as an instance. The total figure of expenditure on tours of Ministers during that year, as reported by Ministries/Departments after reconciliation, is Rs. 7,79,075 whereas the figure actually booked by the Accountant General, Central Revenues, and reported in the Appropriation Accounts for 1961-62 is Rs. 9,09,322.

2. In order to avoid such discrepancies in future between the audit figures and the figures as reported by Ministries, etc., it has been decided, at the instance of the Ministry of Finance and the Accountant General, Central Revenues, that the work relating to reconciliation of expenditure in respect of Union Ministers, etc., under Group Head 'A-Cabinet' under the Grant "Cabinet" should be centralised in the Ministry of Home Affairs with effect from the financial year 1963-64. For this purpose, the undersigned is to request that expenditure statements for each month, as in the enclosed proforma, may kindly be sent so as to reach this Ministry not later than the 10th of the following month. The first statement in respect of April, 1963 will thus become due for submission to this Ministry by 10th May, 1963.

3. The Accountant General, Central Revenues, has reported that reconciliation of departmental figures with audit figures for the current year (1962-63) is not up-to-date in respect of certain Ministries' Departments. The undersigned is, therefore, to request that immediate steps may please be taken to depute an official to the office of the Accountant General, Central Revenues, to have the figures booked in the Accountant General's office reconciled upto the end of January, 1963. This arrangement may be continued till the reconciliation for the current financial year (1962-63) is complete, and the action taken in the matter intimated to this Ministry in due course.

K. THYAGARAJAN.

Under Secretary to the Govt. of India.

To

1. All the Ministries of the Govt. of India 2. Planning Commission/3. Prime Minister's Secy. 4. Deptt. of Parliamentary Affairs

No. F. 2 II 62-Ac. I

dated the 8th March, 1963/17th Phalgun, 1381.

Copy to the Accountant General, Central Revenues, New Delhi with the request that the Statement of debits raised by the Railways regarding tours of Ministers, indicating the name of the Minister/Minister of State/Deputy Minister concerned, may kindly be sent to this Ministry by the 10th of every month with effect from April, 1963.

K. THYAGARAJAN.

Under Secretary to the Govt. of India.

Copy to cash section for similar action.

495 (am) I.S. -16.

Statement showing the expenditure incurred on Pay, Sumptuary allowances and Tours of Cabinet Ministers, Ministers of State & Deputy Ministers and Parliamentary Secretaries debitable to Grant 'Cabinet' for the Month of—

NAME OF THE MINISTRY _____

S. No.	No. & date of the bill sent to the Treasury	Name of Minister Deputy Minister etc.	Pay	Sumptuary Allowance	TRAVELLING ALLOWANCES								Remarks.
					Date & month of the journey	Place(s) visited	Expenditure on Railway Requisitioned & Accommodation.	Expenditure on air journey	T. A. (on mileage)	Daily allowance	Other expenditure	Total Col. 8 to 12	
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Copy of letter No. 4426/63-Ac. I dated the 21st November, 1963 from the Under Secretary to the Govt. of India, Ministry of Home Affairs, addressed to the Inspector General of Police, Central Reserve Police, New Delhi.

It has been observed that there was an excess of Rs. 35,851 under D. I.-Charges paid to other Governments Departments etc. during the year 1961—63. This was explained to the audit as due to adjustment of old debits pertaining to the cost of air lifts provided by the I.A.F. to the personnel of Police Battalions on deputation to Jammu and Kashmir. The audit was also told that this Ministry was not aware either of the raising of the debits or of the adjustment made by the Accountant General, Jammu and Kashmir, in the year 1961-62, and, therefore, no funds could be provided to meet the adjustments. The audit are not satisfied with this explanation and have suggested that suitable steps should be taken to keep the Ministry informed in time about the services obtained by the Commandants from the Defence authorities with a view to avoid such cases of excesses in future.

It is, therefore, requested that, in future, the cost of services obtained by the Commandants from the Defence authorities on air lifts, etc. may be ascertained and communicated to this Ministry at the end of November and February of each financial year, so that necessary funds for the purpose may be provided either by re-appropriation or by Supplementary grant within the year. This information should invariably include the liability, if any, of the previous year.

APPENDIX XII

MINISTRY OF INDUSTRY AND SUPPLY

(Department of Industry)

Action taken on the recommendations of Public Accounts Committee

Recommendation

The Committee are unhappy to note that the facts brought to light in the course of this year's examination of the Accounts, including the transactions of loans/grants, etc. dealt with by the Commission show that despite their earlier recommendations, the position seems to have deteriorated further. Despite specific provisions in the Loan Rules of the Commission, the Committee regret to observe that the loans were given without duly verifying the standing and capacity of the recipients. The Commission has persistently failed to exercise checks over the manner in which the money given by them was spent, and to obtain necessary utilisation certificates or to get refunded the amounts not utilised. All this leads the Committee to the conclusion that these aspects of the working of the Commission need a special looking into, so that proper action may be taken against defaulters. It is also necessary to consider to what extent the various activities of the Commission which have not proved fruitful need curtailment. [S. No. 62 (Para 69) of Appendix III to 7th Report, 1962-63. (Third Lok Sabha)]

ACTION TAKEN

An effort was made to find out the number of cases in which the Public Accounts Committee had earlier given their recommendations in their successive Reports published since April, 1959 (i.e. 12th Report, Second Lok Sabha) and the number of cases where the Commission had not kept them in view. A statement showing briefly the reports, the period of irregularity, and their nature is attached. It may be seen therefrom that the instances of irregularities in release of funds etc. mentioned in these Reports occurred during the period ranging from 1953-54 to 1958-59, that is, these occurred during more or less the same period, and much earlier than the Reports. In the circumstances it is felt that the position cannot be said to have deteriorated despite the earlier recommendations

of the Public Accounts Committee. Further, the Loan Rules of the Commission were framed only in the beginning of 1958, whereas the irregularities mentioned in the Reports largely relate to periods prior to these Rules. Only in the two cases mentioned in paras 64 and 65 of the 7th Report (the one under reply) have irregular payment after the publication of the Loan Rules been reported (i.e. grant of further loans during 1958-59 to 1960-61). The Committee may therefore kindly reconsider the matter in the light of these factors.

2. As for the persistent failure of the Commission to get Utilisation Certificates, the difficulties in obtaining the certificates in the past years, the steps taken and the procedural safeguards adopted to obtain the certificates regularly in future have been explained in reply to para 61 of the 7th Report (III Lok Sabha) and will also be explained in detail in reply to para 57 *ibid*. In regard to recovery of unutilised amounts, special attention is being paid by appointing a senior officer for this purpose.

3. The schemes of the Commission are subjected to review by Special Committee such as the Khadi Evaluation Committee, Village Industries Evaluation Committee etc. and their recommendations regarding usefulness of the schemes, deficiencies in implementation etc. are considered and action taken to remedy the defects.

[O.M. No. 5(9) B&A 63 dated 5-5-1964].

Serial No.	Para No.	P.A.C.'s Report	Date of the Report	Period of the irregularity referred to by P.A.C.	Brief nature of the irregularity
1	2	3	4	5	6
1.	19—20	18th Report (2nd Lok Sabha)	24-4-59	1953-54 to 1954-55	Irregularities in the payment of subsidy on production and sales of khadi and want of acknowledgement for loans granted.
2.	19	25th Report (2nd Lok Sabha)	22-3-60	1953 to 31-3-57	Non-receipt of audited accounts & Utilisation Certificates for loans granted for the development of traditional khadi and payment of rebate on sales.
3.	18 & 19	34th Report (2nd Lok Sabha)	5-3-61	Sept. 56 to Sept. 57	Irregularities in payment towards a contract for the manufacture of Ambar Charkhas.
4.	21 & 22	Do.	Do.	1953-54 to 1958-59	Irregularities like bogus claims for subsidy and payments to non genuine spinners of the subsidy in respect of the Vastra-swawalamban scheme.
5.	24	Do.	Do.	1953-54 to 1958-59	Payment of higher rates of subsidy in respect of the above scheme.
6.	26	Do.	Do.	1954-55 to 1955-56	Irregularities in the maintenance of accounts by a Vidyalaya run by the Commission.
7.	27	Do.	Do.	1954-55 to 1955-56	Undesirable features in the leasing of land by the above institution.

8.	29	Do.	Do.	1955 to 1958-59	Irregularities in the construction of a workshop without consulting C.P.W.D. for the Saranjam Karyalaya, Nasik.
9.	30	Do.	Do.	1956-57	Purchase of timber without tenders/formal agreements for the above Karyalaya.
	31	Do.	Do.	1957-58	Loss of Rs. 95,985 due to fixation of lower sale price for Charkhas than their production cost and due to labour troubles.
10.	33	34th Report (2nd Lok Sabha)	5-3-61	Aug. 54 to Feb. 55	Irregularities in the disbursement of grants & loans to a private institution, without watching for audited accounts.
11.	35	Do.	Do.	December, 1956	Grant of loan to an institution which was not able to fulfil its promise.
12.	37	Do.	Do.	1955-56 to 1958-59	Irregularities in the accounts of a Karyalaya.
13.	39	Do.	Do.	1955-56 to 1957-58	Unsatisfactory state of affairs reported in further payment of subsidy on production and sale of khadi. [See Sl. No. (1) above].
14.	40	Do.	Do.	1958-59	Unprofitable working of Khadi Emporia.
15.	23	42nd Report-Vol. I (2nd Lok Sabha)	17-3-62	December, 54 to Mar., 56	Disbursement of grants/loans to a private institution without ascertaining the capacity of a new institution.
16.	29	Do.	Do.	Upto 1959-60	Overpayments of s.a. subsidy.

Recommendation

The Committee finds that this is a typical case where provision for standing charges and liabilities already incurred was not made. They are particularly surprised to find that as many as 19 posts in different categories were created and filled up though there was no budgetary provision for the same. The Committee takes a serious notice of this lapse and trust that the Ministry would take effective steps to improve their control over expenditure. [S. No. 4 Para No. 7(i) of Appendix XV to Sixteenth Report (1963-64) (Third Lok Sabha)].

ACTION TAKEN

In this connection it may be mentioned here that out of nineteen posts, two posts of Upper Division Clerks, two posts of Stenographers, two posts of Investigators and one post of Accountant were lying vacant since January 1962, September, 1961, August, 1961 and November, 1961 respectively and funds were surrendered at the time of fixing Revised Estimates; but later on, these posts were filled in during the year 1961-62. In addition to this, two posts of Stenographers for assisting the Security Adviser, five posts of Upper Division Clerks and five posts of Lower Division Clerks for providing assistance to the newly formed Aid Section in the erstwhile Ministry of Commerce and Industry were created with the requisite sanction and approval of the Economy Committee of the said Ministry and the Ministry of Finance.

These posts (nineteen) in question were created with due sanction though there was no provision in the Budget of the Main Secretariat at that time. Such a contingency occurs only when any unexpected need arises in the exigencies of Public Service during any financial year and expenditure for pay and allowances cannot be met from within the sanctioned budget grant and the excess becomes unavoidable. However, every effort is being made to keep the expenditure within the budgetary provision.

Recommendation

The Committee were anxious to satisfy themselves if at the time of taking over the management of the company or immediately thereafter the Central Govt. had duly looked into the State assets and liabilities and the accounts of the company so as to see that Government were not saddled with accumulated losses of the past, and the price paid by them for acquisition of share capital had been arrived at on a fair assessment of assets. Having been unable to obtain information during oral evidence, the committee desired

to be furnished with a note on the following points but the note is still awaited:—

- (i) *Basis of valuation of the Mills.*
- (ii) *Value fixed for assets and liabilities of the Mills (The figures for assets and liabilities to be given separately).*
- (iii) *What was the market value and face value of the shares of the Mills at the time when the Mills were taken over by the Central Government.*
- (iv) *Whether the amount of loss shown in the accounts of the Mills to the tune of Rs. 1·73 crores when they were taken over by the Government of India was adjusted against the payment of compensation if not, what was the position.*
- (v) *What was the conclusion reached after valuation regarding the state of assets and liabilities with reference to the work value taken over. [S. No. 98, Appendix III, 23rd Report (3rd L.S.)].*

ACTION TAKEN

The information required is given below:—

BASIS OF VALUATION OF THE MILLS

(i) The control of the company was taken over by the Central Government on 29-12-1958 but the valuation of the assets and liabilities of the company was made on the basis of the Balance sheet as on 31st March 1958, according to which the liabilities and assets were as under. No fresh valuation was made at the time of take over.

<i>LIABILITIES</i>		31-3-1958
	Rs.	
1. Subscribed, called and Paid up Share Capital		1,33,51,953
2. Reserves and Surplus		74,329
3. Secured Loans		
(a) Govt. of M. P.	Rs.	2,14,86,652
	Rs.	2,82,73,000
		4,97,59,652
4. Current Liabilities		1,13,61,844
		<hr/> 7,45,47,778
<i>ASSETS</i>		31-3-1958
1. Fixed assets		4,16,24,124
2. Assets under construction		84,554
3. Investments		3,500
4. Current Assets		56,26,315
5. Loans Advances and Deposits		14,95,772
6. Cash and Bank Balances		61,77,017
7. Miscellaneous expenditure & losses		1,95,36,496
		<hr/> 7,45,47,778

(ii) Value fixed for assets and liabilities of the Mills. (The figures assets and liabilities to be given separately).

The value fixed for assets and liabilities of the Mills was on the basis of the Balance Sheet as on 31st March, 1958. The financial position of the Mills as on 31st March, 1959 i.e. 3 months after the control was taken over by the Central Government was as under:—

<i>LIABILITIES</i>		31-3-1959
		Rs.
1. Share Capital		4,93,24,878
2. Reserve and Surplus		2,08,510
3. Secured Loans		
(a) Government of Madhya Pradesh	Rs. 95,00,000	1,27,73,000
	Rs. 32,73,000	
4. Current Liabilities		1,34,12,687
		<hr/> 7,57,19,075 <hr/>

<i>ASSETS</i>		
1. Fixed Assets		3,97,93,391
2. Assets under construction		7,12,986
3. Investment		3,625
4. Current Assets		73,19,273
5. Loan Advances etc.		18,74,671
6. Cash and Bank Balance		1,01,61,390
7. Fictitious assets (Misc. Capital & Losses).		1,58,53,738
	TOTAL	<hr/> 7,57,19,074 <hr/>

(iii) What was the market value and face value of the shares of the Mills at the time when the Mills were taken over by the Central Government.

The Mills were running at a loss and their shares were not quoted in the market as they were not listed on the stock exchange. However, shares were being transferred on the books of the company's at that time at the rates of varying from Rs. 2.50 to Rs. 10 per share.

(iv) Whether the amount of loss shown in the accounts of the Mills to the tune of Rs. 1.73 crores when they were taken over by the Government of India was adjusted against the payment of compensation, if not, what was the position.

The amount of loss shown in the accounts of the mills was taken over by the Government along with the Liabilities and assets.

(v) What was the conclusion reached after valuation regarding the State of assets and liabilities with reference to the book value taken over.

No formal valuation had been made. The company was taken over by Government as a result of a negotiated settlement with the State Government and other share holders to enable the project to survive or be resuscitated in the national interest.

The major portion of the loss carried forward in the books, when the undertaking was taken over by Government. As directly attributable to the interest charges paid on the loans to Madhya Pradesh Government and the Central Government. Had the Government taken over the industry, at the beginning, then the money invested in the Share Capital, would not have earned any interest. By lending the money, the Government have earned interest, till the time it converted the loan of share capital. Though the Government took over the assets, with previous losses, it has already covered up the losses, by earning interest on the money, that was subsequently converted as Share Capital. Apart from this the Government did not in any way lose by taking over the Assets and liabilities of the company including the loss at the book value. It is also a fact that between the years 1950 to 1958 price of equipments, both imported and indigenous has escalated very much which can be verified from the various market reviews of the period in question.

Whether the assets are resold or not, there has been a *de facto* appreciation in the value of the assets. Assuming that the company is sold out to a private enterprise, the value would conform to the present market prices, and this would definitely cover the losses incurred.

(vi) Page 49-50—para X (3)—*Cost of Production.*

What is the percentage of overhead charges in relation to the total cost of Production?

The required information is given below:—

1960-61	1961-62	1962-63
5.6 per cent	5 per cent	5.9 per cent.

The various charges viz. Live Stock written off, compensation bad debts written off, shortage of stores, unserviceable stores written off, development expenses written off, technical research expenses written off, emergency risk insurance, consultants' fees, salary written off, temporary quarters written off and reserve for doubtful debts, are charges which have nothing to do with production and do not therefore, form part of the production cost. Accordingly we have not taken into account these items in the total cost of production and therefore, they have not also been taken into account in the amount of overhead charges during the relevant periods. The question of their inclusion in the cost of production or in the overhead charges is not admissible even under the cost accounting system, and thus the cost of production, the cost of overheads and the percentage thereon indicated are in order and do not need any revision.

Recommendation

The Committee note from the evidence that the main problem faced by the Mills arises out of unsuitability of the available raw materials for production of newsprint and this also affected the economics of production. The committee consider it unfortunate that this factor had not been given due consideration when the location of this factory was decided. They were informed until recently some pulp had to be imported to be mixed with indigenously manufactured pulp so as to improve the quality of the fibre. The committee had also been informed that at present only about 25 per cent. of the requirement of newsprint in the country was being met by indigenous production and that it was proposed to expand indigenous production by increasing the capacity of Nepa Mills from

30,000 to 75,000 tonnes by 1986 and by creating a further capacity for 1,50,000 tonnes in the private sector. The committee hope that the question of availability of suitable raw materials for the new scheme will be given due attention and that the history of Nepa Mills will not be repeated in their case. Urgent attention must also be paid to the training and recruitment of technical staff. [S. No. 99, Appendix III, 23rd Report (3rd L.S.)].

ACTION TAKEN

Salai and Bamboo are the two main raw materials used. A committee was set up to examine the question of availability of raw materials for the proposed expansion of the Nepa Mills. This Committee is of the view that:—

- (a) There would be no difficulty in obtaining adequate quantities of bamboo required for the expanded production.
- (b) The salai wood available within Madhya Pradesh supplemented to a small extent by the resources of adjacent areas in Maharashtra would be adequate to sustain the expand production for a period of about 22 years. With suitable steps taken in the meantime for plantation of suitable species of fast growing timbers such as Eucalyptus in ecologically favourable areas in the vicinity of the Mills to be selected with the assistance of the Chief Conservator of Forests, Madhya Pradesh and the President, Forest Research Institute, Dehradun, the mills should not experience any difficulty about raw materials.
- (c) In the extreme event of the plantations also not coming up during the next 20 to 22 years, the possibility of producing pulp on plantation timbers at a different site could be also considered in due course.

The question of availability of suitable raw materials for the new schemes is also being given the due consideration. The training and recruitment of technical staff will no doubt be given the urgent attention.

It may be added that originally, the scheme was sponsored by a private party in 1947 when even the Ind. (D. & R.) Act, 1951 was not in existence. The Central Government stepped in much later only to pull out the nutts from uneviable position in which it was being dragged. Had this not been done in time, even the present indigenous production of newsprint which comes to 25% of the demand would not have been there.

Recommendation

(i) *In view of the proposed expansion of the capacity Nepa Mills, the problem of diminishing reserves of Salai wood assume added urgency. The Committee suggest that it is necessary to assess how long the existing reserves would last and that the ways of increasing them and of growing alternative woods should be systematically examined and pursued so that the aforestation programme of the State Govt. is kept abreast of the requirement of Nepa Mills.*

(ii) *The Committee were informed that suitable woods were available in Kashmir in the Himalayan slopes but the problem was of their transport and economics of pulp manufacture. They were also informed that the possibility of putting up a plant in Kashmir was being explored. Since it is in the long term interest of the newsprint industry in India to produce pulp of good quality indigenously rather than importing it, the Committee feel that it is high time that priority is given to this matter.*

[S. No. 100, Appendix III, 23rd Report (3rd L.S.)]

ACTION TAKEN

This matter has since been taken up with the Ministry of Food and Agriculture (Department of Agriculture) for growing alternative woods.

The survey for the assessment of raw materials in Punjab by M/s. Abitibi Power and Paper Co. Ltd, Toronto, Ontario is understood to have recently completed and the report is being finalised by the Foreign expert. Another team of foreign experts for wood extraction and logging study in the hilly areas of Punjab and Himachal Pradesh has been approved by Government. The expert team from Canada is already in the job and the feasibility study to be submitted by them is expected to be ready shortly. Priority is already being given to this matter.

Recommendation

The Committee note that the cost of production had been brought down from Rs. 869 a ton in 1961-62 to Rs. 830 in the current year. It is, however, significant to note that the cost of imported newsprint per ton is between Rs. 800 and Rs. 900. If due allowance is made for shipping charges, customs duties and the margin of profit it would be obvious that the cost of production would be considerably less in the foreign countries. The Committee, therefore, hope that efforts will be continued to bring down the cost of production still further.

[S. No. 101, Appendix III, 3rd Report (3rd L.S.)]

ACTION TAKEN

The prices of various Commodities and Chemicals used for the manufacture of newsprint are steadily rising. The impact of these

rising prices on the mill estimates has worked out to Rs. 40/- only during the last year. The same is the case with wages. Naturally there is no chance of bringing down the cost of production and the best that is possible is that to keep the prices stabilised at where they are today.

The prices of imported newsprint is lower than our selling price because of the fact that in foreign countries the factories are operating on better raw materials and under better conditions. Our raw material is very poor and naturally it involves more of power and more of chemicals. Also our cost is higher because rate of electricity in our country is ten times as much as in foreign countries. Hence taking the view on the whole it would appear that though our price is higher than the imported stuff yet it is not so high as it could have been under so many unfavourable conditions.

Recommendation

The Committee feel that with the experience already gained in the manufacture of newsprint without admixture of imported pulp with the indigenously manufactured pulp, it is desirable to fix some tentative standards for consumption of raw materials as compared to the finished product. These could be revised in the light of further experience. [S. No. 102, Appendix III, 23rd Report (3rd L.S.)].

ACTION TAKEN

This is being looked into.

Recommendation

The Committee regret to note that the question of setting up the plant through a private party or by the Mills themselves was not dealt with the urgency it deserved in view of the saving of Rs. 2 or 3 lakhs per year expected to accrue as a result thereof. [S. No. 103, Appendix III, 23rd Report (3rd L.S.)].

ACTION TAKEN

Noted.

Recommendation

The Committee note that the Annual Report of the Company for the year 1961-62 was rather sketchy. They desire that the next Annual Report of the Company should be more informative as regards its achievements against targets fixed, the major problems encountered and solutions found and it should also deal with such matters as cost, control, progress of expansion of capacity training imparted to personnel etc. [S. No. 104, Appendix III, 23rd Report (3rd L.S.)].

ACTION TAKEN

Necessary steps in this direction have already been taken and the last Annual Report has been prepared keeping the Committees' observations in view.

Recommendation

A sum of Rs. 0.93 lakhs was charged to the profit and loss account for the year 1961-62. This represented loss due to fire of bamboo worth about Rs. 1.91 lakhs less an amount of Rs. 0.98 lakhs recovered from the Insurance Company. The Committee were informed that cause of the fire was not known. The entire stock was not covered by insurance. The Committee would like to know the reasons therefor. The Committee hope that necessary precautions are being taken to avoid such losses in future. [S. No. 105. Appendix III, 23rd Report (3rd L.S.)].

ACTION TAKEN

The cause of the fire is not known. The Nepa Mills had originally estimated a maximum stock of two thousand tons of bamboo only, at the Taku Railhead Depot and accordingly, insurance against fire was effected for a Lakh of Rupees on an estimated rate of Rs. 50/- per ton of bamboo. The stock of Bamboo as at the end of March, 1961 was near about the insured quantity and subsequently due to non-availability of Railway wagons, the stock mounted upto 3800 tons (approximately) by 10th May, 1961. However, the Mills were in correspondence with the Railway authorities who had intimated that more wagons would be made available regularly. But this did not materialise due to certain operational difficulties of the railways as advised by them subsequently.

Had the Mills been informed in time by the railways that the movement of wagons would be difficult during the months, April, 1961 and the May, 1961 they would have arranged to raise the insurance limit, in proportion to the stocks accumulated.

In view of the circumstances mentioned above, and as the Mills were always expecting to move the major quantity of the stock quickly the limit of insurance was not increased by them when the fire broke out.

[O.M. No. LI(III)—18(118)/64 dated 21-10-64]

APPENDIX XIII
MINISTRY OF INDUSTRY AND SUPPLY
(Deptt. of Supply)

Statement showing action taken or proposed to be taken on the recommendations/observations of the Public Accounts Committee.

Recommendation

The Committee are surprised at the stand taken by the D.G.S.&D. on the question of collecting damages from defaulting contractors. Such an attitude on the part of the Purchase Organisation reduces the penalty clause of the agreement to a mere nullity. The Committee urge that complacency in such matters should be avoided, also capacity of the Purchase Organisation will be seriously undermined.

[S. No. 29 of App. V of the 19th Report of the P.A.C.]

ACTION TAKEN

Necessary instructions have been issued to all Purchase Officers vide D.G.S.&D. U.O. No. CSIB/13(1)/I 64, dated the 26th March, 1964 (copy enclosed).

Recommendation

The committee would like to know the steps taken to ensure that in future the bank guarantees are duly revalidated wherever necessary.

[S. No. 31 (ii) of App V of the 19th Report of the Public Accounts Committee].

ACTION TAKEN

Necessary instructions have since been issued vide D.G.S.&D O.O. No. No. 39, dated 28th March, 1964.

Recommendation

The P.A.C. had occasion to review the unsatisfactory performances of the firm mentioned in the Audit Para during the last five years, when several cases of irregularities and breaches of agreements committed by the firm were reported to them. They were informed in September, 1961 that the question of terminating the

agreement with the firm was under consideration of Government, but it was not possible to do so immediately as certain disputes between the Govt. and the firm were pending in arbitration. The Committee had then recommended in para 90 of their 42nd Report (II Lok Sabha) (this was reiterated to para 46 of their 7th Report—III Lok Sabha) that the opinion of the Attorney General should be sought regarding the future course of action. They would await the final decision taken in this regard.

[S. No. 32 of App. V of the 19th Report of the Public Accounts Committee].

ACTION TAKEN

In reply to para 46 of the 7th Report (Third Lok Sabha) of the Public Accounts Committee sent under O.M. No. 1-3/63 Budget, dated 13th November, 1963, the Ministry of Food and Agriculture informed the P.A.C. that the views of the Attorney General had been obtained by them. Thereafter the Government have reviewed the whole position. In exercise of powers conferred by sub-rule (4) of Rule 125 of the Defence of India Rules, 1962, the Central Government have appointed an Authorised Controller with effect from 24th May, 1963 to ensure that the Company does its job strictly in accordance with the North Andamans Agreement of Licence. The Authorised Controller has issued directions to Company and the progress made by the lessee of the North Andamans in the matter of extraction and export of timber is being watched.

This has been seen by Audit.

(O.M. No. 5 1 64—Admin-II, dated July, 1964).

COPY OF U.O. No CSIB 13(1)/I/64. DATED THE 26TH MARCH, 1964
FROM THE DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS, NEW
DELHI ADDRESSED TO ALL DIRECTORS OF SUPPLIES AT HEADQUARTERS
AND REGIONS

SUBJECT Public Accounts Committee—19th Report relating to
Audit Report (Civil), 1963

An extract of para 29 taken from the 19th report (Third Lok Sabha) of the Public Accounts Committee 1963-64 relating to Audit Report (Civil) 1963 is forwarded herewith. Directors of Supplies are requested to bring the observations of the Committee to the notice of all Purchase Officers under their control.

COPY OF DEPARTMENT OF SUPPLY (DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS, (CO-ORDINATION SUPPLIES SEC. IB), NEW DELHI
OFFICE ORDER No. 39 DATED THE 28TH MARCH, 1964.

SUBJECT:—Security deposit in the form of Bank Guarantee etc.—
Renewal where necessary before the expiry of the validity period.

A case has come to notice where security deposit was obtained for due performance of contract in the form of a bank guarantee which was to remain valid up to a particular period. The contract in that case had to be cancelled and repurchase resorted to as the contractor failed to supply the stores. The extra expenditure incurred in risk purchase could not be recovered as the firm have gone into liquidation. We could not also appropriate the security deposit since the validity period of the bank guarantee expired in the meanwhile as no action was taken to revalidate it before its expiry.

The Public Accounts Committee in their 19th Report (Third Lok Sabha) relating to Audit Report (Civil), 1963 have adversely commented on this and have recommended that effective steps should be taken in future to ensure that bank guarantees are revalidated wherever necessary.

According to the existing procedure bank guarantee is not an acceptable form of security deposit for due performance of contract. Bank guarantee is, however, obtained as security in cases where Government materials are handed over to the contractors or in cases where progress payments are made etc. Instructions already exist vide Office Order No. 37, dated 4th June, 1960 regarding safe custody, renewal of securities etc. Paragraphs C and D of the above Office Order relating to safe custody and renewal of securities are circulated herewith for guidance of all concerned. So far as bank guarantees are concerned action should be taken in accordance with sub-para (2) of para C and para D

EXTRACT OF PARA C AND D OF OFFICE ORDER NO. 37, DATED 4TH JUNE, 1960 RELATING TO SAFE CUSTODY AND RENEWAL OF SECURITIES

C. CUSTODIAL RESPONSIBILITY OF SECURITY DEPOSITS TAKEN FROM THE CONTRACTORS:

(1) Securities in the form of cash and money order should be received by the Cash Branch and deposited by them into the Government Treasury for credit in favour of the Pay and Accounts

Officer concerned under the Head Sec. P-Deposits and Advances—Civil Deposits—I. & S. Department Deposits—Security Deposits—Adjustable by Pay and Accounts Officer, Ministry of W.H. & S.

Cash Branch on receipt of the Treasury Challan will forward the same to the supplies section concerned for being forwarded to the Pay and Accounts Officer.

Note:—In the interests of investment in the form of Small Savings Investments cash securities furnished by the contractors can be converted into National Plan Savings Certificates with the prior consent of the contractors. The procedure to be followed is given in Office Order No. 106, dated 26th August, 1958

(2) Securities in the form of Bank Deposits Receipts other than Deposit at Call Receipt should be kept in the safe custody of the departmental authority which takes the security deposit in accordance with the provision of Rule 281(1) of the G.F.R. These should, therefore, be kept in Cash Branch as valuable documents.

Deposit at Call Receipts should be encashed and deposited into the Government Treasury for credit in favour of the Pay and Accounts Officer. Under the relevant head of the account and treasury challan forwarded to him as indicated against (1) above.

(3) Demand Drafts on receipt, will be passed on to Cash Branch by the Supplies Sections concerned for depositing the amount into the Government Treasury for credit in favour of the Pay and Accounts Officer concerned under the relevant Head of Account and Treasury Challan forwarded to the Pay and Accounts Officer as mentioned at (1) above.

(4) Treasury Receipts may be passed on to the Pay and Accounts Officer concerned quoting the A/T number and date to which it relates.

(5) Promissory Notes and Stock Certificates of the Central Government or a State Government, Municipal Debentures, Port Trust Bonds, Treasury Savings Deposits, National Plan Certificates, National Plan Savings Certificates—These constitute Government Securities and should be lodged for safe custody with the Manager of the Reserve Bank of India as indicated below quoting rule 281(2) of G.F.R. Vol I.

(a) If the Officer taking the security deposit is Stationed in Delhi/New Delhi—Manager, Reserve Bank of India, New Delhi

(b) If the Officer is stationed at Calcutta—Manager, Reserve Bank of India, Calcutta.

(c) If the Officer is stationed at Madras—Manager, Reserve Bank of India, Madras.

(d) If the Officer is stationed at Bombay—Manager, Reserve Bank of India, Bombay.

While passing the securities in the form of Promissory Notes, Stock Certificates, Municipal Debentures and Port Trust Bonds to the Reserve Bank of India, the Supplies Officers/Sections should follow the procedure laid down in sub-para 101(b) (ii), 107(a), 108(a) and para 113 in Chapter IX of the Government Securities Manual (extract enclosed). Other securities viz. Treasury Savings Deposits National Plan Certificates, National Plan Savings Certificates, Post Office Cash Certificates and National Savings or Defence Savings Certificates may be sent straightaway to the Reserve Bank of India under a Registered Cover Acknowledgment Due quoting Rule 281 (a) of G.F.R. Vol. I.

Securities to be kept in custody by the Reserve Bank of India.

(6) All Securities to be forwarded to the Reserve Bank of India, New Delhi for safe custody should be routed through Co-ordination Supplies Section IB who maintains a register showing the details of these securities (as laid down in Office Order No. 47 dated 4th May, 1959). The letters to the Reserve Bank of India forwarding the securities for safe custody and calling them back for returning to the parties after satisfactory completion of the contract, should be signed by an Officer whose signature is available with the Reserve Bank of India. Such letters should, therefore, be put up in fair to Section C.S.I.B. who will return them to the Supplies Sections concerned for transmission to the Reserve Bank of India after obtaining the signature of Director (Co-ordination and Statistics) or Deputy Director (Co-ordination) and making necessary entries in their register, Supplies Sections should inform Section C.S.I.B. when securities are received back by them from the Reserve Bank of India to enable them to complete their record.

When interest distribution slips, interest payment drafts etc. are received in Section C.S.I.B. from the Reserve Bank of India, they will be forwarded by them to the Sections concerned for necessary action. (Office Order No. 47, dated 4th May 1959).

Custody of Post Office Savings Bank Pass Books

(7) Post Office Savings Bank Pass Books as security deposit should be forwarded to the Cash Branch for safe custody as valuable documents. All the Pass Books should be sent by Cash Branch to the Post Office as soon as possible after the 15th June of each year so that necessary entries on account of interest may be made in them.

In case of forfeiture of security deposit in the form of Post Office Savings Bank Pass Books obtained from Post Offices outside Delhi/New Delhi the amount of security may be withdrawn through an agent (including a Bank) at the place where the account stands open. The amount can also be withdrawn by means of Money Order, less usual commission. For this purpose the Post Master of the Post Office where the account stands should be requested to send the money by Money Order, less commission.

The amount withdrawn should be deposited in the Treasury in favour of the Pay and Accounts Officer concerned

(8) A precise account of all the securities sent either to the Reserve Bank of India or retained in the safe custody with the departmental authority (Cash Branch) should be kept by the Supplies Sections in a Register showing particulars of securities lodged with Reserve Bank of India or retained in the Department as per proforma indicated below:—

Serial No.	Nature of Security i.e., G.P. Notes Cash etc.	Amount	Date of Maturity	A.T. No. & Date
1	2	3	4	5
<hr/>				
Name of Firm	Name of the Officer with whom lodged for safe custody	Clearance Certificate No. and date of the PA&O	No. and date of letter under which 'No. demand certificate from the firm was received	
<hr/>				
6	7	8	9	
<hr/>				
No. and date of the letter with which the documents were returned	No. & date of firm's Acknowledgement	Signature of the Section Officer	Remarks	
<hr/>				
10	11	12	13	

D. RENEWAL OF SECURITIES LODGED WITH THE RESERVE BANK OF INDIA AND THOSE KEPT UNDER DEPARTMENTAL CUSTODY.

It shall be the responsibility of the Supplies Officer concerned as well as the Officer in-charge of Cash Branch at Headquarters (in respect of documents for which the custodial responsibility rests with Cash Branch) and the Head of Regional Offices to ensure that the securities lodged with the Reserve Bank of India for safe custody or those retained in the deptt. are reviewed in time and necessary action taken to renew them if necessary before they lapse. This is most important and the failure to comply with these instructions may cause loss to Government.

In this connection it may be mentioned that a statement of pending documents lying with them is being forwarded by Cash Branch every month to the Supply Sections concerned. It is then for the Supplies Sections concerned to take necessary action if any, as indicated above.

Immediate

GOVERNMENT OF INDIA
MINISTRY OF INDUSTRY & SUPPLY
(Department of Supply & Tech. Development)

No. PII-7(7)/61

New Delhi the 25th November 1964

OFFICE MEMORANDUM

SUB:—Public Accounts Committee—Nineteenth Report on Appropriation Accounts (Civil), 1961-62 and Audit Report (Civil), 1963—Para 34—Non Verification of the financial standing of Vessel—Owners.

The undersigned is directed to refer to the note furnished with this Department's O.M. No. 5/1.64-Adm II, dated the 6th May, 1964 (Annexure I attached) and the recommendation contained in para 34 of the 19th Report of the Public Accounts Committee on which it was *inter alia* stated as follows:

"The representative of the Department of Supply informed the Committee in evidence that in both of the cases references had been made to the Banks in the country and their advices regarding the financial position, performance etc, of the ship-owners was considered to be

satisfactory. It was further urged that in chartering of ships, often contracts had to be placed on shipping Companies within a few hours and there was no time or opportunity left with the Mission to verify the antecedents, financial standing etc. of every company. The shipping companies were also reluctant to furnish bank guarantees. In view of these circumstances, instructions had since been issued to the I.S.M. to review the financial position of the Shipping Companies once in a year and to keep their information up-to-date."

2. It may be submitted that the words "Shipping Companies" were inadvertently used for the words "Freight Brokers" in the last sentence of the evidence given before the Committee by the representative of this Department. The Lok Sabha Secretariat on the basis of this evidence had observed as under:—

"While the Committee welcome the instructions now issued to the ISM in regard to a continued review of the financial position of the various Shipping Companies, they would like to stress the need for caution against entering into contracts with Companies who are known to be in financial difficulties."

In this connection the instructions actually issued to the India Supply Mission, Washington (Annexure II) were to verify the antecedents and financial status of Freight Brokers periodically. It is not possible for the India Supply Mission, Washington or the Chartering authorities to verify financial standing of a very large number of Shipowners. The business is transacted with the Shipowners through Freight Brokers. The idea of verifying the financial standing of the Freight Brokers is that we deal with firms of repute, who will not represent shipowners of shady reputation in the market. Experience seems to have established that a good Freight Broker will not offer ships belonging to shipowners of doubtful integrity and financial standing and would also assist in persuading the shipowners, with whom he had dealings for a considerable amount of time, to honour their commitments.

3. At this late stage, it may not be possible for the Lok Sabha Secretariat to amend the Report, which has already been printed. However, this position may kindly be brought to the notice of the Public Accounts Committee.

4. This has been seen by Audit. Their comments are reproduced below:—

"It is observed from the Department's O.M. and Annexure II appended thereto that the instructions actually issued

to the India Supply Mission, Washington were to verify the antecedents and financial status of Freight Brokers and not those of the Shipping Companies. Since the brokers are not a party to the chartering contract entered into with the vessel-owners and do not have any contractual relation with the Supply Mission, the defects brought out in Para 83 of the Audit Report (Civil), 1963 remain substantially unresolved."

N. R. BANSOD,

Joint Secretary to the Govt. of India.

To

The Lok Sabha Secretariat,
New Delhi. (40 copies).

[S. No. 34. Appendix V. 19th Report (3rd L.S.)].

ANNEXURE I

COPY

COPY OF O.M. No. 5/1/64-ADM. II, DATED 6TH MAY, 1964 FROM THE DEPARTMENT OF SUPPLY TO THE LOK SABHA SECTT. NEW DELHI WITH COPIES TO A. G. C. W. M., NEW DELHI, AND DIRECTOR I.S.M., WASHINGTON.

SUB:—P.A.C.—Nineteenth Report on Appropriation Accounts (Civil), 1961-62 and Audit Report (Civil), 1963.

In continuation of Lok Sabha Sectt., O.M. 2(1)/38/64/PAC, dated the 24th February, 1964, on the above subject, the undersigned is directed to forward 40 copies of a statement showing the action taken on S. No. 34 of Appendix V (sub-para (i) of Para 83 of Audit Report) to 19th Report of the P.A.C. (Third Lok Sabha).

The statement has been vetted by the Audit.

COPY

Action taken on the recommendations of the P.A.C.

Department of Supply

Recommendation of the Committee

(S. No. 34 of Appendix V to 19th Report, 1963-64).

The Committee learn from the evidence that in the first case (sub-para (i) of para 83 of Audit Report) the financial position of the Company was checked up only in November 1958 and later.

whereas the contracts had been concluded with it before March, 1958. This obviously betrays an unsatisfactory position. In the second case the information available in February, 1959 had shown that the financial position of the firm was not satisfactory, although according to a guarded assessment, the firm was considered as "not unreliable." While the Committee welcome the instructions now issued to the ISM in regard to a continued review of the financial position of the various Shipping Companies, they would like to stress the need for caution against entering into contracts with Companies who are known to be in financial difficulties.

ACTION TAKEN BY GOVERNMENT

The observation has been brought to the notice of Director, I.S.M., Washington on 17th March, 1964 for guidance.

Sd/- N. R. BANSOD,
Jt. Secretary.

Dated, New Delhi, the
28th April, 1964.

ANNEXURE II

COPY OF LETTER NO. PII-7(7)/61 DATED 19TH AUGUST, 1963 FROM MIN. OF E&DC (DEPT. OF SUPPLY) TO THE DIRECTOR, I.S.M., WASHINGTON.

SUB:—Audit paras finally approved for inclusion in Audit Report (Civil), 1963.

Sir,

I am directed to refer to this Departments' letter No. PII-8(3)/63, dated 25th March, 1963 and the correspondence resting with your letter No. FT/19/59, dated 1st May, 1963 on the above cited subject, and to say that the question of periodical verification of financial status of ship-owners, with a view to avoid losses arising out of the insolvency of the shipowners, has again been examined carefully and it has been decided in consultation with the Ministry of Finance that the Mission should undertake a periodical verification of antecedents and financial status of freight brokers only borne on the approved list. Such a review should be carried out once a year and the question of suspension of dealings with brokers of doubtful standings, may be examined by the Director, in consultation with the Finance Adviser.

Please acknowledge receipt.

Recommendation

The Committee are not convinced of the justification of making an advance payment in the peculiar circumstances of the case.

(S. No. 33 of Appendix V of Nineteenth Report, 1963-64).

ACTION TAKEN

A note was submitted to the Public Accounts Committee with this Department's O.M. No. 4/3/62-B-Adm.II, dated the 19th December, 1963, vide Appendix III to the Nineteenth Report of the P.A.C. (Third Lok Sabha). This note has since been considered by the Committee and they have in para 35 of their Nineteenth Report (Third Lok Sabha) made the observations noted above, and have also desired to know the date on which actual payment of 90% freight was made.

2. Briefly, the observations of the Public Accounts Committee flow from the question why 90% of freight was paid to the ship-owners of s.s. Valiant Faith by the India Supply Mission, Washington when they had received warning that the shipping Company was in financial difficulty. It may be stated that this warning was given not by ship-owner's agents but by the Ship Brokers to the Mission (Ship Brokers are Agents through whom ships are chartered by the Mission), who denied responsibility for stranding of vessel and recommended non-payment of 90% freight to the ship-owners vide the Ship Broker's Communication dated 15-2-1960 (copy enclosed). The actual payment of 90% freight was made to the ship-owners on the 29th January, 1960 based on the advice of the Legal Adviser to the Mission, who contrary to the views expressed by the Ship Brokers, opined (copy of the Legal Adviser's letter dated the 3rd February, 1960 enclosed) that the Mission could not anticipate such an action (namely, that the vessel would be libeled upon her entering a port in the Mediterranean to taken on bunkers and the withholding of freight rightfully due to the owners would, in effect, be a breach of contract, which might result in their being held liable for damages.

3. Besides, clause 8 of the relevant Charter Party provided as follows:—

"The owners shall be paid 90% freight promptly after receipt of properly certified invoices supported by documents listed below which should be sent to India Supply Mission etc."

"Balance of 10% of freight with any adjustment of despatch demurrage, dead freight and/or extra freight shall be paid promptly but not later than a period of 90 days

from the date of completion of discharge, assuming that no dispute exists....."

4. Based on the Law in the United States and the customs of the trade in that country, under the aforesaid provisions the whole freight is earned immediately upon loading of cargo although 10% of freight is not paid till the vessel completes discharge of cargo at the destination.

5. Against the above background, it will be appreciated that the Mission had no option but to pay 90% of freight in the case of *s.s. Valiant Faith* though the circumstances did not warrant such a course of action. Pursuant to the experience of losses of this nature, the India Supply Mission, Washington have made certain amendments in the terms of Charter Party in 1961, one of which relates to payment of 90% freight to a ship-owner only after arrival of the ship in India, unless the owner executes a performance bond or opens a letter of credit in favour of the charterer. It is hoped that these measures will obviate losses of this type in future.

[O.M. No. 5 4 64 -Admn. II dated 22-8-1964]

COPY TO TELEGRAM MESSAGE DATED FEBRUARY 15, 1960 FROM MACK KLOSTY AND COMPANY INC., NEW YORK TO INDIA SUPPLY MISSION, WASHINGTON.

We acknowledge receipt of your telegram informing us that the *Valiant Faith* not performing voyage and you infer certain representations made at time of freight payment with subsequent result you now inform us you holding us responsible for such action of owners.

We deny any and all responsibilities or liability for the inability of owners to complete voyage for any reasons whatsoever, and further deny that we made any representations which would have induced you to pay owners ninety percent of the freight. On the contrary we refer you to our many conversations with Mr. Joshi wherein we recommended that freight not be paid until the vessel cleared Aden enroute to India. We further state that even as we were investigating the prospects of vessel obtaining fuel at Gibraltar Suez and Aden and before we were able to give you our further advices, freight payment was made apparently on the recommendation of your attorneys although we had recommended to the contrary.

We are passing on a copy of this telegram to owners to whom it should have been addressed in the first place.

COPY OF LETTER DATED THE 3RD FEBRUARY, 1960 FROM THE BAKER NELSON WILLIAMS AND MITCHELL, NEW YORK—5 TO THE INDIA SUPPLY MISSION, WASHINGTON.

I confirm telephone conversation of yesterday and prior conversation last week with Mr. Atkinson with respect to the payment of \$ 199,305.75, representing 90 % of the freight due on the full cargo of grain shipped on the S. S. Valiant Faith" under Charter Party dated December 4, 1959 with Ocean Carriers Corporation as Agents of Liberty Steamship Corporation, which freight had been assigned to Commercial Bank of North America.

You told Mr. Atkinson that you had been informed that there was a possibility that the vessel would be libeled upon her entering a port in the Mediterranean to take on bunkers, therefore the suggestion had been made that the freight be withheld to take care of such a contingency. We pointed out, however, that you could not anticipate such an action and that the withholding of the freight rightfully, due the Owners would, in effect be a breach of contract which might result in your being held liable for damages. Consequently, we recommended that the freight be paid promptly to the assignee, which I understand was done on Saturday January 30 1960.

Recommendation

The Committee were informed in the course of evidence that accounts for a part of the spares had been submitted by the foreign firms which had been checked and found to be satisfactory. Accounts for balance were expected to be received from the firm shortly. The Committee may be informed of the latest position in this regard

The Committee also regret that two departments of the Government should have tried to evade responsibility for the inspection of accounts and records of the foreign firm as a result of which the matter remained under dispute for three years. They trust that Government will look into such cases and devise suitable measures to avoid lapses of this nature.

(S. No. 36 of Appendix V of Nineteenth Report 1963-64)

ACTION TAKEN

Spares were ordered under contract No.D.10353 vide Annexures 'A' to 'L' (copies not enclosed). Those which were to be utilized for overhaul, and the accounting of which now forms the subject matter of the observation of the Public Accounts Committee, relate to only

Annexures 'B' and 'E' (copies not enclosed). There were 4141 items under Annexure 'B' and 285 under 'E'.

2. The foreign firm were asked by the India Supply Mission, London to provide accounts for the utilisation of these items, duly certified by their Auditors and Inspectors, which they have done. It appears that they have accounted for 3149 items against Annexure 'B', and 266 items against Annexures 'E', thereby leaving 1011 items against both these Annexure unaccounted for. These items, it is stated, were utilised by their sub-contractors and the foreign firm spared no efforts to get these accounts from them, but those firms could not satisfactorily complete their accounts due to some internal difficulties. The Local Audit while reviewing the case at one stage had suggested that in the certified accounts for the 1011 items were not made available, a further sum of £1735.9.0 could be recovered from the foreign firm as a financial settlement. Following this proposal, the India Supply Mission discussed the matter with the foreign firm and were able to obtain a financial credit of £2294.5.0 which is £558.16.0 more than what was suggested by Audit.

The statements as certified by the Inspectors furnished in respect of Annexures 'B' and 'E' were however, verified by the India Supply Mission, London, as desired by their Local Audit. One part of the statement includes the quantities of items utilized by foreign firm on actual overhaul of engines. Though the firm provided Engine Utilization lists in respect of each engine, detailing the items and quantities used in the overhaul of an engine, yet it has not been found possible to collate the information contained in 70 lists for all the 70 engines and thus verify the figures in the statements. It was, therefore, suggested by Audit that the figures contained in the Utilization lists should be further verified by referring to the original records maintained by the firm. To achieve this objective, the Director of Purchase concerned and an Auditor from the office of the Director of Audit, Indian Accounts, London visited the firm. It was found that the records possessed by the firm (after a lapse of about four years since the task was executed), were not complete enough to provide full verification of the utilisation figures. However, from the records available, a token check was carried out and the result was satisfactory.

3 The final position of the case may be summed up as follows:—

- (a) The statement of accounts for the total 3415 items (3149+266) in respect of Annexure 'B' & 'E' as against 4426 items (4141+285) ordered in these two Annexures, seems to be correct.

- (b) For the balance 1011 items, the foreign firm have since afforded financial credit of 2294.5.0.
- (c) There are short-deliveries of 157 items valuing £5862.12.0 for which the firm have since afforded necessary financial credits.
- (d) There are surplus supplies of certain items valuing approximately £5,000 for which the firm have agreed to forego recovery, according to an earlier commitment made by them.

4. It will be seen from the above that the verification of accounts of these spares (these were valued at £385,000) has been completed.

5. As regards, the observation of the Public Accounts Committee deprecating the delay in the verification of these accounts, and suggesting that Government should take suitable remedial measures, it may be submitted that due to an unfortunate controversy between the Air Headquarters and the India Supply Mission, London, the matter remained unresolved for three years. Suitable instructions (copy enclosed) have since been issued on 17th March 1964 to the Overseas Purchase Organisations that in controversial issues they should seek a decision *ab initio* from this Department, rather than allow matters to remain under dispute over a period of years. It is hoped that these measures will eliminate cases of such nature, in future.

6. This has been seen by Audit. Their comments are reproduced below:—

"Paras 2, 3 (a) & 4:—

The utilisation lists of 70 engines could not be verified from the original records of the firm and a test check was, therefore, conducted of the utilisation lists of two engines only with reference to the firm's 'Strip Inspection Cards' which revealed that out of 42 and 63 units reported to have been used on the two engines respectively, only 27 and 23 items were traceable therefrom. Thus the result of the test check cannot be deemed to be satisfactory as claimed by the Department in para 2 of the Note.

For the same reasons, the statements of the Department contained in paras 3(a) and 4 cannot be accepted as correct."

(O.M. No.511/64--Admn II dated 21-1-65).

BY REGD. AIR MAIL/IMMEDIATE

GOVERNMENT OF INDIA

DEPARTMENT OF SUPPLY

No. PII-7 (9) /62

New Delhi, the 17th March, 1964.

From

Shri B. D. Kumar,
Deputy Secretary to the Government of India.

To

The Director General,
India Store Department, London.
(Attention Shri K. S. Raghupathi)

**SUB:—Public Accounts Committee—19th Report (Third Lok Sabha)
Examination of the Appropriation Accounts 1961-62 and Audit
Report (Civil), 1963—Para 36—non-submission of accounts of
spares.**

Sir,

I am directed to refer to the correspondence resting with your letter Nos. S.2926/57/Air. 2 Pt. II, dated 18th November 1963 and 17th January 1964 on the above cited subject, and to enclose a copy of para 36 of the 19th Report of the Public Accounts Committee in this connection. It is requested that special steps may be taken to complete the verification of accounts of spares and this Department informed of the latest position, immediately.

2. It will also appear that it took three years to decide as to who should do the verification of these accounts. It is considered that such controversial matters should be referred to us for a decision ab initio rather than matters are allowed to remain under dispute over a period of years. Suitable instructions may be issued to ISD's officers in this regard and two copies thereof furnished to us for record.

Sd/- (B. D. KUMAR),

Deputy Secretary to the Government of India.

Copy with a copy of the enclosure forwarded to the Director, India Supply Mission, Washington for information and guidance.

Copy with a copy of the enclosure also to Guard file.

Sd/- (B. D. KUMAR),

Deputy Secretary to the Government of India.

APPENDIX XIV

MINISTRY OF INFORMATION AND BROADCASTING

*Statement showing action taken or proposed to be taken on
the Recommendations of the Public Accounts Committee*

Recommendation

While it is for Government to decide whether the AIR should continue to be treated as a commercial organisation or not, the committee would like the Ministry to devise ways and means through which the losses at present suffered by the AIR could be reduced to the minimum extent possible. They feel that by securing more advertisements for the radio journals, by increasing their sale and by further reducing the distribution of complimentary copies of the journals, this aim could be achieved to some extent. In this connection they would like the Ministry to examine the special and attractive features in the Bengali journals which is paying its way, so that those could be introduced with suitable modifications, where necessary, in other journals so as to boost up their sale.

(S. No. 68, Appendix IV, 8th Report 3rd L.S.)

ACTION TAKEN

This has been engaging the attention of this Ministry for quite some time and a Committee consisting of Secretary, Ministry of Finance, Secretary to Prime Minister and Secretary, Ministry of Information and Broadcasting constituted recently will examine *inter-alia* the whole question of A.I.R. programme journals.

(O.M. No. 19/27/63-B(M) dated 1-1-65)

No. 12/2/64-F(A)

GOVERNMENT OF INDIA

MINISTRY OF INFORMATION AND BROADCASTING

New Delhi-1, the 13th August, 1964

OFFICE MEMORANDUM

**SUBJECT:—Public Accounts Committee—Twenty Third Report
(Third Lok Sabha) (Audit Report, Commercial 1963).**

The undersigned is directed to refer to paras. 155 and 156 of Public Accounts Committee, Twenty-third Report pertaining to the Films Division of this Ministry and to state as follows:—

(1) Para 155:—

The expenditure incurred on the Production and Distribution of a film on an average is approximately Rs. 62,000/- as against Rs. 60,000/- last year. The revenue earned per film through Commercial Cinema Circuits during 1963-64 is Rs. 51,000/- (as against Rs. 48,000/- in the previous year). It will thus be seen that the gap has been slightly reduced. But it may be pointed out that the rental earned has no relation with the cost of production but is governed by the number of theatres and the collections. Every effort is, however, being made to control the expenditure on Production and Distribution of films.

Steps have been taken to reduce the expenditure in respect of Documentary shows at Bombay, Delhi and Madras. These shows are of great educational and information value to the Public. Efforts are also being made to make the shows interesting and entertaining with a view to attract more audience. The admission fee is to regulate admission rather than to make any profits therefrom. These shows are never likely to be self sufficient inspite of measures and efforts adopted to bridge the gap between the income and expenditure and they are being continued as a matter of policy.

(2) Para. 156:—

Various sites available at Santa Cruz and Chembur were considered in connection with the construction of building for the Films Division but these were not found to be suitable. The property at 24-Peddar Road, as well as the land at C S No. 705 of Malabar Hill Division, Bombay have already been acquired. The sketch plans for the multi-storeyed building at 24-Peddar Road, Bombay have been finalised and administrative approval for the construction of Block I (Phase I) Administrative Block of Multi-storeyed Building at 24-Peddar Road, Bombay-26 has been given. The present site is centrally situated and is easily accessible to processing Laboratories,

Railways systems, dealers of Cinematographic equipments including raw stocks, cinema Houses, Central and State Government publicity and other organisations. The present plot is well developed with water, electric supply. It takes several years to acquire a plot of land and expenditure has to be incurred on developing the plot. The proposal for the construction of the building for Films Division some where farther away from the proposed site will entail heavy delays if the construction of buildings as already planned is to be given up at this stage.

The proposed multi-storeyed building at 24-Peddar Road, Bombay-26, will accommodate all the Films Division Offices including the Distribution Wing and Bombay Branch and also Central Board of Film Censors and Film Finance Corporation.

Sd/-

A. N. JHA,

Secretary to the Government of India.

To

The Lok Sabha Secretariat,
New Delhi.

[S. Nos. 139 & 140 Appendix III, 23rd Report (3rd L. S.)

Ministry of Information & Broadcasting

Recommendation

The Committee feel concerned at the shortfall of expenditure to the tune of Rs. 3.03 crores (61.2%) in regard to installation of transmitters. While they note the difficulties in acquisition of lands through the State Governments, they suggest that in such cases only a token provision should be included in the original budget estimates to cover the preliminary expenses and for other initial outlays which could be definitely foreseen and a supplementary grant should be obtained later, if necessary.

[S. No. 3 (Para 7) of Appendix I of 25th Report of P.A.C. 1963-64. (Third Lok Sabha) on the Appropriation Accounts (Civil) 1961-62 and Audit Report (Civil) 1963].

ACTION TAKEN

Noted. A copy of the recommendation has been forwarded to the DG AIR for strict compliance in future.

2. It may be pointed out here that the Administrative Radio Conference of the International Telecommunication Union decided in 1960 that frequencies assigned to a particular country but not emergised

before the 30th April 1961 would be withdrawn and allotted to other countries. As a result of this decision expeditious completion of as many schemes as possible became an urgent necessity and provision for the installation of various Medium Wave transmitters was included in the Budget Estimates 1961-62. This provision, however, could not be utilised to the full extent as the AIR has to depend on a number of other Organisations for the execution of works inasmuch as the sites are acquired through State Governments, the building works are executed through the C.P.W.D. and the major equipment are procured through the D.G.S. & D., the telephone lines are made available by the Posts and Telegraph Department and power supply is given by the local power supply authorities. The savings accruing from the sanctioned Capital grant were by and large beyond the control of All India Radio. However, there has been no case of withdrawal of medium wave frequencies assigned by the International Frequency Registration Board. A more realistic Capital budget is now being prepared by the Directorate General, All India Radio. The sanctioned budget grant (Voted) for the year 1962-63 was Rs. 2.80 Crores and the Actual expenditure was Rs. 2.41 crores. The saving was Rs. 0.33 crores which works out to 14% of the sanctioned grant as against 61.2% of the previous year. The position is expected to improve still further in the subsequent years.

3. In the Capital Budget estimates for the year 1964-65 token provisions only have been included for several projects to cover the preliminary expenses.

[O.M. No. 4/45/64-B(D) dated 25-2-1965]

Immediate

No 6664-Pub

GOVERNMENT OF INDIA

MINISTRY OF INFORMATION AND BROADCASTING

New Delhi-1, 7th July, 1964.

OFFICE MEMORANDUM

SUBJECT:—26th Report of the Public Accounts Committee—Observations made by the P.A.C. in para 20 under Appendix II, (of Vol. I) of the Report for Compliances.

The undersigned is directed to refer to the recommendations/ observations of the Public Accounts Committee contained in Para 20 of Vol I of their 26th Report (1963-64) (extracts enclosed) and to request that the expenditure incurred during the year 1963-64 on publicity pamphlets, periodicals and other similar material which

in the opinion of the Ministry of Education etc. are essentially for publicity purposes may kindly be furnished to this Ministry immediately, but in any case not later than 31st August, 1964 for inclusion in this Ministry's Annual Report for the year 1964-65. Similar information for subsequent financial years may kindly be supplied regularly every year by the end of September subsequent to the year to which the figures relate.

Sd/-

KARTAR SINGH,

Under Secretary to the Govt. of India.

To all Ministries of the Govt. of India.

Copy to:—

Lok Sabha Secretariat (PAC Branch), New Delhi.

Sd/-

KARTAR SINGH,

Under Secretary to the Govt. of India.

**EXTRACTS FROM PUBLIC ACCOUNTS COMMITTEE (1963-64) TWENTY-SIXTH
REPORT (VOL. I)**

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20. The Committee would also like the Ministry of Information and Broadcasting to obtain information from the Administrative Ministries about the expenditure incurred on publicity pamphlets, periodicals and other similar material which in the opinion of the Ministries themselves are essentially for publicity purposes and publish it in their Annual Reports from time to time.

[S. No. 19, Appendix II, 26th Report (3rd L.S.)]

APPENDIX XV

MINISTRY OF IRRIGATION AND POWER

Action taken on the recommendations of the Public Accounts Committee.

Note on the Establishment and functions of the Central Board of Irrigation and Power S. No. 69 of Appendix IV- P.A.C.'s 8th Report— 3rd Lok Sabha [O.M. No. Bud 10(1)/63/Policy, dated 11-9-1964].

(A) Term of reference of the Board.

Prior to the introduction of the Constitutional Reforms of 1921, Irrigation, especially with regard to its financial aspects, was a Central subject and all the funds necessary for the construction or extension of major works were provided direct by the Government of India, who shared, in most cases, the revenue derived from them.

2. With the introduction of the Reforms in 1921, rigid control exercised by the Secretary of State was relaxed. The changed position of the Government of India was that of a banker inasmuch as they continued in most cases to find the money for large works while the provincial Government utilising it assumed full responsibility for the payment of interest, thereof and for refund of the entire revenue derived from the projects of financed. Even so, irrigation was classed as a Reserved Subject and prior approval of the Secretary of State in Council was required to capital expenditure on irrigation works, whenever the original estimate exceeded Rs. 50 lakhs or the project concerned materially affected the interests of more than one provincial Government. But the main financial responsibility for the work passed from the Central to the Provincial authorities. The Government of India were no longer required, unlike before, to exercise control to the same extent. The Public Works Secretariat of the Government of India was consequently reduced. The post of Inspector General of Irrigation was, however, continued but was later converted into that of Consulting Engineer. That too was subsequently abolished as a measure of economy.

3. The undefined responsibility of the Centre in the matter of direction and control gave rise to certain difficulties in the early years of the Reforms and the Government of India asked for the views of the local Governments on the question of the provision of a suitable machinery, designed, on the one hand, to facilitate the

exercise of control as might be necessary, and, on the other, to afford the Provinces any help or expert advice which the latter might require. The establishment of the Central Board of Irrigation, comprising Chief Engineers (Irrigation) of the Provinces as its members, was the direct result of the views expressed by the Provincial Governments (Annexure I).

4. The Board thus came to be constituted in January, 1927.

- (i) to examine and report on such irrigation, hydro-electric and river control projects or other problems as might be referred to it by the Government of India or the Crown Representative;
- (ii) to advise any Provincial Government or any Indian State admitted to the full membership of the Board on any difficult technical question connected with the water utilisation of flood control projects under preparation, on which advice might be sought;
- (iii) to advise, if required, the Government of India on technical points involved in any dispute between the Provincial Governments or between a Provincial Government and an Indian State;
- (iv) to co-ordinate research work and to arrange for the publication of technical papers.

5. At this stage, the British Government were seized of the problems of improving agriculture in India. Consequently, they sent to India in 1927 a Royal Commission which toured the country for about six months and submitted a report early in 1928. In Paragraph 285 of the Report, the Commission recommended as under:—

“We, therefore, propose the establishment of a Central Bureau of Information for Irrigation, the headquarters of which would be at Delhi and which might suitably be placed in charge of the Consulting Engineer to the Government of India. The main functions of the Bureau would be to establish and maintain a comprehensive library of irrigation publications, both Indian and foreign, which could be consulted by irrigation engineers so as to act as a clearing house of information needed by Provincial Officers. It should, however, be something more than a repository of information and a centre for answering enquiries. It should endeavour to reach a wider public than the Irrigation Departments and to keep

agricultural officers and the public generally in touch with irrigation development in India and abroad."

Mr. D. G. Harris, C.I.E., Consulting Engineer to the Government of India, toured the country in June—July 1928 and discussed this proposal with several Chief Engineers and found them unanimously in favour of the proposal. He recorded that "we are drifting towards a dangerous state or what I may call technical decentralisation and there is a real desire on the part of every officer, whom I have come in contact, that the process should be checked."

6. While considering the proposal, doubts were expressed whether the establishment of a Bureau would, in itself, solve the problem. It was thought that if the Bureau were to be useful, it must be in much closer and more intimate touch with the Provinces than was envisaged in the Report of the Royal Commission on Agriculture. What seemed to be required was Bureau attached not to the Central Government but to the Central Irrigation Board, which, in turn, should be converted into an active committee, somewhat on the lines of the Indian Railway Conference Association, and not regarded merely as a panel from which technical sub-committee could be drawn to report on specific questions. There was, however, no intention that the Bureau should in any way, control or interfere with the action of the local Governments. Its function would be purely of a co-ordinating nature so as to give each Province or State the benefit of experience gained elsewhere and to prevent waste of money owing to the same work being done in two places. It was felt that technical isolation could never be anything but costly and dangerous.

7. It was in this context that the Central Board of Irrigation changed its shape from a mere Advisory panel to an active Committee, with the Bureau functioning as the Secretariat of the Committee. Every Chief Engineer in the country was in this manner brought into close touch with others and each one shared responsibility for the successful working of the Bureau. The Central Bureau of Information for Irrigation thus came to be attached to the Central Board of Irrigation. The main function of the Bureau was to collect and disseminate technical information likely to be of value to irrigation engineers in the country.

8. With the growth of activities in the field of Irrigation, and the increase in the variety and number of problems affecting more than one State, it was felt by the Board that its Advisory Sub-Committee could not function adequately, as they were not equipped with necessary technical staff. The Board, therefore, felt the need for reestablishment of a full-time Central Technical Authority which

should be responsible to the Government of India. The Central Board of Irrigation, accordingly passed a resolution in 1943 stating that unilateral action by a Province or State concerning its portion of waterways might have an adverse effect on the neighbouring provinces or States. The Board, therefore, recommended that to make the fullest and most beneficial use of waterways, there should be one central technical authority to collect the necessary data for the information and use of the Government of India and the several Provinces and States concerned.

9. As a result of this recommendation of the Central Board of Irrigation, the post of Consulting Engineer to the Government of India, which was abolished in 1932, was revived in 1945 and a central technical authority, known as the Central Waterpower, Irrigation Navigation Commission (CWINC) was formed in the year 1945.

10. With the establishment of this central technical authority charged with the general responsibility of initiating, co-ordinating and furthering, in consultation with the State Governments concerned, schemes for the control, construction and utilisation of water resources throughout the country for the purposes of water power generation, irrigation, navigation and flood control, some of the functions of the Board were taken over by the body.

11. The Membership of the Board was originally limited to the Chief Engineers of Irrigation from the Provinces of India, including Burma. In 1940, however, the membership was extended to Indian States in respect of irrigation. In 1954, it was further thrown open to Chief Engineers (Electricity) of States and senior officers of the rank of Chief Engineer and above from the Central Water, Power, Irrigation and Navigation Commission and the Central Electricity Commission (now combined as the Central Water and Power Commission). The Board was redesignated as the 'Central Board of Irrigation and Power' in 1951.

12. The Government of Ceylon approached the Board to enable their Chief Engineer to be a Member of the Board. The constitution of the Board was duly amended to enable Ceylon also to become a member of the Board from 1945.

13. The Government of Burma withdrew their membership of the Board with effect from 1st April, 1956.

14. The functions and duties of the Board are as under:—

- (i) to establish contacts with institutions and individuals in India and abroad with a view to exchange of publications and information;

- (ii) to collect and supply information on irrigation, electricity and allied subjects;
- (iii) to co-ordinate research on irrigation, electricity and allied subjects and to disseminate results of such research;
- (iv) to contribute information on irrigation, electricity and allied subjects for publication in the press; and
- (v) to publish technical literature on irrigation and power subjects.

The Board also functions as:

- (a) The Indian National Committee for the International Commission on Large Dams;
- (b) The Indian National Committee for International Commission on Irrigation and Drainage;
- (c) The Liaison Body for the International Association for Hydraulic Research;
- (d) The Co-ordinating Body for Irrigation and Power in respect of other technical Organisations like Indian Standards Institution, Indian Council of Agricultural Research etc.

In addition, the Secretary to the Board acts as Secretary to the Indian National Society of International Society of Soil Mechanics and Foundation Engineering and coordinates all related activities at International and State levels.

A copy of the present constitution of the Board is attached (Annexure II).

(B) *Budget of the central board of irrigation and power and the quantum of grants paid by the Central and State Governments.*

The Board was constituted in January, 1927. Up to the end of the financial year 1931-32, its expenses were borne entirely by the Government of India. From 1932-33 onwards, the Board's expense were met out of the contributions made by the Government of India and Provincial Governments who were members of the Board. The contribution of the Government of India was limited to Rs 2500 per annum. The Government of India who were deeply interested in the efficiency of the organisation also allowed the Board to remain in possession of certain facilities which it enjoyed then, namely, rent-free accommodation and free stationery and printing. The contributions to the Board were fixed with the concurrence of the then Provincial Governments, taking into consideration the extent of acreage irrigated in each Province. Accordingly the Provinces

were divided into three categories and the contributions were fixed as follows:—

	Rs.
(i) Provinces in which the normal area irrigated annually exceeded a million acres	7,500
(ii) Provinces in which the normal area irrigated annually was $1\frac{1}{2}$ to 1 million acres	5,000
(iii) Provinces in which the normal area irrigated annually was less than $1\frac{1}{2}$ million acres	2,500

2. The Board's office was reorganised in the year 1945, when the question of the contribution payable by the Provinces was re-examined. After careful consideration of the various factors, the Board adopted the following revised scale of contributions:—

Administration with annual area under irrigation (plus area protected by diaries and embankments) of :	Rs.
Less than half a million acres	2,500
Half million to one million acres	5,000
One million to two million acres	7,500
Two million to five million acres	10,000
Five million to ten million acres	12,500
Ten million to fifteen million acres	15,000
Over fifteen million acres	2,500
	extra for each additional 5 millions or part thereof.

3. The partition of the country in 1947 had its repercussion on the Board also. The West Punjab, N.W.F.A., Sindh, Baluchistan, East Bengal, Bahawalpur and Khairpur States which were parts of composite India, withdrew from the Board, since they formed part of the newly created Pakistan. Apart from the curtailment of its membership by the separation, the Board incidentally also suffered from a shortfall in its financial resources.

4. The Government of India were approached by the Board for a special grant of Rs. 30,750 a year for three years in the first instance to balance the budget. Instead of an *ad hoc* annual grant of Rs. 30,750 for three years, the Government of India in the former Ministry of Works, Mines and Power decided in February, 1949,

that the annual contribution of the Government towards the upkeep of the Board be raised from Rs. 2,500 to Rs. 17,500 per annum. The other facilities, i.e., free stationery and printing and free office accommodation remained unaffected.

5. To meet the balance of the deficit of Rs. 15,750 and the growing expenditure on the staff caused by the increased activities of the Board, the Executive Committee of the Board, placed the following two proposals for improving its finances before the Board at its meeting held in December, 1949:

- (i) The Provincial State Electricity Departments (apart from irrigation Departments) availing themselves of the facilities of the Board should contribute their share to the maintenance of the Board's Secretariat.
- (ii) One-half of the area proposed to be irrigated from projects under construction should be accounted for in the assessment of contributions payable by Provincial Irrigation Departments.

6. The Board approved the above proposals and the State Governments were requested to accord their sanction to the proposals of the Board. The proposals were agreed to by the State Governments. The contributions from Electricity Departments of Member States were assessed on the hydro-electric power generated on the following basis:—

	Contribution (Rs.)
100 Million kWh generation	1 000
101-200 million kWh generation	2 000
201-300 million kWh generation	3 000
301-400 million kWh generation	4 000
above 400 and upto 1,000 million kWh generation	4 000 & Rs 5 000 for each 100 million kWh or part thereof.
Above 1000 million kWh generation	Rs. 250 for each additional 100 million kWh or part thereof.

The Member States began their contributions as above with effect from the financial year 1950-51.

7. The Board, after consideration of the financial position at its 34th Meeting held in May, 1962, approved the following amendment to the Constitution of the Board so far as the contributions were concerned:—

I. Contribution in respect of Irrigation

The minimum subscription to be paid by any State would be Rs. 5,000 and the maximum Rs. 20,000. The basis of subscription would be the area irrigated and the area benefited by flood control schemes. The minimum subscription would be payable up to an area of half a million acres. For every additional half million acre or part thereof, the payment would be at the rate of Rs. 1,250 subject to a ceiling of Rs. 20,000.

II. Contribution in respect of Power

A minimum of Rs. 2,500 would be payable when the energy consumed within the State is up to 100 million kWh. For every additional 100 million kWh or part thereof, an additional sum of Rs. 1,000 would be payable subject to a maximum of Rs. 20,000. Contribution should be paid on the net energy used within the State by all sources, i.e., power generated and power purchased from other States minus power sold out to other States in bulk.

III. Contribution from the Government of India

The Government of India's contribution should be Rs. 20,000.

8. The amendment to the constitution regarding the revision of rates of contributions was duly communicated by the Board to the Government of India. The Government of India have raised their contribution to Rs. 20,000 as requested by the Board with effect from the year 1962-63. The Board has taken up the matter with the State Governments for according their acceptance to the revised contributions.

9. The contributions as at present paid by the Central and State Governments are given in *Annexure III*. It is expected that if the State Governments and State Electricity Boards agree to the revision of rates of contribution, as proposed in the latest amendment to the Constitution, it would bring an additional income of Rs. 70,000 per annum to the Board.

10. The actual receipts and expenditure during 1962-63 and anticipated receipts and expenditure for 1963-64 are given below:

	1962-63	1963-64
	Rs.	Rs.
Actual Receipts	2,43,197	..
Actual expenditure	2,71,600	..
Anticipated Receipts . . . . .	..	3,00,000
		App.
Anticipated expenditure . . . . .	..	2,98,750

11. The budget of the Board is prepared by the Secretary and submitted to the Executive Committee for detailed examination. The budget, so scrutinised, is put up to the Board at its annual meeting for sanction.

(C) Procedure for incurring expenditure by the Board

The Board has delegated necessary powers to the Executive Committee, the President and the Secretary to incur expenditure within the budget provisions approved by the Board at its Annual Meeting.

2. The powers of the (i) Executive Committee (ii) the President (iii) and the Secretary are detailed in Annexure IV.

(D) & (E) Check by Govt. on grants given to the Board and Maintenance and Audit of Accounts

(i) Accounts Rules

The Accounts Rules of the Board were originally framed by the Government of India in consultation with the Auditor General of India. In view of the move of office from Simla to Delhi certain changes were considered necessary and the revised draft of the Accounts Rules in accordance with changed conditions were framed in the Board's Office in January, 1955 and sent to the then A.G.C.R., vide C.R.I.P. letter No. 305 A.I dated 11th January, 1955 for their concurrence. The comments were received from the Accountant General, Central Revenue vide his letter No.OA-13-36 3881 dated 9th March, 1956 and were examined and a reply has been sent to the A.G.C.W.&M., the present Audit Officer vide Board's letter No. 8104/A.I. dated 16th September, 1953. After reply is received, these will be finalised. There has been delay in the Board's Office in the matter. The Board has expressed regret and it is hoped there will be no such delay in future.

The accounts of the Board are periodically checked by the Secretary, Deputy Secretary and Section Officer of the Board. Government do not exercise any check on its accounts directly as the Central Board of Irrigation & Power is an autonomous body.

(ii) Arrangements for audit of accounts

The Comptroller and Auditor General of India or any other officer authorised by him i.e. Accountant General, Commerce, Works and Miscellaneous) carries out such audit as is necessary. A copy of the audited accounts of the Board is duly forwarded to the Government of India.

(F) Works done by the Board during the last four years. Co-ordination between States and CW& PC.

A short note on the work done by the Board during the last four years, i.e. 1959 to 1962, is attached as Annexure V.

The principal function of the Board is to provide a liaison between different States and personal contacts between officers engaged on similar works and to disseminate the results of research work so as to bring about an all round improvement in construction and operation in the fields of irrigation and power.

2. The objects mentioned above are sought to be attained as follows:—

(i) Contacts with institution and individuals in India and abroad with a view to exchanging publication and information

The Board has established contacts with individuals and institutions in India and abroad. In this way, the Board is able to procure current literature on the subject of Irrigation and Power from about 40 countries; this literature is regularly studied and abstracted and after due classification placed in the Library. These contacts help in keeping technical knowledge up-to-date.

(ii) Collection and supply of information on Irrigation, electricity and allied subjects.

The Board receives enquiries from engineers in the country and even abroad for information on irrigation, electricity and allied subjects. Such enquiries are attended to by the Board's Office in so far as the information is available in the Library. This service is greatly appreciated and is of immense value to the field engineers who cannot lay hands on the latest technical publications and depend on the pooled source of information afforded by the Central Board of Irrigation and Power.

(iii) Coordination of research on irrigation, electricity and allied subjects and dissemination of results of such research

(a) Since its very inception the Central Board of Irrigation and Power has attached great importance to research on irrigation, hydro-electric and allied subjects. There are at present 20 Research Stations on irrigation in the country working under the administrative control of the Government of India and member States. Two types of research are conducted under the auspices of the Board.

(b) Applied Research in these stations is undertaken at the cost of the State Governments concerned and the Central Board of Irrigation and Power co-ordinates the work of Applied Research undertaken in these research Stations. The Board provides liaison between different research stations and promotes personal contacts between officers engaged on allied research work on far-off places. It coordinates research work so as to bring about an all-round improvement in irrigation practices and methods of construction. To attain these objectives, the Board convenes a meeting of the Research Committee every year. On this occasion, Annual Reports of the work done in the different Research Stations throughout India and even adjoining countries like Ceylon and other contributions to the technique of irrigation and electrical engineering and allied subjects are examined. This provides an opportunity for research workers and practical engineers to discuss freely their common problems and possible solutions. In these Research Sessions, representatives from other Engineering Research Organisations like the E.C.A.F.E., National Physical Laboratory, Central Building Research Institute, Central Road Research Institute, Indian Standards Institution, Indian Road Congress, Institution of Engineers (India), Council of Technical Education, Crops and Soil Wing of the Indian Council of Agricultural Research, Indian Defence Organisation, Meteorological Department, Universities and Technical Institutions, etc., are also invited to take part. Their cooperation is of great help to the Board and the representatives of these organisations contribute considerably to the deliberations of the Board's Research Committee. As all the work cannot be finished in the Research Session itself, several technical problems are studied by the special Sub-Committee of the Board.

(c) A scheme for Fundamental and Basic Research in the Irrigation and Power Sector has been sponsored by the Central Board of Irrigation and Power and approved by the Government of India. The finances for carrying out this work are given by the Government of India by way of grants to a number of Research Organisations.

In all 21 problems under the Irrigation sector and 11 problems under the Power sector are being studied. A list of these problems, together with the names of Research Organisations which have been entrusted with the task of doing research, is given in the enclosed pamphlet (Annexure VI).

Grants to the various Research Stations are released by the Government of India, Ministry of Irrigation and Power, on the recommendations of the Central Board of Irrigation and Power. The work being done under this scheme is looked after by the Board through its Standing Advisory Committee on Research Programme and Coordination which reviews the progress on each problem and by each Research Station twice a year—once at the time of the Research Session of the Board and again at the time of the annual Board meeting. The work of each Station is scrutinised by the Members of the Standing Advisory Committee of the Central Board of Irrigation and Power before approving the grants to be given to any particular station. In addition, the work of research is being inspected periodically by the Secretary and the Adviser to the Board who check the progress made and also see that the funds allotted are properly utilised.

(d) The Research Stations to which grants are given (except the Central Water and Power Research Station and a few others—e.g. Indian Institute of Science) are under the State Governments. As such, the accounts of these Research Stations are audited by the respective Accountants General and the audited figures of actual expenditure are received in the office of the Central Board of Irrigation and Power and communicated to the Government of India. A utilisation certificate is also obtained as usual from each body to the effect that the grant released has been utilised for the purposes for which it was sanctioned.

(e) The Central Board of Irrigation and Power which coordinates and supervises the research work under this scheme, employs a small contingent of staff for this work and these posts are sanctioned by the Ministry of Irrigation and Power. Details of the posts sanctioned under this scheme are given separately in Annexure VII. Details of general staff in the Central Board of Irrigation and Power are shown in Annexure VIII.

(f) In addition to the work of coordination and supervision, two zonal meetings are held every year by the Central Board of Irrigation and Power to review the work done by the various Research Stations. These reviews are of considerable interest to research

(g) A statement showing the actual funds allotted by the Government of India to the various Research Organisations during the last four years i.e. 1959-60 to 1962-63) is enclosed (Annexure IX). The total provision for this scheme in the Third Plan is Rs. 120 lakhs for the Irrigation sector and Rs. 30 lakhs for the Power sector. In accordance with the Ministry of Finance Memo. No. F.11(74)E.II (A)/60, dated the 18th March 1961, Utilisation certificates in respect of grants-in-aid sanctioned to State Governments are not generally required as such expenditure will be subject to usual check applicable to departmental expenditure. Utilization certificates are obtained from non-Govt. bodies to whom grants-in-aid are made.

The amounts given as grant-in-aid to non-Government bodies, viz., the Central Board of Irrigation and Power, the Indian Institute of Science, Bangalore, and the Damodar Valley Corporation, Calcutta, for Basic and Fundamental research up to the year 1962-63 have since been fully utilized for the purpose for which they were sanctioned and utilisation certificates in respect thereof have been forwarded to Audit. It is, however, stated here that the I.I.Sc. Bangalore had an unspent balance of Rs. 28,898.42 nP at the end of the year 1962-63. The utilization certificate was issued only after obtaining a certificate from the Institute to the effect that the entire balance was utilized for the purposes for which the grant was sanctioned.

Where any part of the grant was found not to have been utilized within that very financial year, steps were taken to adjust such unspent balances against the grants due for the subsequent period. In the interest of continuity of research work, however, it is under consideration to declare such grants as 'non-lapsable' within the Third Five Year Plan period as was done during the Second Plan.

(iv) *Contribution of information on irrigation, hydro-electric and allied subject for publication in the press*

Besides popular leaflets on the subject of irrigation and Power that have been brought out in recent years the Board has been issuing press releases on important technical subjects from time to time. The proceedings of the Research Committee, as also of the Annual Sessions of the Board, are also covered by the press.

(v) *Publication of relevant literature*

(a) The proceedings of the Research Committee and of the Annual Session are published regularly by the Board. Besides, the Board has brought out a number of original contributions on irrigation and electricity which are in great demand in this country and

abroad, and are used as reference books by engineers in general. The contributions, which constitute a corporate and joint effort on the part of Irrigation and Power engineers in India, are greatly appreciated by engineers of other countries also. An up-to-date list of publications issued by the Board is given in Annexure (Not printed).

(b) The Board publishes a quarterly Journal, named "IRRIGATION AND POWER", which deals with the technical aspects of irrigation and power development. Its contributors are mostly Indian engineers of eminence actually engaged on construction, design or research work. This Journal has a circulation all over the world and is in exchange with a large number of foreign periodicals.

(c) With a view to keeping the engineers fully informed of the latest publications in the field of Irrigation and Power engineering, the Board brings out a monthly abstract of current literature on these subjects. These Abstracts have proved of great value not only to engineers but also to students of technical and engineering colleges who are otherwise unable to procure a handy compendium of technical literature from all over the world. These Abstracts are prepared by qualified engineers and give a gist of the publications indicating to the readers the scope and extent of the subject dealt with in each particular reference.

(vi) Symposia

With a view to focusing attention on technical problems of national importance, the Board holds symposia on the occasion of its Research and Annual Sessions. To quote an example, the Board organised a symposium on Nation-wide Survey of Water and Power Resources. As a result of the recommendation of the symposium, Investigation Circles have been set up in a number of States and action is being taken to assess the potential of irrigation and power resources in the country so as to maintain continuity of resources development through successive Five Year Plans. A list of the symposia so far held is given in Annexure X.

(vii) International activities

(a) The Central Board of Irrigation and Power also works as the National Committee for the following International Organisations:—

(1) International Commission on Large Dams.

(2) International Commission on Irrigation and Drainage.

As the Indian National Committee, the Central Board of Irrigation and Power invites and collects papers to be submitted to the International Commissions. These are examined and selected by Expert

Committees of the Board and are forwarded for discussion at the plenary sessions of the Commissions. The contacts made and the knowledge gained at such sessions are of great value to the engineers of this country.

(b) The Board also acts as a liaison body for the International Association of Hydraulic Research and as the Indian National Society for the International Society of Soil Mechanics and Foundation Engineering. It is also associated with other technical organisations like the Indian Standards Institution, the Indian Council of Agricultural Research, the Central Board of Geophysics, the Indian Roads Congress, the Institution of Engineers (India), etc.

(viii) *Library*

(a) The Library and Information Bureau was originally instituted as an ancillary organisation of the Central Board of Irrigation (now called the Central Board of Irrigation and Power) as a result of the recommendations of the Royal Commission on Agriculture in India (1926-28). It came into being on 1st May, 1931. Later on, it was found that, due to its meagre finances, the Board could not bear the expenses of the Library. The Board, therefore, requested the Government of India for an additional annual grant of Rs. one lakh to meet its increasing expenditure. The Government of India, however, decided that, instead of making an additional grant of Rs. one lakh every year they would assume full financial responsibility for maintaining the Library and Information Bureau. The Government proposed that the Library and the Information Bureau should be treated as a part of the Central Waterways, Irrigation and Navigation Commission (now the Central Water and Power Commission) with effect from 1st April, 1946.

(b) For the efficient management and maintenance of the Library and the Information Bureau, a Committee has been constituted comprising the following:—

1. Chairman, Central Water and Power Commission
2. President or Vice-President of the Central Board of Irrigation and Power
3. Member (D&R), Central Water & Power Commission (WW).
4. Member (Utilisation), Central Water & Power Commission (PW).
5. Secretary, Central Board of Irrigation and Power.

(c) Unlike most Libraries, this Library and Information Bureau is not merely a lending Library but also an Information Bureau, as

it is designated, to furnish information on any subject or problem concerning irrigation, electricity or allied subject.

(d) Contacts for the exchange of publications have been established with engineering organisations not only in India but also in about 40 other countries.

(e) The literature received in the Library consists of (a) books, (b) periodicals, (c) maps, plans and photographs, (d) trade catalogues and (e) films.

(f) In addition, the Library maintains a Statfile and Microfilming Section. By the microfilming process, rare books can be photographed on very small films. These microfilms can be sent to any part of the country where arrangements for reading the films exist.

(g) The Library has in operation a scheme of supplying copies of Index Cards relating to available literature in the Library to other organisations. This service is rendered on a very nominal charge.

(ix) Conclusion

The Central Board of Irrigation and Power is a body representing the highest technical experts in the Central and State Governments. Its membership is limited only to the officers of the status of Chief Engineers and above in the field of Irrigation and Power. It provides a forum for independent technical discussions by research workers and professional men. Its deliberations are of a high order and its observations and suggestions command respect in the engineering world.

(G) Legal Status of the Board

The main object of setting up the Board was to have a body for giving independent advice to the Government of India as well as to the State Governments on questions connected with Irrigation Projects and also to effect coordination and promote research. It was for this reason that the membership of the Board was extended to the Chief Engineers of the Central and State Governments, who could mutually discuss problems faced by them in their individual States. Even though the Board was meant to function as an autonomous body and a constitution, as approved by the Government of India, was framed for it, it has not been given a separate legal status. The absence of such a status did not receive consideration until 1958 when a reference about it was received from the Ministry of Finance.

2. During January, 1958, the Ministry of Finance advised that suitable steps should be taken by Irrigation and Power Ministry for

the registration or incorporation of the Board, as the release of grants to unregistered bodies which were not endowed with a corporate status was considered constitutionally irregular. The matter was accordingly taken up with the Board on 28-1-1958. In June, 1960, the Board advised the Ministry of Irrigation and Power that it was agreeable to the proposed registration and was taking action to make suitable alterations in its constitution. In the meantime, a note was received from the Ministry of Finance to the effect that they had taken up the general question of clothing autonomous bodies set up by the Government with a legal personality, by promoting separate self-contained legislation. The Board was consequently advised to defer the question of registration till a final decision was arrived at by the Government of India.

3. In December, 1960, the Ministry of Commerce and Industry, presumably on the advice of the Ministry of Finance, considered the desirability of sponsoring legislation to control and regulate autonomous bodies set up under Government Resolutions, which were not limited corporate bodies either under the Companies Act or under any statute of Parliament. Their proposal for legislation primarily aimed at the exercise of control by the Central Government over the bodies receiving grants-in-aid. A draft bill to this effect was received in this Ministry for comments. The matter was again taken up with Central Board of Irrigation and Power requesting it to consider the implications of registration under the draft legislation. The reaction of the Board was not favourable. It expressed the view that its constitution was radically different from that of other aided bodies and as such, it would involve radical changes if the Board was brought within the purview of the draft Bill proposed by the Ministry of Commerce and Industry. Eventually, it was decided to drop the proposal and the Ministry of Commerce and Industry were advised accordingly. Simultaneously, this Ministry requested the Board to consider carefully whether it should be registered under the Societies Registration Act or under the Companies Act, 1956 and to convey its final decision in this behalf at an early date. In reply, the Board sent to the Ministry its Resolution stating that the Board should be given the status of an Inter-State Council under Article 263 of the Constitution of India. The Ministry of Law were then requested for their legal opinion on the proposal. They advised on 14-5-1962 that the functions of the Central Board of Irrigation and Power did not fall within the purview of a 'Council' charged with the duty of investigating and discussing subjects in which the States had a common interest. They also stated that an Inter-State Council set up under this Article would not be a corporate body. That Ministry was again requested on 28-6-62 to advise if the position would be regularised by getting the Board registered under the

Societies Registration Act, 1960. The Ministry stated on 16-8-1962 that there could be no objection to the registration of the Board, as that would serve to set right and regularise the present anomalous position, wherein the Board was neither a Corporate entity nor fully a limb of the Government. But, to be on the safe side, it was suggested that, before the step was taken, the State Governments, who were making contributions for the maintenance of the Board, might also be consulted. Under this Ministry's letter No. 161 (2) '58-Policy dated the 10th December 1962, the Board was asked to get itself registered under the Registration of Societies Act, 1960.

The Board again discussed the question at its Annual Meeting held in February, 1963. The consensus of opinion was that the Board could not be accommodated under the Societies Registration Act, 1960, and that it should be treated as an Inter-State Council under Article 263(b) (c) of the Constitution of India. The President and Vice-President of the Board were, however, authorised to discuss the matter further. The Vice-President of the Board accordingly discussed the matter with the Ministry and after consulting the President of the Board agreed that the Board should be registered under the Societies Registration Act, 1960, and that for this purpose steps should be taken to draft a Memorandum of Association to get it vetted by the Ministry of Law and thereafter to obtain the concurrence of the State Governments. Accordingly, a draft Memorandum of Association is at present under preparation and is expected to be finalised shortly.

M. K. KIDWAI,

Joint Secy to the Govt of India

ANNEXURE I

LETTER FROM THE HON'BLE MR. A. H. LEY, CSI, CIE, C.B.E., I.C.S., SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF LABOUR, TO LOCAL GOVERNMENTS (EXCEPT THE GOVERNMENT OF THE UNITED PROVINCES AND ASSAM) PUBLIC WORKS DEPARTMENT, NO. 1-39/51 DATED THE 19TH JULY 1926.

SUBJECT: *The formation of a Board of Irrigation.*

In my letter of the 11th September, 1924, the question of the degree of control to be exercised by the Secretary of State and the Government of India over Irrigation Works in the major provinces was discussed. Certain difficulties in the present system were explained in a note, dated the 14th May 1924 by Mr. (now Sir) Frede-

rick Gebbie, attached to that letter, and three possible course of action were suggested, viz:—

- (a) To retain Irrigation as a reserved provincial subject with the limitations upon the power of Local Governments imposed by rule I(6) of the Rules in the Audit Resolutions, with a tightening up of the Government of India's control;
- (b) To include Irrigation in the list of transferred subjects; and
- (c) To retain Irrigation as a reserved provincial subject but to delete the limitations imposed by the Audit Resolution.

It is unnecessary to consider further at the moment the second possible course of action, namely the inclusion of Irrigation in the list of Transferred subjects, a suggestion to which local Governments were practically unanimously opposed. It has now been ruled by the Secretary of the State that the limitations imposed by the Audit Resolution must for the present be retained, and it has consequently become necessary for the Government of India to consider once more how far it is necessary to make any changes in their present organization with a view to rendering their control as reasonably effective as circumstances will allow.

2. The proposal to adopt more restrictive rules referred to in Sir Frederick Gebbie's note already quoted, with a view to tightening up the control of the Government of India, was opposed by every Local Government except one. It was pointed out not merely that such a proposal would be contrary to the general policy of leaving to Local Governments the largest possible measure of autonomy in respect of matters of provincial concern which are financed from provincial revenues, but that further restrictive rules would result inordinate delay, and probable increased expense, in the execution of large irrigation projects. The Government of India recognize the force of these views and are not inclined to proceed with the proposal to impose the restrictive rules which they originally had in contemplation. They think it necessary to devise some other measures which, while giving to Local Governments as much freedom of action as is desirable, will still enable the Government of India to exercise their general powers of superintendence, direction and control.

3. It was remarked in paragraph 8 of my letter, dated the 11th September 1924 that, if Irrigation were retained as a reserved subject with the commission of the limitations imposed upon the powers of Local Governments by the Audit Resolutions, the control of the Secretary of State and of the Government of India would be of a

general nature and would not involve the detailed and technical scrutiny of projects which the existing rules necessitate. The result would be that the advantages accruing from the examination of schemes by an independent expert would disappear, as there would be no room, under the system suggested, for the employment by the Central Government of a Consulting Engineer whose responsibility would be mainly towards the Governments of the Provinces. The retention of the limitations imposed by the Audit Resolution must in any case involve the retention, in some form or another, of the post of Consulting Engineer to the Government of India, and indeed the retention of this post was urged by almost all Local Governments, even if the limitations imposed by the Audit Resolution were to disappear, on the ground that it was most desirable that Local Governments should have at their disposal some arrangements for obtaining independent technical advice.

4. It is not the purpose of this letter to discuss the precise form or the status of the office of the Consulting Engineer to the Government of India, a question which is receiving the separate consideration of Government—but rather to put before the Government of (Madras, etc.) a further proposal, which was advanced by one of the Local Governments in reply to my letter of the 11th September 1924, for the establishment of an Irrigation Board. The Local Government in question pointed out that one important defect of the existing system of control is that the Government of India are dependent entirely on the advice of a single officer, who, however able he may be, has spent all his service in one province, and may not, therefore, be competent to deal with all the projects submitted for examination. They pointed out that conditions in the various parts of India differ widely, and that no officer whose experience has been confined to a single province, can be expected to have expert knowledge of every type of irrigation works. They therefore, proposed the establishment of an Irrigation Board, before which all schemes submitted to the Government of India would be laid.

5. The Government of India consider that this suggestion is one of much value, and that, if carried out, it will go a considerable way towards enabling the Government of India better to exercise their powers of control, when a major project is submitted for their consideration and for the sanction of the Secretary of State. The proposal is that all the provinces should co-operate, and that all their Chief Engineers (Irrigation), together with the Consulting Engineer to the Government of India, should be regarded as members of a Central Board. It would not, of course, be either necessary or practicable that projects submitted for sanction should be examined by the

whole Board, but every project referred to the Government of India would be examined by a sub-committee of the Board, selected by the Government of India, which would ordinarily consist of two Chief Engineers possessing the widest experience of works akin to the problem under consideration together with the Consulting Engineer to the Government of India. Not only would projects requiring under rule to be submitted to the Government of India be referred to such a sub-committee of the Board, but it would be open to any Local Government to ask for a sub-committee to advise any difficult technical questions connected with an Irrigation project under preparation, even though the project itself might not require under rule to be submitted to the Government of India. Further, any dispute between two Local Governments, or between a Local Government and an Indian State would ordinarily be referred to a sub-committee of the Board for decision of the technical points involved in the dispute.

6. The arrangement suggested appears to the Government of India to possess several attractive features. It would be possible to convene a sub-committee of the Board which would be competent from personal experience to give valuable advice on almost any problem which could conceivably arise. Moreover, it would result in the general dissemination of technical information and the benefit of experience gained in one province being placed at the disposal of others. Nor, in the opinion of the Government of India would the establishment of such a Board involve any serious encroachment on the ordinary work of the Chief Engineer of any province. The number of cases which would have to be referred to a Sub-committee would be small; and, as the personnel would vary with the nature of each case, each Local Government would only be asked to lend the services of their Chief Engineers at infrequent intervals. It is intended that all papers in connection with the problem to be considered would be forwarded in advance to the members of the sub-committee by the Consulting Engineer to the Government of India, so that the actual meetings of the sub-committee would only be likely to occupy short periods of time.

7. It is suggested that the Local Government, whose project is under consideration, should pay the travelling allowance, of the members of the sub-committee and other incidental expenses in connection with the meetings, or when more than one local Government is interested, these expenses might be divided between the Local Governments concerned. But it is thought that the pay of the Chief Engineers concerned should continue to be borne by the Governments to which they belong, which will obtain in return the right to call for

a Board when they require it. In the case of the Consulting Engineer to the Government of India, his pay and allowances will continue to be borne by the Central Government.

8. Pending a decision on the question of the precise nature of the control to be exercised by the Government of India over Irrigation Works and on the connected question of the form and status of the post of Consulting Engineer to the Government of India, matters which are still under consideration—I am to say that the Government of India would be glad to receive the opinion of the Government of (Madras, etc.) on the proposed formation of an Irrigation Board as outlined in this letter and to request that a reply may, with the consent of the Governor in Council, be sent at the earliest possible date.

LETTER FROM THE SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF INDUSTRIES AND LABOUR TO PROVINCIAL GOVERNMENTS (EXCEPT ASSAM) NO. 139, DATED THE 30TH DECEMBER, 1926.

I am directed to invite a reference to the correspondence ending with your Letter no.

Madras—1049—I, dated 17th August, 1926.

Bombay—6465, dated 25th October, 1926.

Bengal—4335.I, dated 23rd August, 1926.

United Provinces—H T—357-I-W/142-B-36-W, dated 6th August, 1926.

Punjab—01488-N.T., dated 25th August, 1926.

Bihar and Orissa—755. 1 R. C-9, dated 11th August, 1926.

Burma—578-143. 1(GE), dated 9th August, 1926.

Central Province—342-A/E I, dated 2nd September, 1926.

regarding the control of irrigation works in India, and to communicate to you the conclusions at which the Government of India have arrived in the matter.

2. Upon the question being referred to them most of the larger irrigation provinces have taken the view that, once a project has been sanctioned by the Secretary of State in Council, Control on the part of the Central Government over the details of its execution is undesirable, while experience has convinced the Government of India that it is also ineffective. The Government of India, have, therefore, decided to discontinue the system at present in force, under which

they purport to exercise a detailed technical control during the period of construction of major irrigation works.

3. The Government of India have further decided to constitute forthwith a Central Board of Irrigation of the composition, and with the functions, described in paragraphs 4 to 7 of Mr. Ley's letter No. I-39/51, dated 19th July, 1926. The Board will, in future, be available for the purpose of giving independent advice to the Government of India and local Governments on such questions in connection with irrigation projects as may be referred to it.

4. Consequent on the constitution of this Board a material reduction of the work assigned to the Consulting Engineer to the Government of India will take place. He will no longer act as adviser to the local Governments, except in so far as he may be required to do so as a Member of the Board. In the circumstances the Government of India have decided that it is possible for him to take over the secretarial functions at present discharged by the Deputy Secretary in this Branch of the Industries and Labour Department, and, with the sanction of the Secretary of State in Council, the latter appointment is being abolished.

5. The new system will necessitate the formation of a code of rules to govern the construction of irrigation works which, while leaving to local Governments the widest freedom of action within the amount sanctioned for the project, will ensure that timely notice will be given to the Government of India, and through them to the Secretary of State, both of intended modifications of the project as approved and of anticipated excesses over the estimated cost. Such rules are now in course of preparation.

6. Certain local Governments have expressed the wish that, even with the introduction of the new system, opportunities should continue to be afforded for periodical conversations between the Consulting Engineer to the Government of India and their local officers in regard to questions which concern both the Central and the Provincial Governments. I am to say that the Government of India will be glad, at any time, to place the services of their Consulting Engineer at the disposal of any local Government for this purpose.

7. The revised system described in this letter will come into force with effect from the 1st January, 1927.

ANNEXURE II**CENTRAL BOARD OF IRRIGATION AND POWER****Constitution**

(As framed by the Board in June, 1960 and approved by the Government of India, Ministry of Irrigation and Power vide letter No. EL.I.19(17)/60, dated 18th August, 1960.)

Preamble

1. The Central Board of Irrigation was constituted on January 1, 1927 to examine and report on such irrigation, hydro-electric and river control projects or other problems on the subject, as might be referred to them by the Government of India or the Crown Representative; to advise any provincial Government or any Indian State admitted to the full membership of the Board, on any difficult technical question connected with a water utilisation or flood control project under preparation, on which their advice might be sought if required, to advise the Government of India on Technical points involved in any dispute between Provincial Governments or between a Provincial Government, and an Indian State; to co-ordinate research work; and to arrange for the publication of technical papers. As a result of the recommendations made by the Royal Commission on Agriculture in India, 1928, the following additional duties were entrusted to and assumed by the Board with effect from 1st May, 1931:—

- (i) To establish contact with institutions and individuals in other countries with a view to the exchange of publications and information.
- (ii) To maintain a library and collect and supply information on Irrigation and allied subjects.
- (iii) To disseminate the results of research on irrigation and allied subjects.
- (iv) To contribute information on Irrigation and allied subjects for publication in the press.

2. In 1945 the Government of India established the Central Water Power, Irrigation and Navigation Commission, in accordance with the Government of India Resolution No. DW-XVI-1(1), dated the 16th January 1948, and which, in 1951 was changed to Central Water and Power Commission, vide their Resolution No. EL-1-201 (5),

dated the 21st/24th April, 1951, this body has been charged with the general responsibility of initiating, co-ordinating and furthering in consultation with the State Governments concerned, schemes for the control, conservation and utilisation of water resources, throughout the country for purposes of water-power generation, irrigation, navigation and flood control, and if so required the construction of any such schemes on behalf of the Government of India.

In exercise of the above responsibilities, it is the function of the Central Water and Power Commission, *inter alia* to:—

- (i) advise, and assist, when so required, the State Governments (or River Commissions, Corporations or Boards that may be set up) in the investigation, surveys and preparation of river valley development schemes;
- (ii) advise the Government of India in respect of water and water-power rights and disputes as between States, of the effect which and schemes for the conservation and utilisation of water may have on the interest of the concerned States and of the interpretation of any agreement in this regard between the said States;
- (iii) advise the Government of India in regard to any other matter that may be referred to the Commission in connection with river valley development;
- (iv) standardise instruments, methods of observations and record, materials of construction design and operational features;
- (v) conduct and co-ordinate research on various aspects of river-valley development schemes such as waterpower generations, irrigation, navigation, flood control, etc., and the connected structural and design features; and
- (vi) to collect, co-ordinate the collection of, publish and analyse data relating to waterpower, waterways, tidal rivers, rainfall, runoff and temperatures, ground water resources, silting of reservoirs, behaviour of Hydraulic structures, etc., and to act as the Central Bureau of Information in respect of these matters.

3. In view of the above, the Government of India, have now assumed full financial responsibility for maintaining the Library and the Information Bureau referred to in para 1(ii) above and have taken over, with effect from 1st April, 1946, the Library and Information Bureau of the Board, to arrange for its expansion, maintenance and operation. The facilities previously offered by the

Library to the States have not, however been curtailed in any respect. The privileges and rights of the Board as in the Library are given in the Schedule appended to these rules.

4. In view of the construction of the Central Water and Power Commission, as detailed above, some of the functions previously performed by the Central Board of Irrigation, now fall within the sphere of activities of the Central Water and Power Commission. It has, therefore, been found necessary to revise the constitution of the Board to avoid any confusion or overlap of functions between the two organizations. The following rules have, therefore, been framed to govern the constitution and activities of the Board, these rules supercede the existing rules on the subject.

Rules

SECTION I

Objects

1. The functions of the Central Board of Irrigation and Power, hereafter called "the Board" shall be to:—

- (i) establish contacts with institutions and individuals in India and abroad with a view to the exchange of publications and information;
- (ii) collect and supply information on irrigation, electricity and allied subjects;
- (iii) co-ordinate research on irrigation, electricity and allied subjects and to disseminate results of such research;
- (iv) contribute information on irrigation, electricity and allied subjects for publication in the Press; and
- (v) to publish relevant literature.

The Board shall also work as:

- (i) Indian National Committee for the International Commission on Large Dams;
- (ii) Indian National Committee for International Commission on Irrigation and Drainage;
- (iii) Liaison Body for the International Association for Hydraulic Research.
- (iv) Co-ordinating Body for Technical Organisations like Indian Standards Institution, Indian Council of Agricultural Research, etc.

2. The Board shall have two Research Committees attached to it—one for Irrigation subjects and another for Power Subjects. For Irrigation subjects, the Committee shall consist of:—

- (a) The Executive Committee of the Board as prescribed under Rule 18.
- (b) Director, Central Water and Power Research Station, Poona.
- (c) Directors and Research Officers of the States that possess Research Organisations.
- (d) Professor of Civil and Hydraulic Engineering, Indian Institute of Science, Bangalore.
- (e) Director (Planning) Central Mechanical Engineering Research Institute, Durgapur (C.S.I.R.).
- (f) Officers connected with the design of Hydraulic works as nominated by their respective States.
- (g) Professors of Universities engaged on research work pertaining to Irrigation works.
- (h) Such additional persons as the Executive Committee think it desirable to co-opt.

For Power-Subjects the Committee shall consist of:—

- (a) The Executive Committee of the Board as prescribed under Rule 18.
- (b) Director (Research), Central Water and Power Commission (Power Wing).
- (c) Officers connected with the design and research work in the States Electricity Boards and Projects.
- (d) Professors of High Voltage and Electrical Engineering, Indian Institute of Science, Bangalore.
- (e) Officers nominated by Heavy Electricals, Railways and other organisations interested in Power-Engineering.
- (f) Professors engaged on research work in Power-Engineering.
- (g) Such additional persons as the Executive Committee think it desirable to co-opt.

Except ex-officio members, other members will have to be approved by the Executive Committee.

The object of the Research Committee shall be to plan and co-ordinate research work in the field of Irrigation, Hydraulics, Power-engineering and Allied Subjects. This Committee shall also serve as a Technical Adviser to the Board on matters connected with research.

SECTION II

Constitution

3. The Board shall consist of the following members whose names shall be entered on the Roll of the Board as they become eligible:—

- (i) Chief Engineers, Irrigation and Electricity Branches of the States and Unions of States, Engineers dealing with matters concerning water and electricity, employed by the Central Government with the status of Chief Engineer or higher and Chief Engineer/Engineer Member, as the case may be, of Electricity Boards constituted under the Electricity (Supply) Act, 1948 ex-officio;
- (ii) Chief Engineers, Irrigation and Electricity Branches of such other countries or administrative units outside the Union of India as may like to join the Board subject in each case to the approval of the Board and with the previous approval of the Government of India.

Provided that in all cases the Governments and Electricity Boards concerned contribute to the Board at the rates hereinafter prescribed.

4. A permanent Chief Engineer will retain his seat on the Board during periods of leave, until he ceases to be Chief Engineer of his State or Union.

SECTION III

Constitution of Technical Sub-Committees of the Board

5. The Government of India and a Government, State or other authority contributing under Rule 15 hereunder will be entitled to ask the Board to appoint a Sub-Committee of the Board to advise them on any technical question and questions connected with any irrigation, river training, hydro-electric or allied work.

6. Technical Sub-Committees of the Central Board of Irrigation and Power shall be appointed on the recommendation of the Executive Committee subject concurrence of the authority asking for the

appointment of the Sub-Committee and shall consist of Members of the Central Board of Irrigation and Power. They shall ordinarily consist of two Members possessing the widest experience of works akin to the problem under consideration.

- (a) If a Sub-Committee so wishes and with the concurrence of the authority asking for such Sub-Committee a Special Technical Secretary and staff and/or an assistant technical officer or officers may be appointed by the Sub-Committee.
- (b) The Executive Committee may appoint additional staff in connection with the Sub-Committees constituted by the Board on any Special subjects.

SECTION IV

- 7. Privileges and Obligations of Members of the Board.
- 8. All Members of the Board, will on behalf of their Government or State or Union of States be entitled to the privileges outlined in Rule 12, 13 and 14 below.
- 9. Each member of the Board will receive one copy each of each administrative report of the Board as it is published.
- 10. Members of the Board may be requested by the Board to serve on technical Sub-Committees of the Board.

SECTION V

Privileges and Obligations of Governments, States and Unions of States or other authorities contributing or subscribing to the Bureau of Information.

11. The Government of India will be entitled to call on the Board to select a Sub-Committee of the Board to advise them on technical points involved in any dispute between State Governments, Unions of States, or between a State Government and a Union of States.

12. A State, Union of States, Government or other authority contributing or subscribing to the Board will be entitled to receive all the publications, issued by the Board, with the exception of Administrative Reports.

13. The number of such individual publications sent to the Government or other authority shall be in accordance with the requirements of each case or as may be decided by the Executive Committee of the Board as hereafter prescribed in Rule 18.

14. Publications issued by the Board shall be supplied free of cost and postage except in the case of parcels sent by rail when railway charges will be paid by the consignee. The Board may decide to place some copies of their publication for sale to public or to such other authorities as are not entitled to free supply of those publications. Copies of such publications shall be stocked by the Manager of Publications to the Government of India and shall be sold on payment of the price indicated on the publications.

SECTION VI

Contributions to the Funds

15. A Government, State or Union of States, which is represented by a member or members on the Board shall contribute annually to the Board on the following basis;

- (a) Where areas irrigated annually plus area protected by drainage and embankments is:—

Less than half a million acres contribution will be Rs. 2,500.
Half million to one million acres contribution will be Rs. 5,000.

1 million to two million acres contribution will be Rs. 7,500.

2 million to 5 million acres contribution will be Rs. 10,000.

5 million to 10 million acres contribution will be Rs. 12,500.

10 million to 15 million acres contribution will be Rs. 15,000.
above 15 million acres contribution will be Rs. 2,500.

Extra for each additional 5 millions or part thereof.

- (b) For Irrigation Projects under construction half of the area proposed to be irrigated from the projects under construction will be taken for assessment of contribution.

- (c) For electric generation upto:—

100 million KWH generation contribution will be Rs. 1,000.

101—200 million KWH ganeration contribution will be Rs. 2,000.

201—300 million KWH generation contribution will be Rs. 3,000.

301—400 million KWH generation contribution will be Rs. 4,000.

401 upto 1000 million KWH generation contribution will be Rs. 500 for 100 million KWH.

Above 1000 million KWH generation contribution will be Rs. 250 for 100 million KWH or part thereof.

In any year, an administration will pay on the basis of the figures of area irrigated by Government controlled works and those of area protected by drainage in that administration relating to the latest year for which statistics are available. Although on the basis of the area irrigated in the Centrally Administered Areas, the Central Government are liable to contribute only Rs. 2,500 per annum, they have in view of their overall interest in the activities of the Board agreed to;

- (i) Pay annually at the rate of Rs. 17,500 per annum;
- (ii) pay for the office accommodation occupied by the Board on the basis of the standard scale applicable from time to time; and
- (iii) supply to the Board free stationery and printing.

16. A State or Union of States, Government or other authority, which is not represented by a member on the Board, but wishes to take advantages of the facilities provided by the Board and the Library shall if permitted, subscribe annually to the Board a sum not less than Rs. 500, the exact amount to be determined by the Executive Committee. The Executive Committee may at its discretion, permit any commercial engineering organisation to subscribe to the Board. The minimum annual subscription for such organisation will be Rs. 200, the exact amount to be determined by the Executive Committee.

17. The Board shall maintain a deposit account with the Accountant General, Punjab, Simla, or Accountant General, Central Revenues, New Delhi, for the time being into which subscribing and contributing authorities shall pay their annual subscriptions or contributions at the beginning of each financial year.

SECTION VII

Constitution of the Executive Committee

18. A Standing Committee of the Board to be known as the Executive Committee which shall be elected from amongst the members, of the Board, and shall consist of;

- (a) The President.

- (b) The immediate Past-President.
- (c) Two Vice-Presidents (One for Irrigation and one for Power).
- (d) Three members (Power).
- (e) Three members (Irrigation).
- (f) Chairman, Central Water and Power Commission Ex-officio.

SECTION VIII

President and Vice-President

19. The President shall take the chair at all meetings of the Board and of the Executive Committee and of the Research Committee at which he is present and shall regulate the proceedings. In the absence of the President such duties shall devolve on the Vice-President.

SECTION IX

Duties and Powers of the Executive Committee

20. The direction and management of the concerns of the Board are vested in Executive Committee subject to all resolutions of meetings of the Board which have been duly summoned and hold in accordance with rules hereinafter laid down when such Resolutions have been duly entered in the Minutes and signed by the Chairman of the meetings and the Executive Committee shall take such action as may be necessary to implement such resolutions. Further Board may delegate on a specific resolution such powers to the Executive Committee, the President, the Secretary and any Sub-Committee of the Board as may be deemed expedient.

21. The Executive Committee shall ordinarily meet half-yearly, but shall also meet at any time that the business of the Board may require. At every meeting five shall constitute the quorum. The Executive Committee may appoint Committees for Special purposes to report to the Executive Committee.

22. The Executive Committee shall convene an annual meeting of the Research Committee not less than three months prior to the annual meeting of the Board for the express purpose of reviewing research work.

23. It shall be the duty of the Executive Committee to adopt every reasonable means for the advancement of the objects of the Board; to provide for properly conducting the business of the Board in all cases of emergency, and to arrange, subject to the approval of the

Board, for the publications of such papers and the documents as may be calculated to advance professional knowledge in the field of Irrigation and Hydro-electric Science.

24. In the event of any matter arising, in regard to which a decision of the Executive Committee is required urgently, the Secretary shall prepare a note on the subject and circulate it to the Executive Committee for orders.

25. Subject to the general control of the Executive Committee or as otherwise provided in the schedule appended, the Secretary is empowered to employ additional temporary technical, clerical and menial staff as the exigencies of the work in the Secretary's Office demand, and to grant honoraria of remuneration to such employees at his discretion and further to sanction travelling allowance for employees in accordance with the scale which it may approve, subject to this entailing no excess expenditure over the sanctioned budget.

26. The Executive Committee shall have full powers to authorise expenditure from the funds of the Board, within the limits of the budget sanctioned by the Board.

27. The office of the Board shall be inspected once a year by the President or a member of the Executive Committee nominated by him.

SECTION X

Duties of the Research Committee

28. The Research Committee shall meet ordinarily once a year, and on at least one other occasion during the year to exchange views informally.

29. In the event of the absence of the President of the Board, the Vice-President shall take the chair at the meeting. In the event of the absence of the President and Vice-President a member of the Executive Committee shall take the chair. In the event of the absence of all members of the Executive Committee, the meeting may elect any member of the Research Committee to take the chair at the meeting.

30. The Annual Meeting will be utilised to secure material for a report to the Board. The report will describe briefly research work during the preceding year and make suggestions for further research in the ensuing year.

31. Prior to the Annual Meeting, members of the Committee, who so desire may furnish the Secretary with advance notes on selected

items of the agenda or allied subjects, for circulation among the other members. Members in receipt of such notes who desire to offer any criticisms or comment shall address the author direct prior to the meeting in order that, if possible a measure or agreement may be reached before open discussion in the Committee.

32. At the Annual Meeting each officer present shall be asked to express briefly his opinion on the matter in hand. General discussion shall follow. At the close of the discussions, the Chairman will summarise the debate in a manner suitable for record. He may state the different points of view and if any unanimous agreement has been reached this shall be recorded in the form of a resolution.

33. One item of the agenda at the Annual Meeting of the Research Committee shall be the selection of subjects for discussion at the following Annual Meeting. To assist in the selection, the Secretary shall prepare a list of enquiries in regard to which he has been unable to satisfy the enquirer and upon which research appears to be indicated. The Research Committee may add further subjects to this list. The selection of the particular items for next year's meeting shall be guided by claims to general interest.

34. Other items on the agenda shall be a discussion on "Current Research Activities" and the "Co-ordination of Research work for the ensuing year". Research and experiments desired by the Board shall be laid before the Research Officers, who will divide up the work, as far as possible, by mutual agreement.

35. Research programme, revised as a result of discussion at the Annual Research Committee Meeting, shall be brought before the succeeding meeting of the Board.

36. Research Officers shall communicate their annual reports and summaries thereof to the Secretary to the Board, not less than six weeks before the Annual Meeting of the Research Committee.

37. The Proceedings of all Research Committees shall be included in the Annual Technical Report of the Board. Printed copies of the Proceedings of the Annual Meeting of the Research Committee shall be circulated only to members of the Board and of the Research Committee.

SECTION XI

The Auditors

38. The Auditor-General, India or any other officer authorised by him shall carry out such audit as is necessary and the Secretary shall

be responsible for carrying out the requirements of audit in this regard.

SECTION XII

The Secretaries

39. The Secretary to the Board shall be appointed normally for a period of 4 years by the Board at its Annual Meeting, but the appointment shall be subject to the approval of the Government of India.

40. It shall be the duty of the Secretary under the direction of the Executive Committee, to conduct the correspondence of the Board; to attend the meetings of the Board, of the Executive Committee, of the Research Committee and such other sub-committees as may be appointed by the Board, to take Minutes of the proceedings of such meetings; to read the Minutes of the proceeding meeting and such communications as may be ordered to be read, to superintend the publication of such papers as the Executive Committee may direct; to direct the collection of the subscriptions and the preparation of the accounts of the expenditure of funds, and to present all account to the Board for inspection and approval. He shall also engage and be responsible for all persons employed under him, and shall generally conduct the ordinary business of the Board.

SECTION XIII

Meetings of the Board

41. The Annual Meeting of the Board shall be held ordinarily in November each year.

42. It shall be in the power of the Executive Committee to arrange for additional meetings of the Board if found desirable.

43. In the event of the absence of the President, the Vice-President shall take the Chair at the meeting. In the event of the absence of the President and Vice-President, a member of the Executive Committee, shall take the Chair. In the event of the absence of all members of the Executive Committee the meeting may elect any member of the Board to take the Chair at the meeting.

44. All Members shall have a right to attend and vote, and 15 persons present shall constitute the quorum, and each such member personally present shall have one vote. In the event of quorum not being present within 30 minutes of the hour fixed for the commencement of the meeting, the meeting shall stand adjourned. The accidental omission to send notice of a meeting to or the non-receipt of

notice by any members shall not invalidate the proceedings at the meeting.

45. At all Board Meetings questions shall be decided according to the majority of votes properly given thereat, and in the case of equality, the Chairman shall have a second or casting vote, where the question under consideration relates exclusively to the Union of India, Members of the Board appointed under Rules 3(ii) will not participate in the voting

46. In the event of any matter arising, in regard to which a decision of the Board is required urgently, the Secretary, if he is so instructed by the Executive Committee, shall prepare a note on the subject and circulate it to the President and members for opinion.

47. Election of Office-bearers and business of Annual Meeting.

(a) Election of Office Bearers.

- (i) The President for the ensuing year will be elected by the Executive Committee in office one month in advance of the Annual Meeting. The President elect shall deliver his first Presidential Address at the Annual Meeting.
- (ii) Other members of the Executive Committee shall be elected at the time of the Annual Meeting.
- (iii) The Vice-Presidents shall be elected by the new Executive Committee after their election.
- (iv) The new Executive Committee shall take office at the time of Annual Meeting.
- (v) Except for the Ex-Officio members, the number of elected members for any Executive Committee shall not be more than one from the same State or Centre.

(b) Business during the Annual Meeting.

The Board at its Annual Meeting shall consider:

- (i) The Programme of the work of the Board for the ensuing year.
- (ii) Review of the research work on Irrigation & Power in India and other administrations which contribute to the Board.
- (iii) Consideration of the accounts for the preceding year.
- (iv) Consideration of the budget for the ensuing year.
- (v) Any other business requiring consideration of the Board.

48. The Board shall, further consider any professional or technical questions of which due notice has been given by the Government of India.

49. The Board shall also decide what special questions call for particular study during the ensuing year. The questions so decided upon shall be taken up for study only after the technical questions of which notice has been given to them by the Government of India have been considered, *vide* Rule 48.

50. To aid in the discussion of professional or technical questions the Executive Committee may invite Research Officers and any other officers to attend the Professional and technical discussions of the Board.

SECTION XIV

Fees of the Members of the Sub-Committees of the Board

51. The members of the Board when serving on Sub-Committees of the Board will be entitled to a fee of Rs. 200 each per day.

SECTION XV

Subscriptions to Societies and Associations

52. Subject to the general control of the Executive Committee the Secretary is empowered to sanction subscriptions by the Board to Scientific and Engineering Societies and Associations or to reduce the number of such subscriptions, subject to the sanctioned budget.

SECTION XVI

Enactment of Rules

53. No additions, alterations or omissions in these rules shall be made except by the authority of a resolution passed at a Board Meeting which has been convened and conducted in accordance with the provision of Rules 41—46 and additions and alterations to the rules decided upon by the Board shall require the approval of the Government of India before they become operative. The Executive Committee when directed by a resolution of a Board Meeting to make a new rule or to alter or revoke an existing one, shall frame the new or altered Rule and shall after final approval by a majority of members, submit the proposed addition, alteration or revocation to the Government of India. And in the event of the proposal for such addition, alteration or revocation being duly agreed to by the Government of India, the rules shall be amended accordingly.

SECTION XVII

The Property of the Board

54. The property and the effects of the Board are vested in the Government of India for the furtherance of the objects of the Board.

55. Every paper, map, plan drawing, or model, presented to the Board shall be considered as the property of the Government of India, unless there has been some previous arrangement of the contrary, and the Board may publish the same in any way and at any time they think proper. But should the Board refuse or delay the publication of such paper beyond a reasonable time, the author thereof shall have a right to copy the same, and to publish it as he may think fit, having previously given three months notice of his intentions in writing, to the Secretary to the Board. Except as herein before provided no person shall publish or give his consent to the publication of any communication present to and belonging to the Board, without the previous consent of the Executive Committee.

SECTION XVIII

Funds

56. The Executive Committee is empowered to invest any funds of the Board. Bonds representing investments by the Board shall be retained in safe custody by the State Bank of India or Reserve Bank of India, New Delhi or Delhi, for the time being and interest thereon shall be collected by the aforesaid Agent/Manager and paid in cash to the Secretary.

57. Withdrawal from invested funds shall be made only with the approval of the Executive Committee.

58. In case the funds at the credit of the Board are temporarily depleted in the beginning of a financial year, the Secretary to the Board, with the previous approval of the President of the Board, may raise a loan from the Reserve Bank of India or State Bank of India, New Delhi or Delhi, for the time being against the investments of the Board held in safe custody, with that bank, subject to a maximum of one month's salary of the staff of the Board. The loan may be paid back to the bank concerned in whole or by instalments as soon as sufficient funds have been received from contributions, etc. A new loan may not be raised until the previous loan has been repaid, in full.

Constitution of the Central Board of Irrigation and Power

Approved at the 31st Meeting of the Board.

SCHEDULE (*vide* PARA 3 OF THE PREAMBLE TO THE RULES).

In this Schedule:—

- (i) The references to the Library are to the Library since taken over from the Board by the Government of India and maintained by the Central Water and Power Commission, and
- (ii) the references to the Board are to the Central Board of Irrigation and Power.

It has been agreed that the Board or any of its members as the case may be will have the following privileges and rights and the Central Water and Power Commission will have the obligations set forth in this Schedule.

1. The Library maintained by the Central Water and Power Commission will be organised on the Universal Decimal Classification system. Its aim will be to obtain and classify all useful information on irrigation, power engineering and allied science.

2. All contributing and subscribing Governments and other authorities will arrange to send to the Library in the Central Water and Power Commission, a copy of administration reports, new technical papers, flood reports, project reports, designs of important works and type designs, and legislative measures relating to irrigation, electricity, or allied subjects, issued by them or their research organisations. They will also send to the Library typescript copies of technical notes and reports of importance, as well as typescript copies of estimates and plans or new projects as soon as ready. The Library will be available to the Board and the latter may permit the issue of any paper as a general circular, which may be considered to be of sufficient importance.

3. The Chief Engineer or Chief Technical Engineering Officer of a Government, State or Unions of States, or other authority contributing and subscribing to the Board, will be entitled to consult the Library on any technical subject connected with irrigation, hydro-electric, river training or allied works, and to borrow books, publications, periodicals, and maps therefrom. Such information will be sent postage free, except in the case of railway parcels.

4. A technical Officer below the rank of Chief Engineer of a Government, States or Unions of States, or other authority contributing and subscribing to the Board, may apply for information from the Library through an officer not below the rank of Superintending

Engineer, on any technical subject connected with irrigation, hydro-electric, river training or allied works.

ACTION TAKEN

5. Any Gazetted Technical Officer of a Government, State or Union of States, or other authority contributing and subscribing to the Board, whose rank is not below that of a Executive Engineer will have the privilege of borrowing books, publications, periodicals and maps from the Library by direct application to the Secretary to the Board.

6. In the management of the Library, the Chairman, Central Water and Power Commission shall be advised by a Committee comprising:—

- (i) The Chairman, Central Water & Power Commission.**
- (ii) The President or Vice-President of the Board for the time being.**
- (iii) Member (D. & R.), Central Water & Power Commission, (Water Wing).**
- (iv) Member (Utilisation), Central Water and Power Commission, (Power Wing).**
- (v) Secretary, Central Board of Irrigation and Power.**

7. Subject to such variation as the Library Advisory Committee may direct the Library shall be open to all members, irrigation and other officers of contributing and subscribing Governments, States and Unions of States and authorities during such hours as may be determined by the Secretary from time to time when they shall be granted all facilities to peruse and inspect books, papers, plans, maps, etc., and to make copies or extracts therefrom (doing no injury to the same) with the exception of such documents as the Library Advisory Committee shall order not to be inspected or copied, but none of the documents of the Board and the Library shall be removed from the premises without the permission of the Secretary.

8. The Library shall be located at the same place as Central Board of Irrigation and Power and will be under the general supervision of the Secretary to the Board. In lieu of the work done by the said Secretary for the Central Water and Power Commission Library, the Assistant Secretary, Co-ordination (Central Water and Power Commission) Library will be the general assistant of the Secretary in Board matters.

ANNEXURE III*Contributions paid by the Centre and State Governments*

<i>Serial No.</i>	<i>Name of Governments</i>	<i>Amount of Annual Contribution</i>
		Rs.
1.	<i>A-Government of India</i>	20,000 (as revised)
	<i>B-Irrigation Depts.</i>	
1.	Punjab	20,000
2.	Uttar Pradesh	12,500
3.	Madras	10,000
4.	Bihar	10,000
5.	Orissa	10,000
6.	Maharashtra	7,500
7.	Mysore	7,500
8.	Madhya Pradesh	10,500
9.	West Bengal	5,000
10.	Kerala	5,000
11.	Rajasthan	7,500
12.	Assam	2,500
13.	Jammu & Kashmir	2,500
16.	Andhra Pradesh	10,000
15.	Damodar Valley Corporation	2,500
16.	Ceylon Government	5,000
17.	Gujarat	5,500
	<i>C-Electricity Depts., Board</i>	
1.	Punjab State Electricity Board	5,500
2.	Maharashtra State Electricity Board	2,500
3.	Orissa State Electricity Board	1,000
4.	Uttar Pradesh State Electricity Board	3,000
5.	Bihar State Electricity Board	1,000
6.	Madras State Electricity Board	8,000
7.	Madhya Pradesh State Electricity Board	2,000
8.	Mysore State Electricity Board	7,000
9.	Andhra Pradesh Electricity Board	4,000
10.	Rajasthan State Electricity Board	1,000
11.	Assam State Electricity Board	1,000
12.	Kanpur Electric Supply Admn.	3,000
13.	Jammu and Kashmir Electrical Engineer	1,000
14.	West Bengal State Electricity Board	1,000
15.	Kerala State Electricity Board	4,500
16.	Gujarat State Electricity Deptt.	2,000
17.	Heavy Electricals Ltd, Bhopal	2,500

ANNEXURE IV

Powers of the (1) Executive Committee, (2) the President and (3) the Secretary

1. EXECUTIVE COMMITTEE

(1) *Formation of the Executive Committee:*

The Board has constituted a Standing Committee known as the Executive Committee. The Committee is elected from amongst the members of the Board each year and consists of:—

- (a) President;
- (b) Immediate past President;
- (c) Two Vice-Presidents (one for Irrigation and one for Power);
- (d) Three Members (Power);
- (e) Three Members (Irrigation);
- (f) Chairman, Central Water and Power Commission (*ex-officio*).

The election of the President is done by the outgoing Executive Committee and that of the Members of the Executive Committee by the Board at its Annual Meeting.

(2) *Functions of the Executive Committee:*

(i) The direction and management of the affairs of the Board are vested in the Executive Committee, subject to the resolutions adopted in the meetings of the Board. The Executive Committee takes such actions as may be necessary to implement the resolutions.

(ii) The Executive Committee meets once or twice a year, as the business of the Board may required. The Executive Committee appoints sub-committee for special purposes to report to the Executive Committee.

(iii) The Executive Committee convenes an annual meeting of the Research Committee for the express purpose of reviewing research work.

(iv) The Executive Committee adopts every reasonable means for the advancement of the subjects of the Board, takes steps for properly conducting the business of the Board in all cases of emergency; and arranges, subject to the approval of the Board, for the

publication of such papers and documents as may be necessary to advance professional knowledge in the field of Irrigation and Electricity.

(3) Powers of the Executive Committee:

The Executive Committee has full powers:

- (i) to authorise expenditure from the funds of the Board, within the limits of the budget grant sanctioned by the Board;
- (ii) to sanction excesses on budget allocations under particular heads;
- (iii) to write off losses, over-payments and unserviceable property of the Board other than Library books;
- (iv) to sanction honoraria or remunerations to the Secretary for extra work done for the Board or any other Institutions;
- (v) to sanction payment of subscriptions to technical Societies and Associations;
- (vi) to sanction reprinting, after revision if necessary of technical publications of the Board and to determine the number of copies to be printed;
- (vii) to sanction reprinting, for general information, of a technical paper or other publication issued by the Public Works Department of any Provincial or State Administration, Central Water and Power Commission, etc., and to determine the number of copies to be printed;
- (viii) to invest surplus funds of the Board in Government securities and to make withdrawals from the investments for expenditure;
- (ix) to create permanent and temporary posts of the following categories and to fix their scales of pay, etc., and to determine the conditions of service:
 - (i) Assistant Secretary, Research Officers and Officers on Special Duty.
 - (ii) Ministerial and class IV establishment.
- (x) to employ, terminate the services of, discharge or dismiss, Assistant Secretaries, Research Officers, and Officers on special duty, permanent and temporary, except those on deputation;

- (xi) to fix the pay in the time scales of Assistant Secretary, Research Officers and Officers on special duty;
- (xii) to employ, terminate the services of, discharge or dismiss heads of sections;
- (xiii) to pass final orders on reports from Audit. The Executive Committee may, at its discretion, bring such matters to the notice of the Board as considered expedient; and
- (xiv) to sanction additions to or modification of the Accounts Rules of the Board.

2. PRESIDENT

(1) *Election of President:*

The president is elected by the Executive Committee one month in advance of the annual meeting from out of the Members of the Board.

(2) *Powers of the President:*

(i) To co-opt member or members in place of such office-bearers of the Executive Committee who happen to be on leave or who express their inability to continue as members for valid reasons and to nominate his own successor under similar circumstances.

(ii) To fix the pay in the time-scales of Ministerial establishment.

(iii) To sanction casual leave to the Secretary.

(iv) To withhold increments of Assistant Secretaries, Research Officers and Officers on special duty, except those on deputation and heads of sections.

(v) To permit the Secretary to assist any committee appointed by the Government of India or any other Administration.

(vi) To sanction reappropriation of funds from one head to another without exceeding the total grant in any year.

(vii) To sanction excesses on budget allocations under any particular head limited to Rs. 1,000 in each individual case.

(viii) To write off losses, over-payments and unserviceable property of the Board other than Library books, limited to Rs. 1,000 in each individual case, provided that the loss does not disclose (i) a defect in the system, the amendment of which requires the orders of the higher authority (Executive Committee) and/or (ii) serious

negligence on the part of some individual employee which might possibly call for disciplinary action requiring orders of the higher authority.

(ix) To raise loans in accordance with paragraph 58 of the Constitution of the Board.

(x) To sanction advances for the purchase of motor cars, motor cycles or cycles to the Secretary, Assistant Secretaries and Ministerial staff of the Board subject to the conditions laid down in paragraphs 254—263 of the General Financial Rules Volume I.

(xi) To write off Library books and periodicals etc. in the Board's office and library.

3. SECRETARY

(i) *Appointment of Secretary:*

(i) The appointment of Secretary is made by inviting nominations from the Central and State Governments and a suitable officer is selected by the Executive Committee of the Board in accordance with the conditions of service laid down for the appointment. The Appointment made is subject to ratification by the Board and also subject to the approval of the Government of India.

(2) *Powers of Secretary:*

The Secretary is empowered:

- (i) to employ, terminate the services of, discharge or dismiss ministerial and Class IV employees, permanent or temporary, excluding Section Officers;
- (ii) to create temporary posts of ministerial and Class IV establishment for a maximum period of three months;
- (iii) to sanction excess expenditure up to 5 per cent. of the grant under any sub-head. or Rs. 200 whichever is more;
- (iv) to write off losses, over-payments and unserviceable property of the Board other than Library books limited to Rs. 100 in each individual case provided that the loss does not disclose (i) a defect in the system the amendment of which requires the orders of the higher authority (Executive Committee) and/or (ii) serious negligence on the part of some individual employee which might possibly call for disciplinary action requiring the orders of higher authority;
- (v) to purchase equipment, stationery, etc., for the office and incur expenditure on printing subject to budget grant;

- (vi) to sanction T.A. for journey performed in the interest of the Board, for himself and the staff employed in the Board's office, in accordance with the scale approved by the Board provided this does not entail any excess expenditure over the sanctioned budget; and
- (vii) to sanction increments to all members of the establishment under him.

ANNEXURE V

A short note on the work done by the Board during the last four Years

During the last four years i.e., 1959 to 1962 the Central Board of Irrigation and Power continued its activities on coordination of research on Irrigation and allied subjects, dissemination of results of such research to all field workers and establishing contacts with institutions and individuals in India and abroad with a view to exchanging publications and technical information and running of the Library and Information Bureau. In addition to the issue of its Quarterly Journal (Irrigation and Power) and Central Board of Irrigation and Power Monthly Abstracts covering the current literature received in the Library and Information Bureau, a number of new publications on latest trends in Engineering were also brought out by the Board, as detailed below:—

1959

- (i) Central Board of Irrigation and Power Publication No.65—
Symposium on Design of Spillway Capacity of Dams
1955-56.
- (ii) Impressions of Study Tours in California.
- (iii) Second reprint of the Hydraulic Diagrams of Kutter's
Formulae.
- (iv) Investigation Manual for storage Reservoirs (reprint).
- (v) Research Pamphlet, 1959.
- (vi) Fundamental and Basic Research Programme—Annual
Review, 1959.
- (vii) Annual Report (Technical) for the year 1956.

1960

- (1) Central Board of Irrigation and Power Pub. No. 62,
Annual Report Technical for the year 1954.
- (2) Central Board of Irrigation and Power Pub. No. 63,
Annual Report Technical for the year 1955.
- (3) Central Board of Irrigation and Power Pub. No. 64,
Annual Report Technical for the year 1956.

- (4) Research Pamphlet, 1960.
- (5) Annual Review of Fundamental and Basic Research 1959.
- (6) Notes for the guidance of Authors.

1961

- (1) Central Board of Irrigation and Power Publication No. 66, **Annual Report Technical 1957.**
- (2) Central Board of Irrigation and Power No. 69, "Tube-wells".
- (3) Research Pamphlet 1961.
- (4) Central Board of Irrigation and Power Publication No. 67, **Catalogues of Book Vol. I (Library and Information Bureau).**

1962

- (1) Technology-Development Abroad, Tour Memo. No 2.
- (2) "A Hand Book of Irrigation and Power Data".
- (3) Central Board of Irrigation and Power "A Historical Review".
- (4) Draft note on the collection of field data for designing Irrigation Channels and instructions for field workers.
- (5) Symposium on Energy Dissipators.
- (6) Fundamental and Basic Research Review 1961.
- (7) Symposium on Economic and optimum utilisation of Irrigation supplies (Part I).

Meetings

The following Meetings of the Board were held during the period under review:—

- (1) The 29th Annual Research Session of the Board was held at Hyderabad in July, 1959.
- (2) 30th Annual Research Session of the Board was held at Trivandrum (Kerala State) in June, 1960.
- (3) 31st Annual Research Session of the Board was held at Calcutta (West Bengal) in June, 1961, and
- (4) 32nd Annual Research Session of the Board was held at Ootacamund (Madras State) in May-June, 1962.

At each of the Session more than 40 technical papers presented by different Research Stations and individual authors were discussed.

These papers covered a wide range of subjects such as:—

- (1) Model Prototype;
- (2) Studies of Hydraulic Structures;
- (3) River Training and Flood Protection;
- (4) Design of Canals;
- (5) Hydrology;
- (6) Irrigation Practices;
- (7) Navigation;
- (8) Rural Electrification;
- (9) Construction Materials.

Annual Board Sessions:

The following Sessions of the Board were held during the last 4 years:—

- (1) 30th Annual Session of the Board was held at New Delhi in November, 1959.
- (2) 31st Session of the Board was held at Triyandrum (Kerala State) in June, 1960.
- (3) 32nd Annual Session of the Board was held at New Delhi in November, 1960.
- (4) 33rd Annual Session of the Board was held at New Delhi in November, 1961.
- (5) 34th Session of the Board was held at Ootacamund in June, 1962.

At these Sessions, administrative matters were discussed and recommendations on various subjects were made to the Central and State Governments. The Board also suggested problems on which further research should be carried out by different Research Stations.

The details of research work together with discussions thereon at the meetings of the Research Committee and Board's discussions are published in Annual Reports (Technical) of the Board.

Talks delivered:

A special feature was introduced in the year 1959 requiring such Board Members and other connected officers as go out on delegations abroad to give talks regarding their impressions of countries abroad.

The following talks were delivered during the course of the above Sessions:—

- (1) Shri D. B. Anand on his impressions of Irrigation Technique and Development in Australia.
- (2) Shri D. V. Joglekar on the working of laboratories in Canada and U.S.A.
- (3) Dr. K. L. Rao on his Impressions during his tour of the projects and various hydraulic laboratories in U.S.S.R.
- (4) Coordination of Irrigation and Agricultural activities by Robert M. Hagan, of the Rockefeller foundation.
- (5) Recent Development in Civil and Structural Engineering by Donovan Lee, of U.K.
- (6) Indus Water Treaty by Shri N. D. Gulhati.
- (7) Manufacture of electrical equipments.
- (8) International Commission on Irrigation and Drainage meeting at Madrid by Shri S. K. Aggarwal

The Symposia on the following subjects resulted in discussions at great length and suitable recommendations were made to various governments.

1960

- (1) Canal Lining.
- (2) Inter-connected operation of Hydro and Thermal Stations in India.

1961

- (1) Economics and financing of Irrigation, Drainage and Flood Control Works.
- (2) Problems of continuity of supply of voltage Regulations on Large Power Systems.

1962

- (1) Efficiency of Water distribution and use of land.
- (2) Problems of continuity of Supply and Voltage Regulations on Large Power Systems (in continuation of previous discussions).

Activities in International field:

In the International field, the Central Board of Irrigation and Power as the National Committee for International Commission on Large Dams and International Commission on Irrigation and Drainage took active part.

The Board recommended to the Government of India, the composition of delegations for participating in the following International Conferences:—

- (1) 10th Executive Council Meeting of the I.C.I.D. held at Canberra, Australia in March, 1959.
- (2) International Sub-committee on concrete for Large Dams and the 26th Executive Council Meeting on large Dams held at Helsinki in May, 1959.
- (3) 4th Congress on Irrigation and Drainage which was held in Madrid (Spain) in May-June, 1960.
- (4) Eleventh Executive Meeting of the International Commission on Irrigation and Drainage held at Madrid (Spain) in May-June, 1960.
- (5) 7th Plenary Session of the International Commission on Large Dams held in Rome (Italy) in June-July, 1961.
- (6) 12th Executive Council Meeting of the International Commission on Irrigation and Drainage held at Moscow, USSR in August, 1961.
- (7) 9th Convention of the International Association for Hydraulic Research held in Yugoslavia in September, 1961.
- (8) 29th General Meeting of the International Commission on large Dams held in Moscow, USSR, 1962.
- (9) 5th Congress of the International National Society of Soil Mechanics and Foundation Engineering held at London in July, 1961.

Library and Information Bureau:

The Library continued to serve the Members of the Board and other connected officers both at the Centre and in the States and also attended to other many enquiries received from within the country and abroad.

New contacts for the exchange of publications were established with many organisations both in India and abroad. A number of books, journals, photographs, maps and plans were added to the Library during the period.

Fundamental and Basic Research:

Besides the above activities of the Board, the Board has sponsored and is pursuing a scheme of Fundamental and Basic Research, work on which is being done in 20 Research Stations under grants given by the Government of India. Originally 12 fundamental problems were taken in hand during the second plan period which were subsequently increased to 21. Considerable achievements have been made as a result of this research in cutting down expense of river valley projects as well as in savings in foreign exchange. Though the work done by these Research Stations is mainly of a highly technical nature, the following achievements may be mentioned.

(1) Considerable work has been done in the experiments on air entrainment agents and the necessity to import air entraining agents has been reduced by developing indigenous products in our Research Stations at Koyna, Rihand, Hirakud and Madras. These products compare very favourably with any of the foreign products.

(2) The following laboratory equipment of a highly technical nature which were previously being arranged from abroad are now being manufactured in our own Research Stations and this has led to exchange:—

1. Miniature current meter.
2. Bed Profile recorder.
3. Pressure measuring probs.
4. Vane type current meter.
5. Automatic tide generating equipment.
6. An instrument to determining the rate of seepage through a sub-soil stratum.
7. Electronic wave height recorder.
8. An electronic attachment to the pitot tube for improving its accuracy.

9. Universal pitot tube.
10. Electronic Pressure cell.
11. Entrained air measuring device.
12. Bed load asmpplers.
13. A magnetostriction Nickel Vibratory set up for cavitation studies.
14. Air concentration meter.
15. Pore pressure measuring devices.
16. Pressure pick-up.
17. Swelling pressure apparatus for elavey soils for rapid and accurate determination of swelling pressure.
18. Seepage meter for determining seepage loss to channels.
19. Presimeter for rapid determination of specific gravity and moisture content of soils in the field.

The above instruments have been developed in our Research Stations at Poona, Calcutta, Amritsar, Bangalore, Madras, Roorkee and Patna.

3. Our fundamental and basic studies on evaporation control have led us to believe that considerable savings can be made by the use of Cetyl-Steeryl Alcohol on large tanks and the evaporation losses can be cut down as much as 20 per cent. This study is likely to be of considerable use in arid tracts where rainfall is either uncertain or very small. Results achieved from this study have been utilised in tiding over the deficit period in water supply in towns in Gujarat.

4. Considerable advance has been made on the development of economic alternatives to stones for river protection works in places where use of stone would have been highly expensive. Further study on the use of local materials is going on and this is likely to lead to considerable savings in the cost of our works.

5. Extensive studies have been made on the use of surkhi and other pozzolanic materials in mortar and cement concrete. This has resulted in considerable savings in the use of cement which is in short supply, in addition to reducing the cost of works by 15 to 20 per cent. Further research in the use of local materials for the manufacture of pozzolanic materials is going on at the various Research Stations. In this connection study on the use of fly-ash by the Madras Research Stations is giving encouraging results.

6. In addition, considerable headway has been made in respect of some problems by our Research Stations. The Central Water and Power Research Station, Poona has completed the studies on the steep chutes to find the amount of air entrained in high velocity flow and has finalised design criteria for determining the height of side walls of chutes. As a result, the danger of water spilling over the side walls due to bulking and consequently leading to failures of such chutes can be avoided by proper design.

The Indian Institute of Sciences has made much headway on the study and prevention of cavitation on different types of metallic surfaces.

ANNEXURE VI

Research on Fundamental and Basic Problems relating to River Valley Projects and Flood Control Works

RESEARCH in the field of Irrigation and Hydraulic Engineering has been conducted in our Research Stations for almost 35 years, but it was mostly restricted to specific problems, e.g., checking of designs of hydraulic structures of river valley projects, flood control works, layout of ports and harbours, prevention of sea coast erosion etc., etc. Research of basic type which really forms the core of any organised research programme, had received only scanty attention. As such, our Research Stations were functioning primarily as test houses, where experiments were conducted to check the designs and make suitable modifications to ensure safety and economy in specific structures.

As the Central Coordinating Authority for research concerning water resources utilisation in the country, the Central Board of Irrigation and Power were agitated about this state of affairs and therefore initiated action in 1953 to formulate the Scheme of Fundamental and Basic Research relating to River Valley Projects and Flood Control Works.

After due scrutiny by an Expert Committee, the Government of India approved the first scheme under their letter No. EL-I-161(21)/56, dated August 30, 1957. It included 12 problems and formed part of the Second Five-Year Plan. In the Third Five-Year Plan, 9 more problems have been taken up in addition to the 12 original problems on which work is being continued.

A brief description of the 21 problems with specific studies therein, which are now under study is given below together with the names of Research Stations to which they have been entrusted.

Problem No.	Problem	Research Stations to which entrusted
1	2	3

I AIR ENTRAINMENT

- (a) To study in detail the initiation and development of entrainment of air in high velocity flow.

- (1) Central Water and Power Research Station, Poona.
(2) Punjab Irrigation and Power Research Institute, Amritsar.

1	2	3
(b) To study air-entrainment and economic sizes of stilling pools for flow in high head conduit flow.	(1) Central Water and Power Research Station, Poona. (2) Punjab Irrigation and Power Research Institute, Amritsar.	
(c) To study air-entrainment in draft tubes of various types and in vertical pen-stocks of underground power houses.	(1) Central Water and Power Research Station, Poona. (2) Punjab Irrigation and Power Research Institute, Amritsar.	
(d) To formulate law governing the high speed inter-mixing of air and water so as to lay down design criteria for training walls, chutes, draft tubes, stilling pools and spill-ways, etc.	(1) Central Water and Power Research Station, Poona. (2) Punjab Irrigation and Power Research Institute, Amritsar.	

II. TURBULENCE :

- | | |
|---|--|
| (a) Studies to bring out the importance of turbulent boundary layer in hydraulic structures open flow as well as flow in closed conduits. | (1) Central Water and Power Research Station, Poona.
(2) Indian Institute of Science, Bangalore |
| (b) Study of large scale turbulence in channels. | (1) Central Water and Power Research Station, Poona.
(2) Indian Institute of Science, Bangalore |
| (c) Study of turbulence in reaction and impulse turbines and draft tubes. | (1) Central Water and Power Research Station, Poona.
(2) Indian Institute of Science, Bangalore |

III. CAVITATION :

- | | |
|---|--|
| (a) Civil structures-relation between magnitude of negative pressure and cavitation | (1) Central Water and Power Research Station, Poona. |
|---|--|

1	2	3
	damage and investigations on the resistance of protective coatings against cavitation damage.	(2) Punjab Irrigation and Power Research Institute, Amritsar. (3) Indian Institute of Science, Bangalore.
	(b) Hydraulic Machinery Protective coatings against cavitation damage.	(1) Central Water and Power Research Station, Poona. (2) Punjab Irrigation and Power Research Institute, Amritsar. (3) Indian Institute of Science, Bangalore.

IV. DESIGN OF CHANNELS :

- | | |
|---|--|
| (a) To study sediment characteristic and other factors affecting the regime of channels and to standardize the design of alluvial channels under controlled discharges and grades and charge of sediment carried by channels. | (1) River Research Institute, West Bengal, Calcutta.
(2) Punjab Irrigation and Power Research Institute, Amritsar.
(3) Irrigation Research Institute, Roorkee. |
| (b) To verify and ascertain the applicability of the numerous formulae for measurement and estimation of bed load transportation of various sands. | (1) Punjab Irrigation and Power Research Institute, Amritsar.
(2) River Research Institute, West Bengal, Calcutta.
(3) Irrigation Research Institute, Roorkee. |
| (c) Determination of rugosity coefficient of lined and unlined channels. | (1) Punjab Irrigation and Power Research Institute, Amritsar
(2) River Research Institute, West Bengal, Calcutta.
(3) Engineering Research Laboratories, Hyderabad.
(4) Irrigation Research Institute, Roorkee. |

1	2	3
(d) Collection and analysis of hydraulic data for stable channels (both alluvial and non-alluvial).		(1) Punjab Irrigation and Power Research Institute, Amritsar. (2) River Research Institute, West Bengal, Calcutta. (3) Engineering Research Laboratories, Hyderabad. (4) Irrigation Research Institute, Roorkee.
(e) To study the effect of silt charge on the co-efficient of various discharge measuring devices.		(1) Punjab Irrigation and Power Research Institute, Amritsar. (2) River Research Institute, West Bengal, Calcutta. (3) Irrigation Research Institute, Roorkee.

V. ENGINEERING PROPERTIES OF SOILS

(a) Determination and interpretation of engineering constants of soils like soil modulus permeability, consolidation coefficient, etc., on the basis of in situ tests.	1) Punjab Irrigation and Power Research Institute, Amritsar. 2) Irrigation Research Institute, Roorkee 3) River Research Institute, West Bengal, Calcutta. 4) Soil Mechanics and Research Division, Madras. 5) Gujarat Engineering Research Institute, Baroda
(b) Soil compaction studies—effect of density, pore pressures and permeability due to different modes of compaction, variation of moisture content, etc.	1) Punjab Irrigation and Power Research Institute, Amritsar. 2) Irrigation Research Institute, Roorkee. (3) Engineering Research Laboratories, Hyderabad.

1	2	3
		(4) Bihar Institute of Hydraulic and Allied Research, Patna. (5) Gujarat Engineering Research Institute, Baroda.
(c) To investigate swelling pressures in clay soils.	(1) Irrigation Research Institute, Roorkee. (2) Engineering Research Laboratories, Hyderabad. (3) Soil Mechanics and Research Division, Madras. (4) Silt and Construction Materials Directorate, New Delhi. (5) Gujarat Engineering Research Institute, Baroda.	
(d) To investigate the effect of remoulding of different types of soils on shear characteristics.	(1) Punjab Irrigation and Power Research Institute, Amritsar. (2) River Research Institute, West Bengal, Calcutta. (3) Engineering Research Laboratories, Hyderabad. (4) Silt and Construction Materials Directorate, New Delhi. (5) Gujarat Engineering Research Institute, Baroda.	
(e) To correlate mechanical and mineral composition and clay structures of different soils of India with their engineering properties.	(1) Silt and Construction Materials Directorate, New Delhi. (2) Soil Mechanics and Research Division, Madras. (3) Gujarat Engineering Research Institute, Baroda. (4) Engineering Research Laboratories, Hyderabad.	

1	2	3
(f) Soil Stabilization— (i) with admixtures. (ii) by electro-chemical treatment, and (iii) by injection.		(1) Silt and Construction Materials Directorate, New Delhi. (2) Bihar Institute of Hydraulics and Allied Research, Patna. (3) Gujarat Engineering Research Institute, Baroda. (4) Irrigation Research Institute, Roorkee.

VI. SEDIMENTATION STUDIES IN STREAM AND RESERVOIRS:

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|---|--|
| <p>(a) Collection of data relating to bed and suspended load of streams and reservoirs so that life of reservoirs could be correctly estimated.</p> | <p>(1) Gobind Sagar, Bhakra Project.
(2) Maithon Reservoir, D.V.C.
(3) Panchet Hill Reservoir, D.V.C.
(4) Hirakud, Orissa.
(5) Gandhisagar on the Chambel
(6) Matatila, U.P.
(7) Sirsi Reservoir, U.P.
(8) Mayurakshi Reservoir, West Bengal.
(9) Tungabhadra, Mysore.
(10) Lower Bhawani, Madras.
(11) Nizam Sagar, A.P.
(12) Shivaji Sagar, Koyna Dam Project.
(13) Wullar Lake, Srinagar.</p> |
| <p>(b) Determination of nature and behaviour of density currents and their influence on sediment deposits in reservoirs.</p> | <p>(1) Punjab Irrigation and Power Research Institute, Amritsar.
(2) Irrigation Research Institute, Roorkee.
(3) River Research Institute, West Bengal, Calcutta.
(4) Engineering Research Laboratories, Hyderabad.</p> |

1	2	3
(c) Model studies of density currents including flume studies and their applicability to prototype.	(1) Central Water and Power Research Station, Poona.	(2) River Research Institute, West Bengal, Calcutta.
(d) Meandering, braiding and avulsions of rivers and their prevention.	(1) Engineering Research Laboratories, Hyderabad.	(2) Irrigation Research Institute, Roorkee.
	(3) Punjab Irrigation and Power Research Institute, Amritsar.	(4) River Research Institute, West Bengal, Calcutta.

VII. SUB-SOIL FLOW :

(a) Tube-Wells.	(1) Punjab Irrigation and Power Research Institute, Amritsar.
	(2) Irrigation Research Institute, Roorkee.
	(3) River Research Institute, West Bengal, Calcutta.
	(4) Bihar Institute of Hydraulic and Allied Research, Patna.
	(5) Gujarat Engineering Research Institute, Baroda.
(b) Structures on permeable foundations.	(1) Irrigation Research Institute, Roorkee.
	(2) Soil Mechanics and Research Division, Madras.
(c) Canal linings.	(1) Irrigation Research Institute Roorkee.
	(2) Mysore Engineering Research Station, Krishnarajasagar, (Mysore).
	(3) Bihar Institute of Hydraulic and Allied Research, Patna.

1	2	3
(d) Earth and Rock-fill dams.		(1) Irrigation Research Institute, Roorkee. (2) Soil Mechanics and Research Division, Madras.
(e) Water-logging and drainage.		(1) Irrigation Research Institute, Roorkee. (2) River Research Institute, West Bengal, Calcutta. (3) Maharashtra Engineering Research Institute, Nasik. (4) Bihar Institute of Hydraulic and Allied Research, Patna.

VIII. STANDARDISATION OF THE USE OF SURKHI AND OTHER POZZOLANIC MATERIALS AND MORTAR AND CONCRETE :

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|---|--|
| (a) Determination of suitable indices for pozzolanic activity. | (1) Mysore Engineering Research Station, Krishnarajasagar, (Mysore)
(2) Punjab Irrigation and Power Research Institute, Amritsar.
(3) Engineering Research Laboratories, Hyderabad.
(4) Soil Mechanics and Research Division, Madras.
(5) Silt and Construction Materials Directorate, New Delhi. |
| (b) Standardisation of pozzolanic materials and the conditions under which they can be suitably used. | (1) Punjab Irrigation and Power Research Institute, Amritsar.
(2) Engineering Research Laboratories, Hyderabad.
(3) Soil Mechanics and Research Division, Madras.
(4) Silt and Construction Materials Directorate, New Delhi.
(5) Mysore Engineering Research Station, Krishnarajasagar, (Mysore). |

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IX. PRINCIPLES OF MORTARS & CONCRETE MIX DESIGN :		(1) Engineering Research Laboratories, Hyderabad.
(a) To investigate and arrive at suitable methods of designing mortar and concrete mixes.	(2) Silt and Construction Materials Directorate, New Delhi.	
	(3) Soil Mechanics and Research Division, Madras.	
	(4) Koyna Project Laboratory, Koyna.	
	(5) Kerala Engineering Research Institute, Peechi	
	(6) Hirakud Research Station, Hirakud.	
(b) Basic Research in concrete and mortar mix design in relation to permeability, thermal properties and dynamic modulus of elasticity.	(1) Engineering Research Laboratories, Hyderabad.	
	(2) Silt and Construction Materials Directorate, New Delhi.	
	(3) Soil Mechanic and Research Division, Madras.	
	(4) Koyna Project Laboratory, Koyna.	
	(5) Kerala Engineering Research Institute, Peechi.	
	(6) Hirakud Research Station, Hirakud.	
(c) To investigate the suitability of materials for mortar and concrete :	(1) Engineering Research Laboratories, Hyderabad.	
(i) Aggregate, (ii) Cement and Hydraulic limes, and (iii) Air-entraining agents.	(2) Silt and Construction Materials Directorate, New Delhi.	
	(3) Soil Mechanics and Research Division, Madras.	
	(4) Koyna Project Laboratory, Koyna.	

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| | | (5) Kerala Engineering Research Institute, Peechi. |
| | | (6) Hirakud Research Station, Hirakud. |
| (d) To study alkali reactivity and petrographic characteristics of aggregates. | (1) Engineering Research Laboratories, Hyderabad. | |
| | (2) Silt and Construction Materials Directorate, New Delhi. | |
| | (3) Soil Mechanics and Research Division, Madras. | |
| | (4) Koyna Project Laboratory, Koyna. | |
| | (5) Kerala Engineering Research Institute, Peechi. | |
| | (6) Hirakud Research Station, Hirakud. | |
| (e) Investigations relating to strength of masonry and concrete. | (1) Engineering Research Laboratories, Hyderabad. | |
| | (2) Silt and Construction Materials Directorate, New Delhi. | |
| | (3) Soil Mechanics and Research Division, Madras. | |
| | (4) Koyna Project Laboratory, Koyna. | |
| | (5) Kerala Engineering Research Institute, Peechi. | |
| | (6) Hirakud Research Station, Hirakud. | |

X. STUDIES ON VIBRATIONS IN SOILS UNDER MACHINE FOUNDATIONS:

- | | |
|---|--|
| (a) Fundamental studies of stresses in soils under foundations due to machine vibrations. | (2) Indian Institute of Science, Bangalore. |
| (b) To evolve a rational design for foundations under machines. | (1) Central Water and Power Research Station, Poona. |
| | (2) Indian Institute of Science, Bangalore. |

1	2	3
XI DEVELOPMENT OF ECONOMIC ALTERNATIVES TO STONE FOR RIVER PROTECTION WORKS:	(1) Punjab Irrigation and Power Research Institute, Amritsar. (2) Irrigation Research Institute, Roorkee. (3) River Research Institute, West Bengal, Calcutta. (4) Silt and Construction Mater- ials Directorate, New Delhi. (5) Bihar Institute of Hydraulic and Allied Research, Patna. (6) River Research Station, Assam.	
XII INSTRUMENTATION :	(1) Central Water and Power Research Station, Poona. (2) Punjab Irrigation and Power Research Institute, Amritsar. (3) River Research Institute, West Bengal, Calcutta. (4) Indian Institute of Science, Bangalore. (5) Irrigation Research Institute, Roorkee.	
XIII UTILISATION OF ISOTOPES IN SUB-SOIL INVESTIGA- TIONS AND SOIL COMPAC- TION CONTROL :	(1) Central Water and Power Research Station, Poona	
XIV. INVESTIGATION ON SOIL COMPACTION OF DIFFER- ENT SOILS IN WET CONDI- TIONS AND STANDING WATER WITH PARTICULAR REFERENCE TO CONSTRU- CTION OF EARTHEN DAMS :	(1) River Research Institute, West Bengal, Calcutta (2) Kerala Engineering Research Institute, Peechi. (3) River Research Station, Assam.	

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XV. DEVELOPMENT OF PRECAST TECHNIQUES IN HYDRAULIC STRUCTURES :	<div data-bbox="299 423 690 474">(1) Barrages, anicuts and over-flow structures.</div> <div data-bbox="299 502 690 559">(2) Canal structures like falls, aqueducts, siphons, etc.</div> <div data-bbox="299 587 690 639">(3) Hydro-electric structures and dams, etc.</div>	
XVI. MINIMISING LOSS OF HEAD THROUGH IMPROVEMENT OF TRASH RACKS, PEN-STOCK GATES, SPIRAL CHAMBERS, DRAFT TUBES, DOWNSTREAM FLOOR AND SILT DISPOSAL STRUCTURES :	<div data-bbox="715 311 1122 362">(1) Irrigation Research Institute, Roorkee.</div> <div data-bbox="715 423 1122 474">(2) Maharashtra Engineering Research Institute, Nasik.</div> <div data-bbox="715 667 1122 718">(1) Central Water and Power Research Station, Poona.</div> <div data-bbox="715 746 1122 797">(2) Indian Institute of Science, Bangalore.</div> <div data-bbox="715 859 1122 909">(3) Punjab Irrigation and Power Research Institute, Amritsar.</div> <div data-bbox="715 938 1122 988">(4) Irrigation Research Division, Poondi.</div>	
XVII. MINIMISING LOSSES DUE TO ABSORPTION, PERCOLATION AND EVAPORATION IN STILL AND FLOWING WATER ON IRRIGATION WORKS :	<div data-bbox="299 1215 690 1243">(a) Determination of losses.</div> <div data-bbox="299 1384 690 1468">(b) Determination of and minimising evaporation losses in Reservoirs.</div>	
	<div data-bbox="715 1024 1122 1074">(1) Punjab Irrigation and Power Research Institute, Amritsar.</div> <div data-bbox="715 1136 1122 1187">(2) Irrigation Research Institute, Roorkee.</div> <div data-bbox="715 1215 1122 1266">(3) Maharashtra Engineering Research Institute, Nasik.</div> <div data-bbox="715 1294 1122 1345">(4) River Research Institute, West Bengal, Calcutta.</div> <div data-bbox="715 1384 1122 1435">(1) Silt and Construction Materials Directorate, New Delhi.</div> <div data-bbox="715 1463 1122 1547">(2) Mysore Engineering Research Station, Krishnarajasagar, (Mysore).</div> <div data-bbox="715 1566 1122 1617">(3) Irrigation Research Division, Poondi.</div> <div data-bbox="715 1637 1122 1688">(4) Maharashtra Engineering Research Institute, Nasik.</div>	

1	2	3
XVIII. SELECTION, PROCESSING AND SPECIFICATION OF AGGREGATES BOTH FINE AND COARSE FOR CONCRETE WORK IN HYDRAULIC STRUCTURES ALONG WITH THE STUDY OF THERMAL PROPERTIES AND PHYSICAL CHARACTERISTICS OF AGGREGATES AND BEHAVIOR OF CONCRETE UNDER PROLONGED SUBMERGENCE AND CONTINUOUS WET CONDITIONS WITH PARTICULAR REFERENCE TO ENTRY OF WATER IN AIR-PORES :		(1) Irrigation Research Institute, Roorkee. (2) Silt and Construction Materials Directorate, New Delhi. (3) Bihar Institute of Hydraulic and allied Research, Patna.
XIX. EXPERIMENTAL METHODS OF STRESS ANALYSIS IN HYDRAULIC STRUCTURES :		(1) Indian Institute of Science, Bangalore. (2) Soil Mechanics and Research Division, Madras.
XX. VOLUTE SIPHON STUDIES:		(1) Indian Institute of Science, Bangalore. (2) Mysore Engineering Research Station, Krishnarajasagar (Mysore). (3) Central Water and Power Research Station, Poona. (4) Punjab Irrigation and Power Research Institute, Amritsar. (5) Irrigation Research Institute Roorkee.
XXI. COASTAL EROSION : (a) Littoral Drift. (b) Waves and Tides.		(1) Central Water and Power Research Station, Poona. (2) Kerala Engineering Research Institute, Peechi. (3) Irrigation Research Division, Poondi.

As is well-known, research specially on fundamental and basic problems is a time-consuming process and no worthwhile results can be expected in a short time. It is, however, gratifying to note that already our research workers have shown commendable progress in some of the problems entrusted to them and it is hoped that by the end of the Third Plan, they will be able to achieve much better results which will lead to great economies in the execution of our river valley projects as well as flood control works. However, as every new problem solved opens up many more still to be solved, there can really be no end to research and it is but fair to our research workers to ensure that their activities progressively increase so that they can compete with other nations in this direction. The present provision of fundamental and basic research in the Third Five-Year Plan is only Rs. 120 lakhs which forms an infinitesimally small percentage of the total plan expenditure on Irrigation and Power Projects. The necessity of increasing the plan expenditure on research year by year need not therefore be over-emphasised.

Detailed and up-to-date progress on each of the problems can be had from the Annual Reviews of Fundamental and Basic Research Scheme printed year by year.

FUNDAMENTAL AND BASIC RESEARCH ON POWER PROBLEMS

In view of the increasing activities in the Power Engineering field throughout the country, the Central Board of Irrigation and Power sponsored a scheme under the Fundamental and Basic Research Programme for study on power problems to be carried out under the various State Electricity Boards in order to promote study or investigation on power problems of interests to power supply industry and also to act as liaison in furnishing data, etc., to other research stations or units such as the 'Power Research Institute' set up by the Central Government at Bangalore and the Heavy Electricals Industries for major power system studies which in turn would help standardise the power equipments. For this the existing Testing Laboratories are upgraded to form Research Units to make detailed studies on such problems.

The Fundamental and Basic Research Scheme on Power Problems, with an overall provision of Rs. 30 lakhs for study during the Third Five-Year Plan period was approved by the Government of India in the year 1961. Under the supervisory control of the Central Board of Irrigation and Power, 16 problems have been suitably assigned to different Research Units keeping in view the facilities and the scope of work available with each unit.

The functions assigned to each State Research Unit are:—

- (1) To collect data and other information and also act as liaison to other Research Units and the Central Research Organisations;
- (2) To carry out the planning and study of the regional systems;
- (3) To study the various problems pertaining to design, construction, operation and maintenance of the power systems;
- (4) To carry out research work to utilise the local resources;
- (5) Testing and commissioning of various equipments, and to carry out study on problems of Fundamental and Basic nature allotted to them pertaining to the regional power systems in their areas under the supervisory control of the Central Board of Irrigation and Power which works under the advice of the Sectional Committee on Power of the Standing Advisory Committees constituted by the Board.

The following subjects are under study under the Scheme:—

Sl. No.	Subject for Study	Allotted to
1	2	3

I LIGHTNING STUDIES

- | | |
|---|---|
| (i) Study of incidence of storms and lightning on power systems. | (1) Mysore State of Electricity Board.
(2) Andhra Pradesh State Electricity Board.
(3) Maharashtra State Electricity Board. |
| (ii) To record the frequency and measure the severity of lightning strokes. | (1) West Bengal State Electricity Board. |

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| (iii) To collect all possible statistical data in connection with lightning outrages of transmission system and comparative studies of different types of overhead lines and sub-stations of efficacy of different protective devices in relation to power outrages. | (1) West Bengal State Electricity Board. |
|--|--|

II SOIL RESISTIVITY

- | | |
|---|--|
| (i) Study of soil resistivity | (1) Mysore State Electricity Board.
(2) Andhra Pradesh State Electricity Board. |
| (ii) To collect geological data, measure resistivity of earth seasonal variation of the same at different parts of the State. | (1) West Bengal State Electricity Board. |

III TRANSMISSION LINE PROBLEMS

- | | |
|---|--|
| (i) Study of insulator contamination. | (1) Madras State Electricity Board.
(2) Andhra Pradesh State Electricity Board. |
| (ii) Study of vibration of conductors in transmission lines. | .. |
| (iii) To study the problems of relays. | .. |
| (iv) To study the design of transmission structures for economy. | .. |
| (v) Problems connected with 380 kV. transmission. | .. |
| (vi) To collect data in regard to wind velocity, humidity and similar other factors which are essentially required for proper design of transmission structures and sub-station equipment particularly in coastal areas of West Bengal. | (1) West Bengal State Electricity Board. |

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IV TRANSFORMER OIL DETE- RIORATION AND RECLA- MATION

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|--|--|
| (i) Study of transformer oil de-
terioration and reclamation. | (1) Madras State Electricity
Board. |
| | (2) Andhra Pradesh State Elec-
tricity Board. |

V CORROSION STUDIES IN CONDUCTORS, TOWERS, CABLE SHEATHS, PEN- STOCKS, ETC.

- | | |
|--|--|
| (i) Corrosion and tuberculation
in penstocks. | (1) Madras State Electricity
Board. |
| (ii) Study of effect of greasing on
corrosion of transmission line
conductors. | .. |
| (iii) Corrosion of lead sheath in
in U G. Cables. | .. |

VI INSULATION STUDIES OF POWER EQUIPMENT.

- | | |
|---|--|
| (i) To study insulation of equip-
ments under operating con-
ditions. | (1) Andhra Pradesh State Elec-
tricity Board. |
| (ii) Problems of insulation co-
ordination. | .. |

VII RURAL ELECTRIFICATION

- | | |
|---|--|
| (i) Study of the application of
shunt capacitors in rural lines. | .. |
| (ii) Prestressed concrete poles
for transmission lines. | .. |
| (iii) Study of wood poles and
jointed poles for rural lines. | (1) Madhya Pradesh State Elec-
tricity Board. |

VIII THERMAL STATIONS

- | | |
|---|--|
| (i) Study of feed water problem
in thermal stations. | (1) Maharashtra State Electri-
city Board. |
| (ii) Study of ash disposals in
thermal stations. | (1) Madhya Pradesh State Elec-
tricity Board. |

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IX DEVELOPMENT OF INSTRUMENTS.

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|--|--|
| (i) Development of 2 million volts Van-De-Graaff Generator for Polymerisation studies on insulating materials. | (1) High Voltage Engineering Department of the Indian Institute of Science, Bangalore. |
| (ii) Operating duty tests of Lightning Arresters. | |
| (iii) Design, development and construction of a D.C. network analyser for study of power system problems like selecting circuit breakers, relay settings, short circuit stresses, etc. | (1) Electrical Engineering Department of the Indian Institute of Science, Bangalore. |
| (iv) Design, development and construction of Electronic Differential Analyser. | (1) Electrical Engineering Department of the Indian Institute of Science, Bangalore. |

X PATTERN OF POWER SYSTEM LOSS

- (i) To study the possibilities of augmenting transformer capacity by improved cooling.
- (ii) Periodic measurement of efficiency of hydraulic turbines and investigate the variation in the performance.

XI PROBLEMS OF EARTHING IN POWER SYSTEMS.

- (i) Study of earthing practices

As compared to Irrigation, the research in Power is in its infancy and the beginning has just been made. Much, however, remains to be done. Many state Electricity Boards have yet to set up the Research Units. Most of the equipment and instruments required to undertake the research work have yet to be procured but still some tangible results can be expected by the end of the Third Plan period provided the Power Engineers in senior positions put in a determined effort in this direction.

ANNEXURE VII***List of Officers and Staff relating to Fundamental and Basic Research (Civil)***

1. Adviser	1
2. Assistant Secretary	1
3. Technical Assistant	1
4. Stenographer	1
5. Head Clerk	1
6. Senior Proof Reader	1
7. Proof Reader Grade-II	1
8. Junior Draftsman	1
9. Tracer	1
10. Steno-typist	1
11. Lower Division Clerks	2
12. Daftri	1
13. Peons	2

Fundamental and Basic Research (Power)

1. Assistant	1
2. Lower Division Clerk	1

ANNEXURE VIII**CENTRAL BOARD OF IRRIGATION AND POWER*****List of Officers and Staff*****OFFICERS**

1. Secretary	1
2. Deputy Secretary (Pub.)	1
3. Deputy Secretary (Power)	1
4. Assistant Secretary (Pub.)	1
5. Section Officer	1
6. P. S. to Secretary	1

STAFF

1. Assistants	.	.	.	.	.	.	.	3
2. Upper Division Clerks	.	.	.	.	.	.	.	3
3. Lower Division Clerks	.	.	.	.	.	.	.	7
4. Steno-typists	.	.	.	.	.	.	.	3
5. Technical Assistant (Pub.)	.	.	.	.	.	.	.	1
6. Technical Assistant	.	.	.	.	.	.	.	1
7. Junior Asstt. (Publication)	.	.	.	.	.	.	.	1
8. Proof Readers Grade-II				.	.	.	.	3
9. Sr. Draftsman (Selection Grade)				.	.	.	.	1
10. Senior Draftsman	.	.	.	.	.	.	.	1
11. Junior Draftsman	.	.	.	.	.	.	.	2
12. Tracers	.	.	.	.	.	.	.	6
13. Restorer	.	.	.	.	.	.	.	1
14. Gestetner Operator	.	.	.	.	.	.	.	1
15. Daftries	.	.	.	.	.	.	.	3
16. Jamadar	.	.	.	.	.	.	.	1
17. Peons	.	.	.	.	.	.	.	6
18. Frash	.	.	.	.	.	.	.	1
19. Sweeper	.	.	.	.	.	.	.	1

ANNEXURE IX

Statement showing the Grants made to the various Research Stations under Fundamental and Basic Research Scheme for the year 1959-60 to 1962-63

Serial No.	Name of the Research Station Institute	1959-60	1960-61	1961-62	1962-63	Remarks
1	2	3	4	5	6	7

State Research Station

(IRRIGATION)

1	Punjab Irrigation & Power Research Institute, Amritsar	Nil	33,000	2,00,000	90,400	
2	Irrigation Research Institute, Roorkee	50,000	2,40,000	2,30,000	2,22,900	
3	River Research Institute, Calcutta	3,50,000	2,49,000	2,50,000	2,82,600	
4	Engineering Research Laboratories, Hyderabad	Nil	30,000	1,26,824	Nil	
5	Soil Mechanic & Research Division, Chepauk, Madras	1,40,000	1,63,000	1,70,236	74,900	
6	Irrigation Research Division, Poondi, Madras	Nil	Nil	69,000	27,600	
7	Bihar Institute of Hydraulic and Allied Research, Patna	75,000	1,38,000	90,000	76,400	
8	Mysore Engineering Research Station Krishnarajasagar, Mysore	Nil	65,000	1,10,000	1,30,000	

Sl. No.	Name of the Research Station/Institute	1959-60	1960-61	1961-62	1962-63	Remarks
9	Maharashtra Engineering Research Institute, Nasik	Nil	10,000	43,000	Nil	
10	Engineering Research Institute, Baroda	Nil	Nil	35,940	13,900	
11	Jammu & Kashmir, Srinagar	Nil	Nil	Nil	33,900	
12	Koyna Research Laboratories	Nil	10,000	30,000	8,400	
13	Kerala Engineering Research Institute, Peechi	Nil	23,000	45,000	36,100	
14	River Research Station, Assam	Nil	Nil	10,000	Nil	
15	Hirakud Research Laboratories	98,000	Nil	70,000	Nil	
16	Chambal Hydel and Irrigation Scheme, Chambal, Gandhisagar	Nil	12,000	40,000	Nil	
17	Rihand Dam Laboratory	Nil	Nil	3,800	..	Laboratory has since been wound up.

General Research Stations.

1	General Water & Power Research Station, Poona	3,58,500	3,47,100	3,54,000	3,22,000	
2	Silt and Construction Material Laboratory	1,00,800	92,600	1,62,300	90,300	

Other Bodies.

1	Indian Institute of Sciences, Bangalore	90,000	87,000	1,20,000	1,34,200
2	Damodar Valley Corporation	Nil	Nil	80,000	64,700
3	Central Board of Irrigation and Power	Nil	20,000	90,000	86,000
		12,62,300	15,19,700	23,30,100	16,94,300

(POWER)

1	Andhra Pradesh State Electricity Board			15,000	25,000	Power Research started from IIIrd Five Year Plan.
2	West Bengal State Electricity Board			25,000	..	
3	Madras State Electricity Board			20,000	..	
4	Mysore State Electricity Board			..	35,000	
5	Madhya Pradesh State Electricity Board			..	..
6	Indian Institute of Science			35,000	57,000	
7	Central Board of Irrigation & Power			..	10,000	
				95,000	1,27,000	

ANNEXURE X*List of Symposia held by the Board*

1. Symposium on Role of Models in Evolution of Hydraulic Structures and Movement of Sediment—1952.
2. Symposium Determination of Costs and Benefits of River Valley Projects—1953.
3. Symposium on Various Methods of Designing Spillway Capacity on Dams and Estimating Flood Discharges.
4. Symposium on Energy Dissipaters below Hydraulic Structures (at the research Committee Meeting).
5. Symposium on Relative Place of Concrete and Masonry in construction of Dams (Held at 1955 Annual Board Meeting).
6. Symposium on Nation Wide Survey of Irrigation and Power Projects working out a long term programme of development.
7. Symposium on Economics and Optimum Utilisation of Irrigation Supplies.
8. Symposium on Surplussing devices on Storage and Irrigation Works (Held in November, 1957).
9. Symposium on Inter-relation between Irrigation and Drainage.
10. Symposium on Canal Lining.
11. Symposium on Economic and Financing of Irrigation Drainage and Flood Control Works.
12. Symposium on Efficiency of Water distribution and use on land.
13. Symposium on Problems of continuity of supply and voltage regulations on Large Power Systems
14. Symposium on Flood prevention and control.

APPENDIX XVI

MINISTRY OF LABOUR AND EMPLOYMENT

*Statement showing action taken or proposed to be taken on the
Recommendations of the Public Accounts Committee*

Recommendation

In the opinion of the Committee the fact that it was considered unnecessary to obtain Supplementary Grant after such a proposal was made twice and ultimately there was such a heavy excess in spite of the re-appropriation of entire total available anticipated saving goes to show that the preparation of estimates and keeping a watch over the progress of expenditure has been faulty. They feel that it should have been possible for the Ministry to anticipate the need for a Supplementary Grant.

[Sl. No. 10 Appendix XV to the 16th Report (Third Lok Sabha)]

ACTION TAKEN

The recommendation has been noted.

[O.M. No. 6/30 63/B&A, dated 18-7-1964]

Recommendation

While the Committee note the Ministry's explanation for the need of desert coolers in the present case, they feel that it was wrong in principle to incur expenditure on an item, sanction to which had been refused by the Ministry of Finance. In the opinion of the Committee, in cases where a Ministry consider expenditure on an item to be absolutely necessary, and where the Ministry of Finance refuse to give sanction, the proper course for the Ministry should be to request the Minister concerned to place the matter before the Cabinet for a decision. The Committee trust that the Ministries and Departments of the Government would bear this in mind in future.

[Sl. No. 54 Appendix XVI to the 20th Report (Third Lok Sabha)]

ACTION TAKEN

The recommendation has been noted.

[O.M. No. 6/10/64-B&A dated 19-8-1964]

The Ministry of Finance have stated as follows:—

The Committee's recommendation has been noted and also brought to the notice of all the Ministries [Vide O.M. No. F. 10(12)-E(Coord)/64, dated 30-7-1964 (copy enclosed).]

[Ministry of Finance O.M. No. F.18(32)-E.G.I./64, dated 12-8-64].

No. F. 10(12)-E(Coord)/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 30th July, 1964

OFFICE MEMORANDUM

SUBJECT.—Public Accounts Committee (Third Lok Sabha)—Action on para 56 of the Twentieth Report of—Cases where the advice given by Finance Ministry is not acceptable to an administrative Ministry.

The undersigned is directed to invite a reference to the recommendation of the Public Accounts Committee in S. No. 54 (Para 56) of Appendix XVI of their 20th Report (Third Lok Sabha) regarding the procedure to be followed by Ministries in cases where the advice given by the Finance Ministry is not acceptable to them. An extract of the observations of the Committee is reproduced below for information and guidance:

“While the Committee note the Ministry's explanation for the need of desert coolers in the present case, they feel that it was wrong in principle to incur expenditure on an item, sanction to which had been refused by the Ministry of Finance. In the opinion of the Committee, in cases where a Ministry consider expenditure on an item to be absolutely necessary, and where the Ministry of Finance refuse to give sanction, the proper course for the Ministry should be to request the Minister concerned to place the matter before the Cabinet for a decision. The Committee trust that the Ministries and Departments of the Government would bear this in mind in future.”

2. Where powers have not been delegated to Ministries and a difference of opinion exists between the Finance Ministry and the

administrative Ministry, which cannot be resolved by mutual discussion, the matter should be dealt with in accordance with the procedure prescribed in the Rules of Business. In no case, however, should any expenditure be continued to be incurred without proper sanction of the competent authority.

3. The Ministries are requested kindly to bear in mind the observations of the Public Accounts Committee and the procedure cited above and also issue suitable instructions to their officers, etc.

K. SANKARAN

Deputy Secretary to the Government of India

To

All Ministries/Departments of Government of India.

Recommendation

1. As regards action taken against the supervisory officer, the Committee were informed that the disciplinary authority concerned had issued only a warning to these officers. This was, however, not considered adequate by the Ministry and the matter was under review. The Committee would like to have a final report in the matter.

[Sl. No. 77(i) of Appendix IV to Eighth Report (1962-63)].

ACTION TAKEN

Four supervisory officers are involved in this case. The Ministry have examined the details of the case and necessary departmental proceedings have been instituted against three officers on the 20th November, 1963 and against the fourth officer on the 19th December, 1963 under Rule 16 of the Central Civil Services (Classification, Control, and Appeal) Rules, 1957.

[O.M. No. 6/24/64/B&A, dated 20-8-1964].

APPENDIX XVII

MINISTRY OF LAW

Action taken on the Recommendation of the Public Accounts Committee

Recommendation

The Committee are of the view that in the light of the observations of the Estimates Committee and also the reservations made by the Ministry of Law the continued incurring of expenditure on Gram Ekai Scheme without amending the Act is not justified. Even if the Act is amended, it is worthwhile considering if it would be right and proper for the Khadi and Village Industries Commission to undertake activities which are likely to be a duplication of the work carried out by Community Development Department and other agencies of the Government.

[S. No. 4 of Appendix V to the Nineteenth Report (1963-64)].

ACTION TAKEN

The recommendation concerns mainly the Ministry of Industry who will, no doubt, take necessary action in the matter.

Recommendation

(i) *The Committee are hardly convinced by the explanation furnished by the Ministry regarding contributions by the Universities to the Building Fund of the India International Centre. In their opinion the Law Ministry's advice contemplated only grants to be made to the Universities so as to enable them to become corporate members of the India International Centre. To any detached observer, the advice is not capable of being stretched to cover contributions by the Universities to the Building Fund of the Centre. The Committee learn from Audit with surprise that the Secretaries of the Ministries of Finance and Education who were ex-officio members of the Commission also acquiesced in the decision of the Commission. It is also doubtful whether the statutes governing the universities permit them to make such contributions. While the Committee note that the purpose of the building grant was unexceptionable, they cannot ignore the fact that the Commission had acted beyond the powers and functions laid down in the Act. They trust*

that steps will be taken to see that statutory bodies like the Commission acted with due circumspection to see that such instances are not repeated. They were informed that the grants made by the Commission were now a fait accompli and nothing further could be done in the matter. The Committee, however, are of the opinion that it is necessary to regularise such cases where the Commission had acted beyond its statutory powers and to take steps to ensure conformity with the provisions of the statute in future.

(ii) The Committee desire that the matter relating to the competence of the U.G.C. to sanction grants to universities for becoming members of the Film Council might be referred to the Ministry of Law and their opinion communicated to the Committee.

[S. No. 45 of Appendix V to the Nineteenth Report (1963-64)]

ACTION TAKEN

The recommendation concerns mainly the Ministry of Education who will, not doubt, take necessary action in the matter.

[O.M. No. F. 5(2) (2)/64-B&A, dated 12-8-1964]

Recommendation

The Committee are of the view that making an income-yielding gift of the additional three storeys to the Law Institute in the manner arranged was not a proper way of subsidising it and that any subsidy to such a body is better given in a direct manner so that the extent of it is clearly exhibited. The Committee take strong exception to the circuitous way in which indirect subsidies are sought to be given to private bodies howsoever important their field of activity might be. Granting that there were good reasons to see that the land site already in possession of the Law Institute yielded more accommodation for the use of Government, the Committee feel that this should have been achieved under some arrangement with the Institute by a direct investment on the part of Government rather than through the Institute by means of a self-liquidating loan. The Committee desire that circuitous procedure as adopted in the present case should be completely avoided in future.

[S. No. 58 of Appendix XVI to the Twentieth Report (Third Lok Sabha, 1963-64)]

ACTION TAKEN

No action is required to be taken on the part of the Ministry of Law at this stage so far as the specific loan made to Indian Law Institute is concerned. The recommendation has, however, been noted in the Ministry of Law for future guidance.

[O.M. No. F. 5(2) (3)/64-B&A, dated 7-9-1964]

APPENDIX XVIII

MINISTRY OF REHABILITATION

Twenty-Fourth Report (Third Lok Sabha)

Recommendation

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

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

[Sl. No. 59 of Appendix III to the 24th Report—Third Lok Sabha]

ACTION TAKEN

Out of 2,962 cases which awaited disposal on 31st March, 1964 thirty compensation cases, including cases for the adjustment of Statements of Account were taken out at random in the offices of the Regional Settlement Commissioner, Delhi and the Asstt. Settlement Commissioner, Incharge, Madhya Pradesh and Bihar Region, at Delhi. These cases were examined with a view to finding out whether there was any avoidable delay in their finalisation, on the part of the officials dealing with them. It was found that in 13 cases out of 30, there had been avoidable delays in the processing of cases by the officials concerned. A statement showing the particulars of these cases and the extent of delay in each case is enclosed as Annexure 'A' to this note.

The processing of compensation cases, including adjustment of Statements of Account, is quite a complicated affair, as it has to be

done with reference to the Displaced Persons (Compensation and Rehabilitation) Act, 1954 and the Rules made thereunder, and also a large number of executive instructions issued from time to time. Moreover, enquiries have also to be made from the claimants, authorities who have granted various rehabilitation loans and Administrators/Managing Officers in regard to the Pool Properties purchased by the claimants. The percentage of cases where delays have occurred is thus 43 per cent. Complaints and grievances are addressed by the displaced persons to the Hon'ble Minister, Secretary and the Chief Settlement Commissioner and these are looked into and necessary action is taken on them. Thus every precaution is being taken to expedite the disposal of the cases and to avoid delays as far as possible. However, in order to have a better appreciation of the position, it is proposed to undertake a review of some more cases. After this has been done, the reasons for which the delays have occurred will also be looked into, and responsibility fixed in cases of serious delays.

2. The present position about compensation cases is that out of 5.06 lacs compensation as well as Rehabilitation Grant cases so far rectified, 5.05 lacs cases have been finalised, leaving a small number of 964 cases yet to be finalised as on 31st January, 1965. In addition, the amount of un-utilised Statements of Account as on 31st January, 1965 was Rs. 1.38 crores. Out of this, Statements of Account of the value of Rs. 35.47 lacs have been tendered by the claimants and adjustments are being carried out. A balance of Rs. 1.03 crores is still in the hands of the claimants who have to utilise them towards the purchase of Pool Properties or for adjustment of public dues by themselves or by their associates.

(O.M. No. 4/2/64 Bud. dated 23-3-1965).

ANNEXURE A

Statements showing the extent of delay on the part of Departmental Officials in the Office of the Regional Settlement Commissioner, New Delhi, & Assistant Settlement Commissioner, Incharge, Indore & Patna in respect of 13 out of the 30 cases examined by the Ministry

Sl. No.	Case No.	Name	Extent of delay
1	CAF No. D/69064/Genl.	Shri Tilak Raj	About one year.
2	CAF No. D 323 XXI (L)	Shri Hari Chand	About one year.
3	RG/95 PN 85	Shri Gurdial Singh	About two years.
4	RG 96 D MK 11	Smt. Uttami Bai	About one year.
5	D GM/63722	Shri Parma Nand	About four years.
6	D 2368 C VII(W)	Shri Suraj Narain	About two years.
7	M 11 41 XXI(L)	Shri Changomal Dherumal	About three & a half years.
8	M J J 193 XXI(L)	Shri Aildas S/o Hasumal	About two years.
9	M Raipur 20/GC	Shri Harumal Newandram	About one & a half years.
10	M Drug/287044	Shri Chela Ram Tejumal	Do.
11	M Ch 43 XXI(L)	Shri Issarmal Jamandass	Nine & a half years.
12	M R D U(C) 292 XXI(L)	Shri Dewandass Gurwalmal	About six years.
13	M Jabalpur 1000 GC	S Shri Kiratrai Gulabrai	About eight years.

Recommendation

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

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

[S. No. 60 (Para 60) of Appendix III to the 24th Report. (Third Lok Sabha)]

ACTION TAKEN

The information referred to in (A) of sub-para (ii) above, has been supplied to them separately vide this Ministry's Memo. No. F.16(20)/Comp. & Prop. 64 dated the 10th August, 1964. (Copy enclosed).

As regards the information required by the Committee at (B) above, the State Government who were requested to furnish the requisite data to this Ministry, have pointed out that the compilation of information showing the value of the houses sold as compared to the average price paid by the State Government is a colossal task requiring great time and labour. They have, therefore, regretted their inability to furnish the information required by the Committee, and are of the view that the 6 per cent rebate allowed to them on the sale price of the rural evacuee houses and cultivated lands, was far too insufficient to cover the expenditure which they had to incur in taking stock of the lands and properties transferred to them, and conducting their sale. The State Government, as a matter of fact, had to employ for about 4 years a very substantial portion of their entire revenue staff to do the work of listing, retrieving and selling of surplus properties. This, obviously could not be done by the Central Government as they had no such machinery to employ for the purpose. Unless all the rural evacuee

houses have been disposed of by the State Government and expenses of management and disposal incurred by them are also determined, it would not be possible to know the extent of the profit made by the State Government. However, the information as collected by the State Accountant General is given as under:—

Area of land purchased	No. of properties	Purchase Price	Area of Sale land No of properties sold till the end of Nov. 1963	Sale Value realised	Proportionate purchase price. (In lakhs of Rs.)	Profit
1	2	3	4	5	6	7
(a) Package deal of June 1961						
Lands						
(i) Cultivated 97,475 Std. acres.		Rs. 445 per Std.	42,617 Std. acres.	537.63	190.82	340.81.
(ii) Banjar 97,204 Ord. acres		Rs. 5 per Ord. acres.	23,351 Ord. acres.			
(iii) Ghair Mumkin 83,728 Ord. acres.		Consolidated token price of Rs. 100	9,681 Ord. acres.			
Properties						
(i) Houses	73,874 Nos.	Consolidated price of 10 lakhs	15,108 Nos.	50.55	2.20	48.35
(ii) Sites	42,019 Nos.		9,998 Nos.			
(b) Package deal of March, 1963.						
Lands						
(i) Evacuee Area.	680 acres.	Rs. 1,100 per acre.	116 acres	35.14	5.39	29.75.
(ii) Area under occupancy rights.	651 acres	Rs. 550 per acres.	7 acres.			

1	2	3	4	5	6	7
	(iii) Area jointly owned. 1,296 acres.	Rs. 550 per acres.				
	(iv) Ghair Mumkin 186 acres	Consolidated token price of Rs. 100.				
Properties		<i>(Total Price)</i>				
(i) Houses	7,381 Nos.	Rs. 17.30 Lakhs	1008			
(ii) Shops	170 Nos.	Rs. 0.99 Lakhs	86			
(iii) Sites	7,543 Nos.	Rs. 8.96 Lakhs	569			

The Punjab Government have since been requested to verify the above figures. It may however, be added that the package deal, in the circumstances in which it was entered into was an effective method of disposing of surplus evacuee properties as compared to handing over the work to the State Government on commission basis. In other States like U.P., Gujarat where the work of disposal of surplus properties has been handed over to the State Governments on commission basis, the results so far have been far from satisfactory. Had the package deal not been entered into and the Punjab Government had not compiled a directory by employing a large number of officials, the excess area with the allottees and other properties since detected would have remained usurped or lost to the Central Government.

K. P. MATHRANI,

Secretary.

[O.M. No. 4/2/64-Bud. dated 20th February, 1965.]

[Ref.:—Min. of Rehabilitation O.M. No. F.16(20) Comp. & Prop./64. dated 10th August, 1964.]

I. Proforma Accounts of the Compensation Pool—para 56.

The Audit para disclosed that evacuee properties both in rural and urban areas in the Punjab had been sold to the State Government at very much below the reserve prices. A statement showing the (i) number and types of buildings (shops etc.) (ii) names of the towns and villages where these properties were situated and (iii) reasons for the fall in their prices may be furnished.

MINISTER'S REPLY

The Lok Sabha Secretariat has confirmed that the information asked for by the Public Accounts Committee is required only in respect of urban built up Evacuee properties which have been sold to the Punjab Government at 15 per cent of the reserve prices. At the time of finalisation of this arrangement with the State Government, there were 15,094 undisposed of built up properties, according to the books of the Regional Settlement Commissioner, Jullundur. It was, however, stated that detailed lists of the undisposed of properties, which are transferred to the Punjab Government will be prepared by the Regional Settlement Commissioner after actual survey and will be furnished to the State Government. The Regional Settlement Commissioner has so far furnished complete list of 12,038 properties to the Punjab Government. These are spread over in about 160 urban towns.

2. The main reasons for the fall in the prices of these properties are given below:—

- (i) It will appear from the lists referred to above that about 4,728 properties out of 12,038 properties are situated in over 108 small urban towns, the population of which is below 15,000 according to census figure of 1961. In fact 35 towns have a population below 5,000 and are like villages. Only 1,741 properties are located in towns having a population of more than 1 lakh. It is thus evident that majority of the properties are situated in very small towns and unimportant localities. Even in big towns there are certain localities which are unattractive and properties situated in those localities are difficult to be sold at reasonable prices.
- (ii) There were nearly 2 lakhs urban Evacuee properties in Punjab out of which these properties have remained undisposed of. Majority of these properties could not be disposed of at reasonable prices despite repeated attempts for one or the other reason. In some cases seven no bids were offered. The condition of properties had considerably deteriorated since they were evaluated several years before. Out of 12,038 properties 4,557 are actually not built up properties but are Khola Sites.
- (iii) Some of the towns in which these properties are located are border towns or are otherwise decaying towns.
- (iv) In certain towns the properties were situated in the localities which were pre-dominantly inhabited by members of Scheduled Caste and Backward Classes and such occupants were neither willing to have the properties transferred to them at the reserve price nor any outsiders were prepared to bid for these properties in auction.
- (v) Most of these properties are within the allotable limit of Rs. 15,000. The very fact that allottees did not opt to purchase then shows that the properties were unattractive. Naturally such properties did not attract bidders at the auctions to offer reasonable prices in view of the difficulty in realising rents from tenants which were fixed at quite low levels by the Custodians in the early years after partition.

3. In this connection it may also be mentioned that before this deal was finalised on 29th March, 1963 with the Punjab Government the Regional Settlement Commissioner was asked on 7th November, 1962 to find out the prices offered in the last bids as against the reserve price, in respect of about 1,000 properties in various places selected at random. This was meant to serve as a sample survey of the prices obtained in the previous auctions. The result was that out of 997 properties reviewed by the Regional Settlement Commissioner in November, 1962 attempt to auction which had been made more than twice, in 591 cases no bids were received at three successive sales. In majority of the remaining cases also no bids were received at one or two attempts. Taking into account that no bids had been received for more than 50 per cent of the properties the percentage of the average bid price on the reserve price for the three sales taken together had been worked out to be 10.14 per cent. This sample survey, therefore, showed that by and large these properties would not fetch more than 15 to 20 per cent of the reserve price in any case and considerable expenditure would be incurred in their maintenance pending disposal by auctions.

NEW DELHI:

K. P. MATHRANI

Dated the 10th August, 1964.

Secretary to the Govt. of India.

MINISTRY OF REHABILITATION

Recommendation

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

[Serial No. 61 (Para 61) of Appendix III of Twenty Fourth (3rd Lok Sabha)].

ACTION TAKEN

Instructions have been issued from time to time to the various Regional Settlement Commissioners-cum-Custodians of Evacuee property to maintain complete and up-to-date records regarding the

current rental demand, amounts recovered and arrears to be recovered. Although the Compensation Scheme allows the occupants of properties to stop payment of rent from certain crucial dates, yet the Regional Settlement Commissioners continued to show the rent as accruing even beyond those dates. This has not only inflated the demand but has also created a problem of sorting out the real from unreal arrears. The work of sorting out real from unreal arrears has, therefore, been given a high priority in order to know what is the correct demand. The Regional Settlement Commissioners/Custodians are making every effort to complete the work and bring their records up-to-date as early as possible and almost in all regions the records have been posted up-to-date. After this work is complete, the amount of demands correctly recoverable will be worked out.

2. No amount will become irrecoverable in the sense that its recovery will not be barred by limitation, as a result of the delay in building up the accounts. The amounts due on account of arrears of rent are Government dues and are recoverable as arrears of land revenue as provided by Section 21 of the D.P. (C&R) Act, 1954 and Section 48 of the Administration of Evacuee Property Act, 1950.

3. Regarding accumulation of the arrears of rent of Rs. 3.5 crores, the position is that the amount relates to all the States in India. It may be stated that the major portion of the arrears of rent pertains to the period immediately following the partition of India, when the immediate and urgent problem of the Government was to rehabilitate the displaced persons who had been uprooted from their hearths and homes in West Pakistan. They invariably declined to pay rent in respect of the properties occupied by them in India. On the plea that they had left immovable properties in West Pakistan and were entitled to receive rental income in respect thereof. According to the Inter Dominion Agreement between India and Pakistan, the two countries were required to exchange after a period of every six months, lists regarding rentals collected in respect of immovable properties. At that time it was contemplated to adjust the arrears of rent due from the D.Ps against their rental income received from the Government of Pakistan but eventually the Government of Pakistan did not fulfil the terms of that agreement as a result of which the Displaced Persons fell in heavy arrears. The other reason for the accumulation of the arrears of rent is that its major portion pertains to the period prior to the year 1956, when the Custodian Organisations were under the control of the State Governments who took very little interest in this item of work and consequently the arrears of rent went on accumulating.

4. Whatever be the reasons for the accumulation of the arrears of rent, the Department has taken all possible measures to ensure its speedy recovery. The position of outstanding recoveries as at the end of October, 1964 has been detailed in Annexures I & II to this note. In short, the following steps have been taken to achieve the object:—

- (i) General instructions have been issued from time to time to Regional Settlement Commissioners-Cum-Custodians of Evacuee Property to step up recovery of arrears of rent and submit monthly reports. In cases, where they show any slackness or the recovery of rent is below the expected mark, the officers concerned are asked to explain the circumstances under which this had been allowed to occur and furthermore it is impressed upon them to show better results in future months.
- (ii) Periodical meetings are held with the officers concerned, including M.O.F. to review the progress made in the recovery of arrears of rent and if necessary, suitable instructions are given to them to augment the recovery of rent.
- (iii) Wherever it is deemed fit, the Managing Officers/Assistant Custodians, who actually attend to the work of recovery of arrears of rent, are vested with the powers of the Assistant Collectors to enable them to recover arrears of rent as arrears of land revenue.
- (iv) In case of arrears of rent due from Govt. servants/Government Departments, the State Governments concerned are requested to issue instructions to the Departments to clear off the arrears of rent as early as possible, or else these would be recovered from them as arrears of land revenue.
- (v) In certain regions RSCs-Cum-Custodians of Evacuee Property have been directed to put the squad system in operation. The duties and functions of such squads are to visit the properties in respect of which arrears of rent are due, personally inquire regarding the whereabouts and financial position of the defaulters and suggest the cases in which recovery of rent should be effected by resorting to coercive measures. In such of the cases, in which it is suggested by them to adopt coercive measures, necessary steps are taken accordingly and arrears of rent are recovered.

- (vi) Recently certain Regional Settlement Commissioners-Cum-Custodians Evacuee Property have expressed their difficulty in recovering huge arrears of rent without adequate staff to be engaged on the work. They have sent proposals for augmentation of the existing staff. These are being examined in consultation with the Ministry of Finance. The steps indicated above are resulting in liquidation of the arrears of rent as will be evident from the Statement appended at Annexure II.

5. While vetting the note, A.G.C.W. & M. has made the following observation. "As a result of the review of records maintained by the R.S.C., Delhi, conducted in July, 1964 it was noticed that in the Rent Demand & Collection Registers for urban properties progressive totals showing the total rent in arrears were not worked out and that in the case of rural houses, no Rent Demand & Collection Register was kept since 1961-62 onwards. It has been stated (February, 1965) that the work of striking the progressive balances in the registers of urban properties has since been completed while the work of writing up of Rent Demand & Collection Registers for rural houses which could not be taken up earlier on account of paucity of staff, has since been taken in hand and is likely to be completed by the end of this financial year".

K. P. MATHRANI

Secretary

[O.M. No. 4/2/64—Bud. dt. 19-4-1965.]

ANNEXURE I.

Statement of arrears of rent in respect of evacuee properties for the Month of October, 1964.

(Figures in Lakhs of Rupees)

Region	Total arrears at the beginning of the month.		Demand for the month		Demand corrected or withdrawn during the month		Irrecoverable demand written off during the month		Amount collected in cash or by adjustment against compensation		Balance Outstanding at the end of the month		
	Acqrd.	Unacqrd.	Acqrd.	Un-acqrd.	Acqrd.	Un-acqrd.	Acqrd	Un-acqrd.	Acqrd.	Un-acqrd.	Acqrd.	Un-acqrd.	Total
Jaipur	7.66	3.31	0.02	0.04	0.14	0.12	..	..	0.10	0.04	7.44	3.19	10.63
Bombay	11.14 0.72 11.86	3.34	0.19	0.02	0.15	..	..	..	0.24	0.08	11.66	3.28	14.94
Jullundur	149.09	0.02	0.16	..	0.45	..	0.22	..	0.30	..	148.24	0.02	148.26
Patna	3.20	1.25	..	..	..	..	..	..	..	..	3.20	1.25	4.45
Lucknow	5.90	5.5	..	0.1	..	..	..	..	..	..	5.90	5.60	11.50
Delhi	144.44	74.85	0.71	0.46	0.13	0.06	..	..	1.26	0.23	144.02	75.02	219.04
Indore	1.04	1.7	0.02	0.02	..	0.2	..	..	0.02	0.02	1.04	1.68	2.72
TOTAL	323.19	89.97	1.10	0.64	0.87	.20	.22	..	1.92	0.37	321.50	90.04	411.54

ANNEXURE II

Statement showing arrears of rent in respect of Evacuee properties from July, 1962 to Oct., 1964.

(Arrears outstanding in Rupees in Lakhs)

As on	For acquired properties	For unacquired properties	Total arrears
31st July, 1962	403.01	110.75	513.76
31st December, 1962	378.93	97.50	476.43
30th June, 1963	367.03	96.85	463.88
31st December, 1963	355.34	97.22	452.56
30th June, 1964	333.54	91.24	424.78
31st October, 1964	321.50	90.04	411.54

Recommendation

Scheme for setting up of a production-cum-training centre—
Para 57.

It was understood during the course of evidence that during the three years 1959-60 to 1961-62 the Training Centre purchased raw materials worth over Rs. 8 lakhs but the total sale proceeds amounted to only Rs. 2.23 lakhs (Rs. 1.56 lakhs during 1961-62). According to the scheme the target of sale was Rs. 4.80 lakhs per annum. What were the reasons for this wide variation? Had any loss due to pilferage been noticed?

[Para 62 of the Public Accounts Committee's 24th Report (3rd Lok Sabha)].

ACTION TAKEN

The figures of actual expenditure on raw materials during 1959-60 to 1961-62 could not be ascertained from the records available with this Ministry. However, on the basis of the proposals for final grants received from the Training Centre, the amounts spent on raw materials have been calculated as follows:

Years	Amount	
	Rs.	
1959-60	38,000	(against total grant of Rupees 1,30,500)
1960-61	68,872	(against total grant of Rupees 1,56,954.95)
1961-62	1,32,000	(against total grant of Rupees 2,23,500)
TOTAL	2,38,872	

2. Against the estimated expenditure of Rs. 2.39 lakhs (and not Rs. 8 lakhs as stated in the course of evidence) on raw materials during 1959-60 to 1961-62, sales have been effected to the extent of Rs. 2.23 lakhs and the cost of semi-finished and finished articles and raw materials transferred to the Government of West Bengal on 1st April, 1962 amounted to Rs. 63,166.90 and 18,670.81 respectively. The Government of West Bengal were asked on 12th February, 1963 to dispose of the articles and credit the amount to the Central Government. No report about pilferage of raw materials came to the notice of this Ministry.

The reasons for variation between the target and actual sale are as follows:

(a) The target of sale was fixed at Rs. 4.80 lakhs per annum on the assumption that the Centre could be run with 140 trainees. As a matter of fact, out of 108 recruited over a period of two years, 7 were discharged for lack of interest and 43 deserted. The Centre was, therefore, run with only 58 trainees. Production and sales were correspondingly reduced.

(b) When the scheme was drawn up, it was assumed that trainees with some educational qualifications would be available and they would become skilled workers after a training of three to six months and that, thereafter, the Centre could be run as a Production Centre. As it happened, however, recruits with suitable educational qualifications and necessary aptitude were not available and the persons recruited had to be given intensive training. It was not possible to run the Centre as a Production Centre at any time and it continued to be a Training Centre throughout. Consequently, the productivity of the trainees as well as the marketability of the products were lower than expected.

(c) When the scheme was drawn up, it was assumed that the bamboo available locally would be suitable for the purpose, but it was found that only bamboo of a particular species could be used. Consequently, the supply of raw material was short and irregular.

Sd/- K. P. MATHRANI.

Secy. to the Government of India, Ministry of Rehabilitation.

[O.M. No. 4/2/64-Bud. dated 20th February, 1965.]

Recommendation

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

[Para 63 of the Public Accounts Committee's 24th Report
(Third Lok Sabha)].

ACTION TAKEN

A chronological statement is attached showing the various stages of action taken in connection with the fixation of rent for the Training-cum-Production Centre, Kamarhatty, West Bengal transferred to the State Government. It will be seen that the question of fixing rent was taken up in May, 1963 and since then the matter has been pursued regularly.

2. Action for the fixation of rent at the time of the transfer could not be taken as the office of the Branch Sectt. at Calcutta was in the process of being wound up at that time and the actual transfer of the Centre would have been delayed had the question of fixation of rent been taken up along with the question of transfer of the Centre to the State Government.

3. The process of closing down the Branch Secretariat started in May, 1962 and action could not be initiated also for some time thereafter until May, 1963 for the following reasons:

- (i) The Branch Secretariat establishment was being gradually wound up.
- (ii) The Sections in the Branch Secretariat had undergone re-adjustment following depletion of staff resulting from transfer to other offices and movement of some staff to the Main Sectt. at Delhi.
- (iii) The shifting of records from Calcutta to Delhi resulted in dislocation of work.
- (iv) Reorganisation of the sections in the Main Secretariat at Delhi after the transfer as a result of the gradual shrinking of the Rehabilitation Department.

For the aforesaid reasons, no slackness is attributable to any individual officer(s).

4. The rent has now been finally assessed by the Superintending Surveyor of Works, III, Calcutta at Rs. 1,877/- per month under FR 45(B) and the papers were received from the Superintending Surveyor of Works, III on the 2nd March, 1965. In terms of letter No. 34(2)/62-Genl. dated the 23rd February, 1962 transferring the Centre to the West Bengal Government, formal acceptance of the rent as now assessed will have to be obtained from the State Government. The matter is being referred to the Ministry of Finance (Rehabilitation Division) and with their concurrence a reference will be made to the State Government.

(Sd/-) K. P. MATHRANI,

Secy. to the Government of India.

[O.M. No. 4/2/64-Bud. dated 9th March, 1965.]

Chronological statement showing the various stages of action taken for fixation of rent of the buildings at the Training-cum-Production Centre, Kamarhatty.

- 1 23-2-62 Orders issued for the transfer of the Centre to the State Government.
- 2 22-5-63 Action initiated to fix the rent of the buildings at the Training-cum-Production Centre.
- 3 1-6-63 Superintending Surveyor of Works, III, Calcutta (S.S.W. III) requested to fix a suitable rent for the building. (All relevant materials were furnished).
- 4 6-7-63 S.S.W. III reminded.
- 5 22-7-63 S.S.W. III informed that some figures had been called for from the Electrical Engineer on receipt of which the rent would be fixed.
- 6 25-7-63 S.S.W. III asked to fix a provisional rent in case there was delay in getting actual figures of expenditure from the Electrical Engineer.
- 7 29-8-63 S.S.W. III reminded.
- 8 3-10-63 S.S.W. III reminded again.
- 9 17-10-63 S.S.W. III fixed rent @ Rs. 1,019 - under FR 45 (A) and @ Rs. 1,711/- under FR 45 (B).
- 10 16-11-63 S.S.W. III asked to refix the rent on the basis of certain additional expenditure which he did not appear to have taken into account.

- 11 6-12-63 S. S. W. III refixed the rent.
- 12 30 -12-63 West Bengal Government asked to let us know the assessed value of the buildings which were acquired by the State Government. This information was required for fixation of the rent finally.
- 13 24-1-64 West Bengal Government reminded.
- 14 2-2-64 West Bengal Government reminded again.
- 15 7-4-64 West Bengal Government reminded again.
- 16 5-5-64 Information received from the West Bengal Government.
- 17 13-5-64 S. S. W. III Calcutta requested to refix the rent on the basis of information furnished by the West Bengal Government
- 18 9-7-64 S. S. W. III Calcutta fixed revised rent at Rs. 1,635/- under FR 45 (B) instead of Rs. 1,711/- previously fixed.
- 19 28-7-64 Ministry of Finance (Rehabilitation Division) requested to approve of the rent fixed by S. S. W. III.
- 20 30-7-64 Ministry of Finance (R) referred the case to the Estates Branch for advice.
- 21 7-8-64 Estates Branch advised that the case might be referred to the Executive Engineer (Rates) with reference to certain points governing the fixation of rent.
- 22 26-8-64 Executive Engineer (Rates) requested to check up the rent fixed by the S. S. W. III, Calcutta.
- 23 27-10-64 Executive Engineer (Rates) made certain comments about the rent to be fixed.
- 24 17-11-64 Ministry of Works and Housing returned the file to the Ministry of Rehabilitation.
- 25 15-12-64 S. S. W. III Calcutta requested to refix the rent on the basis of comments made by the Executive Engineer (Rates).
- 26 29-12-64 S. S. W. III reminded.
- 27 11-1-65 S. S. W. III reminded again.
- 28 19-1-65 S. S. W. III requested to expedite despatch of the file with comments.

- 29 29-1-65 Surveyer of Works, IV, returned the file saying that revised rent has been fixed at Rs. 1,877/- but this had get to be confirmed by the Superintending Surveyer of Works, III (S. S.W. III) who was out on tour.
- 30 22-2-65 File returned to S. S. W. III Calcutta requesting him to fix the rent finally and send back the file to the Ministry of Rehabilitation by 27-2-65.
- 31 27-2-65 S.S.W. III reminded on telephone.
- 32 2-3-65 File received back from S. S. W. III fixing the rent at Rs. 1,877/- under FR 45 (B.)

Recommendation

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

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

[Sl. No. 64 (Para 64) of Appendix III to the Twenty-fourth Report (1963-64) 3rd Lok Sabha]

ACTION TAKEN

(i) The Government of Orissa to whom the matter was referred to, have since reported that the proposal to acquire additional 60 acres of land which had been declared suitable by the Special Officer (Agriculture), Government of India, did not materialise owing to abandonment of the scheme under reference. The actual area of land that was acquired for implementation of the scheme is 202.02 acres and not 239.00 acres.

(ii) The expenditure incurred on payment of maintenance assistance to the displaced persons at Mahaluxmipur during the period from January, 1959 to March, 1960 was Rs. 26,000/-. It is not the intention of the Government of India to get refund of this amount for the following reasons:—

- (a) *The expenditure on payment of maintenance assistance to the families at Mahaluxmipur could not have been avoided as the site at Mahaluxmipur was selected at a*

time when they could not be accommodated in the Bhusandapur Colony where the families were sent subsequently after a decision was taken to abandon the Mahaluxmipur Scheme. As such there was no possibility of moving the families direct to Bhusandapur (instead of Mahaluxmipur) from the Charbati Camp. There is, therefore, no question of any infructuous expenditure on account of payment of maintenance assistance to the families during their stay in Mahaluxmipur. For these reasons, it would not be proper to ask the State Government to repay this amount.

- (b) The above-mentioned expenditure of Rs. 26,000/- on maintenance assistance was incurred partly under 'loan' and partly under 'grant' in terms of the sanctions issued by the Government of India. The portion that was incurred under 'grant' cannot be claimed back from the State Government. The 'loan' portion of the expenditure was ultimately to be treated as 'grant' in view of the decision already taken by the Government of India that the maintenance loan advanced to the East Pakistan displaced persons would be converted into grant.

As regards the expenditure of Rs. 26,300/- incurred by the State Government on the purchase of the building taken over in connection with the scheme, the State Government were asked on 3rd December, 1963, to refund the amount in full.

The State Government have already been informed that the Government of India would not bear any part of the loss on this scheme and the State Government should repay in full the loan taken from the Government of India for the scheme along with interest. The refund of the loan to the Government of India would not however include the loan taken for advancing maintenance loan to the families at Mahaluxmipur as stated above.

The total loss suffered by the Government in this case could be known only after the disposal of the land and buildings acquired under the scheme, in regard to which the State Government have been asked to take early action.

Observations by Audit

"In view of the following chronological statement of facts gathered from the Ministry's files the statement in the Note that the proposal to acquire additional 60 acres of land which had been declared suitable by the special officer (Agriculture), Government of India,

did not materialise owing to abandonment of the scheme under reference does not appear to be quite correct.

19th June, 1957:—The Special Officer (Agriculture) in company with State Government officials, inspected a block of land measuring 300 acres, which included the 60 acres of good cultivable land.

8th February, 1958:—Scheme was sanctioned by the Ministry of Rehabilitation.

12th March, 1958:—In a letter to the State Government, the Ministry of Rehabilitation remarked as under:—

“We were, however, wondering why only 239.69 of land was offered to us now, when the area inspected by our Agriculture Officer was about 300 acres. Our Rehabilitation Officer who has since visited the farm reports that the area of about 60 acres held back by the owners is suitable for paddy cultivation. Though the farm was largely under scrub forests, it was selected for the rehabilitation of displaced mainly because 60 acres of it was good paddy land..... without this land the scheme most likely will be unsatisfactory and we may have to drop it.”

17th March, 1958:—The State Government wrote back to the Ministry of Rehabilitation stating:

(i) that “the extent of 300 acres of land” referred to by the Agriculture Officer was apparently based on eye-survey and that the State Government’s proposals and the scheme submitted to the Ministry covered an area of 239 acres;

(ii) that at no time the land (60 acres) were taken into account and proposed for acquisition as there were some legal difficulties which rendered the acquisition of those lands undesirable, and that these lands could, however, be taken over “after the legal bar was removed”.

30th October, 1958:—The scheme was cancelled by the Ministry of Rehabilitation as it had not made much head-way by that time.

20th November, 1958:—The State Government represented against the cancellation of the scheme as according to them the lands had already been taken possession of on 6th October, 1958 and suggested for its restoration.

1st December, 1958:—Orders regarding cancellation of the scheme were withdrawn by the Ministry.

16th December, 1959:—The Establishment Officer of the Dandakaranya Project visited the colony, who reported as under:—

"An area of 60 acres of land situated in the Centre of acquired plot and all along shown to be within the area for sale was also conveniently withdrawn during the acquisition proceedings This left the whole deal without any real substance, leaving behind no good land worth the name fit for cultivation."

7th January, 1960:—A joint survey of the site was undertaken, and it was considered that selection of this land was unfortunate and that it would require a large amount for providing proper irrigation facilities for making the land cultivable.

14th January, 1960:—The Ministry of Rehabilitation wrote to the State Government stating that in view of the position there appeared to be no option but to discontinue this scheme.

The successful implementation of the scheme depended upon the acquisition of the 60 acres of land which was not available to Government owing to the legal bar which it has been stated (January, 1965) was removed only in 1963, i.e. 3 years after the scheme was finally abandoned."

(Sd./-) K. P. MATHRANI,

Secretary to the Government of India.

[O.M. No. 4/2 64-Bud., dated 10th March, 1965.]

Recommendation

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

[S. No. 65 Twenty-fourth Report (1963-64) (3rd Lak Sabha)]

ACTION TAKEN

Noted.

(Sd./-) K. P. MATHRANI,

Secy. to the Govt. of India.

[O.M. No. 4/2/64-Bud dated 17-9-64]

Recommendation

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

[S. No. 66 Appendix III, 24th Report (1963-64)].

ACTION TAKEN

The Officer involved in the matter was the Managing Officer. His fault was that knowing that the orders of the Deputy Chief Settlement Commissioner dated 3-6-58 declaring the property as allotable had been set aside under Section 33 of the Displaced Persons (Compensation & Rehabilitation) Act, 1954 by the Deputy Secretary to the Government of India, Ministry of Rehabilitation, vide his orders dated 27-4-59, he executed an agreement for sale with the occupant on behalf of the Government on 10-6-59, with the result that the High Court quashed on the 6th October, 1960 the orders of the Deputy Secretary dated 27-4-59.

The position is that the orders of the Deputy Secretary to the Government of India dated 27-4-59 were not placed on the relevant file. The Managing Officer, therefore, while executing the agreement on behalf of the Government overlooked the fact that the orders of the Deputy Chief Settlement Commissioner declaring the property as allotable on the basis of which the agreement was being executed by him had been set aside and the property had been declared as saleable by the Deputy Secretary to the Government of India. The wrong execution of the agreement came to the notice of the Departmental authorities only in September, 1960 when the petition for quashing the orders of the Deputy Secretary to the Government of India was pending before the High Court. The Managing Officer had by then already left the service having resigned on 6-2-60. In other words, the Managing Officer resigned his post about seven months earlier than his mistake was detected. As a matter of fact, when the resignation of the Managing Officer was

accepted, no departmental proceedings had been initiated or were pending against him.

As regards the Asstt. Valuation Officer, it may be stated that the office copy of the letter in which he was asked by the Regional Settlement Commissioner to confirm the maximum land rate of Ward "EA" runs as follows:—

"The maximum schedule rate for ward "EA" for shops sites is Rs. 100 per sq. yd. whereas the shop has been assessed for Rs. 150 per sq. yd. Please confirm and forward your reply by the 12th March, 1958 to the undersigned by name".

But in the original copy of the letter addressed to the Asstt. Valuation Officer, the words "whereas the shop has been assessed for Rs. 150 per sq. yd." had been scored out by some unknown person. Efforts were made to fix responsibility and find out the persons who had scored out these words, but it is regretted that it has not been possible to do so.

The Asstt. Valuation Officer was not in office and the Senior Valuer sent a reply to the Regional Office by signing the letter for Asstt. Valuation Officer. The reply sent by him runs as follows:—

"The maximum land rate of "EA" circle Bazar, Attari and Panj Pir, Jullundur is Rs. 100 per sq. yd. for shops."

As the shop in question was clearly mentioned in the subject of the above letter of the Regional Settlement Commissioner and also in the reply sent by the Asstt. Valuation Officer, it is considered that the Asstt. Valuation Officer's office should have cared to see where shop No. EA-652 was situated and to indicate the maximum land rate of that locality (Bazar Kalan) instead of intimating the land rate of other bazars in the "EA Circle".

The Senior Valuer responsible for giving this ambiguous information was charge-sheeted and regular departmental enquiry was instituted against him. The Enquiry Officer, however, recommended that the charges against the Senior Valuer be dropped as the original letter of the Regional Settlement Commissioner addressed to the Asstt. Valuation Officer (without the portion scored out) was not clear. The disciplinary proceedings were, therefore, dropped by the Regional Settlement Commissioner. It appears that the Enquiry Officer gave the benefit of doubt in favour of the Senior Valuer

and as such no action was taken against the official concerned for his carelessness in not verifying the rate of the locality in which the shop of which No. was given in the heading was situated. For this act of carelessness, the case is being re-opened by issuing a Presidential Order under Rule 32 of the Central Civil Services (CCA) Rules, 1957 for taking disciplinary action against the Senior Valuer because he had already been exonerated by the Enquiry Officer. The result of these proceedings will be intimated as early as possible.

(Sd./-) K. P. MATHRANI,
Secy. to the Government of India.
[O. M. No. 4/2/64-Bud dt. 12-3-65].

Recommendation

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

[Sl. No. 67, para No. 67, 24th Report 1963-64].

ACTION TAKEN

Now there is no training centre under the administrative control of the Ministry of Rehabilitation. The recommendations of the Public Accounts Committee will however, be borne in mind if any centre is again started for the training of the displaced persons.

(Sd./-) K. P. MATHRANI,
Secy. to the Government of India.
[O. M. No. 4/2/64-Bud. dt. 17-9-64].

Recommendation

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

[Sl. No. 68, para 68, 24th Report 1963-64]

ACTION TAKEN

In future if any other training centre is opened steps would be taken to ensure that as far as possible only bona-fide trainees are admitted into such training centres.

(Sd./-) K. P. MATHRANI,
Secy. to the Government of India.
[O. M. No. 4/2/64-Bud. dt. 17-9-64].

Recommendation

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

[S. No. 69, Para 69 of Appendix III, Twenty-fourth Report of the Public Accounts Committee 1963-64]

ACTION TAKEN

Suitable instructions to the Dandakaranya Development Authority to ensure that perishable commodities are not purchased injudiciously have since been issued on 16-5-64. The Chairman, Dandakaranya Development Authority has been requested to look into the circumstances that led the Price Fixation Committee to fix the retail sale price, in excess of the market price.

[O. M. No. 4/2/64-Bud. dt. 17-9-64].

Recommendation

12. *The Committee regret to note that despite the assurance given to them by the Ministry that the accounts of Government property would be reconstructed and brought upto date by March, 1960 these had remained incomplete for so long. They trust that all the accounts would have been completed by now. They would like to be informed of the position in this regard.*

[S. No. 118 (Para 121) Appendix IV, Eighth Report (1962-63)].

ACTION TAKEN

1. All the Government Built Properties in Delhi intimated by the Ministry of Rehabilitation from time to time have been entered in the "Return of Government Built (Rehab.) Properties" commonly known as Valuation Registers which is the basic record as also in the "Registers of Government Built (Rehab.) Properties in Delhi" known as Basic Property Registers. The total number of properties entered in these registers is 60,694.

2. So far as Valuation Registers are concerned, they are complete except that valuation has not been shown in about 500 cases because it is not available from the records of the Valuation Officer. He has been asked to furnish valuation in these cases and as soon as it is received, it will be entered in the registers. Entries made in the Valuation Registers have also been authenticated by a Gazetted Officer.

3. As regards Basic Property Registers, these registers are intended to show a complete account of the amounts due and realisations made from the transferee/purchaser of a property. The accounts in these registers are, therefore, completed at the time of execution of Lease/Sale Deeds to ensure that the total amount due from the purchaser is recovered before the sale deed etc. is executed in his favour. Thus although all the properties have been noted in these registers, accounts are complete only in respect of properties for which sale deeds etc. have been issued. As a large number of properties were transferred on instalment basis, and the last instalment falls due in 1966, the registers will be completed in respect of all the properties only after the last instalment is recovered i.e. during 1966/67 or thereafter.

4. The Accountant General, Commerce, Works & Misc. has desired that the following Audit Comments may be incorporated in the note:—

"It has been stated that the Valuation Registers are complete except that valuation has not been shown in about 500 cases. It was noticed that the date of taking over of the property from the C.P.W.D. has not been noted in any case.

(2) Para 3 of the Ministry's reply gives the impression that no postings of entries regarding recovery of instalment-money, rent, water charges are required to be made in respect of the Government Built Properties until the lease/sale deeds are issued. This position is not quite correct. Unless the entries are regularly made and the postings kept upto-date, defaults in the payment of dues will remain un-noticed till the lease/sale deeds are finally issued, and recoveries may remain unrealised.

It was noticed that the posting of the entries regarding the realisation of rent, instalment-money, water charges, etc. in the Basic Property Registers in respect of the properties in which cases lease/sale deeds have not yet been issued, has been in arrears since 1-4-59.

(3) No reconciliation has been made of the number of properties made over by the C.P.W.D. with those actually on the records of the

Regional Settlement Commissioner of the Ministry of Rehabilitation".

5. The above observations of Audit are being further examined in consultation with Audit and the action taken thereon will be reported to the Public Accounts Committee as early as possible.

(Sd./-) K. P. MATHRANI,
Secy. to the Government of India.
[O. M. No. 4/4/64-Bud. dt. 5-3-65].

Recommendation

13. *The committee would like to be informed of the action taken against the delinquent officials for alleged embezzlement of funds.*

[S. No. 119, (para 122) Appendix IV, Eighth Report 1962-63].

ACTION TAKEN

A Field Inspector and a Rent Collector were prosecuted for embezzlement of Government money. The Field Inspector was acquitted by the Court on 1-4-64. The Judgement of the court is being examined and in the light of observations made therein, departmental action for contributory negligence, if considered necessary, will be taken against the officials concerned.

The Rent Collector is reported to be still absconding. As a result of departmental action against the delinquent officials, the services of one of the officers (Shri Y. Paul Ex-Circle Officer) have been terminated on 18-12-62. Another officer (Shri P. P. Narang) held responsible for contributory negligence in the embezzlement of Govt. money has been let off after a regular departmental enquiry was held against him during 1/63 to 11/63. The embezzled amount has gone upto Rs. 99,061.13 against Rs. 97,727 intimated previously.

[O. M. No. 4/2/64-Bud. dt. 17-9-64].

Recommendation

14. (i) *The committee note that the officials concerned in this case, were the same who were involved in the alleged embezzlement of funds and action was being taken against them.*

(ii) *The committee observe that the arrears of rent due to be recovered from the occupants are still quite heavy. They urge that effective steps should be taken to expedite their recovery.*

[S. No. 120 (Para 123) Appendix IV, Eighth Report (1962-63)].

ACTION TAKEN

(i) The position of 213 Receipt Books as explained against item (iv) of para 34 (non-maintenance of accounts of Govt. property) of Central Government Audit Report, 1962 has been examined and is found to be as follows:—

- (1) The Receipt Book bearing No. A-1357 was found to have been counted twice.
- (2) 1 Receipt Book No. 0400 was sent to the Controller of Printing and Stationery as a specimen for printing of receipt books. The Chief Controller of Printing and Stationery vide his letter No. 36/6/63-P/15223-P, dated 7-9-1963 has intimated to the Regional Settlement Commissioner, Delhi that the printing job was forwarded to the Govt. of India Press, Nelokheri. It is thus clear that this Receipt Book was duly received by the Printing & Stationery authorities.
- (3) 94 receipt books issued to the Director of Estates. He has confirmed the receipt of those receipt books vide D.O. letter No. DE 2 (3) E.O. (MKT) 58 dated 31-8-63.
- (4) 29 receipt books are available with the Regional Settlement Commissioner and have been verified by Audit.
- (5) 7 receipts books—Postings are fully traced out in the Cash Books but their counterfoils are still missing inspite of thorough search.
- (6) 22 receipt books—Postings are partly traced out in the Cash Books but their counterfoils are still missing inspite of a thorough search.
- (7) 13 receipt books do not appear to have been received in the office of the Housing and Rent Officer as per letter No. SDC Cheques and Receipt Books 2903 dated 22-7-59 received from the Treasury Officer, Delhi and Accountant General Central Revenue's letter No. THC/26-3/59-60 2176 dated 14-12-59.
- (8) 46 receipt books were not returned by the Field Inspector and the Rent Collector. They were prosecuted for embezzlement of the Government money. And, as stated in reply to S. No. 119 while the former was acquitted by the court on 1-4-64, the latter is reported to be still absconding.

(ii) The arrears of rent etc as outstanding on 30-6-64 were Rs. 48.38 lakhs against 78.07 lakhs on 1-7-62. Thus during the period of two years the arrears have been reduced by Rs. 29.69 lakhs in addition to covering the current demand of Rs. 17.34 lakhs for the period from 1-7-62 to 30-6-64. The total amount recovered during the above period was thus Rs. 47.03 lakhs which also includes reduction of Rs. 3.05 lakhs on account of Ground Rent in respect of properties transferred to the Land & Development office. No recovery of rent was waived during the above period.

The amount of Rs. 48.38 lakhs includes a sum of Rs. 12.10 lakhs which represents Instalment Money in respect of properties sold on hire purchase basis. Vigorous efforts are being made to liquidate the arrears as quickly as possible.

[O. M. No. 4/2/64-Bud. dt. 17-9-64].

Recommendation

15. *The Committee regret to note that the failure to detect irregularities in time and to take expeditious action in this case had resulted in the delinquent officials escaping the punishment.*

[S. No. 121 (Para 124) Appendix IV.
Eighth Report (1962-63)]

ACTION TAKEN

As stated against S. No. 119 (Para 122), action has been and is being taken against the delinquent officials.

[O. M. No. 4/2/64-Bud. dt. 17-9-64].

APPENDIX XIX

DEPARTMENT OF SOCIAL SECURITY

Statement showing action taken/proposed to be taken on the recommendations of the Public Accounts Committee

Recommendation

The Committee regret to observe that even though more than 10 years have elapsed since the Central Social Welfare Board was set up, Government have not been able to constitute the Board as a legal entity and lay down precisely the scope and functions of this body, and in the meantime, the Board has been allowed to undertake projects which are "beyond the scope of the resolution under which it was created". Further, in the opinion of the Committee, the doubts and fears expressed by the Ministry regarding the curtailment of the functions of the Welfare Board on its being placed on a statutory footing do not appear to be well-founded. Already, there are other statutory bodies, like the Khadi and Village Industries Commission, the University Grants Commission etc., which enjoy powers to give grants-in-aid to private institutions. There should, therefore, be no difficulty in the case of this organisation. The Committee, therefore, reiterate their earlier recommendations, contained in para 25 of 8th Report (3rd Lok Sabha) and would urge upon the Ministry to initiate legislation without further delay to regularise the anomalous position arising from the constitutionally irregular practice of giving grants to a body without a legal personality and keeping the funds outside the Consolidated Fund of India.

[Sl. No. 37, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The proposal to give statutory status to the Central Social Welfare Board had been agreed to by the Ministry of Education. Meanwhile, the Department of Social Security has been established and the above proposal is being given fresh consideration in the broader and expanding context of social security.

Recommendation

The Committee are of the view that in the present situation when even the powers and functions of the Social Welfare Board are not well-defined, there is bound to be duplication of efforts by various agencies. They would, therefore, suggest that this matter should be looked into and suitable steps taken to demarcate the sphere of activities for the various organisations doing welfare work, so that duplication of efforts may be eliminated. The feasibility of entrusting the work of supervision of social welfare in rural areas to Zila Parishads and Community Development Blocks may also be examined.

[Sl. No. 38, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The recommendations of the Public Accounts Committee will be kept in view while implementing the decision regarding the future status of the Central Social Welfare Board.

Recommendation

As against the total grant of Rs. 958.31 lakhs paid to the Institutions by the Central Social Welfare Board either directly or through the State Boards, the administrative expenditure of the Central and the State Boards amounted to Rs. 130.22 lakhs or 13.5 per cent, which is obviously disproportionate to the services rendered by the Board.

[Sl. No. 39, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The administrative expenditure of Rs. 130.22 lakhs includes Rs. 8.79 lakhs on the production of journals (Social Welfare and Samaj Kalyan) and purchase of documentaries. Excluding this, the administrative expenditure comes to Rs. 121.43 lakhs. This represents the total administrative expenditure, both in respect of the Central and State Boards. In the total grants, however, the amount received from the State Governments and the Ministry of Community Development in respect of Welfare Extension Projects has not been included. If this is done, the percentage of administrative expenditure to grants disbursed will be much less.

Recommendation

The Committee view with concern that while the grants paid to the institutions had decreased from Rs. 211.96 lakhs in 1960-61 to Rs. 165.01 lakhs in 1961-62, the administrative expenditure of the Central Social Welfare Board increased from Rs. 9.96 lakhs in 1960-61 to Rs. 11.56 lakhs in 1961-62, out of which the expenditure on T.A., and D.A., publicity, refreshments, conferences and seminars and contingencies amounted to Rs. 5.22 lakhs. (The amount would be still higher if the expenditure incurred on these accounts by the State Boards were taken into consideration). The Committee are, therefore, definitely of the opinion that there is scope for curtailment of administrative expenditure, especially at the Centre, in view of the fact that most of the implementation and execution of the various projects is done through the agencies of the State Boards. [Sl. No. 40, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The administrative expenditure of the Central Social Welfare Board includes salary of staff, publicity, contingent expenditure and T.A. The expenditure on publicity is on production of 'Social Welfare' and 'Samaj Kalyan', the two journals of the Board and on purchase of documentaries. Excluding this, the administrative expenditure for 1960-61 and 1961-62 will be Rs. 8.42 lakhs and Rs. 9.49 lakhs respectively. The increase is mainly on account of payment of arrears due to revision of pay scales, usual annual increments and payment of rent on account of acquiring a few more rooms for office accommodation. As regards the decrease in the amount of grants, it may be stated that 1960-61 being the last year of the Second Five Year Plan, the amounts due to institutions for Plan-period Grants for the previous years were finalised and released. Further, during 1960-61, advances amounting to Rs. 10.43 lakhs were made to the State Boards to enable them to give grants to Mahila Mandals, which were to take up the work relating to Original Pattern Projects.

Recommendation

The Committee trust that the Central Social Welfare Board would exercise due vigilance to ensure that grants given by them to the voluntary organisations are properly utilised.

[Sl. No. 41, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The recommendation of the Committee is accepted.

Recommendation

A suggestion was made that the voluntary institutions might be asked to submit applications for grants through the State Governments, the Zila Parishads or other local authorities, who, in the light of their local knowledge, might recommend deserving cases. The Secretary to the Ministry of Education agreed to examine the suggestion. The committee may be informed of the decision taken in this regard.

[Sl. No. 42, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

At present all applications for grants are recommended by the State Boards. In each case, the applicant institution is visited by a member of the Board and all the applications along with the recommendations of the visiting members are considered in the State Board's meeting. The State Social Welfare Advisory Boards have been set up by different State Governments in consultation with the Central Social Welfare Board. The State Boards have been constituted in such a way as to provide generally for representation for every district. The State Governments have also nominated their officials as members of the State Boards in order to ensure close co-ordination. In these circumstances, there does not appear to be any need for changing the existing procedure.

Recommendation

The facts placed before the Committee seem to indicate that there is a certain amount of extravagance in the use of jeeps.

[Sl. No. 43, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

To prevent the alleged extravagance, instructions have been issued to the State Boards to have strict vigilance and watch over the use of jeeps. They have also been informed that in case of misuse, the jeeps will be withdrawn. These instructions have also been conveyed to the Project Implementing Committees. The Ins-

pectorate staff has been instructed to see during the course of their visits that jeeps are used for official use only, and to report cases of misuse direct to the Central Social Welfare Board.

Recommendation

The Committee consider it unfortunate that assets on such a large scale to the tune of more than Rs. 80 lakhs were created without a proper assessment of the long term requirements. They are also surprised that the representative of the Ministry of Finance would have agreed to this expenditure on such a large scale. They would like to be informed of the disposal of surplus trailers and jeeps. Ministry would take suitable steps to ensure the proper upkeep and maintenance of these vehicles by the voluntary organisations. The Ministry should also lay down the purpose for which these vehicles may be used.

[Sl. No. 44, Appendix V of the 19th Report of the Public Accounts Committee—1963-64 (Third Lok Sabha)].

ACTION TAKEN

The jeeps in question were purchased keeping in view the requirements of the Welfare Extension Projects already started/proposed to be started, as far as those requirements could be assessed at the time of the purchase of jeeps. Out of 86 jeeps which originally became surplus on account of closing down of Welfare Extension Projects of the Original Pattern, as many as 60 have since been given for use to voluntary organisation which have taken over the activities of these projects, or otherwise put to use. The remaining 26 jeeps have been kept for allotment to the District Social Welfare Committees and pending the formation of these committees, a proposal to give these jeeps to voluntary organisation/State Governments for temporary use is under the construction of the Central Social Welfare Board. The information regarding the disposal of surplus trailers is being collected by the Central Social Welfare Board and will be submitted to the Public Accounts Committee as soon as possible. The uses to which the jeeps given by the Central Social Welfare Board to voluntary institutions may be put, have been laid down and are as under:—

- (a) The jeeps are intended primarily for use on the welfare activities of the Centres of Welfare Extension Projects which have been taken over by the voluntary institutions concerned. They may also be used for other welfare activities conducted by these institutions. They should not

be used as an ordinary public conveyance for passengers and goods.

- (b) The jeeps should also be utilised in furtherance of the programmes of Social Welfare under the Central Social Welfare Board and the State Social Welfare Advisory Boards.
- (c) The jeeps may also be occasionally used by the Chairman, Members or staff of the Central or the State Social Welfare Board in connection with the Board's work. On such occasions the jeeps may be made available as far as possible and without serious alteration of the programme already drawn up by the institutions for use, to the persons duly authorised by the respective Boards, on payment, in cash, of the actual expenditure incurred on petrol, oil and lubricants.

[O. M. No. F.5-17/64. SW-3, dated 9th November, 1964].

Recommendation

The Committee trust that the audited Annual Accounts of the Employees' Provident Funds Scheme along with the Audit Report thereon will be placed before Parliament. They further desire that the Annual Report of the Board of Trustees on the working of the Scheme may also be placed before Parliament. In case any delay is apprehended, the Annual Report and the Audit Report may be laid before Parliament separately.

[S. No. 52 Appendix XVI to the 20th Report (Third Lok Sabha)].

ACTION TAKEN

The last Annual Report for the year 1962-63 was laid on the Tables of Lok Sabha and Rajya Sabha on the 24th and 25th February, 1964 respectively and necessary action to place the Audited Annual Accounts and the Audit Report before the Parliament is being taken. It may also be mentioned that necessary steps are also being taken to make provisions in this regard in the Employees' Provident Funds Act, 1952.

Recommendation

The Committee note with concern that a large sum of Rs. 468.78 lakhs was outstanding on 31st October, 1962 from the employers and that recovery proceedings had to be instituted in as many as 14,844

cases till 31st May, 1962. They are sorry to learn that in most of these cases of arrears, the employers had not only failed to send their own contributions, but had also failed to send the contributions already collected by them from the employees. The Committee, however, note that the percentage of outstandings to the total collections has since come down from 3.38 per cent. (in October, 1962) to 1.9 per cent. (in November, 1963). They desire that further efforts should be made for the expeditious recovery of the outstanding amount and a report made to them. Steps taken to avoid accumulations of such arrears in future may also be intimated to them.

[S. No. 53 Appendix XVI to the 20th Report (Third Lok Sabha)].

ACTION TAKEN

Out of the total sum of Rs. 467.33 lakhs which was outstanding on 31st October, 1962, a sum of Rs. 334.05 lakhs had been recovered from the employers and a balance of only Rs. 133.28 lakhs remained due from them as on 31st March, 1964. Region-wise and year-wise figures of these arrears are given in the Annexures I and II. Effective steps are being taken to realise the outstanding amount of Rs. 133.28 lakhs. A statement showing the names of major defaulting employers as on 31st March, 1964 is enclosed (Annexure V).

2 The recovery of Rs. 334.05 lakhs was the result of series of recovery proceedings instituted under the State Land Revenue Recovery Acts and also the prosecutions launched against the defaulting employers. The number of recovery proceedings and prosecutions launched, the number that resulted in recovery of dues, the number of employers proceeded against and the amount of dues realised as a result of the recovery proceedings and prosecutions, have been given in Annexures III and IV.

3. The following steps are being taken to avoid such accumulation of dues in future:—

(a) All the Regional Provident Fund Commissioners are being advised to bring the fact of default of payment to the notice of the local workers organisations and also the local employees in cases where there are no workers' organisations, may simultaneously bring pressure on the defaulting employers to pay up the dues.

(b) A few Certificate Officers are proposed to be appointed in the West Bengal region, where the prosecution work is heavy, as an experimental measure to deal with the recovery cases under the Employees' Provident Funds Act exclusively. This will ensure speedy collection of the dues.

(c) The Employees' Provident Funds Act has been amended with effect from the 30th November, 1963 empowering the Provident Fund Inspectors to search the premises and also to seize the records of employers. The Central Provident Fund Commissioner, the Deputy Provident Fund Commissioner and the Regional Provident Fund Commissioners have been authorised to assess the amount to be recovered from any employer, who does not co-operate in such assessment. These measures will have deterrent effect on the defaulting employers.

(d) It is proposed to amend the Employees' Provident Funds Act prescribing deterrent and enhanced penalties for habitual defaulting employers.

[O. M. No. 6/50/64/PF-II, dated 3rd February, 1965].

ANNEXURE—1

Statement showing the break up of outstanding dues on 31st October, 1962 and of the balance thereof outstanding on 31st March, 1964.

S. No.	Regions	Amount of arrears outstanding on 31st October, 1962	Amount of arrears from out of the arrears in col. (2) recovered till 31st March 1964	Balance from out of the arrears in col.(2) outstanding on 31st March, 1964
1	2	3	4	5
		(Rupees in lakhs)	(Rupees in lakhs)	(Rupees in lakhs)
1.	Andhra Pradesh	5.59	1.37	4.22
2.	Assam	0.37	0.18	0.19
3.	Bihar	8.32	5.76	2.56
4.	Delhi	2.30	2.30	..
5.	Gujarat	185.05	183.68	1.37
6.	Kerala	9.79	5.80	3.99
7.	Malhya Pradesh	24.20	15.65	9.55
8.	Madras	16.66	10.46	6.20
9.	Maharashtra	116.91	54.57	62.34
10.	Mysore	10.09	8.16	1.93
11.	Orissa	5.61	3.37	2.24
12.	Punjab	3.81	2.20	1.61
13.	Rajasthan	9.14	4.40	4.74
14.	Uttar Pradesh	21.99	8.93	13.06
15.	West Bengal	47.50*	22.28*	19.28
		463.33	334.05	133.28

(* Figures as on 29-2-64)

ANNEXURE-II

Yearwise break up of the dues outstanding on 31st October, 1962 and of the balance thereof outstanding on 31st March, 1964.

S. No.	Years	Amount of arrears as on 31st October, 1962	Amount of arrears from out of the arrears in Col. (2) recovered during the period 1st November, 1962 to 31st March, 1964.	*Balance from out of the arrears in Col. (2) outstanding on 31st March, 1964.
1	2	3	4	5
		(Rupees in lakhs)	(Rupees in lakhs)	(Rupees in lakhs)
1.	1952-53	1.52	0.36	1.16
2.	1953-54	8.24	0.09	8.15
3.	1954-55	9.17	2.32	6.85
4.	1955-56	1.95	0.09	1.86
5.	1956-57	21.00	5.54	15.46
6.	1957-58	23.41	9.68	13.73
7.	1958-59	22.81	7.57	15.24
8.	1959-60	51.47	37.94	13.53
9.	1960-61	32.79	17.66	15.13
10.	1961-62	138.69	121.50	17.19
11.	1962-63	156.28	131.30	24.98
TOTAL		467.33	334.05	133.28

*In the case of West Bengal, the figures are as on 29th February, 1964.

ANNEXURE-III

Prosecutions and dues recovered

(Progressive total as on 31st March, 1964)

Sl. No.	Regions	Number of prosecutions launched.	Number of convictions secured.	Number of employers convicted	Number of convictions which resulted in recovery of dues	Number of employers who paid the dues as result of the convictions	Amount of outstanding dues recovered as result of the conviction.
(Rupees in Lakhs)							
1	2	3	4	5	6	7	8
1	Andhra Pradesh	453	105	34	68	16	0.55
2	Assam	11	12	4	1	2	0.01
3	Bihar	685	88	7	57	6	2.92
4	Delhi	1,211	997	380	868	341	7.42
5	Gujarat	197	111	16	85	12	5.46
6	Kerala	1,199	856	542	594	186	14.73

7	Madhya Pradesh	95	28	5	1	1	0.03
8	Madras	141	107	60	100	57	1.49
9	Maharashtra	1,070	555	337	398	268	19.11
10	Mysore	119	44	38	40	36	0.62
11	Orissa	24	9	8	..	..	..
12	Punjab	2,221	923	156	671	84	3.67
13	Rajasthan	224	123	30	..	..	..
14	Uttar Pradesh	262	115	15	108	11	2.07
15	West Bengal	1,431	257	205	142	56	1.60
TOTAL		9,343	4,319	1,837	3,133	1,076	59.67

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Note :—Besides, 390 employers involved in 573 cases were convicted for offences other than default in payment, such as non-submission of statutory returns.

ANNEXURE-IV

Revenue recovery proceedings and dues recovered

(Progressive totals as on 31st March, 1964)

(Rupees in Lakhs)

Sl. No.	Regions	No. of Revenue recovery proceeding launched	No. of employers against whom launched.	No. of proceedings which resulted in recovery of dues	No. of employers from whom the recovery was made.	Total amount of dues realised
1	2	3	4	5	6	7
1	Andhra Pradesh	626	617	311	293	10.63
2	Assam	24	54	7	16	0.11
3	Bihar	121	92	52	42	30.75
4	Delhi	1,084	916	738	608	11.17
5	Gujarat	1,613	1,334	1,461	904	183.76
6	Kerala	3,439	2,561	2,899	2,366	43.00
7	Madhya Pradesh	514	108	376	69	133.24

8	Madras	.	.	.	.	.	.	1,065	891	997	823	38·94
9	Maharashtra	.	.	.	.	.	.	4,879	1,676	4,441	1,493	318·19
10	Mysore	.	.	.	.	.	.	316	280	216	180	8·16
11	Orissa	.	.	.	.	.	.	21	20	13	12	6·97
12	Punjab	.	.	.	.	.	.	660	485	534	431	5·86
13	Rajasthan	.	.	.	.	.	.	235	56	98	15	6·62
14	Uttar Pradesh	.	.	.	.	.	.	358	301	174	138	72·32
15	West Bengal	.	.	.	.	.	.	5,205	982	2,633	88	214·55
TOTAL								20,160	10,373	14,950	7,478	1084·27

ANNEXURE V

Statement showing the names of Major defaulting employees owing employee's Provident Fund dues of Rs. 5 lakhs or more as on 31st March, 1964.

Sl. No.	Region	Name of the Establishment	Years to which the dues pertain	Amount due (Rs. in lakhs)	Remarks
1	Madras	(i) Shri Bharathi Mills, Pondicherry	1963-64	9.39	*Situating in the Union territory of Pondicherry in the jurisdiction of the Regional Provident Fund Commissioner, Madras. The Act was extended to this territory from 1-10-1963 only.
		(ii) Swadeshi Cotton Mills Ltd., Pondicherry.	1963-64	13.27*	
		(iii) Anglo French Textiles Ltd., Pondicherry.	1963-64	24.10	
2	Maharashtra	(iv) Narsinggirji Mills Sholapur	1954-60	14.72	
		(v) Model Mills, Nagpur	1958-60	7.33	
		(vi) Sholapur Spinning & Weaving Co. Ltd.	1957-63	32.16	
3	West Bengal	(vii) Dhakeshwari Cotton Mills Ltd.	1953-63	7.47	
				7.47	
				108.44	

Recommendation

The Committee appreciate the need for utmost expedition in the payment of claims to the employees. They nevertheless feel that the expenditure on superintendence (Rs. 63.32) lakhs in 1962-63 is on the high side. The Committee desire that the matter should be reviewed with a view to effecting maximum possible economy in establishment charges without any detriment to the amenities provided to the employees.

[Sl. No. 55 Appendix XVI to the 20th Report (Third Lok Sabha)].

ACTION TAKEN

During 1962-63, the expenditure on administration expenses under head "(A) Superintendence" was Rs. 63.32 lakhs as against Rs. 51.62 lakhs for "(B) Field Work". It may be clarified that the Regional Offices of the Corporation who were charged with the Superintendence of the work in the field have to perform many other items of work relating to the scheme in its original sphere e.g., the registration of employers and insured persons, maintenance of contribution records (still confined to regional office, in some bigger regions), collection of contributions, determination of rate and title to long term benefits and to medical care and also short term benefits in some cases, payment of refund claims, references to Medical Board, legal action etc. Revenue collection and the maintenance of records connected therewith is the sole responsibility of the regional office. The expenditure on all these items of work is adjusted under 'Superintendence'.

The Corporation is constantly devising means and ways to decentralise all possible items of work and it is expected that with progressive decentralisation, the expenditure on superintendence might decrease in the years to come. The Corporation is, however, fully conscious of the need to effect maximum possible economy not only in the expenditure on Superintendence but also in other direction and has further noted the observations of the Public Accounts Committee in this regard.

Recommendation

The Committee may be informed about the decision taken in the matter of integration of certain social security schemes.

[Sl. No. 56 Appendix XVI to the 20th Report (Third Lok Sabha)].

ACTION TAKEN

The Study Group on Social Security set up by Government in 1957 recommended inter alia the integration of the Employees' State

Insurance and Provident Fund Schemes. - The Report of the Study Group was discussed at the 19th Session of the Indian Labour Conference held at Bangalore on 9th October, 1961. The workers' representatives suggested certain modifications in the Integrated Scheme and the matter was reconsidered at the meeting of the Standing Labour Committee held in New Delhi in October, 1962. As recommended by the Committee, further consideration of the Report has been postponed till 1965. The high-level Tripartite Committee since set up to review the working of the Employees State Insurance Scheme is, however, expected to deal with the matter.

Recommendation

The Committee are glad to be informed that the amount of outstanding income has since been brought down. The amount still due to be recovered is, however, very large (over Rs. 52 lakhs). A substantial portion out of this was due for more than two years (Rs. 37.18 lakhs). They desire that further efforts should be made by the Corporation to ensure expeditious recovery of this amount. [Sl. No. 57 of Appendix XVI to the 20th Report (Third Lok Sabha)].

ACTION TAKEN

The observations of the Public Accounts Committee have been noted. All possible efforts will be made to effect recoveries quickly.

[Ministry of Labour & Employment O.M. No 6 10 64-B. & A. dated 19th August, 1964.]

APPENDIX XX
MINISTRY OF STEEL AND MINES
(DEPTT. OF IRON AND STEEL.)

Recommendation

1. The Committee observe that with the gradual growth of the steel industry in the country, fall in imports and decline in world prices of certain categories of steel, credits to the Iron & Steel Equalisation Fund now far exceed debits thereto; and only a part of the accruals is now spent on ensuring uniformity in steel prices in the country—the purpose for which the fund was created. This has resulted in accumulation of heavy unspent balances. The balances are likely to increase further with full utilisation of the installed capacity of the existing steel plants & setting up of new ones. It has been stated by Government that the Steel Equalisation Fund will be one of the important sources of revenue for the Third Five Year Plan. While the Committee appreciate the need for tapping all possible sources for financing the plan, they do not consider it correct in principle that a Fund kept outside the Consolidated Fund of India for the specific purpose of equalising prices, and operated by a Department Officer through a personal Ledger Account in the Reserve Bank should serve as a medium for accumulating large surplus funds by the fixation of selling prices at a level higher than necessary for the real purpose of the Fund. Further, undue delays in recovering outstandings due to the Fund as also long standing differences with the main producers indicate that the working of the Fund is not quite satisfactory. The Committee would, therefore, like the Ministry of Steel & Heavy Industries to examine, in consultation with the Ministries of Finance and Law whether the time has not come to make a thorough review of the constitution, scope and working of the Fund.

[S. No 82 of Appendix IV to 8th Report (Third Lok Sabha)].

ACTION TAKEN

Upto 31st March, 1957, the Equalisation Fund was operated by the Price and Accounts Officer through a Personal Ledger Account in the Reserve Bank of India, Calcutta. From 1st April, 1957, the Equalisation Fund was merged with the Consolidated Fund of India. This merger brought about full Parliamentary control over the transactions of the Fund. The receipts of the Fund were routed

through the Consolidated Fund and its expenditure was met from the voted grant of Parliament. Price and Accounts Officers as a Departmental Officer, could, thus, operate the Fund only to the extent of the Budget Grant sanctioned in each year. Even this too was restricted to the drawing limit on the Bank imposed by the Audit from time to time. This limit is Rs. 14.35 crores. Further, the transactions of the Fund were subject to full audit control, i.e. payments were made after pre-audit. Where payments were made without pre-audit, concurrence of local Finance was invariably obtained before payments. These payments were subject to regular post audit in due course. The cash balance at the credit of the Iron and Steel Equalisation Fund as on 31st March, 1963, stood at Rs. 64,05,98,458. Payments made out of this Fund during the last four years were as follows:—

1959-60	Rs. 7.60 crores
1960-61	Rs. 17.29 crores
1961-62	Rs. 12.69 crores
1962-63	Rs. 23.09 crores

The Government constituted a Committee in September, 1962 to look into the existing system of control on iron and steel and to recommend measures to streamline it. This Committee (i.e. Raj Committee) submitted its final report in October, 1963. After carefully examining the report, Government have withdrawn statutory control on prices on all non-flat products with effect from 1st March, 1964. Consequent on the removal of statutory control over prices of the bulk of steel production and the decision to entrust freight equalisation to the Joint Plant Committee, it was felt that there was no need to continue the operation of the Equalisation Fund. Government have therefore decided that with effect from the 1st March, 1964, there shall be no new transactions involving payments either to or from the Equalisation Fund. Accruals to the Fund and payments therefrom resulting from the previous transactions will, however continue.

Recommendation

2. While the Committee note that the outstandings due to the Fund from 'sundry debtors' may now be largely off-set by the counter-claims preferred by the main producers (bulk of which are of a recent origin), they cannot help expressing regret at the failure of the Iron and Steel Control Organisation to effect timely recovery of long standing dues to the Fund. They observe in this regard that though the Scheme had been in operation since 1943, necessary steps to reconcile differences between the figures as shown in the books of

the Organisation and these shown in the records of the main producers since the inception of the Scheme had been initiated only recently. The Committee desire that the matter should be finalised without any further delay.

[Para 86(i), S. No. 83 of Appendix IV to 8th Report (Third Lok Sabha)].

ACTION TAKEN

The difference between the figures as shown in the books of the Iron and Steel Controller and those shown in the records of the main producers have since been reconciled upto 31st March, 1962 subject to finalisation of certain dues to and by the Fund appearing in the books of the producers but not reflected in the accounts of the Organisation or vice versa.

The reconciliation was being carried out on a yearly basis. The statement of reconciliation as on 31st March, 1963 received from TISCO/IISCO are under scrutiny in the Office of the Iron and Steel Control. Certain variations were found in the records maintained by the Iron and Steel Controller and that of the producers. These have occurred as some of the claims and counter-claims which were accounted for in the books of the Company have not been taken into account in the books of the Iron and Steel Controller or vice-versa. These are now under scrutiny in the Office of the Iron and Steel Control. The Equalisation Fund will have no new transaction with effect from 1st March, 1964.

Recommendation

3. In evidence, the Committee were informed that an arrangement had been made with TISCO according to which the Company had agreed to pay a sum of Rs. 60 lakhs per month subject to adjustments to be made later on. A similar arrangement was also made with IISCO who, however, discontinued the practice after some time. The Committee desire that the matter should again be taken up with the Company, with a view to obviating any further accumulation of outstandings. They would like to have further report in the matter.

[Para No. 86(ii), S. No. 83 of Appendix IV to 8th Report (Third Lok Sabha)].

ACTION TAKEN

TISCO discontinued payment of the instalment from 19th September, 1962 as after adjustment of their counter-claims on account of increase in the retention price of steel it appeared that some amount would be payable by Government. So far IISCO is concerned they stopped payment from June, 1962 but again resumed payment from January, 1963, and it was estimated that if pending counter-claims

of the Company were taken into account and if disputed claims were excluded the amount due by IISCO as on 31st March, 1963 would work upto Rs. 17.37 lakhs inclusive of Rs. 14.41 lakhs being the rebate on steel payable by them in July, 1963 as per agreement. The actual amount recoverable from the producer on 31st March, 1963 was, therefore Rs. 2.96 lakhs only. The amount of Rs. 14.41 lakhs was duly recovered in July, 1963.

Total amount outstanding as on 31st March, 1963 against TISCO was about Rs. 2.23 crores and that from IISCO was about Rs. 1.89 crores. The total value of the claims of TISCO and IISCO on Equalisation Fund as accounted for by the producers in their books as on 31st March, 1963 were Rs. 6.92 crores and Rs. 4.75 crores respectively, as per their reconciliation statements. These claims are under scrutiny in the Office of the Iron and Steel Controller. Claims to the extent of Rs. 2.24 crores on account of old freight were disputed by TISCO. In the statement of reconciliation as on 31st March, 1962, the amount on this account was Rs. 2.18 crores. The increase is due to issue of further bills by the Iron and Steel Controller for Rs. 5.73 lakhs on this score. Regarding IISCO, the amount disputed was Rs. 29.92 lakhs on account of old freight and Rs. 14.41 lakhs on account of rebate of steel. The amount on account of rebate of steel has since been paid by IISCO. The claims of the Companies are under scrutiny in the Office of the Iron and Steel Controller.

It has been decided that with effect from 1st March, 1964, there will be statutory price control on flat products, Billets, Tin bars and pig iron (including ingot mould and rejected bottom plates). There will be no further adjustment with the Equalisation Fund with effect from 1st March, 1964.

Recommendation

4. In evidence, the Committee were informed that according to the agreement with M/s. TISCO & IISCO, interest on special advances and the repayment of the principal amount was to be met out of an element to be given to them in the price of steel. As this element had not been included in the existing price, the manner in which the interest could be recovered was under examination of Government. The Committee would like to be informed of the decision taken in the matter.

[S. No. 84 of Appendix IV to 8th Report (Third Lok Sabha)].

ACTION TAKEN

The matter is receiving Government's attention.

[O.M. No. PARL (10)-5/63, dated 13th May, 1964].

Recommendation

5. While the Committee are glad to be informed that the amount of outstandings on account of surcharge on imports had been considerably brought down, they are unable to appreciate why, in some cases, it should not have been possible for the Iron and Steel Control Organisation to recover outstandings from importers even three to four years after they had fallen due, when, according to the Rules, the surcharge was required to be paid within 14 days of the issue of the final claim. The Committee desire that effective steps should be taken to recover the balance from the importers by the earliest possible date. They further desire that the time-limit laid down under the Rules should, henceforth, of strictly complied with. They would, in this connection, like the organisation to examine the feasibility of introducing the system of bank guarantee against which the dues from importers could be adjusted well within time.

[Sl. No. 85—Para 88 of Appendix IV to 8th Report (Third Lok Sabha)].

ACTION TAKEN

Out of Rs. 45.5 lakhs as on 31st March, 1963, an amount of Rs. 10.45 lakhs had been recovered upto 30th November, 1964. In the Letter Order which preceded the acceptance of tender the importer was to submit a Bank Guarantee to cover the surcharge that was due from him. The actual amount of Bank Guarantee required was also worked out later and intimated to the Importer. In many cases, however, the importer either did not furnish the Bank Guarantee or furnished one which was defective in one way or another and it had to be returned. Meanwhile the imports had already taken place. After the imported material was delivered to the allottees the importer was required to submit a complete statement of accounts but in many cases such statements were inordinately delayed and sometime never submitted. There were cases where when the Bank Guarantees were invoked, the Banks concerned did not pay the amount. The importers on their part kept representing that they were not getting back the consignees receipts from the allottees (usually Government departments) and that they could not realise the amounts due from allottees to whom they were required to supply the material on 14 days credit (Government Departments). All this resulted in delay in making recoveries.

The procedure has now been changed since 21st November, 1963 to provide for Bank Guarantee being furnished before the Customs Permits are issued i.e. before the imports take place. The actual

amounts is calculated and a Bank Guarantee for this amount is taken from the handling agent. Bank Guarantees are invoked before they are due to expire and cases where Banks prove difficult, are reported to the Reserve Bank of India. Handling Agents who have proved troublesome in the past are no longer given any work and where handling agents find themselves in difficulties with allottees, the Iron and Steel Controller intervenes. Action against difficult customers (allottees) such as stopping of further supplies is also being contemplated.

Final claim bill can be issued only on receipt of accounts from the handling agents duly supported by documentary evidence. They take a minimum period of 3 months to collect the data and documents and to submit the statement of accounts. To avoid delay in realising surcharge the provisional bills are drawn up on the entire contracted tonnage on the basis of data available with the Iron and Steel Controller. Thus whatever settlement Iron and Steel Controller can make without the details from the handling agents is only provisional.

Recommendation

6. *From the facts of the case as mentioned in the Audit Report, the Committee are led to the conclusion that the performance of the firm in relation to their contractual obligations had been highly unsatisfactory. The Committee further observe that although the firm had failed to adhere to the prescribed time-schedule in 38 cases out of 42, claims for liquidated damages or token liquidated damages had been preferred only in five cases, and, even in these cases, no recovery had so far been effected. The Committee cannot but regret the sluggish manner in which the organisation had proceeded in the matter of invoking the penal provisions of the Contracts. This state of affairs, the Committee would like to caution, might not only involve Government in heavy financial losses, but also dislocate the planned programme of Government involving the use of contracted material. The Committee, therefore, desire that special attention should be paid by the Ministry of Steel & Heavy Industries to the matter with a view to ensuring that the interest of Government is not jeopardised in any way on account of any lapse or laxity on the part of the organisation.*

[S. No. 86, Para 89(i) of Appendix IV to the 8th Report (Third Lok Sabha)].

ACTION TAKEN

As stated in this Ministry's note on item 8 of the list of points enclosed with Lok Sabha Secretariat O.M. No. 21/22/62/PAC, dated

15th October, 1962 forwarded with this Ministry's O.M. No. PARL (10)11/62, dated 20th December, 1963, the question was finally gone into by an *ad-hoc* Committee set up in April, 1962 to examine and decide on the leviability or otherwise of liquidated damages in respect of all the outstanding cases.

The Committee have looked into 4 cases relating to this firm at their periodical sittings. Out of these 4 cases, recovery by adjustment involving Rs. 4,093 has been made in one case; one case involving Rs. 857.25 has been closed with the concurrence of the Local Finance and the remaining 2 cases involving Rs. 2,44,775 and Rs. 13,242, respectively, are now being processed for further action. Besides, claim already preferred in one case for Rs. 22,820 has subsequently been withdrawn with the concurrence of Local Finance. Another 12 cases have also been reviewed. Out of these 12 cases, liquidated damages have been found leviable in 3 cases only. In regard to these 3 cases, claims have been preferred in 2 cases. These two cases involving Rs. 77,927 are being processed for further action and the third case involving Rs. 14,571.75 has been closed on the advice of the Local Committee on Liquidated damages.

The Committee recommended in July, 1963 that on the basis of the decisions given by them in 80 representative cases and also, the clarifications and elucidations obtained at the instance of the Committee, the Iron and Steel Controller should dispose of the remaining pending cases in consultation with the Local Financial and Legal Advisers. This recommendation was accepted and it was decided that there was no need for the Committee to meet further.

With a view to expediting decision on the cases of liquidated damages pending as on 31st March, 1962, a local Committee consisting of the Iron and Steel Controller, Price and Accounts Officer, Deputy Price and Accounts Officer, Deputy Legal Adviser, Ministry of Law at Calcutta, Finance Ministry's representative at Calcutta and the Deputy Accountant General Commerce Works & Miscellaneous, Calcutta was appointed in July, 1964 for examining cases involving legal points and deciding which of the cases are *prima facie* suitable for being processed further including legal action and which should be dropped.

Accordingly, the Committee had its first sitting on 7th November, 1964 and 20 cases were placed before them. This includes 3 cases (out of 42 mentioned in the Recommendation of the Committee). Of these, 2 cases were decided to be treated as closed while it was decided that the remaining one should be processed for further action.

[O.M. No. PARL (10)8/63, dated 16/20-1965]

Recommendation

7. The Committee also consider it needless to emphasise that before fresh contracts are awarded to a contractor, his past performance should invariably be taken into account and no preferential treatment should be given to any particular firm.

[Para No. 89(ii), S. No. 86 of Appendix IV to 8th Report
(3rd Lok Sabha)]

ACTION TAKEN

The recommendations of the P.A.C. have been circulated to all the purchase Sections of this office for strict observance in future.

Recommendation

8. The Committee desired to be furnished with a note giving the price contracted for, the prevalent price and that allowed to the firm at the time of granting each extension. This is still awaited. The Committee would defer their comments on this aspect of the case till the requisite information is received from the Ministry. Meanwhile, it is hoped that Government would look into this case.

[Para 89(iii), S. No. 86 of Appendix IV to 8th Report (3rd
Lok Sabha)]

ACTION TAKEN

This information was also desired by P.A.C. in their sitting dated 12th October, 1962 vide Lok Sabha Secretariat O.M. No. 2/1/22/62-PAC, dated 15th October, 1962 query No. 9(iii). The information (Annexure I) on the points required by P.A.C. has already been furnished vide O.M. No. Parl. (10)-11/62, dated 20th December, 1963.

Recommendation

9. The Committee feel that it was irregular on the part of the Iron and Steel Control Organisation to have stipulated payment of subsidy on the material rolled in India when, under the Iron and Steel (Control) Order, 1956, no such material was eligible for subsidy.

[Para No. 91(i), S. No. 88 of Appendix IV to 8th Report
Lok Sabha)]

ACTION TAKEN

The irregularity pointed out is noted and action has since been taken to guard against recurrence of the same in future. A copy of

Steel Controller's Circular dated 16-11-1963 is attached—Annexure II.

Recommendation

10. To examine the matter further, the Committee desired to be furnished with the following information:—

- (a) What reasons were given by the firm for not producing documents regarding cost of imported raw material and cost of conversion, as desired by the Ministry of Finance?
- (b) Was the delivery period adhered to by the firm in this case?

This information is still awaited. The Committee would, therefore, defer their comments on this aspect of the case till the requisite information is received from the Ministry.

[Para 91(ii). S. No. 88 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

The required information has already been furnished in connection with the information desired by P.A.C. in their sitting on 12th October, 1962 vide Lok Sabha Secretariat O.M. No. 2 1/22/62/PAC dated 15th October, 1962 and reply sent under cover of this Department OM No Parl. (10)-11/62, dated 4th October, 1963 Query No. 10(i) & (ii). A copy is attached—Annexure I

Recommendation

11. The Committee are hardly satisfied with the explanation of the Ministry for not carrying out investigations into the lapses, revealed in the Organisation's dealings with the firm. They would, in this connection, like to point out that the idea underlying the recommendation of the Public Accounts Committee (1960-61) made in para 134 of their 34th Report was that not only the then Controller but also all other officers, who were responsible for the lapses revealed in the Organisation's dealings with the firm, should be suitably dealt with, so that cases of the type did not recur. After going through the irregularities revealed in this Audit para as also in paras 30 and 31 of Audit Report (Civil) 1961, the Committee are now more than ever convinced of the need for such an investigation. They, therefore, desire that early effect should be given to the aforesaid recommendation of the Public Accounts Committee (1960-61).

[S. No. 89 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

The circumstances in which the firm in question had been appointed a Controlled Stockist have been explained in the Ministry's draft note for the Public Accounts Committee in respect of the recommendations/suggestions made by them in Para 134 of their 34th Report, and there is nothing new to add to it. It would appear that the firm was not appointed a regular controlled stockist, when the ban was in force. They were appointed as stockist on an *ad hoc* basis only, for a small quantity of 2,000 tons in some special circumstances given below:—

The firm had imported some stocks of steel billets for their own use, against their commercial licence. Out of this quantity they were directed to supply 4,000 tons to a Registered Re-roller at the statutory price then prevailing on condition that there would be no adjustment with the Equalisation Fund; but they would be allowed to sell the rounds rolled, in respect of 50 per cent of the quantity supplied. This was presumably done as an inducement to the firm to supply the billets of which there was an acute shortage then. In any case, the appointment was for a limited purpose only and that also in regard to a specific quantity. It had not thus the usual attributes of a full fledged controlled stockistship.

The point has been examined again and it transpires from the relevant record available that the decision to give them *ad hoc* controlled stockistship was taken by the then Controller in consultation with the then Price and Accounts Officer (though no notings in this respect are available in the relevant file). As already stated, of the officers concerned, one is dead and the other retired from Government service long since. One signature only of—the then Deputy Iron and Steel Controller also appears on the aforesaid relevant record and this officer also has retired long since. There was no other officer concerned in it.

[O.M. No. Parl. (10)-8/63. dated 22-8-1964]

Recommendation

12. *The Committee are unhappy over the manner in which this case had been handled by the Iron and Steel Controller Organisation. They observe that although the clarificatory letter from the indenter had been received in the Organisation on the 23rd September, 1958, it did not reach the dealing Section till the 29th September, 1958. This, in the opinion of the Committee, betrayed not only a lack of*

proper sense of urgency on the part of the officers who initially received the letter but also a lack of proper coordination between the different sections of the Organisation.

[Para 93(i), S. No. 90 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

Necessary remedial action has been taken by issue of an office order dated 10th April, 1962 (copy enclosed)—Annexure III.

Recommendation

13. The Committee further observe that although the firm had delayed the completion of supplies by over 19 months, the liquidated damages for delay in supplies and consequential loss suffered by the consignees (amounting to about Rs. 4.24 lakhs) could not be recovered from the firm as the contract had been entered in the name of the President of India, whereas the loss had been suffered by the State Government on whose behalf the material was purchased. The Committee consider this legal flaw in the Agreement as highly unfortunate. They would, however, like to point out that although in view of this flaw, liquidated damages might not have been legally recoverable from the suppliers, they were, in accordance with the spirit of the Agreement, morally bound to pay the damages. The Organisation should have, therefore, taken up the matter with the firm, and used their influence to persuade them to pay the damages failing which, the Organisation should have considered the question of stopping further dealings with the firm for having resiled from a commitment.

[Para 93(ii), S. No. 90 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

These observations have been noted for taking necessary action. The question of recovery of liquidated damage is also being pursued

Recommendation

14. In evidence, the Committee were informed that a suitable procedure to be followed in cases of the present type on the lines followed by the D.G.S. & D. was now under consideration of the Organisation. The Committee desire that an early decision should be taken in the matter.

[Para 94(i), S. No. 91 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

The matter is under examination with a view to arrive at an early decision.

Recommendation

15. As regards the indenter's complaint that the firm had supplied mild steel, instead of steel of high tensile strength, it was stated that only one particular size of angles appeared to be defective which the suppliers were willing to replace. The Committee would like to have a further report in the matter.

[Para 94(ii), S. No. 91 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

Indenter's fabricators pointed out that only a certain size of Angles was below specification. According to the Importers, the total tonnage involved on this account is only 42.7 which they are agreeable to replace. Accordingly the Indentors were requested as early as 10th August, 1962 to settle this case without any further delay; but their final reply in this regard is still awaited in spite of several reminders, including D.Os.—the last one was a D.O. reminder issued to Chief Accounts Officer on 17th April, 1963. Tripartite discussions among representatives of the Iron and Steel Controller, the indenter and the firm were also held on 20th March, 1964 and 9th April, 1964 but the matter could not be finalised.

Recommendation

16. The Committee observe, that an additional payment of Rs. 4.34 lakhs was made by the indentors in this case on consideration of ex-stock/ex-jetty delivery. As, however, the period of actual supply in respect of more than 40 per cent of the material ranged between 4 to 14 months, the object underlying the additional payment was partly defeated.

[Para 95(i), S. No. 92 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

Noted. In such cases providing for ex-stock/ex-jetty delivery in future a time limit for completion of supply will be specified.

Recommendation

17. To examine the matter further, the Committee would like to be informed to what extent the delay in supply could be attributed to failure on the part of the indentors to make timely transport arrangements.

[Para 95(ii), S. No. 92 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

At this distance of time it is not possible for want of records to say definitely the actual extent of delay due to lack of timely transport arrangement but it is well-known that there was a shortage of wagons at the time.

Recommendation

18. While the Committee are glad to be assured that the settlement reached with the suppliers, according to which the Railways had been supplied, free of cost 1,290 tons of crossing sleeper bars, was quite reasonable, the Committee cannot help expressing regret at the defective inspection by the India Store Department, London. The Committee understand that the question of fixing responsibility for this lapse was under consideration. The Committee would like to have a further report in this matter.

[Para 96(i), S. No. 93 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

The Department of Supply who are concerned in the matter have been requested to submit a note in this connection.

Recommendation

19. Another aspect of the matter which causes concern to the Committee is that in such a big contract as the present one, involving an amount of Rs. 6 crores, the Iron and Steel Control Organisation had failed to take even the elementary safeguard of providing for "Warranty Clause" in the contract. They trust that the Organisation will be more careful, while entering into such contracts in future.

[Para 96(ii), S. No. 93 of Appendix IV to 8th Report (3rd Lok Sabha)]

ACTION TAKEN

Steps have been taken to provide for a Warranty Clause (with slight modifications, if necessary, to suit the special circumstances of the case) in the General Conditions of all the contracts except Bulk Contracts negotiated against rupee payment contract.

[O.M. No. Parl. (10)-8/63, dated 11-6-1964]

ANNEXURE I

Item No. 10(i).—What reasons were given by the firm in question for not producing documents regarding cost of imported raw material and cost of conversion, as desired by the Ministry of Finance?

ANSWER

The firm in question failed to supply the relevant documents inspite of repeated requests by this Office. Their contention was that the materials were purchased from them as per clause 2 of the A./T. which provided for fixed price ex-works, Calcutta.

At that time no conversion cost was fixed for unregistered re-rollers as in the present case

Item No. 10(ii).—Was the delivery period adhered to by the firm in question in this case?

ANSWER

The A/T dated 29th September, 1956 provided for immediate delivery ex-works. No specific date of delivery was mentioned. The period during which the delivery was made is as given below:—

9/56	.	.	.	629—18—3—2
10/56	.	.	.	472—17—1—17
11/56	.	.	.	12—4—2—6
12/56	.	.	.	94—15—2—7
3/57	.	.	.	12—16—2—7
5/57	.	.	.	8—16—0—3
				<hr/>
				1231—8—3—16

Item No. 10(iii).—What were the contracted and controlled prices in this case?

ANSWER

Materials	Size	Contracted price (A. T. Price) (in Rs.)	Controlled Price (Col. 1 price). (in Rs.)
Angles	2½" x 2½" x ½"	730.00	593.75
	2" x 2" x ½"	730.00	600.00
	1½" x 1½" x ½"	730.00	605.00
Rounds	5 16" dia.	730.00	645.00
	3 8" dia.	725.00	610.00
Flats	1½" x ½"	750.00	575.00
	2" x ½"	750.00	575.00

New Delhi, the 3rd October, 1963.

Secy. to the Govt. of India.

Item No. 9(iii)

In each case where an extension was granted what was:—(a) the price stipulated in the contract; (b) the price at the time of granting extensions; and (c) the price actually paid to the firm?

ANSWER

Statement attached.

Secy. to the Govt. of India.

ANNEXURE II

*Information called for by the Lok Sabha Secretariat vide Point 19 (iii) of the list appended to their O. M. No. 2122 62
PAC, dated 15-10-1962.*

Sl. No.	A/T No. & Date	(a) Price stipulated in the contract	(b) Price at the time of grant- ing extension.	(c) Price actually paid to the firm.
1	2	3	4	5
1	ISC CDN-A P(162) Surr., dated 6-9-55	Rs. 460.00	Rates not quoted in the Metal Bulletin. General trend was higher	Rs. 460.00 (A/T Rates)
2	CDN-A Tele/56-55/1 Surr., dated 2-8-55	(i) Rs. 1030.00 plus freight variation (ii) Rs. 958.00 plus freight variation. (iii) Rs. 1030.00 plus freight variation	Do.	(i) 199 tons @ Rs. 1030.00 (A/T Rate) plus freight variation. (ii) 841 tons @ 958.00 (A/T Rate) plus freight variation. (iii) 51 tons @ Rs. 1031.94 (Invoice Price).
3	CDN-A Billets Surr., dated 3-7-55	(i) Rs. 547.25 (ii) Rs. 458.12	Do.	(i) 2931 tons @ Rs. 547.25 (A/T Rate) (ii) 1506 tons @ Rs. 458.12 (A/T Rate).
4	ISC CDN-A P(154) Surr., dated 21-22-6-56	(i) Rs. 604.37 (ii) Rs. 564.50 (iii) Rs. 576.50 (iv) Rs. 587.00	Rs. 660.83	(i) 98 tons @ Rs. 604.37 A/T Rate (ii) (a) 702 tons @ Rs. 564.50 (A/T Rate) (b) 985 tons @ Rs. 559.71 (Invoice Price) (iii) 241 tons @ Rs. 576.50 (A/T Rate).

1	2	3	4	5
5. CS/97/Consd/Surr. dated, 3-12-56	Rs. 1155.00 plus freight variation.	Rs. 968.49 (1st Extn.) Rs. 1175.01 (2nd Extn.) Rs. 925.98 (3rd Extn.)	3504 tons @ Rs. 1155.00 (A/T Rate) plus freight variation. 851 tons @ Rs. 1190.63 (Invoice Price) 776 tons @ Rs. 1143.76 Do. 394 tons @ Rs. 1183.50 Do. 490 tons @ Rs. 1162.50 Do. 96 tons @ Rs. 1090.58 Do.	
6. CS 142 Plats/SOL. dated. 10-12-56.	(i) Rs. 694.00 plus freight variation. (ii) Rs. 718.00 (including quality extra) plus freight variation. (iii) Rs. 727.54 (including quality and size extra) plus freight variation.	Rs. 699.86 (1st Extn.) Rs. 619.17 (2nd Extn.) Rs. 619.17 (3rd Extn.)	(i)(a) 972 tons @ Rs. 694.00 (A/T Rate) plus freight variation. (b) 728 tons @ Rs. 706.08 (Invoice price). (c) 204 tons @ Rs. 709.91 (ii) 312 tons @ Rs. 718.00 (A/T Rate) plus freight variation. (iii) (a) 865 tons @ Rs. 727.54 (A/T Rate) (b) 112 tons Rs. 723.39 (Invoice Price) (c) 225 tons Rs. 721.61 (Invoice Price)	
7. CS 51/Flats/SOL. dated. 6-19-11-56.	Rs. 694.00 plus freight variation	Rs. 742.45 (1st Extn.) Rs. 699.86 (2nd Extn.) Rs. 604.64 (3rd Extn.)	918 tons @ Rs. 694.00 (A/T Rate) plus freight variation.	
8. CS 86/Crossing Sleepers bars/SOL dt. 25-10-56.	Rs. 682.00 minus freight variation	Rs. 608.93 (1st Extn.) Rs. 504.34 (2nd Extn.)	10391 tons @ Rs. 682.00 (A/T Rate) minus freight variation.	

9. CS/131/Sheets/SOL dt. 17-10-56	16 G Rs. 956.00 minus freight variation. 24 G @ Rs. 1014.00 Do. 26 G Rs. 1049.00 28 G Rs. 1063.00	Rs. 1060.42 Rs. 1068.00. Rs. 1060.42 Rs. 1088.23. Rs. 1088.23 Rs. 1109.12. Rs. 1095.81, Rs. 1116.70, Rs. 1109.12. Rs. 1130.00, Rs. 1137.58, Rs. 1130.00 (1st Extn.) (2nd Extn.) (3rd Extn.)	458 tons @ Rs. 956.00 (A/T rate minus freight variation. 938 tons @ Rs. 1014.00 " " 437 tons @ Rs. 1049.00 " " 458 tons @ Rs. 1063.00 " "
10. CS/104 Wagon 56-57/SOL dt. 11-9-56	Rs. 723.50 plus freight variation.	Rs. 742.42 (1st Extn.) Rs. 699.86 (2nd Extn.) Rs. 699.86 (3rd Extn.) Rs. 604.64 (4th Extn.)	38 tons @ Rs. 723.50 (A/T Rate) plus freight variation. 123 tons @ Rs. 724.61 (Inv. Price) 307 tons @ Rs. 724.99 (Inv. Price)
11. CS/40/Sheets SOL dated, 13-6-56.	Rs. 1000.78 (including size) extra plus frt. variation.	Rs. 1060.42 (1st Extn.) Rs. 1060.42 (2nd Extn.)	1178 tons @ Rs. 1000.78 (A/T Rate) plus freight variation.
12. CS/18/Billets dated, 8-5-1956.	Rs. 749.00 plus frt. variation.	Not available in the Metal Bulletin. General trend was higher.	1436 tons @ Rs. 729.00 (A/T Rate) plus frt. variation.
13. CS/1/Sheets/SOL dt. 17-3-1956	Rs. 777.56 " "	Rs. 835.02 (1st Extn.) Rs. 849.31 (2nd ") Rs. 865.98 (3rd, 4th and 5th Extn.)	8040 tons @ Rs. 777.56 (A/T Rate) " "
14. CDN-A/Rlys(3)/SOL/ dt. 6-3-1956.	Rs. 665.00	Rs. 699.86 (1st Extn.) Rs. 699.86 (2nd ") Rs. 556.80 (3rd ")	3277 tons @ Rs. 665.00 (A/T Rate)
15. CDN-A/Rly. III/SOL dt. 28-3-1956.	Rs. 575.00 plus frt variation.	Not available in the Metal Bulletin. General trend was higher.	1484 tons @ Rs. 575.00 (A/T Rate) plus freight variation. 17 tons @ Rs. 560.88 (Invoice Price) 746 tons @ Rs. 565.74 (Invoice Price) 761 tons @ Rs. 574.10 (") 2016 tons @ Rs. 560.78 (")

1	2	3	4	5
16	CS 1 Sheets SOL. dt. 18-20-2-56	(i) Rs. 772.75 minus frt. variation. (ii) Rs. 744.00 ..	Rs. 835.14 Rs. 835.14	(i) 2925 tons @ 772.75 (A/T Rate) minus frt. variation. (ii) (a) 216 tons @ Rs. 711.73 (Invoice price) (b) 22 tons @ Rs. 708.99 (.. ..)
17	CDN-A Sheets (D) SOL. dt. 9-1-56	25' G Rs. 882.00 (Plus frt. vartn.) 20' G Rs. 832.00 .. 26' G Rs. 860.00 ..	Rs. 904.61, Rs. 912.70, Rs. 912.70, Rs. 835.04, Rs. 843.13, Rs. 843.13 Rs. 883.73, Rs. 891.80, Rs. 891.80 (1st Extn.) (2nd Extn.) (3rd Extn.)	691 tons @ Rs. 882.00 (A/T Rate plus frt. vartn.) 1131 tons @ Rs. 832.00 178 tons @ Rs. 860.00
18	CS 144 Pig Iron SOL. dt. 22-24-12-56	Rs. 455.00	Not available in the Metal Bulletin. General trend was higher.	7999 tons @ Rs. 455.00 (A/T Rate)
19	CS 76 Rlys Pig Iron (B) dt. 16-11-56	Rs. 425.00 plus frt. vartn.	Not available in the Metal Bulletin. General trend was higher.	40470 tons @ Rs. 425.00 (A/T Rate) plus frt. vartn.
20	CS 8 Pig Iron SOL. dt. 1-6-56	Rs. 337.00	Do	9068 tons @ Rs. 357.00
21	CS 8 Pig Iron SOL. dt. 1-6-56	Rs. 356.00	Do	7933 tons @ Rs. 356.00
22	CS 48 SOL. dt. 5-10-56	(i) Rs. 714.00 (ii) Rs. 704.00	Rs. 762.79 plus size extra	(i)(a) 4123 tons @ Rs. 714.00 (A/T Rate)

(m) Rs 723.53
 (n) Rs 718.85
 (o) Rs 737.91
 (p) Rs 733.07
 (q) Rs 728.38

including size extra.

(b) 94 tons @ Rs. 699.82
 (Invoice Price)
 (c) 336 tons @ Rs. 713.74 "
 (d) 26 tons @ Rs. 591.98 "
 (e) 117 tons @ Rs. 671.54 "
 (f) 40 tons @ Rs. 645.86
 (A/T rate)
 (ii) 19 tons @ Rs. 764.00
 (A/T rate)
 (iii) 215.85 tons @ Rs. 723.53
 (" ")
 (iv) (a) 653 tons @ Rs. 718.85
 (A/T rate)
 (b) 9831 tons @ Rs. 704.77
 (Invoice price)
 (v) (a) 223 tons @ Rs. 727.91
 (A/T Rate)
 (b) 917 tons @ Rs. 724.90
 (Invoice price)
 (vi) (a) 13 tons @ Rs. 733.07
 (A/T Rate)
 (vii) 50 tons @ Rs. 714.78
 (Invoice price)

23 CS 63 Rounds
 dt. 1-8-5-56

(i) Rs 700.00
 (ii) Rs 533.00

Rs 696.49 (1st Extn.)
 Rs 686.54 (2nd Extn.)
 Rs 671.54 (3rd " "
 Rs 554.73 (4th " ")

780 tons @ Rs. 682.32 (Invoice price)
 37 tons @ Rs. 668.12 (Invoice price)

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NB.—The figures for freight variation (plus or minus) in columns (a) & (c) are the same in respect of each shipment of a particular contract.

1	2	3	4
24	ISC/CDN-86-23 6 SOL. dt. 4-4-56	Rs. 603 00	Not given in the Metal Bulletin. General trend was higher.
25	CDN-A-86-5201 8 SOL. dt. 6-3-1956	Rs. 796 00 (C&F)	Rs. 820 00 (for 1st Extn.) Rs. 850 00 (for last two extensions.)
26	CDN-A 5201 13 SOL. dt. 4-4-65	Rs. 763 00 (C&F)	Rs. 727 (C&F)
27	CDN-A/86-41059/17 SOL. dt. 21-5-56	Rs. 638 00 (C&F)	Price for Rails not quoted in the Metal Bulletin. Also no tender purchase was made by the time exten- sions were given for ma- terials of identical speci- fication.
28	CDN-A 86-41059 16 SOL. dt. 17-5-56	Rs. 758 00	Rs. 641 00 (C&F)

In these cases the cost of the materials was paid to the suppliers out of the TCA fund through letter of credit. As such the prices actually paid to the firm in these cases are not available.

The requisite information is being collected and a further communication will follow.

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Secretary to the Govt. of India.

Recommendation

20. *The Committee regret that in a matter involving Government dues to the extent of Rs. one and a half crores the Iron & Steel Organisation should have failed to maintain proper records. They desire that the Ministry should address itself to the matter and impress upon the Organisation the imperative need to maintain properly all records involving the financial interests of Government.*

[Para No. 5(i), S. No. 5 of Appendix I to 12th Report (3rd Lok Sabha)].

ACTION TAKEN

Noted. A circular has already been issued by the Iron and Steel Controller in this connection on 2nd July, 1963 Annexure IV.

Recommendation

21. *The Committee regret to observe that although more than three years have elapsed since the Committee of 1959-60 had urged upon the Iron and Steel Control Organisation to proceed with the work of recovering the outstandings from the main producers with utmost expedition, much headway has not yet been made in the matter. They again urge that the matter should be finalised without further delay.*

[S No 6 of Appendix I to 12th Report (3rd Lok Sabha)].

ACTION TAKEN

Various efforts have been made and are still being made to reach an agreed basis of settlement over this complicated issue. Revised procedure suggested by the Ministry as appearing in Appendix XVI of the Twelfth Report (Third Lok Sabha) was taken up with TISCO but they did not agree to it. Later on Iron & Steel Controller was asked to hold personal discussions with the producers (TISCO & IISCO) at the highest level in order to recommend early a method of settlement equitable and acceptable both to Government and producers. Accordingly a meeting was held on 13th August, 1963 at Jamshedpur at the highest level with TISCO from whom the bulk of the amount on freight account is due. The matter is at present under active consideration in consultation with TISCO, IISCO, and Iron & Steel Controller.

[O.M. No. PARI. (10)-16 63, dated 16th May, 1964.]

ANNEXURE II

COPY OF CIRCULAR NO. PUR: AUDIT II/PAC-8TH REPORT, DATED THE 16TH NOVEMBER, 1963 FROM MINISTRY OF STEEL & HEAVY INDUSTRIES, IRON AND STEEL CONTROL, 33, NETAJI SUBHAS ROAD, CALCUTTA—1.

SUBJECT:—*Irregular Provision for payment of subsidy.*

In a contract placed on a firm for supply of steel materials to the Defence Department, provision for payment of subsidy was made in respect of certain steel material rolled in India out of imported raw materials. The provision for payment of subsidy in the aforesaid case was irregular because subsidy could be paid only in respect of imported steel materials as per Public Notification No. SC (B)-16 (9) '52, dated 22nd April, 1952. The Public Accounts Committee in their 8th Report (Serial No. 88 para No. 91) of the Third Lok Sabha 1962-63 have observed that "it was irregular on the part of the Iron and Steel Control Organisation to have stipulated payment of subsidy on the material rolled in India".

All concerned are, therefore, hereby instructed to ensure while placing contracts on the firms in future that no provision is made for payment of subsidy on materials rolled in India out of imported raw materials

Iron and Steel Controller.

ANNEXURE III

MINISTRY OF STEEL, MINES AND FUEL (DEPARTMENT OF IRON AND STEEL)

Iron and Steel Control (Admn.) 33, Netaji Subhas Road, Calcutta—1.

In connection with Sl. No. 90 Para 93(i) Office Order No. 9 (1962

Series) dated 10th April, 1962

A number of letters received in this office do not bear the correct reference. Some of the letters are worded in a language that it is difficult for the R.I. Branch to mark them properly.

2. Arrangements have been made in the R.I. Branch to mark letters as accurately as possible. In case of doubt they should send letters from Central or State Government Departments, Railways or Projects to Deputy Director (Administration) on the date of their receipt, to ensure that they reach the officer concerned with the minimum delay. Letters from private parties, which do not contain any reference and where there is some doubt as to which Branch would deal with the subject, could be sent to Assistant Director (Administration) for a decision.

3. Even then the possibility of some letters going to wrong Branch or Section cannot be ruled out. It is the duty of all Section Officers to pursue their dak daily. If they come across any letter which does not concern them, it should be returned to R&I Branch with the least possible delay with a remark that this does not concern them. It will also be helpful if they could give an indication as to the Branch or Section which is likely to be concerned with a particular receipt.

4. If, in future, letters which do not concern Section Officers to whom they are initially sent, are not returned to the R&I Branch within 24 hours of their receipt by them, strict action will be taken against the person or persons responsible for withholding such papers.

All concerned may be asked to note carefully.

*Dy. Director (Administration)
Dated 10th April, 1962.*

To

All Section Officers/All Branches/Sections.

Copy to:—(i) the Regional Office of the Iron and Steel Controller, Everest Building, 6th Floor, 100, Netaji Subhas Road, Bombay—2.

(ii) The Regional Office of the Iron and Steel Controller, 15 McNicholls Road Chetpet, Madras—10.

(iii) The Regional Office of the Iron and Steel Controller, c/o Department of Iron and Steel, New Delhi.

Copy for information forwarded to the Department of Iron and Steel New Delhi with reference to their endt. No. D.O. SC(B) - 15 (31)/61, dated 4th April. 1962.

ANNEXURE IV**No. Pur: Audit II/PAC/REPORTS****dated 2-7-1963****CIRCULAR**

Certain records in regard to freight on steel supplied by the two main producers (TISCO and IISCO) to various allottees during the period from 1st May, 1949 to 10th June, 1956 were not maintained properly by this office. The Public Accounts Committee have made some adverse comments in this regard in their 12th Report. They have stressed the imperative need to maintain properly all records involving the financial interests of Government. It is accordingly hereby enjoined upon all concerned that all records involving the financial interests of Government should be maintained properly and any omission or neglect in this regard on the part of any official will be seriously dealt with.

Sd - A. G. NARAYANASWAMI,**Price and Accounts Officer****Recommendation**

Several major accounting and other failures in the Iron and Steel Controller's Organisation have recently been dealt with by the Committee in paragraphs 85 to 96 of their 8th Report (Third Lok Sabha). In the Committee's opinion functioning of the Organisation and the methods of work followed therein call for careful review by Government. The Committee would reiterate in this connection their recommendation in concluding part of paragraph 143 of their 34 Report (Second Lok Sabha).

[S. No. 7 of Appendix I to 12th Report (3rd Lok Sabha)].

ACTION TAKEN

Point raised in connection with paras 89(ii) and 89(iii), 91, 93, 94, 95 and 96 of the 8th Report of Public Accounts Committee (3rd Lok Sabha) have been answered in the note sent with this Department O.M. No. Parl. (10)-8/63 dated 11th June, 1964. A further statement will be submitted in continuation, on the remaining paras, on imported steel.

The Service Re-organisation Unit examined the working of the Iron and Steel Controller's office in some detail in 1962, with particular attention to the procedural techniques adopted, the norms of work load and the maintenance of the prescribed forms and registers. Their observations are being backed up from time to time by studies conducted by Work Study Units deputed from the Ministry or by the O. & M. Organisation in the Central Office itself. Proposals for strengthening the latter and making it more effective are also under consideration. The Raj Committee, set up by Government to examine the policy aspects of Steel Control, recommended certain changes, which have been accepted by Government. As a result of one of the recommendations, the Equalisation Fund is being wound up and no fresh transactions involving the Fund will take place after March 1, 1964. The Controller's office will, therefore, no longer have to maintain elaborate accounts of surcharge due to the Fund, or subsidies payable from the Fund; and will not have to exercise considerable care in seeing that collections to the Fund are made in time. While direct import through tenders has not been in practice for some time now, even the remaining Government to Government imports made by the Controller at present will be channeled gradually through the Minerals and Metal Trading Corporation. The Controller's office will, therefore, no longer deal with those sectors of work in which the Committee particularly observed many shortcomings. Government, therefore, do not consider any fresh review of the working of this office to be necessary.

(O.M. No. PARL (10)-16/63 dated 14-4-1965).

Recommendation

The Committee are of the view that in the absence of any damages being claimed from Contractors for the delay in execution of Contracts, the supply of steel may be quite uncertain and the contractors who are mainly concerned with the supply of imported articles, may tend to withhold supply when prices go up and make the supply later on when prices come down. In order to eliminate/minimise the delay, the Committee recommend that some penalty should be imposed on the Contractors for their failure to fulfil contracts within the specified time and suitable provision be made in the contracts.

[Para 24(1)-Sl. No. 20, of Appendix I to 25th Report (3rd Lok Sabha)].

ACTION TAKEN

Some penalty as mentioned above is to be imposed when purchases are made through contractors and they fail to fulfil the terms and con-

ditions of the acceptances of Tender within the specified time. At present, however, no such acceptances of tender are being placed on contractors by Iron and Steel Control Organisation. Import has now been restricted to Bulk Purchase only and agreements are entered into direct with the foreign Governments or their trade representatives for supply of materials against loans received from foreign Governments or against bilateral trade agreements. In so far as imports from Rupee payment countries on Government to Government basis are concerned, Ministry of Law are being consulted about suitable provisions being made in the Contracts and Ministry of Commerce are being consulted about the effect of such provisions on the Trade Agreements as a whole. The position will be reviewed on receipt of their advice. Accordingly at this stage there is no scope for placing any contract by making suitable provisions therein for penalising the contractor in case of failure on his part to fulfil the contract. If, however, in future any such purchase is made through contractors, suitable provision will be made in the Contracts as recommended by the Committee.

Recommendation

It was pointed out by the Comptroller & Auditor General during evidence that according to the Manual of Purchase Order of D.G.S.&D., whenever it was decided to extend the period of completion of contract subject to recovery of liquidated damages for delay in supplies, the contractor must be given a warning to this effect in writing at the time of granting the extension and it would not be correct to grant extension without any mention of the liquidated damages. The representative of the Ministry informed the Committee that the D.G.S.&D. Manual was not applicable to the Iron and Steel Controller's Organisation and they were guided by ordinary purchase rules of Government. The Committee feel that without any proper and uniform purchase procedure, there are possibilities of some lacunae being left in the contract. The Committee regret to note that the provisions of the Manual of the D.G.S.&D. had not been followed without any recorded reasons as to why they were considered inappropriate for the Iron and Steel Controller's Organisation. The procedure laid down in that Manual was obviously evolved in the light of actual purchase experience over a long period of years and in the light of legal advice obtained from time to time. The Committee desire that the Iron and Steel Controller's Organisation should either be guided by the D.G.S.&D. Manual with suitable modifications where necessary or they should prepare and publish their own Manual.

[Para 24(ii), S. No. 20 of Appendix I to 25th Report (3rd Lok Sabha)].

ACTION TAKEN

The Purchase procedure at present followed by Iron and Steel Control Organisation has been indicated against Para 24(i) above. In this connection it may also be mentioned that on the basis of Raj Committee's recommendations Government are examining the possibility of routing imports through the Minerals and Metals Trading Corporation. If, however, in future as mentioned against Para 24(i) above any Contract is placed by inviting tenders the D.G.S.&D. Manual will be followed in so far as it suits the requirements of Iron and Steel Control Organisation.

Recommendation

The Committee further desire that this matter regarding levying of liquidated damages be reviewed again with a view to safeguarding the Government's interest as regards delay and financial losses.

[Para 24 (iii). S. No. 20 of Appendix I to 25th Report (3rd Lok Sabha)].

ACTION TAKEN

In this connection it may be mentioned that in regard to contracts already entered into by Iron and Steel Control Organisation an Ad-hoc Committee was formed in April, 1962 consisting of representatives from the Ministry of Steel, Mines and Heavy Engineerin, Ministry of Finance, Iron and Steel Control, and Audit with a view to reviewing the pending cases of liquidated damages. The Committee examined and gave decision on 80 cases. On the basis of decision given by the committee on the above 80 representative cases, action is now being taken to settle the remaining cases numbering about 255 departmentally (as on 1st November, 1964) in consultation with local financial and legal advisers.

At present, however, as explained above, no such contract involving the question of Liquidated Damages is being placed by Iron and Steel Control Organisation.

I.O.M. No. PARL (10)-12/64, dated 5-2-1965].

Recommendation

In the course of evidence, the Committee were informed that the question of making an ad-hoc recovery from the Controlled Stockists on account of cost of packing material had not been considered as the controlled stockists had to incur certain expenditure on handl-

ing and opening of packages etc. In the view of the Committee it is a normal feature for purchasers to incur certain expenditure while taking delivery or opening packages. The Committee are surprised that for steel which is paid for on the basis of the gross weight including the cost of packing material the Controlled Stockists are allowed an undue advantage by being required to pay only for the net weight and without making any payment for the packing material which they retain and can dispose of for an appreciable amount. They are, therefore, of the opinion that in order to make up the loss on account of packing material suitable recovery should be made from the controlled stockists.

[S. No. 22 of Appendix I to the 25th Report (Third Lok Sabha)].

ACTION TAKEN

The Government Sanction No. ISC-22(167)/56, dated 5th April, 1957 provided for supplies to controlled stockists at net weight without recovery of packing extra. No recovery of any amount in this connection is, therefore, feasible at this stage in respect of materials already supplied as per above sanction. A circular has, however, since been issued under No. AI/1/1/64/2 dated the 4th July, 1964 for making suitable recoveries in this respect from the controlled stockists.

[O.M. No. PARL (10)-12/64, dated 1-12-1964].

Recommendation

The Committee note that the Minister of Steel, Mines and Heavy Engineering announced in Lok Sabha on the 2nd March, 1964 that "now that freight equalisation will be entrusted to the Joint Plant Committee and statutory control over price is abolished in the case of bulk production, there is no further need to continue the operations of Equalisation Fund. Accruals to the Fund and payments from the Fund resulting from previous transactions will, however, have to continue". He added that Government had decided that as from 1st March, there should be no new transactions involving payment either to or from the (Steel) Equalisation Fund. The Committee trust, therefore, that the final settlement of the outstandings against the producers etc. would be expedited.

[S. No. 23 of Appendix I to the Twenty-fifth Report (Third Lok Sabha)].

ACTION TAKEN

The Committee's recommendation has been noted.

[O.M. No. PARL (10)-12/64, dated 1-9-1964].

APPENDIX XXI

MINISTRY OF STEEL AND MINES (DEPARTMENT OF MINES AND METALS

Recommendation

The Committee regret to observe that due to 'lethargy' on the part of both the collieries and the cess collecting staff, heavy arrears of cess had accumulated in respect of despatches by means other than rail. They also observe that instructions issued by State Governments to Collectors to recover the dues, as arrears of land revenue, had not brought any satisfactory improvement in the position. The Committee therefore, desire the Ministry of Mines and Fuel to examine the feasibility of directing the Coal Controller not to issue further permits to defaulting collieries for despatch of coal unless they have paid up the cess arrears. The Committee hope that with the introduction of the coupon system arrears would not accumulate in future.

IS. No. 70 of Appendix III to 7th Report (3rd Lok Sabha) I.

ACTION TAKEN

The suggestion has been considered in consultation with the Ministry of Law, and the Coal Controller. It is not considered feasible to direct the Coal Controller to refuse issue of permits to collieries which are in arrears of cess, as under the Colliery Control Order the collection of arrears of cess and the issue of permits cannot be correlated. The Coal Controller has, however, been arrears remaining to 1964 to intensify steps to realise arrears. The arrears remaining to be recovered as on 31st December, 1963 are Rs. 1.99 lakhs as against Rs. 3.95 lakhs as on 1st April, 1962.

[O.M. No. C5-2 (7) 63 dated 9-8-1964].

APPENDIX XXII

MINISTRY OF WORKS AND HOUSING

*Statement showing Action taken on the recommendations of the
Public Accounts Committee*

[Nineteenth Report (Third Lok Sabha)].

Recommendation

1. They feel that Government should take some concrete steps to curb the general tendency on the part of autonomous, semi-autonomous or departmental bodies to spend extravagantly on buildings. The Committee suggest that some suitable standards of austerity should be laid down by Government in regard to putting up of public buildings which should accord well with austerity expected to be observed by the tax-payer.

[S. No. 23 (ii) of Appendix V to 19th Report (1963-64)].

ACTION TAKEN

The Ministry of Works and Housing are concerned with recommendation regarding the laying down of austerity standards for public buildings. Scales of accommodation to be provided in new office buildings have been laid down in this Ministry's Memorandum No. WII 95(64)/53 dated the 5th April, 1954 (copy enclosed). Based on austerity these scales are considered to be the essential minimum. No further reduction of the scales is feasible.

[U.O. No. 9/8-64-WII, dated the 1st August, 1964)].

Copy of Memo. No. WII.95(64)/53 dated 5th April, 1954 from the Ministry of Works and Housing addressed to the C.E. C.P.W.D., Estate Office, CA & G of India and Ministry of Finance, Works, Division etc., etc.

In accordance with Office Memorandum No. G. 89 dated 10th March, 1950, from the C.E., C.P.W.D. (copy forwarded to all Ministries with the late Ministry of WMP Memo. No. 2286-WII/60 dated 6th April 1950) the scales of office accommodation laid down under the austerity standards are:—

160 Sq. ft. each for gazetted officer;

60 Sq. ft. each of technical staff (such as draftsman and estimators); and

40 Sq. ft. each for ministerial staff (Supdts., Head Clerks, clerks etc.).

In addition, 10 per cent of the accommodation allowed for ministerial staff is admissible for records.

In partial modification of the above scales, it has been decided that in the case of new buildings sanctioned for the combined accounts and audit offices of the Comptroller and Auditor General of India, accommodation shall be provided for the ministerial staff of these offices at the rate of 50 Sq. ft. each. This will be inclusive of the space for current records for which no separate provision will be used.

It is realised that the accounts and audit offices will have to keep in store in exceptionally large number of old documents, files and registers for which separate storage accommodation will be necessary. Necessary provision for this should be made in basements of the buildings or as separate adjust whichever is cheaper and suitable.

It has also been decided that provision should be made for air-conditioning arrangements in all new buildings to be constructed for the accounts and audit offices even though no air-conditioning units may be actually installed immediately, and that both the foundation and the plan of the buildings should be suitably designed to provide for the requirements of any expansion in the staff and future construction.

Sd/- M. V. NILAKANTA AYYAR,

Under Secretary.

Twenty-Fourth Report (Third Lok Sabha).

Recommendation

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

[S. No. 15, Appendix III of the 24th Report (1963-64)]

ACTION TAKEN

The recommendation made by the Public Accounts Committee is mainly for the administrative Ministries, who give grants to private parties to consider. This Ministry have, however, no objection to the suggestion provided expenditure on such works is met from the budget grants of the administrative Ministries concerned and the C.P.W.D. are not made responsible for the maintenance of such buildings after they have been completed and taken over by the private parties.

[U.O. No. 9/6 64-WII dated the 3rd August, 1964].

Recommendation

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

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

[S. No. 29 Appendix III to the 24th Report 1963-64].

ACTION TAKEN

(i) The question of devising a formula of determining the market rates of rents in respect of Government buildings allotted to non-entitled persons or organisations is under the consideration of Government.

(ii) As regards recovery of rent at market rates for Government accommodation provided to employees of public undertakings, the policy is being reviewed by Government.

3. A final note will be submitted shortly.

[O.M. No. 5/4/64 dated 9-4-1965].

Recommendation

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

[S. No. 29(ii) of Appendix III to the 24th Report (Third Lok Sabha)].

ACTION TAKEN

In para 2 of the note forwarded to the Lok Sabha Secretariat with the Ministry's O.M. No. 5/9/64-Bt., dated the 9th September, 1964, it was stated that the policy as regards recovery of rent at market rates for Government accommodation provided to employees of public undertakings was being reviewed by Government. It has since been decided that with effect from the 1st April, 1965 rent for the buildings placed at the disposal of public undertakings will be recovered at market rates as determined by Government from time to time. The basis of determining the market rent in Delhi is, however, at present being examined and till that case is decided such rent will be charged on *ad hoc* basis at the rates to be intimated by the Directorate of Estates separately in each case.

[O.M. No. 5/4 64 B1, dated 9-4-1965].

Recommendation

5. *The Committee desire to be furnished with further details as to the circumstances under which Government accommodation was allotted to the Press representatives at concessional rates. The witness promised to furnish a note to the Committee, which is still awaited.*

[Para 30 (S. No. 30 of Appendix III) of the 24th Report 1963-64].

ACTION TAKEN

In 1952-53, it was represented to Government that accredited Press representatives/correspondents in Delhi should be allotted accommodation from the general pool at the same rent as charged to Government servants. It was pointed out that Press correspondents/representatives perform undoubted public duty for the discharge of which they have to be in Delhi and in the discharge of which Government as such have a large measure of interest. It was also stated that Press representatives correspondents are by and large poorly paid and cannot afford rents under F.R. 45-B which was at that time applicable to them. Government did not undertake to provide houses for all Press correspondents/representatives but to the extent that houses were made available, it was suggested that the rents charged should be the rents under F.R. 45-A. After careful consideration it was decided by Government in May, 1954 that Press correspondents/representatives who are provided houses by Government should be required to pay rents on the basis of standard rent under F.R. 45-A or pooled standard rent under F.R. 45-A whichever was higher.

2. In 1963, the position was reviewed and it was decided in September, 1963 that from 1st November, 1963 rents from allottees in the press pool should be recovered on the basis of the formula mentioned above or at 10% of their pay whichever was higher. The Press Association, however, represented in March, 1964 against this decision on the grounds that salaries of most of the Press representatives correspondents fluctuated from month to month since they were paid on the basis of column rates. The Association also pointed out that on this basis some of the allottees may have to pay higher rent although occupying lower type of accommodation. The matter was then re-examined in consultation with the Ministry of Finance and it was decided in April, 1964 to revert to the previous formula in vogue from 1954 and to charge rent beyond 31st October, 1963 under F.R. 45-A or the pooled standard rent under F.R. 45-A whichever was higher.

3. The concessional rent charged from Press representatives/correspondents is based, as mentioned above, on the ground that their residence in the Capital is necessitated in a sense for the discharge of public duty in which Government has a large measure of interest. The concession has been sanctioned on the recommendation of the Ministry of Information and Broadcasting and in consultation with the Ministry of Finance. The concession was sanctioned after care-

ful consideration of the entire question and is considered fully justified.

4. Initially only 4 regular houses and 40 leased houses, hostel suites and hutments had been allotted to Press representatives/correspondents. Additions were made to this pool from time to time. The present number of houses in the press pool is 62 and it has been agreed to add to the press pool at the rate of 5 houses per annum.

[O.M. No. 5/4/64-Bt. dated 6-10-64].

Recommendation

6. *The Committee feel that, instead of giving a hidden subsidy in this manner, Government should charge full rents from the University and reimburse the amount, if necessary, by way of cash Grants. They would like the Ministry to examine this matter in the light of their above remarks.*

[Sl. No. 31(Para 31) of Appendix III of the 24th Report (Third Lok Sabha)].

ACTION TAKEN

The question of recovery of rent of the five bungalows leased out to the University of Delhi at market rates is being examined in consultation with the Ministry of Education.

Recommendation

7. *The representative of the Ministry, however, agreed that as and when the present leases expired, the question of charging reasonable rent from the private clubs would be considered.*

[Sl. No. 32 (Para 32) of Appendix III of the 24th Report (3rd Lok Sabha)].

ACTION TAKEN

Instructions have been given to the Directorate of Estates for necessary action.

[O.M. No. 5/4/64-Bt. dated 8-10-64].

Recommendation

8. *The Committee are constrained to observe that the unsatisfactory state of affairs regarding the recovery of rent is being reported to them year after year (The total arrears upto the end of 1961-62*

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

[Para 34 (Sl. No. 34 of Appendix III) of the 24th Report (3rd L.S.)]

ACTION TAKEN

The uncleared arrears of rent amounting to Rs. 35.67 lakhs for the period upto 1961-62 as on 1st December 1962, have been brought down to Rs. 24.08 lakhs as on 1st August 1964. Thus a sum of Rs. 11.59 lakhs has been cleared from these old arrears. The year-wise break-up of the sum of Rs. 24.08 lakhs is as follows:—

Year	Balance as on 1.12.1962	Balance as on 1.8.1964
		(In lakhs of rupees)
Upto 1957-58	8.40	5.59
1958-59	3.30	2.66
1959-60	4.82	3.05
1960-61	6.03	4.66
1961-62	13.12	8.12
	35.67	24.08

Out of the arrears of Rs. 2.98 lakhs relating to the period upto February 1956 as on 1st December 1962, Rs. 1.59 lakhs have been cleared, leaving a balance of Rs. 1.39 lakhs as on 1st August 1964. The arrears for the subsequent period upto February 1959 have also been listed and extracts for individual officers are under preparation for verification of the recoveries from the disbursing officers. As soon as arrears for the period upto February 1959 are cleared those for the subsequent years will be tackled and efforts will be made to bring the position upto date.

For a better pursuit of recoveries the procedure has been streamlined and the question of providing additional staff is being examined.

[O.M. No. 5/4/64-Bt dated 18-2-65].

Recommendation

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

[S. No. 35 (Para 35) of Appendix III to the 24th Report (Third Lok Sabha)].

ACTION TAKEN

Although the work of the Committee could not be proceeded with, the problem of reviewing the rent procedure received the attention of Government. A revised rent procedure on the basis of the recommendations made by the Special Reorganisation Unit of the Ministry of Finance has been introduced since 1-10-1964 in five offices on a trial basis. The question of its application to other offices will be considered on the basis of the experience gained.

[O.M. No. 5/4/64-Bt. dated 6-10-64].

Recommendation

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

[S. No. 37 (Para 37) of Appendix III to the 24th Report (Third Lok Sabha)].

ACTION TAKEN

In accordance with the present policy, all shopkeepers have to execute licence deeds and shops are not given on lease.

The form to be used for execution of the licence deeds has since been finalised in consultation with the Ministry of Law and all new

allotments are being made after execution of licence deeds on these approved forms.

The old allottees who occupied the shops prior to the 1st April, 1958 are also required to execute licence deeds in this form, but they want to execute lease deeds and have been agitating for ownership rights for a long time. They have been resisting the execution of licence deeds. The form of notices to be issued to such allottees is being drafted in consultation with the Ministry of Law.

Out of the total number of 2346 shops, the number of shopkeepers in whose case licence deeds or lease deeds have not yet been executed is 1226. This includes 651 shopkeepers who have signed terms of tenancy. The years of allotment of the 1226 shops are as follows.--

Locality	No. of shops	Date of leasing
1. Sarojini Market	190	Middle of June, 1951
2. Sarojini Nagar flats	184	March, 1956.
3. Kamla Market	256	End of February, 1962.
4. New Central Market	204	Middle of October, 1956.
5. Pleasure Garden Market	367	[Middle of April, 1956
6. Andrews Ganj Nanakpur Markets	25	January, 1962.
TOTAL	1,226	

[O.M. No. 5, 4 64-Bt dated 11-4-65]

Recommendation

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

[S. No. 42, Appendix III, Para 42, 24th Report 1963-64, 3rd Lok Sabha]

ACTION TAKEN

The view that there has been an improvement in the working of the C.P.W.D. was based on the overall trend in the percentage of cases in which defects were noticed by the C.T.E. Slight periodical set-back in the percentage figures need not necessarily mean a deterioration. This is perhaps unavoidable in a percentage check in random sampling. The supervision of the working of the department has already been considerably tightened. Proposals have also been made to relieve Executive Engineer from heavy desk work and to enable them to devote more attention to field supervision. These proposals are under consideration.

Audit comment

It has been stated that there has been an improvement in the working of the C.P.W.D. The percentage of cases in which defects were noticed by the Chief Technical Examiner, however, continued to be high during 1962-63 as shown below:—

Period	Percentage of cases in which defects were noticed
January to June, 1962	62
July, 1962 to March, 1963	55

[O.M. No. 5/4/64-Bt dated 19-1-65]

Recommendation

12. *The Committee regret to observe that the facts disclosed above suggest slack supervision on the part of the C.P.W.D.*

[S. No. 43(Para 43) of Appendix III of the 24th Report(1963-64)]

ACTION TAKEN

Though the amount of overpayment was Rs. 6.71 lakhs, it represents a very small percentage of the total work load of Rs. 28 crores for the year and also of the total value of bills, works and muster rolls examined. In fact, the Chief Technical Examiner had observed in his 8th report for the period January to June 1961 that, as a result of the constant watch exercised and the vigilant action taken both against departmental officers and contractors, and also as a result of several suggestions made by the Chief Technical Examiner about the manner of execution of work, correct drafting of specifications, etc., it had been possible to plug loopholes and prevent malpractices to some extent and there was, and continued to be a marked improvement in the quality of works generally.

In the context of what is stated above, the irregularity pointed out by Audit cannot be considered a serious one. In any case, Government have noted the suggestion of the Public Accounts Committee regarding the supervision of the Central Public Works Department's works and are considering measures to relieve the Executive Engineers of the bulk of office routine so that they may be able to concentrate more on field work.

[O. M. No. 5/4/64-Bt dated 19-1-65]

Recommendation

13. *The Committee consider it unfortunate that even according to the figures accepted by the C.P.W.D. overpayment to the extent of Rs. 25.83 lakhs was detected in 1038 cases. The Committee are of the view that the progress of recovery of accepted over-payments is very slow. While the Committee would watch the results of the steps taken by the Department regarding expeditious settlement of contractor's final bills through subsequent Audit Reports, they would in the meanwhile recommend to the Ministry that they should conduct a review of a few cases, to be selected at random, in which settlement of bills had been unduly delayed, with the object of finding out whether the delays were due to lapses on the part of the officials of the department.*

[S. No. 44, Appendix III, para No. 44, 24th Report, 1963-64, 3rd Lok Sabha].

ACTION TAKEN

Detailed study of a large number of cases of outstanding overpayments has revealed some instances where adjustment of overpayments had been delayed due to delay in settlement of final bills of the contractors. A thorough investigation is being carried out at present to determine whether the delays resulted due to lapses on the part of the officers of the Department. This examination will take time. A further note in the matter will be submitted to the Committee in due course.

[O.M. No. 5/9/64-Bt dated 9-9-65]

Recommendation

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

[S. No. 45, Appendix III, Para No. 45, 24th Report, 1963-64, 3rd Lok Sabha].

ACTION TAKEN

The particulars concerning the disciplinary cases required by the Committee were compiled and referred to Audit in March, 1964. Audit, however, called for the records of all the disciplinary cases involved for scrutiny. While the records in respect of some of the cases were readily available and in fact furnished to Audit, it has not so far been possible to furnish records concerning the remaining cases for the reason that vigilance action is still in progress in these cases. The delay in submission of the particulars called for the Committee has been due to this reason. Effort is being made to make the records concerning the remaining cases available to Audit as early as possible and the particulars will be submitted to the Committee after the matter is finalised.

[O.M. No. 5/9/64-Bt dated 9-9-64]

Recommendation

Unadjusted balances under suspense and Remittance Heads.—Para 68 of Audit Report (Civil) 1963.

15. A statement showing the year-wise analysis on 1st January, 1964 of the outstanding amounts for 1961-62 and earlier years in respect of the four heads given in the Audit Para may be furnished.

[S. No. 48 of 24th Report (Third Lok Sabha)].

ACTION TAKEN

A statement furnishing the required information is enclosed.

[O.M. No. 5/25/63-Bt dated 3-12-64].

Statement showing Year-wise Analysis of the Outstandings of Audit Para 68 of the Audit Report 1963 as on 1-1-1964.

Year	Head III(b) (Items ad- justable by PWO) (Rs. in lakhs)	Transfer between P. W. Offi- cers (Rs. in lakhs)	Purchases (Rs. in lakhs)	Misc. P. W. Advances (Rs. in lakhs)
Upto 1947-48 (Pre-partition period)				
1947-48 . . . . .	..	..	0.04	.32
1948-49 . . . . .	..	.89	1.27	2.68
1949-50 . . . . .	..	17.66	3.25	1.12
1949-50 . . . . .	..	6.90	2.26	5.56
1950-51 . . . . .	..	6.07	(—).29	1.43
1951-52 . . . . .	..	1.85	(—).51	2.29
1952-53	6.40	7.04	.33	1.02
1953-54	5.69	5.62	1.56	10.80
1954-55	19.80	9.00	3.66	6.25
1955-56	11.62	7.11	9.70	23.25
1956-57	8.36	15.71	18.31	4.79
1957-58	17.54	33.62	27.37	2.64
1958-59	15.77	32.83	52.38	7.94
1959-60	20.41	26.45	28.35	22.60
1960-61	62.87	30.27	51.39	13.74
168.46	(Excludes the figures of 1952-54 of Rs. 5.74 lakhs—under Adhoc Adjustment in Audit Office)		201.02	199.07
1961-62	14.73 (Local Divisions)	13.71 (Local Divisions)	137.66	176.82

Recommendation

16. The Committee desired to be furnished with further details of dues outstanding from private parties indicating the amounts and dates from which these were in arrears. The representative of the Ministry promised to furnish this information, which is still awaited.

[S. No. 49, Appendix III to 24th Report of P.A.C. 1963-64].

ACTION TAKEN

A statement showing Division-wise details of amounts outstanding against private parties is attached herewith.

[O. M. No. 5/4/64 Bt. dated 14-12-64]

List showing details of arrears of rent outstanding against private parties in respect of Government Accommodation provided to them.

Sl. No.	Name	Period From	To	Amount. Rs.
1	2	3	4	5

I—DELHI STATE DIVISION No. II

1.	Shri Balwant Singh . . .	1-2-1951	17-3-1951	196.53
2.	„ Mohan Lal . . .	..	..	41.00
3.	„ Beant Singh (dead) . . .	24-8-1950	30-4-1956	1,415.75
4.	„ B. S. Dugal . . .	upto	27-6-1956	3,145.75
5.	„ Duni Chand . . .	29-9-1951	20-6-1955	132.32
6.	„ B. L. Madhok . . .	29-9-1951	30-4-1855	1,210.94
7.	„ Radhey Kishan . . .	..	..	320.62
8.	„ Sukhdev Behal . . .	..	..	12.87
9.	„ Roshan Lal . . .	..	..	196.25
10.	„ Sri Ram . . .	..	..	214.31
11.	„ Shri Narain Dass . . .	upto	26-3-1954	315.37
12.	„ Sujan Singh . . .	..	..	162.31
13.	„ P.N. Sharma . . .	upto	26-4-1959	34.67
14.	„ Hira Lal Mehra . . .	22-1-1949	17-4-1961	5,185.98

II— AJMER CENTRAL DIVISION

1.	„ Roopchand . . .	1960-61		2.62
2.	„ Lakha Shankar . . .	Do.		6.50
3.	„ Lakh Shanker . . .	Do.		1.37
4.	„ Bhanwari Lal . . .	Do.		9.22
5.	„ Magan Talaji . . .	1961-62		50.58
6.	„ Chatur Bhuj . . .	Do.		28.90
7.	„ Ram Lal . . .	Do.		3.52
8.	„ Moti . . .	1960-61 to 1961-62		33.84

III—KHARAGPUR CENTRAL DIVISION

1.	„ P. N. Dass & Co. . .	2/1959 to	3/1959	73.72
2.	„ Southern Engg. Co. . .	3/1958 to	2/1959	76.42
3.	„ Harry Auto Station . . .	9/1958 to	3/1959	168.93
4.	„ Faraday Co. (P) Ltd. . .	9/1958 to	3/1959	531.53
5.	„ Md. Hosain . . .	2/1958 to	3/1958	26.58

1	2	3	4	5
6.	Shri S.K. Lala	4/1956 to	3/1959	3,233·86
7.	„ M/S. Paul & Chakravarty	2/1959 to	3/1959	257·74
8.	„ S.K. Lala	11/1958 to	3/1959	161·59
9.	„ P.B. Sarkar	2/1959 to	3/1959	62·78

IV—DEHRA DUN CENTRAL DIVISION

1.	„ Dharam Singh	8-6-1947 to	October 1947	162·62
2.	„ Neilapat Rai	8/1951 to	17-1-1955	712·19
3.	M/s R.B. Rattan Prem Nath	1946-47 to	12-3-1957	1,654·94

V—G DIVISION, NEW DELHI

1.	Smt. Gurcharan Kaur	1960-61	1,510·00
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VI—PRESIDENT'S ESTATE DIVISION

1.	Shri Shiv Lal Contractor	March 1958 to	March 1961	649·62
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Recommendation

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

[Para 51 (Sl. No. 51 of Appendix III of 24th Report (3rd Lok Sabha).

ACTION TAKEN

The observation and recommendation of the Public Accounts Committee have been noted. All possible steps are being taken to speed up arbitration work. It may not, however, be possible to finalise all cases within the prescribed period of 4 months for the reasons explained below.

On an average, as many as 20 to 25 new cases per month are received for arbitration. Against this number it is not possible for the Superintending Engineers (Arbitration) to finalise more than 8 cases per month per Arbitrator. This is on account of the procedural requirements and difficulties inherent in arbitration work apart from the obligations imposed on the Arbitrator by the arbitration Law. On an average, three sittings are required for concluding hearings in an arbitration case. Further, cases are referred from all parts of the country and this necessitates extensive touring in order to conduct hearings at various places to suit the convenience of the parties. Allowing for holidays, travel time and office duty at Headquarters, the effective time available for actual hearings of cases is about 15 days in a month. Time has also to be allowed for study of cases and for the preparing the awards. All these factors tend to limit the number of cases that can be finally disposed of to not more than 8 per month per Arbitrator. Delays also occur on account of illness, leave, etc. of the Superintending Engineers (Arbitration). The question as to what steps should be taken with a view to finalise the arbitration cases with utmost expedition is, however, under consideration.

It may, however, be pointed out that in all cases where the award cannot be given within 4 months, an application has to be made to the Competent Court for an extension of time for making and publishing the award. The court grants such extensions after hearing both parties and satisfying itself that the grounds for extension of time are genuine. In the revised agreement forms, provision has been made for extension to be made by the Arbitrator with the consent of both the parties. When arbitration cases arising out of the said revised contracts come up before the Arbitrator, there will be no necessity to get the required extension of time from the courts as at present.

In the report, it has been stated that three more officers had been appointed to attend to this work. This is not correct. No officer other than the two existing Superintending Engineers (Arbitration) has been appointed to attend to the above work.

[O.M. No. 5/4/64-Bt. dated 3-2-65]

Recommendation

18. *"The Committee desire that the submission of the note explaining the basis of the fixation of the rate of Rs. 50 per ton may be expedited. They would also like to be informed of the action taken to fix responsibility for various lapses in this case of loss in transit."*

[S. No. 55 of Appendix III of the 24th Report (3rd Lok Sabha).]

ACTION TAKEN

I. Basis for the fixation of the rate of Rs. 50 per ton.

1. An extract of the note dated 6th March, 1957 recorded by the Manipur Government explaining the basis of fixation of the rate of Rs. 50 per ton is given below:

"The tenders received are as follows:—

Contractor No. 1—Rs. 68 per ton.

Contractor No. 2—(a) Rs. 35 per ton exclusive of insurance and demurrage charges.

(b) Rs. 50 per ton "inclusive of any shortage at your end and demurrage".

Contractor No. 3.—Rs. 58 per ton will take no responsibility for shortage and demurrage; want also an advance of 25 per cent.

Contractor No. 4.—Rs. 46 per ton—no responsibility for demurrage, separate insurance against shortages.

Contractor No. 5.—Rs. 70 per ton. No liability for shortages and demurrages.

Contractor No. 2's rates are the lowest. Moreover, he has given a further clarification that his rate of Rs. 50 per ton included liability for demurrage on any account. The normal rates of insurance are, I understand, Rs. 5 per ton and demurrage Rs. 2/4/- per ton per day. I understand the ship reached on the 3rd instant and demurrage will commence after 3 days of unloading. The margin of Rs. 10 per ton for demurrage kept by the contractor is, therefore, reasonable and in view of the normal delay in movement, safeguards Government interests. Contractor No. 2's tender as clarified by his letter dated 5th March, 1957, may, therefore, be accepted and he may be asked to commence work immediately after depositing security deposit and subject to his producing Income-tax clearance Certificate which he has promised to furnish.

* * * * *

Itd./Q.R.

C.C.

5-3-57

1. Contractor No. 2's tender at Rs. 50 per ton inclusive of insurance charges upto Imphal and demurrage at Calcutta for whatever reason may be accepted.

* * * * *

Itd./C.S.

5-3-57

Besides the above information there is nothing on record to show the break up of the rate of Rs. 50 per ton.

Audit Comment

The rates of the contractor were Rs. 35 per ton exclusive of insurance and demurrage charges, and Rs. 50 per ton inclusive of these charges. Even conceding that the element of Rs. 15 per ton for insurance and demurrage charges was reasonable, the charges of Rs. 35 per ton (included in the rate of Rs. 50 per ton) for both the services viz. handling steel and packing it in loose bundles of not more than 2 cwt., allowed to contractor was still too much on the high side as compared to the rate of Rs. 12.50 per ton, which according to the Iron and Steel Controller, was the prevailing rate at the Calcutta port for the handling of steel.

II. Action taken to fix responsibility for various lapses

2. Out of 24,871 C.I. sheets sent from Calcutta for the Public Works Department, 23,320 sheets were received by the Manipur State Transport, leaving a balance of 1551 sheet to be accounted for. The Railways have accepted the claim in respect of one missing wagon containing 1281 sheets, and a claim is being lodged and matter being pursued with them. The Enquiry Officer has held that the Railway Station Master should be held liable for the loss of the remaining 270 sheets. The matter has been reported in August, 1964 to the Railway authorities for taking suitable action in this regard.

3. Out of the 23,320 sheets received by the Manipur State Transport, only 23,117 sheets were delivered to the Public Works Department resulting in a short delivery of 383 C.I. sheets. The Enquiry Officer's finding is that the Station Master in the Manipur State Transport should be held liable for the loss of 84 sheets and another Station Master for the loss of the remaining 119 sheets. The former has been censured and ordered to pay the cost of 84 sheets viz.—Rs. 1,025.85 P) and as the latter had already been discharged from service in December, 1957, in connection with another defalcation case, no further action can be taken against him.

[O.M. No. 5/4/64-Bt. dated 27th April, 1965.]

Recommendation

19. *The Committee feel that the procedure followed for the implementation of the subsidised Industrial Housing Scheme leaves much to be desired. While the Committee appreciate that initiative*

in State Governments, who can better assess their requirements and put up proposals, they nevertheless feel that since a part of the expenditure is borne by the Central Government, it is desirable that the latter should scrutinise the schemes more thoroughly with a view to ensure that houses do not remain vacant as had happened in the case of certain States.

[S. No. 56 of Appendix III—para 56 to 24th (Report
(3rd Lok Sabha)]

ACTION TAKEN

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

[O.M. No. 5/9/64-Bt dated 9-5-64]

Recommendation

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

[S. No. 57 of Appendix III—para 57 to 24th Report
(3rd Lok Sabha)]

ACTION TAKEN

The Subsidised industrial Housing Scheme—its implementation as also its present working will be discussed in the light of the above recommendations in the Housing Ministers' Conference scheduled to be held in September, 1964 and further developments will be reported to the Public Accounts Committee.

[O.M. No. 5/4/64-Bt. dated 9th September, 1964]

Recommendation

21. The Committee feel concerned to note that the unsatisfactory state of affairs of the Land & Development Office was allowed to persist even though it was pointed out in successive Audit Inspection Reports. If the Ministry of Law had advised that the acceptance of the dues would prejudice Government in recovering enhanced rents

through a Court of Law, it is not clear how the acceptance of cheques and keeping them in the office indefinitely without crediting the amount to Government would have safeguarded Government's position in any way. In fact, it has now been stated that the cheques have now been encashed or renewed without enhancing the rent or proceeding against the parties for breach of the agreements. They would suggest that a thorough departmental inquiry should be undertaken into the working of this office so as to place on a satisfactory footing the management of Government property entrusted to it and to fix responsibility for past mis-management.

(ii) The Committee would like to be informed of the final outcome of these cases (*viz* the cases of non-recovery of dues mentioned in this para).

[*Sl. No. 94 of Appendix IV (Para 97) to the eighth Report (Third Lok Sabha)*]

ACTION TAKEN

(i) A draft of the proposed revised procedure for recovery and accounting of revenue receipts pertaining to the Land and Development Office is attached. Introduction of the revised procedure outlined in the draft has been held up pending decision about the pattern of re-organisation of the Office which is in the process of formulation. (It is difficult to indicate at this stage, whether the procedure suggested in the draft will require modification and when it will be introduced).

In the meantime a special cell was created in the Land and Development Office with effect from the 4th June, 1963 to finalise old cases for the recovery of arrears of ground rent and damages involved. Considerable progress has been made by this cell in finalising old cases and realising arrears of ground rent and damages.

Steps will also be taken to fix responsibility in specific cases where the vigilance aspect is found to be involved.

(ii) The latest position regarding the cases mentioned in this para is as under.

(a) Rs. 21,725 ground rent due for temporary lease of land allotted to an Association for an Exhibition from September 1951 to May, 1952.

On re-examination of the case, it was found that the amount recoverable was Rs. 12,986 instead of Rs. 21,725. The question of

filling a Suit for recovery of the amount was examined in consultation with the Ministry of Law who advised that the Government's claim should be considered irrecoverable and written off. The irrecoverable amount of Rs 12,986 was accordingly written off in consultation with the Ministry of Finance (Delhi State Division) *vide* the Government of India, Ministry of Works, Housing and Rehabilitation (Deptt. of W.&H.), New Delhi letter No. LI-14(23)/62, dated 18th January 1963 (copy enclosed).

The Upper Division Clerk responsible for delay has been warned. A copy of the warning has been kept in his character roll.

(b) Rs. 4500/- arrears of rent recoverable from a person from 11-7-1957 to October, 1960.

On the basis of land rates fixed by Government on 23rd July, 1958 the monthly rate of ground of Rs. 98-19 nP. per month in this case was to be enhanced to Rs. 130 per month w.e.f. 4th January 1958. On a doubt having arisen whether this increase could take retrospective effect a decision was taken by Government on 2nd April, 1959 that the orders will take retrospective effect. A three months notice for termination of lease was given to the lessee on 2nd December, 1959 which expired on 1st March, 1960. After the expiry of the notice period eviction proceedings were initiated in the Court of the Estate Officer under the P.P.E. Act, 1958. It was, however, decided on 21st April, 1962 to renew the lease at enhanced rate of ground rent. When the notice for termination of lease was given on 2nd December, 1959 the Land and Development Officer was not aware of the legal position as advised by the Ministry of Law in November, 1960 that revised rate could be enforced only after the expiry of the period of notice of termination of the lease. In view of the Law Ministry's above opinion ground rent at the revised rate was charged from 2nd March, 1960 and arrears amounting to Rs. 7,600 were recovered accordingly.

(c) Rs. 13,427 Non-recovery of penalty and additional ground that in two cases of violation of the terms of the Lease by transfer of Lessee's interest without prior sanction.

The amount of Rs. 13,427 relates to the following two cases:—

(i) 189-Diplomatic Enclave.

A loss of Rs. 5,000 has been shown in the audit report on account of non-recovery of penalty for indirect transfer of the plot. The area of the plot in question being 375 sq. yds., the penalty recoverable at the prescribed rate of Rs. 1000 per 200 sq. yds. or part thereof works out to Rs. 2,000 which amount has since been recovered from the Lessee.

(ii) 13-Sunder Nagar, New Delhi.

A loss of Rs. 8,627 has been shown in the audit report on account of non-recovery of penalty amount to Rs. 5,000 for indirect transfer and 3427 as damages for misuse of the premises for the period from the 19th January, 1963 to the 31st October, 1955. The actual position is as under:—

The indirect transfer took place in 1952 when indirect transfer was not treated as a breach and no penalty was levied for the same. As such the question of loss of Rs. 5,000 on this account as pointed out in the audit report does not arise.

Regarding non-recovery of damages for misuse of premises for the period from 19th January, 1953 to 31st October, 1955 amounting to Rs. 3427/- the recovery has since been waived by the erstwhile Ministry of Works, Housing and Supply in consultation with Ministry of Finance (D.S.Dn.) vide letter No. 7(70)/62-L, dated 19th October, 1962 (copy enclosed).

(d) Rs. 5207 loss in premium on account of incorrect computation of an area of land in 1958. Plot No. 90, Block No. 48.

The officials concerned responsible for the lapse have been awarded the punishment of stoppage of increments for 2 years with cumulative effect. They have since appealed against this order and the appeal is under consideration.

[O.M. No. 5/7/64-B, dated 16th February 1965].

Draft procedure for recovery and accounting of revenue receipts in the land and Development Office

The revenue realised from all sources is credited to the Head 104-Initial expenditure on New Capital at Delhi-D-Deduct Receipts Account (Sale of Land) in the Bank/Treasury.

The record of all payments made is to be kept in a register maintained for the purpose by the R.&A. Section and the figures booked therein are to be reconciled with the figures booked by the A.G.C. W&M and discrepancies settled by the reconciliation clerk. A report of reconciliation being done is to be submitted to the A.G.C.W.&M./Land and Development Officer. The detailed classification to be adopted is given below:—

(i) *Ordinary Revenue*

(a) Ground rent in respect of Agreements for Lease/Perpetual Lease.

(b) Ground rent on temporary Leases.

(ii) *Sale of Government Estates.*

Premium on building sites.

(iii) *Miscellaneous.*

Other miscellaneous receipts of the Land & Development Office.

(iv) *Deduct-Refunds.*2. *Registers to be maintained.*

The following registers should be maintained for proper accounting of these receipts in the Land and Development Office. The instructions laid down in para 208 of the Central Public Accounts Code regarding the issue, safe custody and return will apply *mutatis mutandis* to these registers.

- (i) Ledgers for ground rent, Licence fee, realised on perpetual lease Agreement for Lease.
- (ii) Ledger for ground rent realised on Temporary Leases.
- (iii) Register of miscellaneous Recoveries (PWA 95).
- (iv) Register of annual assessment and recovery of premium, ground rent and Licence fee.
- (v) Register of transfers.
- (vi) Slip Book.
- (vii) Register of payments made into the Reserve Bank of India, New Delhi and monthly reconciliation of figures Treasury Bank/A.G.C.W.&M., New Delhi.
- (viii) Register of earnest money deposits and their refunds.
- (ix) Register of valuables received in the office and remitted to the Reserve Bank of India, New Delhi.

3. (a) *Assessment and Recoveries*

As soon as an Agreement for Lease/Perpetual Lease/Temporary Lease or Supplemental Lease has been executed by the party it will be passed on by the Concerned Section with the relevant file to the Accounts Section for keeping a note in the slip Book. Ledgers will also be maintained for temporary allotments/leases. Accounts Section will note the particulars of Lease in the ledger folio on the basis of Acceptance Letter/allotment letter and will ensure that all credits in respect of premium/Ground Rent/Security Deposit and other charges are noted in the respective Ledgers and where it is decided to accept additional premium/A.G.R. in instalments, particulars of instalments due will also be entered in the ledger folio.

After the ledger has been checked and initialled by the Superintendent/Accountant the same will be put up to Accounts Officer and signed by him. Any correction/addition in the ledger will be attested by the Accounts Officer.

4. In the case of Perpetual Lease/Agreement for Lease the Ground Rent is due half yearly in advance on the 13th January and 15th July each year. The present system of demanding ground rent has not proved satisfactory because the R & A Section who was responsible for recovery was not aware in all cases about the existence of breaches with the result that in a few cases Ground Rent was demanded which acted as waiver of the breaches. In order to avoid this difficulty it has been decided that bills for cash half year ending 14th January and 14th July should be issued by the concerned Lease Section by the middle of December and June respectively each year if the premises are free from breach. These will be prepared and put up to the Superintendent for check in the first week of December and June each year. These will be issued by the 15th of December/June over the signature of the Branch Officer under intimation to R & A/Accounts Section concerned. A list of leases in respect of which bills for payment of Ground Rent have not been sent on account of existence of breaches or for any other reason will be sent by the Branches concerned to the R & A/Accounts Section by the 14th February/August for completing the ledger. An opportunity should be taken at this time i.e. in February/August by the Accounts Officer to review the ledgers personally with a view to ascertaining that bills have been sent in all cases where properties are free from breaches. If it is found that demand notice has not been issued in any case, a list of such cases will be prepared and sent to the Lease/Property Section within a fortnight. The Accounts Officer will be responsible for submitting a report indicating the position to the L&D.O. by the 1st March/September each year.

5. *Temporary Leases.*

A separate Ledger of Temporary Leases will be maintained by the R & A Section. The ledger will be reviewed every quarter and the following lists prepared :—

- (i) List of leases which have expired indicating the arrears of recoveries due.
- (ii) List of leases which are due to expire within the next three months indicating the arrears of recoveries due.

On receipt of the above lists the Lease Section will be responsible for taking urgent action for extension/recovery of Government dues under intimation to R & A Section. The Accounts Officer will be responsible to submit a report indicating the position to the L. & D.O. by the 1st week of March/September, each year.

6. *Misc. Receipts.*

A register of Misc. Recoveries in form CPWA-95 shall be maintained by the R & A Section. In most cases the payment are required to be made in advance, where payments are to be made by specified dates the R & A Section shall be responsible to watch recoveries by the due dates. The register shall be reviewed every fortnight and where payments are not received by the due date, a list of such cases indicating the amounts due shall be prepared by the R & A Section and sent immediately to the concerned sections for taking appropriate action.

7. *Procedure for cash receipts other than Security Deposits.*

All receipts except those on account of security deposits will be credited direct into the Reserve Bank of India, New Delhi. To enable the Lessees to do so a challan duly filled in will be issued over the dated signatures of a Gazetted Officer with bills or letters demanding payments. It should be ensured that the date column of the challan is filled in before it is issued. This challen will ordinarily be valid for one month from the date of issue and care should be taken to see that no time is taken in the despatch thereof after it has been dated. Revalidation should not ordinarily be done except in special circumstances with the approval of the Branch Officer. Such extensions should not normally be for periods exceeding one month. The leasee or the person from whom payment is due will present the entire form to the Reserve Bank of India, New Delhi with the full amount thereof either in cash or by cheque as may be convenient. The Bank will issue the third part of the challan form as receipt to the person making payment, will forward the first thereof to the Land and Development Officer, New Delhi through the Treasury Officer and will retain the second part in the Bank in support of the entry for the payment. The procedure for the receipt and encashment of cheques/Demand drafts and postal orders will be as per Officer Order No. Vig/38/63 dated 31-5-63 Annexure.

8. If for any reason payment is accepted in cash or received through Money Orders, etc., the same should be entered in the general cash Book of the Officer in form No. TR-4, in the column 'Miscellaneous' and a receipt therefor issued in the printed standard form, of receipts. All such receipts must be signed by the Disbursing Officer himself irrespective of the amount and all entries in the Cash Book must be attested by him the same day. The money so received should be credited into the Reserve Bank of India, New Delhi without delay.

9. Earnest Money, Security Deposits and Refunds.

The amounts of earnest money deposits should be paid direct at the Treasury, New Delhi. The depositor should be required to furnish the Treasury Receipts to R & A Section who will note the same in the register of security/earnest money deposits. Thereafter the same should be returned to the depositor.

On receipt of an application for refund supported by the original Treasury Receipt the R & A Section will verify the claim from the original credit noted in the register of Security/Earnest Money Deposits. Thereafter a certificate will be obtained from the Technical Staff to the effect that the work has been satisfactorily completed/site has been cleared. On receipt of this certificate R & A Section should obtain orders of the L&DO for the refund of the amount in question and pass on the file to the Cashier for endorsing a refund order on the back of the original receipt for the signatures of the drawing and disbursing officer. The refund order will thereafter be forwarded to the claimant with instructions for presenting the same at the Treasury either personally or through a duly authorised representative within one month of the date of refund order. After issue of the refund order the file will be shown to R & A Section who will complete the register of earnest money deposits by entering therein the number and date of the letter forwarding the refund order to guard against double payment.

10. In the event of a Treasury Receipt with the refund order endorsed thereon being lost or misplaced the claimant shall be asked to produce a certificate of non-payment from the Treasury Officer, New Delhi. The certificate of non-payment should make it clear that the amount has not been refunded on the basis of the original refund order and that it will not be refunded on the basis of that order, if presented thereafter.

ANNEXURE

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND REHABILITATION

Land and Development Office: Exhibition Grounds, New Delhi

No. Vig/38/63

Dated, the 31-5-63

OFFICE ORDER

The following procedure is laid down for the receipt, safe custody and subsequent disposal of valuables, namely, cheques, postal orders etc.:—

1. The clerk incharge of R and I will handover all cheques along with the forwarding letter to the valuable clerk.
2. The valuable clerk will take action as under:—
 - (i) Enter them in the Valuable Register and also indicate the Serial number of V.R., date of receipt and particulars of the valuables on the forwarding letters.
 - (ii) Note the serial number of the V.R. on the Valuables.
 - (iii) Get the entries in the V.R. initialled by the Branch Officer in token of his having received the valuables for safe custody.
 - (iv) Send the forwarding letters to the concerned Sections and the dated initials of their Superintendent obtained in the V.R.
 - (v) On receipt of the challan from the concerned section the valuable clerk will obtain cheques and get the endorsements on the back thereof signed by the Officer (Valuables).
 - (vi) He will then note all the challans in the token register to be presented to the Bank along with cheques for encashment.
 - (vii) He will thereafter fill columns 10—12 of the V.R. and get the entries initialled by the Branch Officer.
 - (viii) Copies of the challans duly receipted when received will be noted in the token register and copies meant for depositors and Accounts Section sent to them immediately.
 - (ix) A weekly report of the item outstanding in the V.R. may be prepared by him and submitted to the Land and Development Officer through the Branch Officer.
3. It will be the responsibility of the Supdtt. of the receiving section to take immediate action for the preparation of

the Treasury Challan in Form No. CCD 63 and return the same to the Valuable Clerk. In clear cases forwarding letters with challans should be returned to the Valuable Clerk within 5 days. A weekly statement signed by the Branch Officer giving details of cheques; in cases where payment cannot be accepted for one reason or the other, shall be prepared and sent to the officer in charge of valuables. The Supdt. may ensure that necessary postings are made in the Ledgers immediately on receipt of receipted copy of the challans.

4. The procedure detailed above will also be applicable in the case of postal orders except that the same will not be forwarded to the Accounts Sections but separate lists in duplicate of the postal orders of different denominations will be prepared by the valuable clerk. Then a consolidated challan will be prepared and sent to the Bank together with postal orders duly signed by the Branch Officer for encashment after noting them in a separate token register. A weekly report of this token register is to be prepared by the valuable clerk and submitted to the Branch Officer. The A.V.O will be the Officer in charge of valuables.

Sd/- (MANMOHAN KISHAN),
Land and Development Officer.

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND REHABILITATION
(DEPTT. OF W. AND H.)

No. LI-14(23)/62

New Delhi, dated 18th January, 1963.

From

Shri H. S. Jain,
Under Secretary to the Govt. of India.

To

The Land and Development Officer,
Scindia House, New Delhi.

SUBJECT:—*Recovery of rent from the Association for the Development of Swadeshi Industries in respect of the Land allotted to them write off.*

Sir,

I am directed to refer to your U.O. Allot-5(43)/59, dated 1st January, 1962 on the subject mentioned above and to convey the sanction of the President to the write off of the sum of Rs. 12,986/- (Rupees twelve thousand, nine hundred and eighty six only) due from the Association for the Development of Swadeshi Industries towards the rent in respect of the land measuring about 36 acres allotted to them for the period 15th February, 1952 to the 31st May, 1952 as being irrecoverable.

Yours faithfully,

Sd/- (H. S. JAIN),

Under Secretary to the Government of India.

No. 7 (70)/62-L

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

(Department of Works Housing and Supply)

New Delhi, dated the 19th October, 1962

From

Shri H. S. Jain,
Under Secretary to the Government of India.

To

The Land and Development Officer,
Scindia House, New Delhi.

SUBJECT:—*Change of purpose—Recovery of additional charges—
waiving.*

Sir,

I am directed to refer to your U.O. No. Enf.1-3(231)/59, dated the 7th August, 1962 and to say that the President is pleased to waive the recovery of Rs. 3,427/- (Rupees three thousand four hundred and twenty seven only) representing additional ground rent on account of change of purpose in the premises built on Plot No. 13, Block No. 171, Sunder Nagar, New Delhi for the period 19th January, 1953 to 31st October, 1955.

Yours faithfully.

Under Secretary to the Government of India.

Copy, with 2 spare copies, forwarded to the Director of Audit, Food, Rehabilitation, Commerce, Steel and Mines. This issues with the concurrence of the Ministry of Finance (DS) vide their U.O. No. 6153/DSDS/62, dated 13th October, 1962.

Copy also to:—

- (i) Ministry of Finance (DS), Delhi.
- (ii) Chief Commissioner, Delhi.

Under Secretary to the Government of India.

No. L-7(70)/62

GOVERNMENT OF INDIA
MINISTRY OF WORKS HOUSING AND SUPPLY
(Deptt. of W.H.&S.)

New Delhi, dated the 19th October, 1962

From

Shri H. S. JAIN,
Under Secretary to the Govt. of India.

To

The Land and Development Officer,
Scindia House, New Delhi.

SUBJECT:—*Change of purpose in the premises built on plot No. 13, Block No. 171, Sunder Nagar, New Delhi—Use of the premises as Chancery of Yugoslavia.*

Sir,

I am directed to refer to your letter No. Enf.1-3(231)/59, dated 7th June, 1962 on the subject mentioned above and to say that the President is pleased to allow the continuance of change of purpose in premises built on plot No. 13, Block No. 171, Sunder Nagar, New Delhi, temporarily with effect from 1st July, 1960 to 30th June, 1963 on payment of additional ground rent which should be worked out in consultation with the Ministry of Finance (DSD) and on such other terms and conditions as you may like to impose in this case.

Yours faithfully,

Under Secretary to the Government of India.

Copy forwarded for information to the Ministry of Finance (DSD),
Delhi.

Under Secretary to the Government of India.

No. Vig/14/62

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND REHABILITATION
Land and Development Office, Exhibition Grounds, Mathura Road,
New Delhi.

Dated, the 10th October, 1963.

MEMORANDUM

Shri R. S. Bhatnagar, U.D.C. is informed that the explanation dated the 27th July, 1963 submitted by him for delaying the case of allotment of land to Swedeshi Industries during the period from 6th February, 1958 to 13th August, 1958 has not been found to be satisfactory. Shri Bhatnagar is, therefore, warned to be careful in future.

Sd/- (MANMOHAN KISHAN),

Land and Development Officer.

Shri R. S. Bhatnagar, U.D.C.

Recommendation

The Committee are hardly satisfied with the explanation of the Ministry for loss of revenue due to Quarters remaining vacant. Many such cases resulting in loss of revenue due to lack of sufficient coordination between the Central Public Works Department on the one side and the local bodies on the other have been reported to the Committee during the last three years. In para 239 of their Forty-second Report (1962) the Committee had expressed dissatisfaction and had observed that no decision could be reached in that matter, even though more than two years had passed. They regret the casual manner in which the matter is being pursued by the Ministry.

[Sl. No. 96 of Appendix IV para 99 of the Eighth Report (Third Lok Sabha)].

ACTION TAKEN

The steps taken by Government to coordinate work of providing ancillary services have been explained in the note dated the 28th May, 1963 (copy enclosed), submitted by the Ministry with their O.M. No. 5/13/62-BI dated 20-7-1963 pursuant to the recommendations of the Committee contained in para 239 of their Forty-second Report. The question of Government taking up on themselves the responsibility of providing all civic amenities at their own cost in Government colonies had been considered, but due to administrative and other difficulties involved, the proposal was dropped, on the 27th May, 1963. The Ministry of Home Affairs were last requested on the 29th December, 1962, to impress upon Municipal Corporation of Delhi to accept the procedure of the Central Public Works Department providing

Recommendation

services initially at their cost and later on recovering it from the local body concerned. That Ministry have not done so and the matter is still under consideration, pending a decision regarding the payment of property tax by the Central Government. The New Delhi Municipal Committee have already accepted this principle.

[O.M. No. 5/6/63-Bt. dated 3-8-64]

Recommendation

The Committee regret to observe that the scheme was not properly planned, otherwise with a small additional expenditure in the first instance a loss of revenue to the extent of Rs. 3.43 lakhs would have been avoided.

[Sl. No. 97 of Appendix IV Para 100 of the Eighth Report (Third Lok Sabha).]

ACTION TAKEN

The observation of the Committee has been noted.

[O.M. No. 5/6/63-At dated 3-8-64]

Recommendation

24. *"The Committee are hardly satisfied with the explanation of the Ministry for not taking up works for which specific provision was made. In their opinion the instance referred to in this para clearly indicate that Parliament was approached for funds without proper assessment of progress of works and their needs. They trust that greater care would be exercised in future to obviate recurrence of such cases."*

[S.N. 99, Appendix IV. Para 102. 8th Report, 1962-63. 3rd Lok Sabha].

ACTION TAKEN

Every care will be exercised by the Department to prevent recurrence of such cases.

[O.M. No. 5/7/64-Bt dated 11-2-65]

Recommendation

25. *The Committee regret to note that this is another case of delay of four years on the part of the Works Department in taking departmental action against officials responsible for serious irregularities. They would like to watch the results and the action taken pursuant to the assurance given by the Secretary of the Ministry vide para 106 above*

(S. No. 106 of Appendix IV to the Eighth Report 1962-63).

ACTION TAKEN

The Committee have observed that this is another case of delay of four years on the part of the Works Department in taking departmental action against the official responsible for serious irregularities. While it is true that the work of construction of the office buildings for the Local Administration and the Courts at Tis Hazari, Delhi, was inspected by the Chief Technical Examiner in October, 1958, the matter remained under correspondence between the Chief Technical Examiner and the Central Public Works Department, and the overpayments pointed out by the former were finally accepted by the Central Public Works Department in April, 1960 (Rs. 24,597.00), August, 1960 (Rs. 29,595.00) and April, 1961 (Rs. 17,995.00) only. The question of taking disciplinary action against the officers concerned could be considered only after the final figure of overpayments was known.

2. Overpayments are not always due to the negligence of officers, and the question of taking disciplinary action against them arises only after it is definitely known that the overpayments resulted from actual negligence. Overpayments in this case were first brought to the notice of Government by the Chief Technical Examiner in April, 1961, for such action as they might like to take against the officers concerned. The Central Public Works Department were asked to examine the disciplinary aspect in May, 1961. The Central Public Works Department, after necessary examination of the matter with reference to the relevant records and consideration of the explanations of the various officers concerned, furnished their comments to Government in June, 1962. The matter was examined in detail by Government and it was found that although there had been some want of care on the part of the officers concerned, the overpayments resulted not so much from this as from ambiguity in the specifications attached to the agreement and from incorrect interpretation of them. It was, however, observed that in the case of a few items of work such as (i) provision of louvres and vision holes in flush panel doors (ii) marble chip flooring and (iii) provision of certain fittings, the overpayments had resulted from negligence on the part of the officers concerned. However, considering all circumstances, the Government came to the conclusion that the requirements of the case would be met if the Executive Engineer was warned to be more careful in future. A warning was accordingly administered to the Executive Engineer on 19-12-62. Two Assistant Engineers and three Section Officers connected with the work were also warned by the Chief Engineer. Having regard to the total value of the work, being about a crore of rupees, and the nature of the few lapses on the part of the concerned officers it

was held that a too severe view was not called for. Accordingly it was decided that copies of the warnings need not be placed in their confidential reports.

3. The question of fixing responsibility for the ambiguity in the Notice-Inviting-Tenders and the specifications attached thereto was also examined and it was found that ambiguity was involved in the following items :—

- (i) Cement plaster over the R.C.C. Work, and
- (ii) Provision of an architrave in the item of 'Sitapur' flush doors.

The Notice-Inviting-Tenders for the work was prepared in May, 1954 in the office of the Executive Engineer and was approved by the Superintending Engineer. This was based on the 1950 Delhi Schedule of Rates and Specifications. In that Schedule, the item of R.C.C. work had a provision only for the rendering (smooth) of the exposed surface and not for plastering the exposed surface. In the Analysis of Rates also, no separate provision existed for plaster work for this items. According to the specifications, the R.C.C. surface, which became exposed on removal of forms, was required to be finished only to the extent of removing any sharp projections or making up holes, if any, and honey-combing with cement mortar, so as to render this surface smooth. It was found by the Departmental Officers that contractors in those days were claiming extra amount for plastering R.C.C. work. To forestall such claims from the contractor in this case, it was provided in the additional specifications that neat finishing of R.C.C. work, R.C.C. slabs, etc., after removal of shuttering, would be done by the contractor even with 1" thick cement plaster if it should become necessary due to unevenness of shuttering. In the description of the item for the R.C.C. work, in the Schedule of Quantities, it was, however, stated that the R.C.C. work will include smooth finishing of the exposed surface with plaster of cement mortar 1:3 (1 cement: 3 Jumna sand). The intention of the Department was that plaster would be done only if was considered necessary. The payment to the contractor was also made for gross dimensions of R.C.C. excluding thickness of plaster even though there was no such provision in the specifications. It would have avoided dispute with the contractor if the words "if found necessary" were also added to the description of the item in the Schedule of Quantities to tally with that provided in the additional specifications. Alternatively, a clear provision should have been made to the effect that, where the exposed surface was to be finished otherwise than by rendering or plastering, the deduction for any rendering or plastering would be effected from the item of

R.C.C. work and the surface finish as usually done would be paid for separately. The Department did not incur any loss since the departmental rates themselves were not inclusive of the element of $\frac{1}{4}$ " thick cement plaster. The recovery in this case was made from the contractors taking obvious advantage of the fact that the words 'if necessary' did not find place in the description of items in the Schedule of Quantities. The recovery made from the contractor was found to be excessive, as this was based on certain sample bays and by working out a constant which was applied uniformly all over the building. Actually, the buildings contained a number of independent columns which were plastered, but even then, a deduction was made as the bay selected for working out the constant did not contain independent columns. A major portion of the recovery made from the contractor on account of this item was subsequently held to be unjustified by the arbitrator.

4. In the case of the item for the architrave, it may be mentioned that the use of flush panelled doors had just come into vogue when the work was executed. This item did not exist in the Delhi Schedule of Rates, 1950. The item of door frame was excluded and provided for separately. A separate item for architraves was also provided in the estimate. By mistake, however, the item of $1\frac{1}{2} \times \frac{1}{4}$ " C.P. Teakwood architrave was also provided along with the item of the door shutters. The executive staff should have made deductions for the architrave from the item of flush doors since they had paid for the item of the architrave separately. They failed to do so and, for this lapse, they have already been warned. However, recovery was made from the contractor and the claim of the contractor was rejected by the arbitrator.

5. In 1954, when the Notice-Inviting-Tenders for the work was prepared, no Surveyor of Works Organisation existed in the Central Public Works Department, and the Executive Engineers did not have proper assistance for the preparation of the Notices-Inviting-Tenders. For that purpose, they had to depend on the field staff who did not have the requisite amount of experience. A Surveyor of Works Organisation has since been set up in the Central Public Works Department, and such ambiguities do not now usually occur. In spite of all precautions, however, disputes are bound to arise on the interpretation of provisions in the agreements among the Departmental staff, the contractors and the Chief Technical Examiner. It is to resolve such disputes that an arbitration clause has been provided in the agreement form.

6. The Committee had further desired that they would like to watch the results and the action taken pursuant to the assurance

given by the Secretary of the Ministry vide para 106 of their report. In so far as the results of this particular case are concerned, the position has been explained in the preceding paragraphs. As would be seen, the officers concerned have been warned. As regards the assurance given by the Secretary, it may be stated that, in para 106 of the Committee's Eighth report, another case of irregularities in the construction of a raised link connecting two overhead railway bridges at Jangpura on the Delhi Mathura Road reported by the Chief Technical Examiner was considered by the Committee. On being asked the reasons for delay in taking disciplinary action in that case, the Chief Engineer, Central Public Works Department, had informed the Committee that the present procedure was to some extent dilatory. The Secretary, however, assured the Committee that he would try to evolve a method whereby such delays could be avoided. In that case also, the Committee desired that they would like to be informed of the remedial measures to be adopted to streamline the procedure. The question of streamlining the procedure for disciplinary cases is under active examination and a note will be submitted separately for the information of the Public Accounts Committee with reference to para 106 of their Eighth report.

[O.M. No. 5/7/64-Bt. dt. 4-12-64.]

Recommendation

The Committee feel that in this case the disciplinary aspect of the case had been overlooked and there appeared to be no justification for such an abnormal delay. They desire that the circumstances under which no action was taken in this case for quite a long time be investigated and appropriate action taken against delinquent officials.

ACTION TAKEN

The disciplinary aspect of the case was examined in detail and action has been initiated against the officials responsible for the lapses. A charge-sheet has already been served on the Executive Engineer concerned on 26-3-1964 and similar action is being taken against the Divisional Accountant and Lower Division Clerk for the lapses on their part.

2. As for the abnormal delay in taking disciplinary action against the concerned officials, the matter will be investigated as soon as the relevant documents which are now linked up with the disciplinary case against the Executive Engineer, are released.

[S.No. 110 (Para 113) of Appendix III to 8th Report (Third Lok Sabha).]

APPENDIX XXIII

MINISTRY OF DEFENCE

*Statement showing Action taken on the Recommendation of the
Public Accounts Committee.*

FOURTH REPORT (THIRD LOK SABHA)

Recommendation

While the Committee hope that under the revised procedure the outstanding relating to the current years would not accumulate, they are concerned over some old dues still outstanding since the year 1946. They desire that every effort should be made to recover them expeditiously. They would like to be furnished with a statement showing the break-up of the outstandings since 1946 and the progress made in the settlement of old cases.

(S. No. 6 Appendix II to Fourth Report 1962-63)

ACTION TAKEN

Every effort is being made by this Ministry, the Director General, Ordnance Factories and the Controller of Defence Accounts (Factories) to liquidate the outstanding dues as expeditiously as possible. The position of outstandings as on 31st December 1963 for supplies made services rendered by the Ordnance Factories upto 31st March 1961, as furnished by the Controller of Defence Accounts (Fys) is as under:—

Sl. No.	Name of Party	Amount outstanding as on 31-12-1963 (in Rs)
1.	Defence Services	1,29,314
2.	Central Civil Departments	130,12,879
3.	Railways	4,05,836
4.	State Governments.	96,756
5.	Private Bodies	46,62,483
Grand Total		1,83,07,268

A statement showing the break up year-wise of outstandings from the various parties as on 31st December, 1963 for supplies made/ services rendered by the Ordnance Factories upto 31st March, 1961 is attached herewith.

2. A substantial portion of outstandings is due for recovery from the following:—

(i) *Defence Services*.....Rs. 1,29,314.

The above amount pertains to stores issued/services rendered to **Military Engineering Services, Air Force and Navy** and it is outstanding for want of adjustment of Punching Media from the respective Unit Accountant, Garrison Engineer/Controller of Defence Accounts. The Accounts Officers concerned are regularly pursuing the recovery of the outstanding dues from the authorities concerned.

(ii) *Central Civil Departments*.....Rs. 1,30,12,879.

This amount roughly constitutes the following major items:—

(a) *Iron and Steel Controller, Calcutta*.....Rs. 1,11,77,594.

This amount is outstanding on account of steel supplied by Ordnance Factories. The recovery of this amount is being pursued with the Ministry of Steel and Mines (Department of Iron and Steel).

(b) *D.G.P.&T.* A sum of Rs. 5,53,966 is outstanding due to non-receipt of the receipted copies of issue vouchers from the various consignees.

(c) *D.G.S.&D.* A sum of Rs. 2,19,701 is outstanding from the D.G.S.&D. The case is being actively pursued with the D.G.S.&D. by D.G.O.F.

(d) *Dandakaranya Development Authorities* Rs. 10,28,810.

(iii) *Railways.* A sum of Rs. 4,05,836 is outstanding from the Railways mainly due to non-receipt of receipted copies of the statements and the work in connection with the raising of debits on the basis of 'Proof of Despatch' is in progress.

(iv) *State Governments.* Rs. 96,756. The remarks against Railways also apply in this case.

(v) *Private Bodies.*

A sum of Rs. 46,62,483 is outstanding for recovery mainly from the following major parties:

(a) A sum of Rs. 39.64 lakhs is outstanding on account of non-settlement of the claim against M/s. Telco on account of main order for the supply of components for 950 Steam Road Rollers to Telco. The matter was under dispute and on the basis of an inter Depart-

mental meeting it has since been decided in 1960 that the claim of the Ordnance Factories should be finally settled on payment of Rs. 32·10 lakhs by M/s. Telco. This figure has been arrived at as under:—

	Rs.	lakhs.
(a) Cost of 950 sets of components at the rate of Rs. 17,000/- per set.		161·50
(b) Cost of Surplus Components.		·91
(c) Cost of 3 extra items supplied by Ordnance Factories		·29
	Total	162·70
Less (d) Cost of Shortfall items		8·60
	Net Claim	154·10
(e) Total amount already paid by M/s. Telco		154·00
(f) Total amount outstanding		32·10

The recovery of this amount is being pursued with the Department of Supply.

(b) An amount of Rs. 4·50 lakhs approx. is due for recovery from M/s. Hindustan Machine Tools Ltd., Bangalore for the recovery of which negotiation is going on.

(c) *Fabricating contractors* (Late Br. G. & S., and H. & S., Cossipore and Kanpur respectively).

A sum of Rs. 97,467 approx. is outstanding for recovery from these contractors.

3. A statement showing the comparative position of outstandings as on 1st April, 1962 and 31st December, 1963 in respect of payment issues made and services rendered upto 31-3-1961 is given as under:—

Sl. No.	Date	Amount out-standing from Defence Services.	Central Civil Departments.	Railways	State Govt.	Private Bodies.	Total
1	1-4-62	1,46,583	1,52,83,279	18,20,432	2,25,973	53,03,190	2,27,79,457
2	31-12-63	1,29,314	1,30,12,879	4,05,836	96,756	46,62,483	1,83,07,268
		17,269	22,70,400	14,14,596	1,29,217	6,40,707	44,72,189

It will be seen from the above that a sum of Rs. 44,72,189 has been recovered since 1st April, 1962.

4. As regards old outstandings, continued efforts are being made by the Ordnance Factories concerned, D.G.O.F., Controller of Defence Accounts (Factories) and the Ministry of Defence to reduce the outstandings as expeditiously as possible. Out of the total amount of Rs. 1.83 crores outstanding on 31-12-1963, the following are the items which constitute the bulk of the outstandings:—

(i) Iron & Steel Controller, Calcutta,	Rs. 1.12 crores.
(ii) Messrs TELCO	Rs. 0.40 crores.
	<hr/>
	Rs. 1.52 crores

Efforts are being made to recover these outstandings and after this is done, the position is expected to improve considerably.

5. Director of Audit, Defence Services has seen.

[Ministry of Defence O.M. No. 11(7)/62/D (Budget) dated 6-10-1964].

Statement of Outstanding Payment Issues, Showing the Position as 31-12-63 in respect of issues Made Services rendered up to 31-3-6

Sl. No.	Year	Items	Defence Amount Rs.	Items	Central Civil Amount Rs.	Items	Railways Amount Rs.	Items	State Govt. Amount Rs.	Items	Private Bodies Amount Rs.	Items	Total Amount Rs.
1	1949-50	.				1	1,866			37	1,61,629	38	1,63,495
2	1950-51	.								977	17,66,132	977	17,66,132
3	1951-52	.		4	5,81,224	3	1,049			1,119	14,86,038	1,126	20,68,311
4	1952-53	.		1	48,271					913	5,41,766	914	5,90,037
5	1953-54	.		4	10,21,501	3	3,011			628	1,89,910	635	12,14,422
6	1954-55	.		121	15,04,947	2	150			101	24,859	224	15,29,956
7	1955-56	.	1 31,680	15	39,714	11	18,313			7	653	34	90,360
8	1956-57	.		16	51,53,934	15	12,069	2	322	3	3,521	36	51,69,846
9	1957-58	.	1 121	21	9,60,178	18	36,446	1	4,595	11	4,277	52	10,05,617
10	1958-59	.	14 5,370	22	7,18,044	125	1,00,897	5	15,611	50	3,96,318	216	12,86,240
11	1959-60	.	36 73,253	37	8,80,359	75	40,097	11	22,816	35	35,865	194	10,52,390
12	1960-61	.	7 18,890	109	21,04,707	101	1,41,938	39	53,412	19	51,515	275	23,70,462
			59 1,29,314	350	1,30,12,879	354	4,05,836	58	96,756	3,900	46,62,483	4,721	1,83,07,268

Recommendation

The Committee desire that the position regarding utilisation of the machines issued to units should be looked into and intimated to them.

[S. No. 17—4th Report (Third Lok Sabha) 1962-63]

ACTION TAKEN

As suggested in Defence Ministry's note dated 29-5-1963, forwarded to the Lok Sabha Secretariat under this Ministry's O.M. No. 11 (7) / 62/D (Budget) dated 5-6-1963, (Para 10 of Appendix XXI to 26th Report 3rd Lok Sabha), the verification of the utilisation of all the machines sent to at least twelve units/formations (selected in consultation with Audit) has been taken up and the investigation is nearing completion. Further report will be made to the Committee as soon as the investigation is completed. It may, however, be mentioned in this connection that the utilisation of 40 machines issued to six different consignees as detailed in the attached Statement has been verified in March 1964 and all the machines in question had actually been put to use by the concerned consignees.

[O.M. No. 11 (7) '62/D (Budget) dated 9-9-1964].

Statements

			Depot I/V No. & dated		Consignee's RV No.	
106 INF WORKSHOPS COY PAPROLA						
1	WX-0017	Forges Transportable 26 x 20 LDC 110 VDC	1	4 SD-2123 dt. 14-10-58	RV/TS/34 dt. 18-1-59	
2	Do.	Do.	1	4SD-3490 " 9-2-59	RV/TS/34 " 17-3-59	
3	WX-0894	Fan electric portable 110 VDC	2	4SD-473 " 24-6-59	" " /219 " 27-8-59	
4	Do.	Do.	12	4SD-5167 " 13-3-58	" " /183 " 30-6-58	
128 ARMS WORKSHOPS JHANSI						
5	WX-0245	M C Grinding PE 6" dia HD 110 DC	2	IIS-10792 dt 13-7-56	RV/80302/684 dt. 21-8-58	
6	WX-0249	M C Grinding Tool int or ext LD 110 VDC	1	" 50186 " 23-5-58	" " /306 " 18-6-58	
7	WX-0259	M C Grinding Valve Seats PE 110 VDC LD 3"	1	" 50756 " 27-8-58	" " /672 " 7-1-59	
8	WX-0261	M C Grinding & Polishing DE 110 VDC	1	" 100338 " 23-5-60	" " 200 " 30-7-60	
140 INF WORKSHOPS PATHANKOT						
9	WX-0017	Forges Transportable 26x20 LD 110 VDC	1	4SD-2233 " 16-10-57	RV/TE/600 dt. 24-12-58	
10	WX-0188	Drill electric Portable HD 35 64" dia 110	1	IIS-50996 " 12-2-59	RV/TE/834 " 28-3-59	
11	WX-0249	M/C. Tool Grinding int ext LD 110 VDC	1	IIS-50997 " 12-2-59	RV/TE/835 " 28-3-59	
145 INF WORKSHOPS COY JORHAT						
12	WX-0894	Fan electric Portable 10" 110 Volts	2	IIS-100176 dt. 26-5-59	TS RV/205 dt. 23-6-59	
13	Do.	Do.	3	" 100353 " 16-6-59	" " /230 " 29-7-59	
14	Do.	Do.	1	" 100818 " 21-8-59	" " /418 " 30-11-59	
15	WX-0218	M/C Grinding double ended bench MD 110 VDC	1	" 50743 " 20-4-58	" " /78 " 18-3-59	

203 INF WORKSHOPS NAGROTA

16	WX-0017	Forges Transportable 26 x 20 I.D 110 VDC	1	4SD-3462	dt. 27-1-61	RV 161 TL dt. 2-4-61
17	WX-0484	Tool Recessing Valve seat insert	2	.. 424	.. 29-5-58	RV 475 TL .. 9-6-58
18	WX-0894	Fan electric Portable 110 VDC	2	.. 886	.. 22-6-59	RV 100 TL 4-8-59

206 INF WORKSHOPS PATHANKOT

19	WX-0017	Forges Transportable 26 x 20 110 VDC	2	4SD-2928	.. 29-12-58	RV TS Gen 42 dt. 27-2-59
20	WX-0017	Do. Do.	1	4SD-2782	.. 28-11-59	.. .. 6 .. 2-1-60
21	WX-0259	M/C Grinding Valve Seat PE 110 VDC	1	IIS-101174	.. 28-12-59	.. .. 40.. 20-1-60

Recommendation

3. While the Committee note the circumstances under which these stores were purchased they are not satisfied that there was adequate justification for procuring these stores on three years' "war wastage basis". They view with regret that effective steps had not been taken for the utilisation/disposal of the surplus stores and it was only recently that the Bharat Electronics Limited had been asked to examine the possibility of utilising these valves. The Committee would urge that this matter should receive greater attention.

(Sl. No. 19 Para 17 of the 4th Report—Third Lok Sabha—Appendix II to the Fourth Report of the Public Accounts Committee—Third Lok Sabha).

ACTION TAKEN

As the Bharat Electronic Limited could not utilise these values, a quantity valuing Rs. 1,52,36,022 has been offered for sale to friendly foreign Governments, after retaining (i) two years' requirements beyond 31st March 1965 of valves and spares for wireless set 88, (ii) five years' requirements beyond 31st March 1965 of valves and spares for WS 31 and (iii) the special liabilities for multipurpose items. The value of surplus valves and spares after meeting actual/anticipated requirements at various times is as under:—

Values of surpluses after meeting estimated requirements	Value of Valves	Spares	Total
Upto March 1963 . . .	1,81,73,364.22	19,11,795.70	2,00,85,159.22
Upto March 1964 . . .	1,77,80,604	19,11,796	1,96,92,400
Upto March 1965 . . .	1,73,20,611	14,66,828	1,87,87,439
Upto March 1967 for WS88 & upto March 1970 for WS 31 & multipurpose items.	1,45,21,557	7,14,465	1,52,36,022

DADS has seen.

[U.O. No. 29(5)/62/S02/D(0-1) dated 29-12-64.]

Recommendation

(i) While the Committee share the anxiety of the Ministry to dispose of the vacant lands and buildings only as a last resort after exploring all avenues of utilising them by Defence Organisations/

other Ministries etc. they cannot overlook the fact that some of these buildings were lying unutilised since 1947. It is, therefore, apparent that due attention had not been paid to the utilisation/disposal of these buildings resulting in considerable expenditure on maintenance and watch and ward staff besides unnecessary locking up of funds. The Committee desire that this matter should now receive due attention and steps taken for utilisation/disposal of surplus buildings.

[S. No. 23, Appendix II to Fourth Report (Third Lok Sabha) 1962-63]

ACTION TAKEN

Para 18(c)—Audit Report, Defence Services, 1962—101. Railway Construction Company Camp, Avadi.

The camp known as "101 Railway Construction Company Camp, Avadi" comprising 10 acres of State Government Forest land which formed part of the project "206 B.O.D. Avadi" was available for disposal. The State Government land is held free of rent. While the question of disposal of surplus buildings on the land was under consideration by the local military authorities, Government took decision in March 1958 that no property could be disposed of without its prior approval and placed a ban on disposals. On the basis of earlier decision, the entire project "206 BOD Avadi" was considered at the 29th meeting of Quarter Master General's Inter Services Committee for Lands and Buildings held on 23rd July 1959 and it was recommended that the project be retained for a long period for use of the Ordnance Depot, Avadi. The project was again considered by the Quarter Master General's Inter Services Committee on the 12th May 1961 but no decision was taken. The Defence Ministry assets at the project were disposed at Rs. 15,850/- in a public auction in April 1962. On review, however, it was found that this area of land was required by the army for building domestic accommodation including civilians of Vehicle Depot, Avadi. The project for construction of domestic accommodation, is however, held up pending finalisation of Key Location Plan for Vehicle Depot, Avadi.

Para 18(d)—Air Trooping Transit Camp, Arkonam

Air Trooping Transit Camp formed part of the Arkonam Airfield. The camp remained under occupation of the Territorial Army till February 1953. The question of its utilisation to the best advantage of the State remained under consideration till May 1955. The land was confirmed to be surplus by the Headquarters Southern Command in June 1955. The necessity for release/retention of this project was reviewed periodically by QMG's Inter Services Committee

for Lands and Buildings from March 1956 to May 1960. Finally in March 1962, the Air Headquarters requested that the camp be transferred to them for use of their Training Depot. Accordingly, Government sanction for the transfer of the project from Army to Air Force was issued on 7th July 1962.

2. After assessing the total requirements of the project it was found by Air Headquarters that the cost of developing Arkonam to house a Training Depot was approximately Rs. 83 lakhs including provision of married accommodation for all classes of personnel on pre-emergency scales. In view of the training commitments for armament trades, the high cost of construction and time required for construction, the proposal for locating a Armament School and Training Depot at Arkonam, was dropped in April, 1963. The question of its disposal is now under consideration. The Airfield has been included in the list of abandoned airfields. The review of the abandoned airfields is under consideration.

Para 18(e)—Ammunition Depot, Gummidipundi.

The camp refers to Ammunition Depot, Gummidipundi and it comprises—

(i) Requisitioned land	4468.92 acres
(ii) Hired land	119.45 „
(iii) Requisitioned buildings	24
(iv) Defence assets	437 semi pucca (huttel type) prefal structures costing Rs. 21.09,954

Consequent on the closing down of Ammunition Depot, Gummidipundi in June 1959, the question of release retention of the land/buildings at the Depot was examined in consultation with other user services. The question of locating any Army unit at this station was also examined in consultation with G.S. Branch, but it was found that there was no military requirement for this accommodation. The question of its release/retention however, remained under active consideration upto May 1962 when the Chief of General Staff had remarked that although there was no immediate use of the land and the assets but in view of the impending expansion of the Army and the possibility of their acquiring more land, the project should not be declared surplus. He further remarked that as a matter of general policy no other lands should be released till their future requirements were worked out finally. Accordingly, the disposal of the land and the assets in question, was held in abeyance.

In December 1962, the Government of Madras evinced interest in the temporary transfer of the project to them for the raising of a Labour Unit in connection with work on Border Areas which is relatable to securing the Defence of India and efficient conduct of military operations. The request of the State Government has been considered and the whole project less five sheds which are presently under occupation of Messrs Imperial Chemical Industries, is likely to be transferred to them for one year in the first instance. Government orders have not so far issued.

Para 18(b)—No. 3 Sub. Depot, Avadi and C.M.H. Avadi.

Statement showing action taken on the recommendations of the Public Accounts Committee on the above para has already been furnished to the P.A.C. under Ministry of Defence Office Memorandum No. F.11(7) 62 D (Budget) of 22th June, 1963.

Key Location Plan for Avadi has not so far been finalised. Land requirements will be settled as soon as the holdings of the Central Vehicle Depot, Avadi are finalised.

Para 18(a)—Accommodation at Landour.

Para 18(f)—Lands in Datia

Statement showing action taken on the recommendations of the P.A.C. on the above paras and a general note covering the entire range of surplus lands and buildings will be furnished separately.

The D.A.D.S. has seen.

Min. of Def. U.o. No. 10(6)/61 D (Qtg) [D (Lands), dated 25th July, 1964].

Recommendation

The Committee note that large funds (over a crore of rupees) remained locked up in the case referred to in para 23 of the Report because of the tractors remaining idle for a considerable period. They feel that this could have been avoided with better planning in placing the orders and closer coordination between the Engineer-in-Chief's Branch and Director General, Ordnance Factories. It is regrettable that there was undue delay in finalising the requirements of spares although the recommendations of the manufacturers had been received between February-April, 1959. Out of 210 tractors received 106 are still in reserve. The Committee would like to know the progress made in the utilisation of these tractors and the number of operational hours done by each tractor.

[S. No. 25 Appendix II to Fourth Report 1962-63].

ACTION TAKEN

The replies are as follows:—

- (a) The existing stock of tractors was of Second World War origin and had been put to intensive use. It was necessary to procure new tractors to replace the old tractors so that training could be imparted to the units and men and the equipment would be available in fit condition to meet operational requirements. It may also be mentioned that at any time an authorised reserve of tractors is to be held in stock.

Thus, though it is agreed that the tractors could not be issued earlier due to delay in procuring the spares and to that extent there was locking up of funds for some time, a certain number of tractors would have to be held in reserve in any case.

- (b) Though the manufacturers' recommended list had been received by the end of April, 1959, indent could not be placed immediately since the list was not priced and manufacturers' spare parts catalogue had not been received. In the absence of these documents the scaling guide could not also be prepared by the EME Dtc. An indent had been placed on D.G.O.F. in April 1960 based on the manufacturers' recommended list and bulk indication of cost, stipulating certain conditions, so as to avoid over-provisioning of spares. D.G.O.F., however, expressed his inability to procure these spares subject to these conditions. The manufacturers' scale of spares duly priced was received in October, 1960 and the Initial Stocking Guide for D/120, D/80 and D/40, HATHI TRACTORS was published by EME, in March, 1960 which was received in Engineer-in-Chief's Branch in April, 1960. It was decided to place an indent based on the EME's Stocking Guide and the revised indent was finalised and placed on the D.G.O.F. in March, 1961.

- (c) In view of what has already been stated at (a) above, certain number of tractors remained in authorised reserve. Tractors were issued from this reserve as and when necessary and demand for them was placed by the various Units. However, none of the tractors under reference are held in ESD at present, excluding 2 Nos. of size I issued against Engineer Theatre Store Reserve.

(d) Information regarding the operational hours run by 52 Nos. of tractors, as is readily available, has been furnished in the list at Annexure 'A'.

2. The DADS has seen.

[M. of D. O.M. No. 11(7)/62/D (Budget) etc., 13-11-1964.]

ANNEXURE 'A'

Statement showing the number of hours run by 52 tractors issued to Army Units.

Sl. No.	E.M. No.	Date of receipts	Holding Unit	Total hours run as on	
				31-12-62	15-2-64
1	2	3	4	5	6

CRAWLER TRACTOR SIZE I

1	39359	1-1-62	EP, AMBALA	8	16-1/2
2	39278	1-1-62	"	7-1/2	164
3	39272	1-1-62	"	8	305
4	39269	1-1-62	"	8-1/2	17
5	39355	5-12-60	EME, School Secunderabad	199	357
6	39552	6-12-61	"	79 Hrs	run upto May 63
7	39357	9-1-61	CME, Kirkee	396	Do. Dec 63
8	39356	9-1-61	"	626	Do. Dec. 63

CRAWLER TRACTOR SIZE II

1	393331	5-12-60	EME School Secunderabad	259	330
2	39213	"	MEG Bangalore	414	670
3	39214	"	"	645	645
4	39208	12-12-59	BEG Rookree	480	480
5	39211	12-12-59	"	414	510
6	39210	6 60	EP, Delhi	92	102
7	39243	29-7-62	683 Fd Pk Coy	507 Hrs	run upto Dec. 63
8	39334	12-9-61	Bombay Eng GP	1344	Do.
9	39216	12-9-61	"	629	Do.
10	39143	91--61	CME Kirkee	775	Do.

1	2	3	4	5	6
11	39440	9-1-61	CME Kirkee	830 Hrs. run upto	Dec. 63
12	39205	1-1-63	758 Plant Platoon	807	Do.
13	39207	21 1-63	" . . .	718	Do.
14	39237	30-11-62	759 Plant Platoon	800	Do.
15	39215	30-11-62	" . . .	1200	Do.
16	39240	30-11-62	" . . .	900	Do.
17	39555	8-12-61	EME School Secunde - rabad	246	May 63

CRAWLER TRACTOR SIZE IV

1	39424	5-12-60	EME School Secund- erabad	97	120
2	39390	5-12-60	" . . .	197	340
3	39340	31-10-61	MEG Bangalore	431	478
4	39430	31-1-61	" . . .	208	382
5	39313	1-12-60	BEG Roorkee	379	761
6	39479	June, 62	" . . .	636	856
7	39482	June, 62	" . . .	52	590
8	39500	12-10-63	" . . .	..	110
9	39657	12-10-63	" . . .	..	311
10	39325	E	EP Pandu	46	49
11	39393	1-8-62	683 Fd Pk Coy	84 Hrs. run upto	Dec 63
12	39491	29-7-62	" . . .	816	Do.
13	39654	..	362 Fd Coy	67	Do.
14	39506	25-7-62	80 Fd Coy	352	Do.
15	39328	..	26 Fd Coy	500	Do.
16	39461	..	484 Fd Coy	348	Do.
17	39377	..	" . . .	301	Do.
18	39385	3-8-62	428 Fd Coy	1025	Do.
19	39395	30-4-62	4 Fd Pk Coy	312	Do.
20	39394	30-4-62	" . . .	580	Do.
21	39388	13-12-62	682 Fd Pk Coy	576	Do.
22	39458	13-12-62	" . . .	351	Do.
23	39427	9-1-61	CME Kirkee	236	Do.
24	39421	9-1-61	" . . .	602	Do.
25	39378	4-12-61	429 Aslt Fd Coy	443	Do.
26	39675	26 7-62	12 Aslt Fd Coy	103	Do.
27	39415	24-5-63	BEG Kirkee	99	Do.

Recommendation

The Committee note with regret the abnormal delay which has occurred in the case referred to in para 24 of the Report in instituting a Court of Enquiry and finalising the action to be taken against the officers responsible. The Committee have repeatedly emphasised in the past the necessity of instituting Court of Enquiry without delays. They would like to be informed about the action taken against the officers concerned. The Committee also desire that necessary instructions should be issued about proper packing and handling of delicate materials like wired glass sheets in order to avoid losses during transit.

[S.No. 26 Appendix II of Fourth Report (Third Lok Sabha), 1962-63].

ACTION TAKEN

Instructions have been issued from time to time about the need for prompt investigation of losses/irregularities, vide:

- (a) Army HQ letter No. A 00411/PSI, dated the 9th July, 1963.
- (b) Air HQ letter No. Air HQ 23381/PS, dated 31st March, 1960
- (c) Naval HQ letter No. NS/0124, dated 4th May, 1964.
- (d) Army HQ letter No. 43344 E2A, dated 29th June, 1962.
- (e) Army Order No. 181 1964, dated 28th March, 1964.

2. The proceedings of the Court of Inquiry held in April, 1958 and January, 1959 for investigating the loss due to breakage of Wired Glass received by the Garrison Engineer Kanpur, were completed in November, 1960 and after endorsement by the Staff authorities at Sub. Area/Area Command levels were received in E-in-C's Branch in March, 1961.

The Court fixed the responsibility as under:—

- (i) Personnel present at the time of receipt of the consignments in 1950.
 - (a) GE Overall administrative responsibility in the matter.
 - (b) SDO i/c Project for the loss incurred.
 - (c) Store Keeper

- (a) G.E. (from 24-11-1951) . for not issuing proper instructions for investigation and and regularisation of the brekages.
- (b) Suptd. B/R Grade (I from 11-2-1952) . for not ensuring that proper accounting was carried out and necessary discrepancy action initiated.

The GOC-in-C, Eastern Command directed departmental action be taken against the above.

After scrutiny, the proceedings were sent to the lower authorities concerned, in May, 1961, for initiating action as recommended by the GOC-in-C.

Persons at (i)(a) and (c) being no longer in service, having retired/resigned on 19-9-1959 and 24-6-1952, respectively, no action could be taken against them. The Chief Engineer submitted in November and December, 1961 the draft 'Show Cause' notices for issue by Government on the rest of the officers (three). Thereafter, after further examination, the case was put up by the E-in-C's Branch to the Government in March, 1962. Government then examined the case and had to call for certain further factual information/material from E-in-C's Branch on several points. The required information was secured on 21-9-1962. At that time, when Government were contemplating finalisation of the disciplinary case against the officials, a Notification under Section 9 of the Army Act, was issued on 28-11-1962, declaring that the Army in India, wherever stationed should be deemed to be on "active service" whereupon all action initiated against Defence Civilians with a view to dealing with them under the C.D.S. (CC&A) Rules 1952, had to be suspended as they were automatically brought under the purview of Army Act and, consequently, came to be excluded from the scope of those Rules. The question of suitably amending the C.D.S. (CC&A) Rules 1952, so as to enable Defence Civilians to be dealt with under the Rules, despite the fact that they have been brought under the Army Act was then considered and finalised in March, 1963, by suitably amplifying the said Rules by adding a provision that these civilians can still be dealt with under them although they are temporarily subject to the Army Act.

2. The present position of the disciplinary cases against the officials is that one of the three officials [serial No. (ii)(a) above] against whom the punishment of "Censure" was contemplated, retired from service in the M.E.S. on 17-7-1962 and took up employment

in an autonomous Corporation, namely the Heavy Engineering Corporation controlled by the Ministry of Steel and Heavy Industries. It was, therefore, not possible for this Ministry to pursue the question of taking disciplinary action against him any longer, except by way of reduction in pension which it was felt is not merited in this case.

Although the facts of the case could have been brought to the notice of the Heavy Engineering Corporation for any action considered necessary by that autonomous body, against that officer, it was felt that as the incident on which the charges against him were based was itself nearly 13 years old, such action would not be appropriate at this much belated stage.

After detailed examination of the case from all aspects, on merit, it was decided by E-in-C's Branch with the Approval of Ministry of Defence to administer a non-recordable warning to Shri N. N. Mehta, AEE. Accordingly, on 29 July, 1963, necessary warning was administered to this Officer. The object of the PAC's recommendation vide para. 169 of the Seventh Report of the P.A.C. (Second Lok Sabha) (1957-58)—Vol. I, is to ensure that the fact that such a warning was issued is kept in view while the individual is considered for promotion etc. In effect this has been so as explained below.

This Officer was selected by the DPC held in March, 1962 for promotion to the grade of EE. His selection was again confirmed by DPC held in April, 1963, subject to clearance of disciplinary case. In the normal course he should have been promoted on 9th July, 1962, the date on which his junior was promoted. He has not yet been promoted on account of this disciplinary case. This Officer is suffering a re-curring financial loss of about Rs. 200 per month, since 9th June, 1962. This aspect too was taken into consideration to assess the adequacy of punishment.

The third official was asked on 29th July, 1963 to pay Rs. 500 towards making good, a portion of the loss caused to Government by his negligence as his responsibility was only of a supervisory nature. He, has, however, on 28th August, 1963 refused to pay this amount and disciplinary action has to be initiated to effect a panel recovery or award some other suitable punishment.

4. As regards losses during transit, it may be mentioned that in this case, the wired glass sheets were imported from U.K. and France and the packing was done by the overseas suppliers. Instructions regarding proper packing and handling of delicate material

like glass sheets to avoid damage in transit already exist and are being followed by MES formations. A copy of Stores Technical Instructions No. B/3, dated 22-11-1944 is enclosed for information.

In this connection it may be stated that under the guidance of the Standardisation of Packing Technical Committee, an exhaustive directive styled 'Defence Services Packing Code' was published in 1961. This is a comprehensive document covering the various aspects of preservation, packing, marking, labelling as well as storage and handling of all types of stores (except ammunition) and is intended to serve as a guide to all who are responsible for the receipt, inspection, storage, packing, issue and delivery of all service stores, equipment and supplies.

Attention of all concerned has been drawn by the E-in-C's Branch on 18-4-1964 to the Store Technical Instruction mentioned above and the Defence Services Packing Code for strict observance.

5. Director of Audit, Defence Service, has seen.

[Ministry of Defence, O.M. No. 11(7)/62/D (Budget dated 8-7-1964.)]

Recommendation

(i) The Committee are of the view that the difficulties in this case have arisen because of non-verification by the DGS&D before placing the contract whether arrangements for preservation treatment of soft wood ballies existed with the Forest Department, J. & K Govt. Further, no provision was made for the inspection of the goods by the MES authorities before despatch. The Committee would suggest that adequate safeguards should be taken by the DGS&D while placing future contracts on the State Government. The Committee would like to be informed in due course as to what alternative use the ballies were put and what was the total financial loss incurred in the transaction.

(ii) The Committee also recommend that the dispute in the present case should be settled with the State Government expeditiously, as the ballies which have been lying unused for periods ranging from 2 to 3 years are likely to deteriorate further.

[S. No. 27, Appendix II of Fourth Report (Third Lok Sabha), 1962-63].

ACTION TAKEN

Recommendation (i)

The view of the Public Accounts Committee that the Director General of Supplies and Disposals should have verified, before

placing contract, whether arrangements for preservation treatment existed with the Forest Department of J & K Government is agreed to. On being requested to reply to this observation, the Director General of Supplies & Disposals replied as under:—

- “(1).—The order was placed on J & K Forest Department in accordance with the offer made by them and it was expected that the State Government was fully aware of the requirements in the specification before submitting their offer. In placing orders on Government to Government basis, the *bona fides* of the offers are not doubted and orders are placed in good faith on the assumption that the State Governments submit their offers only after studying the requirements including the specification to which the stores are to conform.
- (2).—The present policy of the Government is to obtain bulk of their timber requirements on Government to Government basis thereby eliminating the trade and it not considered desirable nor possible to verify the capacity of the States to execute the orders. The responsibility for submitting the offers and for executing the orders in accordance with the contracts placed on them should squarely rest with the State Governments.
- (3).—As regards the observation that no provision was made for inspection of the stores by MES authorities before despatch, it may be stated that the question of the desirability of a Joint Inspection of timber at the suppliers' and being carried out by the Defence Inspectorate and the Forest Passing Officer, in order to obviate the possibility of rejections of any timber at the consignees' end, had been taken up with the Ministry of Defence; but they did not agree to this proposal on the ground that the Joint Inspection would result in extra expenditure in positioning the staff of the Defence Inspectorate at the various points of supply.
- (4).—As a result of the discussions that took place in the conference of the Chief Conservators of Forests held under the chairmanship of the Minister of State (Agriculture) in January, 1963, the question of supply of timber to Defence Services was further examined in consultation with the Ministry of Defence and the procedure to be adopted for inspection of supplies to Defence Services has been decided as under:—

- (i) Supplies of soft and hard wood in logs will be inspected by a Gazetted Officer of the State Forest Department in accordance with the relevant specification (excepting ballies). The consignee will complete inspection of timber on receipt as soon as possible, in any case within 30 days of their receipt at the end of which period the timber would be deemed to have been accepted by the consignee. In the event of any dispute regarding defective timber at the consignee's end, a Joint inspection will be made by the consignee and the Chief Conservator of Forests or his nominee.
 - (ii) In case of disagreement between the consignee and the Chief Conservator of Forests or his nominee, the matter relating to the quality of timber will be referred to the Inspector General of Forests, Department of Agriculture, whose decision shall be final. (According to the present arrangement, such disputes are referable to sole arbitration of Director General of Supplies and Disposals). It will be made clear to the Inspector General of Forests that he should avoid naming as arbitrator the Chief Conservator of Forests of the State concerned with the supply as his nominee, to deal with the matter.
 - (iii) As regards ballies, the inspection will be carried out jointly by Chief Conservator of Forests or his nominee and a representative (a Gazetted Officer) of E-in-C's Branch or Chief Engineer of the concerned Command E-in-C or the Chief Engineer will depute his representative within 14 days of receipt of notice of readiness of timber from the Chief Conservator of Forests or the Forest Utilisation Officer of the State concerned. The inspection note will be signed by both the representatives. This joint inspection will be considered as final and the consignee will not have any right to raise objection against quality of ballies thus passed.
- (5).—The revised procedure thus contemplates joint inspection only in respect of supplies of ballies."

2. The revised procedure applies to timber supplies to all Defence indentors and has been accepted by the Ministry of Defence. Joint Inspection in respect of Ballies by Chief Conservator of Forests or his nominee and a representative (A Gazetted Officer) of the Engineer-in-Chief's Branch or of a Chief Engineer is definitely an improvement on the old system. This should have no scope for dispute between the Consignor and the Consignee as regards quali-

tative, quantitative or dimensional aspect of the ballies. We agree that such an inspection should be done at the despatching station.

3. As regards the ultimate utilisation of the ballies and the total financial loss incurred in this transaction, Chief Engineer, Western Command was advised on 24th August, 1962 by E-in-C's Branch, Army Headquarters that as, consequent upon the Director General of Supplies and Disposal's Award issued on 30th July, 1962 the entire quantity of ballies was to be accepted, minimum quantities that could not be used at all were to be disposed of. The Chief Engineer reported upto December, 1964 that 86,938 ballies were unserviceable and that they would require disposal. Of these, unserviceable ballies 82,635 Nos. have been disposed of during the periods indicated below:—

Second half 63 to First half 64	..	32,594 Nos.
Second half 64	..	1,987 Nos.
Second half 63 to end of 64	..	48,054 Nos.
TOTAL:		<u>82,635 Nos.</u>

Besides, it is anticipated that some quantity of ballies from the quantity outstanding (26,548) awaiting despatch would be unserviceable and would thus also require disposal. Since all these ballies have not been received by the consignees, the correct number of unserviceable ballies cannot now be given. The total financial loss incurred can only be available after the disposal transaction is completed. The loss incurred in the disposal of 82,635 Nos. cannot also be indicated till such time the entire quantity of unserviceable ballies is disposed of and the sale proceeds thereof are realised and vetted by the Controller of Defence Accounts concerned.

4. For a ready appreciation of the number of ballies received, used and found unserviceable, a tabulated statement, as on 31st December, 64 is given below:—

Receipts						
Ballies on order as per purchase order	Ballies to be supplied as per award.	Quantity used	Quantity unfit	Serviceable quantity held	Total	Quantity out standing
1,98,574	1,94,412	76,634	86,938	4,592	1,67,864	26,548

5. Ballies conforming to the prescribed specification or slightly lower, being serviceable, are used on works. These serviceable ballies are issued at stock book rates thereby involving no financial loss.

Recommendation (ii)

The award given by the Director General of Supplies and Disposal's has been accepted by the State Forest Department. However, the supply of 50,493 ballies lying in their depots is yet to be completed. Chief Engineer, Western Command has reported that against this quantity 23,945 ballies have been received, upto June, 1964.

DADS has seen.

[M. of D. O.M. No. 11(7)/62/D (Budget) dt.15/19-4-1965.]

Recommendation

(i) The Committee are unable to understand why the Garrison Engineer did not represent to the Commander Works Engineer immediately on receipt of the revised drawing that no deviation order was called for. On the other hand, the Committee find that the Garrison Engineer while communicating the revised drawing to the contractors had stated 'Please note that necessary D.O. will be issued to you for this change'. But the Garrison Engineer did not follow up this condition. Later, after completion of the work, on a direction from the Commander Works Engineer's office to make deductions from the contractors, the Garrison Engineer issued a deviation order. But even at that stage, Garrison Engineer did not represent to the Commander Works Engineer that this action was not called for. The Committee are inclined to feel that there was an omission on the part of the Garrison Engineer in not complying with the instructions of the Commander Works Engineer issued in May, 1958.

(ii) As regards the use of short length timber the very fact that Government's claim was admitted by the arbitrator showed that the execution of the contract was defective.

[S. No. 28—Appendix II P.A.C.'s 4th Report (Third Lok Sabha) 1962-63.]

ACTION TAKEN

The observations of the PAC have been noted. The position may however, be explained briefly as under:—

- (a) Deviation Order brings out the details of the Work and the price adjustment, where it arises and has to be

signed by both the parties. The contractor while noting the order for execution as per clarificatory drawing protested that Deviation Order would not be acceptable to him. He carried out the work as required. The issue whether financial adjustment was due or not under the terms of the contract remained under protracted discussion between the contractor, Garrison Engineer and the Commander Works Engineers. But no agreement could be reached as the contractor contested that this point of view was correct both legally and contractually. This delayed the finalisation of Deviation Order. Ultimately, the commander Works Engineers decided in April 1960, that price adjustment was necessary and Deviation Order was finalised unilaterally. Amounts were retrenched from the respective final bills in January, February and June, 1960 in spite of the fact that the contractor refused to sign the Deviation Order.

In view of the circumstances explained, the C.E. cannot be held responsible for delay of the Deviation Order in this case.

- (b) As regards the length of timber to be used in Purlins, it is agreed that this could have been brought out more clearly in the contract documents.

2. Instructions have been issued on 11th August, 1964 that contract documents should be prepared more carefully in future.

Director of Audit, Defence Services, has seen.

[M. of D. u.o. No. 15(3)/62/10207/D(W-II). dt. 20-11-1964.]

Recommendation

The Committee are unable to understand how the Director General, Ordnance Factories, had worked out an estimated cost of Rs. 275 per unit over a batch of 25 units in July, 1953 when the concurrence of Government was accorded to take up the manufacture of the item. This estimated cost has no relation whatsoever to the actual cost subsequently worked out. The Committee also note with regret the delay of several years in establishing manufacture of the store.

The Committee would like to know the progress made in the sale of existing completed units of photo enlargers giving profit or loss made.

[S. No. 30 Appendix II to fourth Report 1962-63].

ACTION TAKEN

The estimated cost of Rs. 275/- per unit of Photo Enlarger as originally indicated, was a very rough one considering that a design of precision and versatile nature had to be developed. This original estimated cost had to be revised due to the following reasons :—

- (i) The original design had to be considerably changed/modified to make it versatile and to suit the trade requirements;
- (ii) Considerable increase in prices of the various materials subsequently.

The high cost of production subsequently worked out was also due to manufacture of a smaller quantity by General Engineering method and the high incidence of overhead owing to shrinkage in service orders in the Ordnance Factory, Dehra Dun.

2. At the time manufacture of Enlargers was undertaken, the consensus of opinion was that the design of the enlargers was comparable to some of the best enlargers in the world. Subsequently, the design had to be considerably changed/modified to make it versatile and to suit the trade requirements. Also in September 1957 it was found that the total expenditure incurred on the manufacture of photo enlargers up to that time was on the highside and therefore a review of the economics of the project was carried out. It was considered that in the first instance only as many units of Photo Enlarger be completed as could be made by matching up with components already produced and with minimum of further expenditure. Hence it was decided to complete manufacture of 50 units and a regular Extract was issued therefor in 1958. The slow progress in the manufacture of Photo Enlargers was mainly due to the following reasons:—

- (i) *Non-supply of Iris Diaphragms for 10 c.m. O.G.*

Iris Diaphragm could not be obtained either from indigenous sources or the U.K. and, therefore the manufacture of the stores had to be developed at Ordnance Factory, Dehra Dun. The first batch was subsequently completed by the Factory in February 1961.

- (ii) *Non-availability of castings for major components*

Repeated efforts and experimentation had to be made to establish manufacture of non-porous aluminium sand castings for three of the major components. This was done in December 1960

(iii) *Limited fitting capacity.*

The capacity available at the factory is also utilised for assembly of other precision instruments like Microfilm Reader, Strip Film Projector etc.

3. Ordnance Factory Dehra Dun have so far completed 14 Nos of prototype Photo Enlargers and 20 Nos. of Photo Enlargers against the Extract for 50 Nos. Out of the 14th prototypes, one prototype 'Dehra Senior' has been sold to Audio Visual Education Officer, Himachal Pradesh at Rs. 885/- in June 1958. One prototype 'Dehra Junior' was issued to Small Arms Factory, Kanpur and one 'Senior' to Ammunition Factory, Kirke in April, 1958 and March, 1962 respectively at the rate of 600/- and balance 11 'Dehra Junior' are held in stock. Out of the 20 Nos. of Photo Enlargers, 17 Photo Enlargers, 17 have been sold upto December 1963 and the remaining 3 Nos. are held in stock. The actual maximum and Minimum costs of these 20 Enlargers are Rs. 30,621.80 and Rs. 13,549.03, respectively. These maximum and minimum costs have been arrived at on the basis of distribution of tool etc. charges on 5000 Nos. of photo enlargers. The actual maximum and minimum unit cost of those photo enlargers works out to Rs. 1531.09 677.45 respectively. Out of the 17 enlargers one was sold at Rs. 920.00, 12 Nos. at Rs. 1,100.00 each 1 each at Rs. 1,265.00 and Rs. 1,593.00 respectively and the remaining two at Rs. 1,585.70 each as indicated in the statement attached. Thus there will be no cash loss in selling the photo enlargers at the above prices. It may also be stated that the retail price of these enlargers has been fixed at Rs. 265.00 each from May, 1962.

4. As mentioned earlier, at present Ordnance Factory is authorised to manufacture only 50 photo enlargers. Out of the 20 Nos. completed, 17 Nos have since been sold/disposed of and remaining 3 photo enlargers are available in stock. The remaining 30 enlargers have not been manufactured as some of the major components required for assembly are yet to be completed. Manufacture of the deficient components has been kept in Abeyance due to the changed conditions which have necessitated the entire production capacity bearing switched over to manufacture of services stores against emergent orders. As however, the manufacture of this item has been fully established at Ordnance Factory, Dehra Dun, it is expected that its manufacture will be resumed whenever possible and necessary to meet the requirements of the Services and Civil indentors.

5. D.A.D.S. has seen.

[UO. No. 4/3/63/D(Prod), dated 12th May, 1964.]

DETAILS OF PHOTO ENLARGERS SO FAR SOLD

Party	Qty.	Price
1. M/s. Agfa India Ltd. Bombay	I	Rs. 920.00 All sold at Rs. 1100.00 each Ex-factory
2. Zoological Survey of India, Dehra Dun.	I	
3. Principal Shri Venkateswara Medical College Tirupati	I	
4. Chief Research Officer, F. R. Laboratory Malleswarm, Bangalore	I	
5. Director, Training & Testing Station Bhopal	I	
6. Director Zoological Survey of India Calcutta.	I	
7. Commandant Army Cadet College Nowgunge	I	
8. Principal Nagarjuna Govt. College Nalgonda	I	
9. The Superintendent of Police Scientific Section, CID, U.P. Lucknow	I	
10. M/s. The Hyderabad Allwyn Metal Works, Hyderabad	I	
11. Purchase Officer Central Road Research Institute, New Delhi.	I	Rs. 1585.70
12. Defence Science Laboratory, New Delhi.	I	
13. Director Atomic Energy Establishment, Bombay	I	Rs. 1100
14. The D.I.G. of Police U.P. Trg. Principal P.T.C. Moradabad	I	Rs. 1585.70
15. Director, ERDL Research & Development Organisation HQ ERDL, Kirkee, Poona-3.	I	
16. I.I.T. Kharagpur	I	Rs. 1265.00
17. M & S Factory, Ishapur	I	Rs. 1593.00

Recommendation

10. (i) *The Committee regret to note that the manufacture of Espresso Coffee Machines is another case where prior sanction was not issued before taking up production. In particular, there was no justification for producing as many as 15 machines without ascertaining whether there would be real demand for them. The Committee would like to know whether a formal sanction for the manufacture of the machines has been issued and whether responsibility has been fixed for incurring this expenditure which to date remains largely infructuous. They would also like to know the final outcome of the enquiries received from the Railways and private parties.*

(ii) *The Committee would like to mention that they are in general agreement with the Policy of utilising the surplus capacity of Ordnance Factories in peace time for the production of civil trade items in order to keep the skills and techniques alive, so long, as by so doing the manufacture of service stores which is the first and foremost duty of the Ordnance Factories does not in any way suffer.*

Appendix II. (Serial No. 32 of 4th Report—3rd Lok Sabha)

ACTION TAKEN

Consequent on the stoppage of manufacture of an important Defence Store in 1955, at the Rifle Factory, Ishapore there was considerable reduction in the workload of the Factory. To utilise the surplus capacity available at the factory as a result of shrinkage of services work and to keep skills alive, it was found necessary to undertake suitable alternative work to provide employment for the skilled workmen. A careful study was made to consider alternative lines of production on which the surplus men and capacity could be gainfully utilised. Espresso Coffee Machines, for which some requirements of the Services Canteens and the Railways existed in 1958 fitted in well in the scheme of things.

2. The manufacture of the first batch of Senior Coffee Machines was taken up in September, 1958 to establish production of a small quantity to ascertain cost of production as accurately as possible vis-a-vis price of imported material and market potentialities. In the first stage, 6 senior machines, which constituted the minimum economic quantity for production were ordered for production. As a result of considerable public interest evinced in the machine at the Indian 1958 Exhibition, manufacture of another 6 numbers of the senior type was undertaken in October, 1958. The manu-

manufacture of three numbers of Junior type machines was taken up in November, 1958 as a result of the interest shown by important visitors (the late Prime Minister during a visit) to the Defence Pavilion and eventually 3 junior models were produced.

3. The manufacture of the first batch proceeded without the prior concurrence of the Ministry of Finance (Defence) as it was to be put on display at the India (1958) Exhibition as a working exhibit for publicity for getting a market for them and the time available before the exhibition was very short. The manufacture of the 2nd batch of 9 machines—6 senior and 3 junior without prior Government sanction was an act of omission. In view of the Public interest evinced in these machines, it was felt that their manufacture should not be delayed and that covering Government sanction could be obtain later.

As the action was taken in good faith, it is not considered necessary to examine the question of fixation of responsibility for not taking prior financial concurrence.

4. The manufacture of these machines has since been regularised vide this Ministry letter No. 2 56 63 10434 D(Prod) dated 18th October, 1963.

5. The expenditure incurred on the manufacture of 15 Espresso Coffee Machines should not be considered as infructuous as the surplus capacity available at the Rifle Factory, Ishapore has been gainfully utilised and technical skills kept alive. In the circumstances, no responsibility has been fixed for incurring the expenditure on the manufacture of these machines.

6. The sale price of Senior Espresso Coffee Machines was fixed at Rs. 2,750.00. An enquiry for placing order for 100 Nos. Espresso Coffee Machines was received on 16th July, 1962 from M/S. Associated Dealers (P) Ltd., New Delhi and one machine was supplied to them on 5th October, 1962 for Rs. 2,500 plus other charges, because a bulk order for 100 machines was promised by the firm. The party, however, went into liquidation before finalising the entire deal. Another machine was supplied to the Northern Railway on 21st April, 1962 for Rs. 2,750. One Coffee Machine Junior was presented to the then Chief Minister of West Bengal in April, 1959 and it was regularised under Ministry of Defence letter No. 11/7/61/4889 D(Prod) dated 20th July, 1962. Another Coffee Machine Junior was issued to the Chief of the Army Staff in February, 1964 for official use. A senior machine has since been issued to him in replacement in October, 1964 and is held on ledger charge. Thus, out of 12 senior and 3 junior Espresso Coffee Machi-

nes manufactured in Rifle Factory, Ishapore, 9 Senior and 2 Junior Coffee Machines are still held in stock at Rifle Factory, Ishapore. While all civil trade activities have been suspended, wherever they interfere in any manner with Services production during the existing emergency, efforts are being made to liquidate the existing stock of these machines without any commitment for future supply.

7. The observations of the Committee in para 29 are noted. Care is always taken to ensure that civil trade activities do not interfere in any manner with the production for the Services Production against civil trade Orders, for which commitments have already been made by the factories, is suspended on receipt of Services order so as not to affect priority requirements of the Services. This situation has arisen now and all civil trade activities remain suspended wherever they adversely effect Services production.

8. Director of Audit, Defence Services has seen.

(Min. of Def. U.O. No. 4/1/63 D(Prod), dated the 3rd April, 1965).

Recommendation

The Committee regret that large discrepancies amounting to lakhs of rupees in the accounts of aircraft spares have remained unreconciled for the last 13 years. The situation warranted immediate defective action after the discrepancies were detected. The Committee are unable to understand why the representatives of Hindustan Aircraft Ltd., which is a Government agency, were not fully associated with the court of enquiry appointed by the Air Headquarters in 1956. Such a point enquiry would have been helpful in setting the discrepancies. The Committee suggest that the whole matter (including the dispute over the pricing of stores supplied to Hindustan Aircraft (Limited) should be brought to an early settlement, and they should be informed of the results in due course.

[Serial No. 39, of Appendix II to Fourth Report of P.A.C. 1962-63]

ACTION TAKEN

In reply dated 13th May, 1963, to Serial No. 39 Appendix II to Fourth Report of Public Accounts Committee 1962-63 forwarded to the Lok Sabha Sectt. under M. of Defence O.M. No. 11(7)/62/D (Budget) dated 15th May 1963, it was stated that the question of referring the case for decision by arbitration or otherwise was under active consideration of Government and that the Public Accounts

Committee would be informed in due course of further developments in the matter. Controller of Defence Accounts (Other Ranks) was accordingly nominated to conduct an independent examination of the whole case. One representative each of Hindustan Aircraft Limited and the Indian Air Force was also nominated to assist him. It was also agreed that unless there were special reasons, the report of the C. D. A. (O. Rs.) would be accepted both by Messrs H. A. L. and the Ministry of Defence and action taken for its implementation. The C. D. A. (O. Rs.) was also required to discuss his report with the Chairman of Messrs. H. A. L. and the Ministry of Defence before finalisation. The report was discussed in a meeting held in this Ministry on 10th January, 1964 where representatives of Air Headquarters and Ministry of Finance (Defence) were also present. The C. D. A. (O. Rs.) also discussed the report with the Managing Director, Hindustan Aircraft Limited on 15th January, 1964 in the absence of the Chairman.

2. After taking into account all the relevant aspects of the case and after studying all the contemporaneous documents the views of the Controller of Defence Accounts (Other Ranks) on the disputed issues were as below:—

- (a) Should the H.A.L. be made to pay for the difference in the condition of stores as represented by the condition as shown in the issue vouchers and ledgers of I.A.F. Depots and the conditions as indicated in H. A. L. accounting cards?

The conclusion of the CDA (ORs) was that there was no justification for this. The HAL had apparently adopted certain stricter standards of inspection than those adopted by the I. A. F. The difference in the value as a result of adoption of two different standards could not be treated as a loss chargeable to the H. A. L. There might be an odd possibility of downgradation in stores arising as a result of negligence in the custody of stores by the H. A. L. This would be a very rare possibility but the manner in which the stores had been taken on charge would not appear to indicate that the downgradation was with this motive at all;

- (b) Should the H. A. L. bear the cost on account of 'deficiencies' in stores as represented by the entries in the embodiment loan ledgers and the receipts shown in the H. A. L. account cards?

The finding of the CDA (ORs) was that the deficiencies as represented by the appendices of the Court of Inquiry were largely theoretical. They did not represent the actual difference between two sets of documents. In many cases, stores had been taken on charge under other part numbers and taking an overall view there would not appear to have been a real difference between the two sets of documents except in a few cases. The CDA (ORs) did not consider that a wholesale re-examination of the documents in respect of all these items was feasible or called for for assessing the extent of real deficiencies after taking note of the credit given in the account cards of the H.A.L. in their own cards as also in the Kanpur cards maintained by them. Most of the documents at H.A.L. and Kanpur were not easily available for linking at this distance of time. There might be odd cases in the whole series of transactions where the stores might not have found their places. By and large, the stores would appear to have found their place in the accounting cards as received.

- (c) Should the H. A. L. bear the cost on account of ground equipment and cleaning and packing materials issued from 1 Base Repair Depot and the salvage items not accounted for?

According to the CDA (ORs) the H.A.L. would pay for the ground equipment and class 'C' stores. They would not be held liable for the unaccounted salvage items.

3. On an overall examination of the various items, the CDA (ORs) recommended that any conceivable loss to the Government would be met by a lump sum payment by Messrs Hindustan Aircraft Limited of Rs. 50,000.00 inclusive of the cost of ground equipment and cleaning and packing material. This was only to safeguard the interests of the Government against the possibility of the odd items which might have been received but not accounted for. Government have since accepted the findings and recommendations of the C.D.A. (ORs) and have agreed to the *ad hoc* payment by H. A. L. of Rs. 50,000.00 in full and final settlement of the I. A. F. claim. Government sanction in this regard has since been issued on 15th June, 1964.

4. Director of Audit Defence Services has seen.

[M. of D u. o. No. F. 4(41)/62/D (Air. 1), dated 11-9-64].

Recommendation

12. *The Committee consider that irregularities in this case appear to be serious. They would like to know the final outcome of the investigations and the action taken against the persons concerned.*

[S. No. 42, Appendix II to the fourth Report of the Public Accounts Committee, 1962-63 (Third Lok Sabha).]

ACTION TAKEN

As promised in the earlier note to the Committee sent under O.M. No. 11(7)/62/D (Budget) dated 11th April, 1963, the Court of Inquiry was reconvened to make a fresh assessment of the case. The re-convened Court of Inquiry recorded evidence of all important witnesses and has come to the following conclusion:—

Officer Commanding, 2 Salvage Unit, Suranussi is to be blamed for the lapses in the Unit wherein the stores under dispute were not kept segregated till the finalisation of the case and there was definitely lack of interest shown by him in respect of this case and since the stores in question which were of material evidence being not available, no further probe could reveal any new facts material to this issue.

Further action in pursuance of the findings of the Court of Inquiry is in progress.

D.A.D.S. has seen.

[U.O. Note No. 13(37)/64/D (GS-IV) dated the 31st October, 1964.]

MINISTRY OF DEFENCE

Recommendation

13. The Committee would reiterate the recommendation made in para 10 of their 43rd Report (Second Lok Sabha) that a decision on this question of the future set up of the Canteen Stores Department, which has been pending for several years, should be taken early.

[S. No. 45 Appendix II to Fourth Report (1962-63) Third Lok Sabha).]

ACTION TAKEN

Under their Office Memorandum No. 11/(7)/62/D (Budget), dated 23rd March 1963, the Defence Ministry intimated the Lok Sabha Secretariat that the Defence Ministry were considering a proposal to create, with the approval of Parliament signified by a token vote, a Canteen Stores Fund within the Public Account of India, to exhibit the transactions of the Canteen Stores Department (India). An appropriate omnibus entry for receipts and expenditure would also be provided in the Consolidated Fund of India. As indicated in the memorandum, the budgetary aspects of the proposal have been examined in consultation with the Ministry of Finance and the Comptroller and Auditor General of India.

2. Before considering the budgetary arrangements that would have to be introduced, it will be relevant to set out in brief the special nature of the commercial operations carried on by this organisation.

3. The Canteen Stores Department (India) was formed in 1948 on the liquidation of the old Canteen Stores Department. This organisation is run on commercial lines and its receipts and expenditure are kept outside Government accounts. Its operations are self-financing and no public money as such is utilised by the organisation.

4. The organisation runs a chain of grocery shops both in forward areas and in rear areas, supplying grocery articles to officers and troops at reasonable prices.

5. The organisation has been enjoying certain privileges viz., (a) exemption of its profits from income tax and (b) transport of its

stores on military credit notes. The profits earned by the Canteen Stores Department (India) are distributed to the welfare organizations of the three services with the approval of the Board of Control

6. Any modification and changes to be introduced in the present arrangements should take into account the following factors.

- (a) The organisation is meeting an essential Defence requirement by making adequate arrangements for the supply of grocery items to the troops particularly in forward areas at reasonable rates.
- (b) The organisation is in a position to provide grocery articles at reasonable rates in forward areas because of their country-wide operations; the grocery shops in the rear areas do good business even though their rates may be slightly higher than the market rates, since the officers and men know that in part it is compensated by providing articles at reasonable prices to their colleagues at the front and the profits made by the CSD(I) are given back to the welfare funds of the Services.
- (c) The Services have come to regard this organisation as part of the amenities provided by the joint effort of themselves and Government to the troops.

7. When the budgetary arrangements for the setting up of a 'Canteen Stores Fund' within the Public Account of India were discussed with the Ministry of Finance, they pointed out that:—

- (a) All the transactions of the Canteen Stores Department should be exhibited under a major head within the Consolidated Fund of India.
- (b) The surplus of income over expenditure of the organisation should remain as part of the Government balances and in respect of grants to be made to the welfare organisations, a separate vote of the Parliament should be obtained under the Expenditure Head of the Canteen Stores Department. It would not be correct to build up any investment account by utilising the disposable surplus income for purchase of securities since Government does not normally invest its balances in its own securities.

8. The Ministry of Defence have examined the matter further with reference to what the Ministry of Finance have pointed out. It is agreed that the procedure suggested by the Ministry of Finance

is in consonance with the normal budgetary principles. On the other hand, under the procedure suggested, the profits earned by the Undertaking and the grants given to the Welfare Organisations will not be related to each other. As a vote of the Parliament will normally be available if a grant is to be made to any of these welfare organisations even when there is no profit available for the Canteen Stores Department, the incentive which is there at present for running the Department no sound commercial principles may be affected to some extent. If the automatic availability of the surplus of the income over the expenditure of the Department for being given as grants to the Welfare Organisations is taken away there is every chance of the Defence Services getting dis-satisfied.

9. Having regard to the position explained above and the need to avoid making any changes, at the present juncture that might affect the efficiency of the Department and the contentment of the troops, Defence Ministry are of the view that the *status quo* should be preserved for some more time to come. The Comptroller and Auditor General has agreed to arrange an intensification of audit of the transactions of the Canteen Stores Department (India) to ensure that the necessary proprieties are observed by the CSD(I) in their financial transactions.

10. D.A.D.S. has seen.

[M. of D.O.M. No. 11(7)/62/D (Budget) dt. 27-7-1964].

ELEVENTH REPORT (THIRD LOK SABHA)

Recommendation

14. As pointed out in the concluding portion of para 30 of the report of the Sub-Committee of the P.A.C. the Defence Ministry was laying stress as late as June 1957 on the need for an early disposal of the surplus stock and it was only after receipt of a letter from the firm in September 1957 that the question of the utilisation of surplus stores appears to have been taken up, even then the appraisal of the quantity which could really be used up seems to have been defective as evidenced by the large quantity still lying unutilised, more than five years after the decision was taken to retain them. The Committee suggest that a review might be undertaken to see as to which of the spares are such as have not been issued for the last several years and are not likely to be used within a reasonable time. It should be examined as to which of the items could be

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disposed of so that the depots are relieved of the much needed space and expenditure on care and maintenance of unwanted spares.

(Sl. No. 13 of Appendix III to the Eleventh Report of the Public Accounts Committee (Third Lok Sabha)—Part I).

ACTION TAKEN

As regards the opening sentence of the observations of the P.A.C., it may be pointed out that the question of utilisation of surplus spares was not taken up on receipt of a letter from the firm in September 1957. On receipt of the letter, it was decided to dispose of the surplus spares through the Director General, Supplies & Disposals instead of selling them to the firm. Subsequently, in November 1957 Services Headquarters pointed out the likely utilisation of surplus 'A' vehicle spares for the repair of 'A' vehicles. In Dec. 57 they were also asked to check on the utilisation of 'B' vehicle spares for the Repair Programme then envisaged to meet the deficiency of 'B' vehicles. Before a detailed examination of the actual requirements of 'A' and 'B' vehicle spares could be worked out, a general decision was taken in May 1958 that the basis of declaring Defence equipment as surplus to our requirements should be reviewed and, in view of the limited foreign exchange available, efforts should be made to keep old equipment longer by repairing or reconditioning, if necessary. The policy letter laying down the revised policy for disposal of surplus stores was issued on 3rd June 1958 and others suspending disposal of all surplus stores were issued on 29th July 1958. As a result of this general decision, further action was not taken to assess the actual requirements of spares for the repair of 'A' and 'B' vehicles and to dispose of the balance MT spares. Since no assessment of the quantity which could be used up had actually been made, it would not be correct to say that the 'appraisement' thereof was defective. But it was known that some of the spares would be required and therefore, it was considered better to keep the entire lot than discard it. This expectation has proved correct as certain quantities of spares have since been consumed. The savings to the State on this account have already been indicated to the Public Accounts Committee as per pages 17 & 31 of their Eleventh Report (Third Lok Sabha). It was mentioned therein that spares weighing about 1382 tons had already been consumed upto May 1961 and 374 tons were likely to be consumed upto end of March 1964. In regard to the latter, it has now been found that up to the end of September 1963, 633 tons have been actually consumed. This is a great improvement on the earlier anticipation of 374 tons and is probably attributable to the faster tempo due to the present Emergency. The number of vehicles overhauled during the year 1958-59 to 1962-63 with the help of the spares procured from the firm and

the surplus spares which were proposed to be sold to this firm in 1957 is given below:—

	1958-59	1959-60	1960-61	1961-62	1962-63	Grand Total
'A' Vehicles .	437	367	122	75	131	1,132
Pre-48 'B' vehicles .	3,150	3,573	3,442	4,432	4,231	18,828

2. It has recently been decided to cast off major categories of 'B' vehicles viz. 3 Ton GS vehicles, 1 ton GS and specialists vehicles, jeeps and motor-cycles after they have completed certain prescribed mileage/life i.e. before reaching the first overhaul stage. With the adoption of the "casting off" policy, overhauls of major categories of pre-1948 'B' vehicles will not be undertaken by the EME Base workshops hereafter and consequently the spares lying with the Ordnance Depots applicable to such vehicles and which cannot be utilised for the maintenance of other vehicles, will be disposed of along with the vehicles. It is expected that the disposal of pre-1948 'B' vehicles and the spares peculiar to those vehicles will be completed by March 1966 except 15 Cwts disposal action on which will end by middle of 1967.

3. In pursuance of the general policy since decided in Feb. 1963 to dispose of unwanted obsolete stores, action will be taken to dispose of unwanted 'A' vehicles, spares also and Service Headquarters are being asked to take expeditious action for the disposal of such spares.

The D.A.D.S. has seen.

[M. of D.O.M. No. 11(2)/60/D (Budget) dt. 28-9-1964].

Recommendation

15. The Committee feel concerned at the slow utilisation of the spares. This is a further confirmation of the fact that there has been considerable over-provisioning of spares as a result of this Agreement. They would like to have a further report about the progress in the utilisation of these spares.

[Serial No. 17 of the 11th Report (Third Lok Sabha) Appendix III—Part—I.]

ACTION TAKEN

At the time a copy of the contract (signed on 18th December, 1957) was received, a fresh provision review was already in progress. As a result of it, substantial amendments involving cancellations/reductions of certain items already indented for were sought.

To the extent cancellations/reductions could not be secured, over-provisioning became inescapable. The extent of over-provisioning and reasons therefor have been gone into by the Special Committee (of Secretaries) in the concluding chapter of their Report.

The progress about the utilisation of spares as on 1st September 1963, is indicated below:—

	Spares for	
	'A' Vehi- cles	'B' Vehi- cles
(i) No. of items fully utilized	421	796
(ii) No. of items partially utilized	236	264
(iii) No. of items still to be utilized	106	99
(iv) Value of items received	15,76,860	51,01,038
(v) Value of items awaiting utilization	3,61,581	6,54,662
(vi) Percentage of (v) to (iv)	22.9	12.8

D.A.D.S. has seen.

[M. of D. u.o. No. 29(7)/63/D(O.I.), dated 6th May, 1964.]

Recommendation

16. *From some of the unsatisfactory features as brought to light by the investigation of the Special Committee, the Committee have come to the conclusion that the letter of intent sent to the firm was based on incorrect assessment of the requirements necessitating substantial modifications later. This resulted in considerable over-provisioning of stores. The Committee do appreciate that occasions may arise for the Ministry of Defence to arrive at special agreements for urgent procurement of military stores by dispensing with normal procedures. The Committee, however, hope that the Ministry will profit by their experience in this case and enter into special agreements only where it is absolutely necessary to do so after examining all the pros and cons of the situation and base their proposals on firm data so as to avoid the contingency of shifting the ground subsequently.*

[Sl. No. 20 of Appendix III to the 11th Report of the Public Accounts Committee (3rd Lok Sabha)—Part I.]

ACTION TAKEN

The principal unsatisfactory feature pointed out by the Special Committee was the system of provisioning. The Special Committee had recommended that a detailed study of provision in the Army

with particular reference to the provisioning of spares of 'A' and 'B' vehicles be undertaken. This recommendation is being acted upon. This Ministry's comments on this aspect will be furnished separately in reply to para 13 (Recommendation 11—Appendix III) of the PAC's 11th Report (3rd Lok Sabha)—Part I.

2. With regard to the statement that the letter of intent was based on incorrect assessment of requirements, it may be stated that the requirements mentioned in the letter of intent were based on the latest provision review figures then available. The negotiations were conducted with the firm during February—April 1957 by a Negotiating Committee consisting of representatives of the Ministry of Defence, Ministry of Finance (Defence), Army Headquarters and D.G.S. & D., at a time when it was absolutely essential to enter into an agreement in order to ensure availability of full range of spares if the vehicles were to be made roadworthy. The letter of intent was signed on 4th May, 1957 indicating the requirements calculated according to the scales then current, after obtaining the approval of the Minister of Defence Organisation, the Finance Minister and the Ministry of Works, Housing & Supply. It will thus be evident that all pros and cons were examined before signing the letter of intent.

3. It was only during September—December, 1957 that revised scales of overhaul spares of 'A' vehicles were promulgated. Thereupon special reviews were carried out, revised requirements assessed and efforts made immediately, in March 1958, to reduce the quantities on order. These developments could not have been anticipated in May, 1957 when the letter of intent was issued.

4. D.A.D.S. has seen.

[M. of Defence O.M. No. 11(2)/60/D(Budget) dated 29th July, 1964.]

SEVENTEENTH REPORT (THIRD LOK SABHA)

Recommendation

17. While the Committee note that the overall savings in Voted Grants during the year under review (5·79%) indicate an improvement over the previous year (8·30%) they feel that the amount unutilised (Rs. 21·13 crores) is still heavy. The Committee desire, that, with a view to further improving the standard of budgeting and narrowing the gap between the actuals and estimates, the remedial measures, referred to in evidence, should be introduced at an early date.

[Serial No. 1 of Appendix VII to the 17th Report (1963-64).]

ACTION TAKEN

It has been the constant endeavour of the Ministry of Defence to improve the standard of budgeting and performance against sanctioned appropriations. With this end in view, reviews were conducted every quarter of the progress of schemes and expenditure against the provisions made in the 1963-64 budget in a series of meetings by the Defence Secretary and attended by representative(s) of the Armed Forces Headquarters and Ministry of Finance (Defence). At these meetings the procedural and practical difficulties arising in the implementation of the various programmes envisaged in the budget were considered and action was initiated to overcome them. Progress of recruitment, store purchases, works and manufacturing programmes, were critically examined during these reviews. Close liaison was also maintained with the Director General, Supplies and Disposals in respect of purchase of stores. The position is kept under constant watch.

The D. A. D. S. has seen.

[M. of D. u.o. No. 11(1)/64/D (Budget), dated 26th June, 1964.]

Recommendation

18. The Committee are not happy over the practice of surrendering funds year after year on the last day of the financial year (Rs. 19.66 crores in 1961-62). This betrays a sense of complacency on the part of the Ministry of Defence. They note that, in pursuance of the recommendation contained in para 4 of their 35th Report (Second Lok Sabha) the Ministry of Finance (Department of Economic Affairs) had already issued instructions to the administrative Ministries in October, 1962 for exercising strict budgetary control and surrendering savings immediately they were foreseen. The Committee desire that the above instructions of the Ministry of Finance should be strictly complied with.

[Serial No. 4 of Appendix VII to Seventeenth Report (1963-64).]

ACTION TAKEN

The observations of the Committee have been noted. Similar recommendations were made by the Committee, vide Serial No. 5 of Appendix II to the 4th Report of the Public Accounts Committee (1962-63). Accordingly, the savings amounting to Rs. 58.24 crores disclosed at the time of finalisation of the Revised Estimates for 1963-64, were surrendered on the 7th February, 1964.

D. A. D. S. has seen.

[M. of D. u.o. No. F. 11(8)/64/D (Budget) dated the 20th May, 1964]

Recommendation

19. As regards the excess under sub-Head G, while the Committee appreciate the need for minute scrutiny at every stage, they find that in this case the Admiralty had 'progressively started placing contracts' with the manufacturers after the lists of spares had been scrutinised by the Indian Naval Adviser in U.K. during 1959-60. The Committee are not, therefore, satisfied with the explanation for delay of two years in the issue of Government sanction.

(S. No. 5(ii)—Appendix VII—PAC's 17th Report (Third Lok Sabha), 1963-64—Part I.

ACTION TAKEN

Noted.

2. In order to avoid recurrence of such cases in future the following remedial measures have been taken:—

- (a) Office Acquaint No. 39 dated 25th July, 1964 has been issued by Naval Hqs; to all Directorates concerned to ensure that no indents/contracts are placed before Government sanction is issued; and
- (b) Instructions have been issued by Naval HQrs to the Naval Adviser to the High Commissioner for India in the U.K. vide letter No. BG/2564 dated 15th June 1964 to ensure that the following procedure is adopted in regard to the payments to the Admiralty for stores supplied/services rendered to the Indian Navy:—
 - (i) The Admiralty may be requested to render their claims as soon as possible after stores have been supplied/services rendered.
 - (ii) All outstanding claims should be forwarded by the Admiralty sufficiently in advance before the close of the year to enable the office of the Naval Adviser to the High Commissioner for India in London to approach Naval Headquarters in good time for obtaining prior Government sanction authorising payment to be made as end of the year advance.
 - (iii) Payment should be made to the Admiralty only after the claims have been received from them.

3. D.A.D.S. has been.

[M. of D. u.o. No. F. 5(44)/63/D (N-I), dated the 30th October, 1964]

Recommendation

20. *The explanation of the Ministry for the excess under Grant No. 12—Defence Services, Non-Effective, as set forth in their Note submitted to the Committee, indicates the need for a closer co-ordination between the disbursing and accounting authorities.*

[Serial No. 5(iii) of Appendix VII to Seventeenth Report (1963-64)].

ACTION TAKEN

The observations of the Committee have been noted.

The D.A.D.S. has seen.

[M. of D u.o. No. 11(12)/64/D (Budget) dated 16-7-1964].

Recommendation

21 *Subject to the observations of the Committee in para 6, the Committee recommend that excesses under Grants No. 10 Navy and 12—Non-Effective may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.*

[Serial No. 6 of Appendix VII to Seventeenth Report (1963-64)].

ACTION TAKEN

The Demands for Excess Grants relating to the year 1961-62 were presented to the Lok Sabha and were passed by the Parliament in the Budget Session, 1964.

The D.A.D.S. has seen.

[M. of D. u.o. No. 11(11)/64/D(Budget) dated 25-7-1964].

Recommendation

22. *The Committee hope that the Government would arrive at a decision sufficiently in advance of the finalisation of the Appropriation Accounts (Defence Services), 1963-64, and that it would be possible for them to place the detailed Budget Estimates for 1963-64 before Parliament.*

[Serial No. 7 of Appendix VII to the Seventeenth Report (Third Lok Sabha 1963-64)].

ACTION TAKEN

The details of Budget Estimates for 1963-64 under the various Heads and Sub-Heads, as in previous years, have now been indicated in the 'Defence Services Estimates 1964-65' (Part III of the Demands).

[M. of D. u.o. No. 11(7)/64/D (Budget) dated the 3rd August 1964]

Recommendation

23. *The Committee feel concerned to observe that the average cost of production of milk at the Military Farms according to the Ministry's own calculation comes to Rs. 1.43 per litre which is more than twice the average purchase rate (Rs. 0.66 nP. per litre). During the course of evidence, the Committee desired to know the reaction of the Ministry to the idea entrusting the supply of the milk requirements of units and formations to civil organisation which may be set up for the purpose. The representative of the Ministry stated that, if a punctual supply of milk of the requisite quality could be ensured, the matter would certainly be considered by Government. The Committee desire the Ministry of Defence to examine this suggestion at an early date, in consultation with the Ministries of Finance and Food and Agriculture, and apprise them of the decision taken in this behalf. In the meantime, every effort should be made by the Ministry to bring down the cost of production to the lowest extent possible.*

[Sl. No. 8 Appendix VII to Seventeenth Report Public Accounts Committee 1963-64. (Third Lok Sabha)].

ACTION TAKEN

The suggestion of the Public Accounts Committee for entrusting the supply of the milk requirements of units and formations to the civil organisation, is under active consideration in consultation with the Ministry of Food and Agriculture.

2. Following economy measures have been or are proposed to be introduced to bring down the cost of production of milk at the Military Farms:—

- (a) Feeding scales have been rationalised and economised;
- (b) The entire annual requirements of gram and barley for the Military Farms are now procured by Chief Director of Purchase during the harvesting season when market rates are the lowest. Expensive purchases during the off season are avoided;

- (c) Economy in use of services and stores.
- (d) Better administrative control and supervision to eliminate leakages and wastages.
- (e) Development of perennial pastures to economise on feed expenditure of farm animals;
- (f) Reduction in establishment where feasible;
- (g) Rationalisation of purchase procedure;
- (h) Progressive introduction of commercial type vehicles in place of Military type vehicles which are expensive to increased petrol consumption and maintenance/repair cost.
- (i) Progressive mechanisation of cultivation, dairy and transport operations at the Military Farms.
- (j) Maximising out-turns from cattle and land through modern scientific farming methods.

3. It may however be mentioned that Military Farms incur considerable expenditure each year on the purchases of concentrates, plant and machinery and other stores and pay of staff. The cost of production is dependent to a considerable extent on the level of prices and wages.

4. The question whether the present method of calculating the production cost is correct or whether certain elements have been erroneously included, is under consideration in consultation with CGDA and DADS.

5. D.A.D.S. has seen.

[M. of D. O.M. No. 10(12)/63/D (Budget) dt. 10-9-1964].

Recommendation

24. *The Committee are not convinced by the explanation offered by the Ministry in evidence. They feel that the present system of pricing of milk issues, is unsatisfactory; it is obviously a camouflage to cover the deficits of Military Farms by pricing their free issues of blended milk, for purposes of accounting, at an abnormally high price and thereby showing an inflated income. They note in this regard that if the entire quantity of milk issued free were priced at the average sale rate of Re. 0.84 per litre for whole milk, there would have been a loss of Rs. 4.58 lakhs, instead of a profit of Rs. 12.99 lakhs (in other words, a difference of Rs. 17.57 lakhs).*

[SL No. 9 Appendix VII to Seventeenth Report Public Accounts Committee 1963-64].

ACTION TAKEN

1. The existing system for fixing sale/issue rates of dairy produce is being reviewed in the context of the views expressed by the Public Accounts Committee. Public Accounts Committee will be apprised of the final decision in due course.

2. D.A.D.S. has seen.

[O.M. No. 11(12)/63/D(Budget) dt. 14-8-1964.]

Recommendation

25. The Committee desire that the recommendations of Expert Accounting Committee appointed for reviewing the existing accounting and financial system of Military Farms should be implemented expeditiously, with a view to putting the accounting system of Military Farms on a sound basis.

[Sl. No. 10 Appendix VII to Seventeenth Report Public Accounts Committee 1963-64].

ACTION TAKEN

The recommendations of the Expert Accounting Committee on the new system of maintenance of accounts at the Military Farms have been considered by the Government and it has been decided to accept the main recommendations of the Committee.

2. The revised system recommended by the Committee provides for maintenance of separate accounts for different sections of the Military Farms and envisages radical changes in the present system. To start with, the new system will be introduced in a few selected farms for a period of one year w.e.f. 1st April, 1964 to find out difficulties in actual practical working. During this period a double set of accounts on old and new system will be maintained at these farms. On the successful completion of the trial, the new system of accounts, will be introduced at all the Military Farms in replacement of the old system.

3. Certain recommendations of the Expert Accounting Committee e.g. rationalisation of valuation and depreciation system of live stock, abolition of interest on Government Accounts are relevant to the old as well as new system. The will be incorporated in the existing system by means of amendments to the relevant regulations.

4. The Director of Audit, Defence Services has seen.

[M of D O.M. No. 11(2)/63/D(Budget) dt. 21-4-1964.]

Recommendation

26. *The Committee regret to observe that although more than 8 years have elapsed since the Public Accounts Committee first drew the attention of the Ministry to the irregularity involved in keeping the financial transactions of the Canteen Stores Department outside the Consolidated Fund of India, a final decision in the matter is yet to be taken. While the Committee appreciate the Ministry's desire that the benefits all along enjoyed by the Servicemen should not be curtailed they cannot reconcile themselves to the continuance of this irregularity any longer. The Committee desired the Ministry of Defence to further discuss the matter with the Comptroller and Auditor General and Finance, with a view to evolving a satisfactory solution of the matter*

[S. No. 11 Appendix VII to the 17th Report (1963-64) (Third Lok Sabha)].

ACTION TAKEN

Attention is invited to the Note sent to the Committee under this Ministry's Office Memorandum No. 11(7)/62/D(Budget), dated the 27th July, 1964, on their recommendation at serial No. 45 of Appendix II to the Fourth Report (Third Lok Sabha).

DADS has seen.

[O.M. No 11(12)/63/D(Budget) dt. 2nd/6th Nov. 1964]

Recommendation

27. *While the Committee note that, consequent upon delay in the acceptance of the tenders, no increase was effected in the price of rum charged from the consumers, they would like to point out that had the tenders been accepted in time, the additional amount of Rs. 1,20,000 paid to the Contractor would have been saved. The Committee were surprised to learn that the delay in accepting the lowest tender was due only to the fact that the members of the Board could not be available in time. They are, however, now informed that a new procedure has since been laid down to obviate such delays. The Committee trust that the introduction of this procedure will have the intended effect*

[S. No. 12 Appendix VII to the 17th Report (1963-64) (Third Lok Sabha)].

ACTION TAKEN

The observation of the Public Accounts Committee is noted.

D.A.D.S has seen.

[O.M. No. 11(12)/63/D(Budget) dt 27-5-1964.]

Recommendation

28. *The Committee are not happy over the delay of over two years in taking decision about the location of the Command Depot, which resulted in unnecessary expenditure on staff and freight charges on collection of stores. They, however, note that the number of vehicles lying in the open had been reduced and that all serviceable vehicles were under cover.*

[Serial No. 13 of Appendix VII to the PAC's 17th Report 1963-64 (Third Lok Sabha)].

ACTION TAKEN

The Committee's views have been noted. There has been further discussion on the location of Vehicle Depots as of other units, establishments, depots, etc. consequent on the expansion of the Army and the re-assessment of the threat to our borders since October, 1962. It is hoped that a final decision will be taken soon.

The DADS has seen.

[M: of D. O. M. No. 11(12)/63/D(Budget) dt. 2 6th Nov., 1964.]

Recommendation

29. *The Committee observe that for the 357 animals purchased under the new system, the price paid was Rs. 3.11 lakhs, as against Rs. 2.16 lakhs payable on the milk yield basis at the rates approved by the Eastern Command in November 1961. Even after making due allowance for variations in prices in different months, the difference in the two amounts appears to be quite substantial and indicates a need for examination whether the new system ensures the purchase of buffaloes at the most reasonable price.*

[Sl. No. 15 Appendix VII to Seventeenth Report Public Accounts Committee 1963-64 (Third Lok Sabha)].

ACTION TAKEN

The amount of Rs. 2.16 lakhs payable for the 377 buffaloes, on the milk yield basis, has been calculated by the DADS on the basis of a uniform rate of Rs. 61.60 per Kg. for buffaloes purchased at Rohtak (352 Nos.) and Rs. 66.00 per Kg. for buffaloes purchased at Meerut (25 Nos). These rates were originally fixed in November 1951. A negligible number of animals, could only be purchased on the basis of these rates. Towards the end of December 1961, the purchasing boards increased the rates at Rohtak to the following levels to attract more animals:—

Rs. 68.00 for two teeth.

Rs. 66.00 for four teeth.

Rs. 64.00 for six teeth.

2. Even the above increased rates were found unattractive and there was little response from the suppliers. Only 57 buffaloes could be purchased at Rohtak during the period 28th December 1961 to 9th January 1962 on the basis of these rates. It became apparent that the prices would require to be further increased considerably, to attract the required number of animals. It was at this stage that the purchasing boards started purchases on the new system instead of announcing a large general increase in the rate per Kg of milk yield.

3. It will, therefore, be apparent that it would not be fair to price these animals at a rate of Rs. 61.60 per Kg of milk yield, when even the increased rate upto Rs. 68.00 was inadequate to attract the required number of animals. In the context of these facts, the amount of Rs. 2.16 lakhs payable for these 377 animals on milk yield basis as calculated by DADS is hypothetical and unrealistic. There was no possibility of purchasing these buffaloes on the basis of these rates.

4. Inquiries were made in April 1963 from the State Governments of Andhra Pradesh, Maharashtra, Uttar Pradesh, West Bengal, Madhya Pradesh, Bihar and from National Dairy Research Institute, Karnal and Indian Agricultural Research Institute, Delhi regarding the prices paid by them for purchase of buffaloes during the last three years. It transpired that large scale purchases of buffaloes were not made by the State Governments. Only two State Governments viz. Andhra Pradesh and Madhya Pradesh furnished their

purchase rates of the last three years. The same are indicated below:—

Year	Madhya Pradesh (For Murrah Buffaloes)	Andhra Pradesh (for Murrah Buffaloes)
1959-60	Rs. 80.00 per seer of milk yield. (Rs. 85.74 per Kg.)	--
1960-61	Rs. 75.00 per seer of milk Yield. F.O.R. ITARSI. (Rs. 80.39 per Kg.) (Incidental charges extra)	Rs. 47.75 per lb of milk yield. (Rs. 105.18 per Kg.)
1961-62	Rs. 1263.00 per buffalo yielding 10 to 14 seers of milk (Rs. 90.21 to Rs. 126.3 per seer of milk yield or Rs. 96.60 to Rs. 135.37 per Kg.) F.O.R. DURG. (includ- ing all incidental charges). Allowing a margin of Rs. 100.00 for freight and incidental charges, the price F.O.R. Rohtak may be taken as Rs. 1163.00. Based on the average milk yield the price works out to Rs. 104.5 per Kg.	Rs. 46.75 per lb of milk yield. (Rs. 102.99 per Kg.)

5. Taking into account the financial data contained in para 4 above, it would be seen that the required number of buffaloes could not be purchased at a rate of Rs. 61.60 per Kg of milk yield at Rohtak and Rs. 65.00 per Kg at Meerut, which rates have been adopted by the DADS for calculating hypothetical prices of the purchased buffaloes. The prices actually paid for the 377 buffaloes converted in terms of rate per Kg of test yield, works out to an average of Rs. 89.7 per Kg. This rate cannot be termed as excessive when compared to the prices paid by the Civil authorities during the same period. Although the exact season in which purchases were made by the Madhya Pradesh and Andhra Pradesh Governments is not known, it is pointed out that the bulk of the purchases made by Military Farms was in the off-season i.e. after September-December. There is an advantage in purchasing buffaloes in the off-season. Such animals although expensive will yield more milk in Summer months when most of the buffaloes go dry resulting in abnormal increase in market prices.

6. The system of purchase of buffaloes on body conformation basis was introduced as an experimental measure. Based on the experience gained during the past two years, the purchase system has been modified by the Director of Military Farms for the financial year 1963-64. In this connection a copy of Army Headquarters letter No. A/O 4677/Q/MF-3 dated 28th August 1963 and amendment No. A/O 4677/Q/MF-3 dated 15th October 1963 laying down the new procedure are enclosed (not printed). The new procedure is intended to ensure that the factor of milk yield is also given due consideration at the time of fixation of final price of animals and at the same time the Boards are entitled to exercise proper discretion in selecting good animals by offering higher prices within a ceiling of Rs. 150.00 taking into account other factors having a bearing on the quality and utility of animals. This procedure will be further reviewed from year to year on the basis of experience gained.

7. D.A.D.S. has seen.

[O.M. No. 11(12)/63/D(Budget) dt. 15-9-1964.]

Recommendation

30. While the Committee further note the Ministry's argument that there may be a temporary decline in milk yield due to fatigue, changes in environment and nature and type of feeding scales, the fact that in the case of 97 buffaloes out of the 133 purchased under the new system and examined in Audit, the drop in milk yield averaged 25 per cent during the fortnight after the fifteen day of their arrival in the Farms (the period allowed to buffaloes to overcome the fatigue and show normal results) indicates that the milk-yield recorded at the time of their purchase did not correctly represent their normal yield. The Committee note, in this connection, the expert opinion that the milk-yield could be increased temporarily by artificial methods. The Committee feel that proper precautions could have been taken to eliminate this extraneous factors. The Committee would like the Ministry to examine whether the existing tests applied to assess the normal milk-yield of buffaloes are adequate.

[Sl. No. 16 Appendix VII to Seventeenth Report Public Accounts Committee 1963-64 (Third Lok Sabha)].

ACTION TAKEN

The drop in the milk yield has been recorded for animals purchased on old as well as new system. The extent of decrease is

almost the same in the two cases. Broad reasons for decline in milk yield subsequent to purchase, may be classified as under:—

- (a) *Temporary boosting of Milk-yield by artificial methods.*—When buffaloes are purchased and priced on actual milk yield basis, the cattle dealers boost up the yield through stimulent feeds to claim higher prices for their animals. In such cases the yields recorded at the time of purchase are not genuine.
- (b) *Change in environments and milking hands change in nature and type of feeding scales.*—Milch animals especially the Buffaloes are very sensitive to changes in environments, milking hands and types of feeds and their yields are adversely affected by such changes. The time taken to acclimatise to changed conditions and attain normal yield, varies from animal to animal. In many cases, it exceeds 15 days. Majority of the buffaloes are purchased from the villagers who owning one or two heads of animals, with plenty of land, feed them lavishly. As such, change in the nature and type of feeding scales play their part and the animals take time to acclimatise to the same.
- (c) Temporary illness of the animals and their calves.
- (d) *Purchase of buffaloes at their peak production.*—The milk yield of buffaloes varies according to the period of lactation. Animals after calving reach their peak production from 4 to 7 weeks and thereafter the yield record gradual decline till stage of total dryage. As such, decline in milk yield purchased at their peak production, is inevitable soon after arrival of such animals at the farms.

2. The decline in milk yield of the animals purchased during 1961-62 is attributable to one or more of the above reasons. It will be observed that although proper precautions can be taken to detect cases of artificial boosting of yield mentioned in para 1(a) above, the other contributory factors indicated against (b), (c) and (d) above, are beyond control.

3. The present procedure for assessment of test yield as laid down in LS 183-G Standing Orders Livestock, is as under:—

- (a) The animals after their entry, are kept in the purchasing add as for a minimum period of 48 hours. During this

period, they are fed by owners under supervision of the farm staff to safeguard against feeding stimulent feeds by cattle dealers to boost up the milk yield artificially.

- (b) The animals are stripped of all the milk in the evening of entry into the addas. Thereafter the animals are milked thrice excluding stripping at regular intervals of 12 hours.
- (c) All intended purchases are milked only by the Farm Staff.
- (d) The test milk yield is arrived at by taking the average of the 3 milk yield i.e., the daily average yield is worked out by taking $\frac{2}{3}$ of the aggregate yield in three test milkings.

4. The above procedure is quite rigid and elaborate. The procedure provides for detention of the animals at the purchasing addas for a minimum period of 48 hours for inspection and milk yield tests under strict supervision of the purchasing Board. As military farms have no establishment of their own and have private addas at ROHTAK, the procedure entails considerable administrative arrangements. It is not always practicable to keep a close and continuous watch day and night on the feeding activities of the owners to prevent them feeding stimulent feeds to boost up milk yield. In many cases, the milk yield of animals is already boosted up through artificial feeds prior to entry and its effect lasts for some days. Moreover, the owners of good quality animals are not attracted to enter their animals due to elaborate and irksome procedure of inspection and milk testing lasting over a period of 48 hours. They insist upon striking a bargain on the spot on the basis of age, body conformation, breed characteristics and one milk yield as rough indication of the milk potential. The difficulty is further increased due to large purchases required to be made annually during a comparatively short period of calving season.

5. The Chief Executive Officer, Aarey Milk Colony has reported similar cases of decline of milk yield in the animals purchased for the Colony vide letter No. CEO/Col-II-AH/Gen/1142 dated 24th January 1964, copy attached (Annexure).

6. In the purchase of animals, a great deal of experience in the judgement of intrinsic value of the animals is necessary to detect cases of artificial feeding of animals and assess the future milk potential realistically.

7. The new system of pricing buffaloes on breed characteristic and on the basis of age, body conformation and assessment of milk yield was introduced with effect from 29th December 1961, when sufficient number of animals could not be purchased on the rigid basis of pricing them on yields obtained in the milking tests at the purchasing addas. 499 animals were purchased on the new system during the year 1961-62. Similar procedure was also followed for the purchases of buffaloes effected during 1962-63.

8. During the financial year 1961-62, a total number of 692 buffaloes were purchased, 193 Nos. on test yield and 499 Nos. on body conformation basis. Out of this, statistics of milk yield during the second fortnight after arrival of animals at the military farms, were collected in respect of 577 buffaloes, (192 on test yield and 385 on body conformation). These statistics indicated that the extent of average decrease in milk yield was almost the same, both for animals purchased on test yield basis and body conformation basis.

9. Based on the experience gained in the course of purchases during 1961-62 and 1962-63, the purchase system has been revised and streamlined to incorporate good points of the new as well as old procedure. In this connection a copy of Army Headquarters letter No. A/04677/Q/MF-3 dated 28th August 1963 laying down the new procedure is enclosed (not printed). As per paras 9 and 10 of the letter, the purchasing boards have been instructed to be extremely careful and vigilant in the assessment of milk yield of animals and to detect cases of artificially boosted yield. Although the normal procedure for assessment of daily test yield will be on the same basis of the average of 3 test milkings excluding stripping as per instructions laid down in LS 183-G Standing Orders Livestock, nevertheless, the purchasing Boards have been given discretion to increase or decrease the number of test milkings to suit administrative convenience. The test yield is no longer the criterion for pricing the animals. The pricing is done for individual animals taking into account age, body conformation, breed characteristics and potential yield as opposed to test yield. The Boards are entitled to give their expert assessment of the yield on the basis of body conformation.

10. The D.A.D.S. has seen.

ANNEXURE

OFFICE OF THE CHIEF EXECUTIVE OFFICER (COLONY)

Ref. No. CEO/Col-II-AH/Gen/1142

Aarey Milk Colony P.O.
Bombay 65.

24th Jan. 1964

Magha 1885

From

The Animal Husbandry Officer,
Aarey Milk Colony, Bombay 65.

To

The Director of Military Farms,
Army Headquarters,
Quartermaster General's Branch,
DHQ PO NEW DELHI-11.SUBJECT.—*Purchase of Buffaloes.*

Sir.

I am to refer to your No. 22948/Q/MF-3 dated 13th Jan. 1964. Regarding the purchase of buffaloes it has been pointed out by the Director of Animal Husbandry, M.S. Poona that the Milk Department purchases large number of buffaloes and necessary further information required by you to be obtained from us.

At the outset I must mention that this view is not correct. The livestock at the Aarey Milk Colony is privately owned and the cattle-owners make their own arrangements for purchase of buffaloes required by them. There is no departmental participation in these transactions.

However there have been some purchases effected by the Department for departmental use alone and these have been restricted to the purchase of cows. As the principles and criteria for the selection of cows and buffaloes would not differ I am attempting to make some observations of my own for your information.

In this context I am to refer to the copy of your letter of even number dated 14 Oct. 1963 addressed to the Director of Animal Husbandry, W.S. Poona and I fully appreciate short comings and lacuna experienced by you in the purchase of buffaloes. It is a fact that when buffaloes are purchased on the actual milk yield basis the cattle-dealers to attempt to artificially boost up the yields by various means which are difficult to control.

In the first place I am of the opinion that purchasing animals on the basis of actual milk yield has one inherent weakness viz. that one is liable to get the animals at their peak production i.e. about 4/5 weeks after calving. It is a well-known fact that the animals after calving reach their peak yield in 4/5 weeks time and when purchased at this stage the purchaser not only has to pay a higher price but stands also to lose one month of the production before purchase. Further the transport stress after the purchase reduces the production of the animals and once having crossed the peak production it is well nigh impossible to regain it no matter what care could be rendered to the animals at their destination. Except in the cases of animals with very high persistency of lactation a drop in the production is only natural when animals are purchased at their peak production.

In the purchase of animals a great deal of experience in the judgement of intrinsic value of the animals is necessary and in such cases one can expect to get good animals before their reaching peak production. There is also a higher level of physiological momentum for lactation and the animals has a better chance to pull through the transport stress if any involved after the purchase. On the other hand purchase of animals by the public servant on the basis of his subjective judgement is not entirely satisfactory as he could easily be mis-understood in case some animals do not turn out to the expectation.

The experience as cited by you viz. the drop in the milk yield after the purchase has been encountered among the buffaloes purchased by the cattle-owners at Aarey. Where the reason is only the crossing over from the peak yield period, there is little improvement attainable by any means. On the other hand we have encountered cases of Hypocalcaemia or Acetonaemia sub clinical which when treated have given reasonable response in the increase in the milk yield.

I have endeavoured to give the information as we happen to possess; but if there is any further clarification required I would be glad to attend to the same.

Recommendation

31. The Committee note that large areas of lands acquired by the Ministry of Defence, still remain under the unauthorised occupation of former owners, even though they had been paid compensation therefor. The Committee feel that at the time of paying compensation, the Ministry of Defence should have secured complete vacant possession of these lands and, thereafter, taken adequate steps to

prevent its encroachment by the former occupants and others. The Ministry failed to do this. The Committee desire that effective steps should now be taken by the Ministry of Defence in close co-ordination with the State Government to ensure that the lands are got vacated at an early date, and utilised for the intended purpose, without any let and hindrance. The Committee would like to have a further report in the matter.

[Sl. No. 17 of Appendix VII to 17th Report (Third Lok Sabha),
1963-64.]

ACTION TAKEN

About 23,000 acres of land in the District of Jhansi in U.P. and 30,500 acres from the then Gwalior State (now M.P.) were respectively requisitioned and hired in 1942 and vacant possession of the land was taken over completely by the Military authorities for establishment of Field Firing Ranges at Babina. These ranges area remained in active use of the Military authorities till 1945 when the training activities were stopped on the termination of World War II. During the lull in training, most of the land-owners infiltrated into the Range area and re-occupied their houses and lands and they have continued in possession ever since.

Recurring compensation for the land in U.P. Sector was continued to be paid till 30-6-1952, to the affected persons although that land had been acquired with effect from 29th October, 1948. This payment was made by the local Civil Authorities erroneously. But this was done as an interim measure on the intention to be adjusted later on by setting it off against the final acquisition-compensation payable for the said land. Such over payment works out to Rs. 3,02,784.00 out of which a sum of Rs. 2,68,952.00 has already been recovered—upto 31-3-1963—by the Special Land Acquisition Officer for the Babina Ranges. The remaining amount will also be recovered adjusted as and when the acquisition-compensation is disbursed to the land-owners concerned.

2. In 1948, Government decided to establish the said Ranges on a permanent basis and, consequently, the requisitioned land in U.P. Sector was acquired in 1948 and the hired land in Madhya Pradesh Sector was acquired in 1956. Compensation for the land in Madhya Pradesh Sector was fully disbursed in 1958-59, but nearly 30% of that in U.P. Sector still remains to be accepted by the persons interested. At the time of payment of compensation, the question of evicting the unauthorised occupants of the land was taken up with the State Government concerned but they expressed their

inability on 24-1-55 to interfere in the matter on the ground that, vacant possession of the above-mentioned lands having once been given to the Military authorities in 1942—when those lands were first requisitioned/hired, possession thereof was deemed to be that of the Army in 1948 and so the question, of handing over vacant possession of those lands once again, did not arise. Similarly, having acquired these lands, the Government of India incurred the legal liability to pay their acquisition cost inspite of the encroachments on these lands—which were deemed to be in the physical possession of the Army since 1942; otherwise, Government would have had to vacate the said lands, get the encroachments thereon removed, and then initiate fresh acquisition proceedings in respect thereof.

During the intervening period, the Government of U.P. had vested Bhumidhari rights in some of the cultivators of these lands even though *de-jure* these lands had been acquired and vested absolutely in the Government of India. Those rights were, however, cancelled by the State Government in 1963.

The matter regarding eviction of encroachers from the Range Area was first taken up with the local Civil Authorities early in 1955 and they were requested to get the area vacated by 31-3-1955. Thereupon, about 2000 affected villagers met the Collector concerned—who fixed the last date for their vacation as 24-4-1955. Consequently, a deputation of the villages concerned in Jhansi Distt. led by an M.P., and an M.L.A. waited on the then JS(NA)—on 16-4-1955—and represented their grievances to him. As a result, the State Government were addressed by the Ministry of Defence on 20-4-1955 and requested *inter-alia*, to arrange rehabilitation of the said villagers elsewhere as well as to postpone their eviction till 31-5-1955; which date was subsequently extended upto 30-6-1955. Considering the large area of land under encroachment and the number of persons involved, the problem assumed great importance—both politically and administratively. Efforts were therefore made to evolve a peaceful method of eviction of the above mentioned encroachers and, with this purpose several meetings were held between representatives of the Ministry of Defence, the Government of U.P. and the local Military authorities during the period April, 1959, to June, 1963.

3. The Government of India have all along been endeavouring to explore peaceful ways and means for evicting the encroachers but, in view of the extent of the problem-involving about 30,000 families, it was apprehended that any concerted and strong action might pose a serious law-and-order question. The available provisions under Government Premises Eviction Act, 1950, had been held *ultra-vires* by a number of High Courts in India and a regular statute,

in supersession of the previous one, was available only under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958. The procedure under this Act also being dilatory and cumbersome, the purpose could not be easily achieved. In the meantime, a few of occupants, who were original owners of the lands involved, filed writ petitions in the State High Court during March, 1959 and August 1961—questioning the validity of the acquisition in this case—and so the said Court's decision had to be awaited on the said petitions before taking further action in the matter. Again, in 1960, an agitation was started in the U.P. Sector of this Range Area—against the acceptance of the acquisition—compensation offered by Government to the land-owners concerned. As a result, a portion of the said compensation has still not been accepted by some of the persons concerned. Government consequently sanctioned—in August, 1962—the appointment of a whole time arbitrator to determine the quantum of fair compensation payable to each of the land-owners who have not accepted the offer of acquisition-compensation made to them by the Special Land Acquisition Officer Jhansi.

4. In view of the foregoing, Government could not enforce large-scale eviction of the unauthorised occupants of the Range Area. However, on the promulgation of the Defence of India Act, 1962, and the Rule made thereunder, the relevant eviction proceedings have been started again but piece-meal. The State Governments concerned have also been requested to render all possible assistance needed by the Local Military Authorities for the purpose of eviction of the encroachers from the Range Area.

On the service of eviction notices the occupants of 20 out of 44 villages have since vacated their houses. But most of them have shifted to the fringes of their fields—ostensibly to harvest their standing crops. Similar eviction action is also being taken in response of the remaining 24 villages in both the U.P. and M.P. Sectors of the Range Area in convenient groups of villages—depending upon the population of each village. And, as a matter of deterrence, the Local Military Authorities have intensified their training activities in the Range Area. It is therefore anticipated that given the full assistance and cooperation of the State Governments concerned whose—responsibility it is to arrange rehabilitation of about 30,000 persons elsewhere the eviction proceedings in this case will be completed in about a year.

In this connection, it is pointed out that the whole of this Range Area has been and is being used for field firing by Military units though not without intermittent interference from the encroachers

—whose exact extent of occupation of the said Area cannot be determined and who have had to be kept away from the firing lanes.

Reasons for delay

5. The delay in sending a reply to the PAC's recommendation/observations was due to the fact that information on several relevant facts had to be obtained from different authorities of Defence Headquarters.

D.A.D.S. has seen.

[M of D.u.o. No. F. 10(2)/64/D(Q&C) dated the 6th November, 64]

Recommendation

32. The Committee are not happy over the manner in which the case, referred to in para 42(b) of the Audit Report (Defence Services), 1963 had been handled. They observe that the initial failure of the Director, Lands and Cantonments, to take prompt action on the instructions issued by the Army Headquarters in January 1956, for the immediate release of the land and the subsequent indecision on the part of the Ministry had resulted in unnecessary retention of the land for a period of about 7 years involving an infructuous expenditure of Rs. 24 lakhs. It was, inter alia, urged in extenuation that under the orders issued by the Ministry of Defence in May, 1958, no landed property could be released without the orders of the Defence Minister. If that is so, the matter should have been placed before the Defence Minister and his orders for release obtained. Even if errors had been made in the initial stages, the Ministry have taken immediate steps for releasing the land in July 1961 when the sitting Board and the local authorities recommended this action. Unfortunately, two more years elapsed before this was done.

The Committee further observe that the provisional rate of Rs. 3.50 per sq. yd. on the basis of which the said payment of Rs. 24 lakhs had been made to the Bombay Port Trust, had not been agreed to by the Port Trust who have been demanding rent at the rate of Rs. 5.00 per sq. yd. The matter was stated to be under consideration of the Ministry. The Committee would like to have a further report in the matter.

[S. No. 18 and 19 Appendix VII Seventeenth Report (1963-64)]

ACTION TAKEN

Land measuring 23.95 acres was hired in 1943 from the Bombay Port Trust for the Military Timber Depot at Wadala at a rental of Rs. 50 Paise per sq. yd. per annum. In June 1956, out of the above area, land measuring 19.75 acres with Defence Ministry assets thereon, was declared surplus to Defence requirements. In July, 1956, the local Military Lands and Cantonments authorities were requested to ascertain if the Bombay Port Trust were interested in the Defence Ministry assets declared surplus and whether they had any objection to those assets being sold in situ to other Ministries of the Central Government or to the State Government. In the meanwhile, Naval Headquarters in September 1956 expressed their interest in the future use of the project in question and therefore, pending review of the matter, the release/disposal of the project was held in abeyance. In January 1957, the proposal of Navy was dropped on the ground that the land was not available on permanent long lease. It was accordingly, decided to go ahead with the disposal of assets and release of land. The instructions to initiate action were issued in January 1957 for—

- (i) release of 8.23 acres of land on which no assets existed; and
- (ii) disposal of the assets existing on the remaining area of surplus land measuring 11.52 acres and release of the same after the land was reinstated.

2. The question of release of 8.23 acres to Bombay Port Trust was taken up with them but they expressed their unwillingness to take over the same until a 25 feet wide access was given through the remaining 4.20 acres of land actively in occupation of and to be retained by the Defence. However, in April 1957 it was decided to release the land comprising the above access provided land of equal area out of the remaining surplus land measuring 11.52 acres was given to the Defence in exchange by the Bombay Port Trust. This decision could not be implemented as a decision to re-commission Jerrican Factory, Wadala had been taken which would necessitate moving back a Petroleum Contract Unit to its original location at Timber Depot, Wadala. In the meanwhile Defence Ministry assets on the land measuring 11.52 acres were disposed of by public auction in April 1957 and the site was cleared in June 1957.

3. The question of re-commissioning the Jerrican Factory, Wadala remained under consideration of the Controller General of Defence Production and in July 1957 it was indicated that the idea of re-commissioning the factory had been dropped. Accordingly, instructions were again issued on 19th September 1957 to the local military authorities to release the surplus land. In January 1958, it was

reported by the HQrs. Southern Command that no land had been released because of the fact that the Bombay Port Trust were not agreeable to take over the surplus land measuring 3.23 acres unless their request for selection of an alternative land in lieu of 4.2 acres which had already been decided to be acquired, was accepted. This matter remained under consideration and ultimately in June 1958, the Chairman, Bombay Port Trust agreed to the Defence Ministry acquiring land measuring 4.2 acres. In April 1958, the then Ministry of Shipping requested for the release of certain area i.e. 1.07 acres out of the Bombay Port Trust land which was immediately required for construction of loco shed by the Bombay Port Trust. While ascertaining the interest of Defence Services in the land in question, Naval Headquarters again evinced interest in October 1958 in retaining the entire land for building accommodation for civilians. In January 1959 it was decided with the approval of the then Defence Minister that unless a firm decision was taken whether the land which was surplus to the requirements of the Army should or should not be retained for use by the Navy, it was not possible to release the land. It was, however, decided to release land measuring 1.07 acres which formed part of 19.3 acres to the Bombay Port Trust in April 1959 for construction of loco shed. In July 1959, Naval Headquarters were requested to give their firm recommendations for release/retention of surplus land. In August 1959 it was reported that the question of accepting the necessity for acquisition of surplus land for the married accommodation for the civilian personnel working in Bombay was under consideration. It remained under their consideration till February 1960 when it was decided to drop the proposal as the site was not considered suitable for construction of accommodation for Naval Staff.

4. After the proposal by Naval Headquarters was dropped in February 1960, the matter was placed before the Quartermaster General's Inter Services Committee for Land and buildings in May 1960. It was brought out that Key Location Plan Board for Bombay had recommended in October 1959 to utilise the land for provision of permanent accommodation for Inspectorate of General Stores West and South India, in case the Ordnance Depot, Sewri did not move out of its present location. The project was deferred to be considered in the next meeting. Apparently as the question of retention/release of the land was linked with the Key Location Plan of the Ordnance Depot and acceptance of the recommendations of KLP Board by the Government, no decision was taken. The matter was reviewed by the Committee again in October 1960 and it was decided that an Inter-Services Board should be held to decide the

question of utilisation of the land in question. In the meanwhile a decision had been taken in July 1961 at the level of the then Defence Minister and the Finance Minister that as a matter of policy the Ministry of Defence should progressively build their own accommodation particularly in large cities with a view to releasing accommodation held under hire or requisition and a start in this regard be made in Bombay. Consequent on the above decision an Inter Services Board was held in Bombay in July 1961. The Board *inter-alia* recommended that the land was not suitable for use of the Defence Services and should therefore be released. Although the recommendations of the Board were received in August 1961 but final recommendations could not be made by Quartermaster General till June 1962 as the question of locating new units at Bombay was closely linked with the land at Wadala and this issue was decided only in June 1962. Quartermaster General was also to consult some other user services in the matter. After June 1962 the matter remained under consideration by Government till March 1963 when it was decided with the approval of Defence Minister to release the land to Bombay Port Trust. The land was released on 30th April 1963. There was delay in disposal of the file in the Ministry. Instructions have been issued to deal with such cases expeditiously.

5. It would be observed from the above, that although efforts to take final decision in respect of this were continued, the decisions taken at certain stages could not be implemented due to changing requirements of the Armed Forces for lands belonging to the Bombay Port Trust.

6. As regards the demands of the Bombay Port Trust for enhancement of rent in respect of the above land, it has since been decided to pay the Bombay Port Trust at Rs. 3.50 per sq. yd. per annum from 1st March 1953 to 25th February 1959 inclusive and at Rs. 4.50 per sq. yd. per annum from 26th February 1959 to the date of release i.e. 30th April 1963. The above decision was communicated to the Ministry of Transport and Communications on the 30th September 1963 for obtaining the acceptance of the Bombay Port Trust in respect thereof so that formal Government sanction to the payment of revised rates could be issued and payment made to the Bombay Port Trust. The acceptance of the Ministry of Transport and Communications/Bombay Port Trust to the above rates is still awaited. At these rates the Government's liability of rental works out to Rs. 19,36,000.00 (approx.). Pending acceptance of the rates by the Ministry of Transport and Communications/Bombay Port Trust

Government sanction to the payment of rent at the above rates has been issued on 1st June, 1964.

D.A.D.S. has seen.

[M. of D. u.o. No. 10(6)/62/D(TG)/D (Lands), dated 25-11-1961.]

Recommendation

33. "The Committee are unhappy over the manner in which the authorities concerned had acted in this case. They observe, that according to the Ministry's own admission, the vehicles purchased were not considered to be efficient. While the Committee grant that the defect in camshafts could not be detected until the engine was opened up, they feel that it was wrong on the part of the authorities concerned to have purchased vehicles costing over Rs. 4 crores, long before the final inspection report on the trial of the prototype had been issued. The Committee further observe that though the suppliers had agreed to the maintenance of a repairpool and to the gradual supply of camshafts for other vehicles no demands were made on the suppliers for 4—5 years, due to negligence. It passes the comprehension of the Committee that the authorities concerned should have been so oblivious of the interests of the exchequer. The Committee recommend that a thorough inquiry should be held in this matter with a view to fixing responsibility for the negligence. They would also like to be informed of the final settlement arrived at with the suppliers".

[Sl. No. 26 of Appendix VII to the Seventeenth Report of the Public Accounts Committee (Third Lok Sabha).]

ACTION TAKEN

Two types of trials are carried out normally on new vehicles entering into service.

Standard Performance Trial

2. This trial extends to a mileage generally not exceeding 200 miles during which performance characteristic such as fuel consumption, gradeability, acceleration are measured with a view to determine whether the performance meets the requirement of the Army. The scope of the trial does not cover endurance of the various parts of the vehicles over a long period as the total mileage covered is very small.

Endurance Trial

3. This trial extends to a total mileage of about 20,000 miles and takes a period of 12 to 24 months. The aim of this trial is to assess the endurance of the various parts of the vehicles over a protracted period of running.

4. While buying new vehicles for introduction in the Army, it is the normal practice to accept the vehicle on the basis of Performance Trial only provided the vehicle is purchased from a manufacturer of world repute. It is not practicable to conduct Endurance Trial prior to introduction of a vehicle into Service in view of the long time required to complete the trials. Endurance Trial is normally taken up after a decision for acceptance of a vehicle into Service is made. In case any abnormal wear and tear shows up during the Endurance Trial, the matter is brought to the notice of the manufacturers who provide necessary rectification measures on the vehicles purchased and also ensure that the remedy is implemented in future production.

5. In so far as purchase of Studebaker 3 Ton 4x4 is concerned, Standard Performance Trials were carried out on an earlier version 2R-16-55 in 1949. As a result of these trials the vehicle was found satisfactory for service use. However, the firm had advised that they had gone into production of a new model which was identical to the earlier model except for a more powerful engine and formal confirmation of this was also given in August 1950. Since this was the only change which in effect meant an improvement in the vehicle performance, it was not considered necessary to repeat the performance trials or to change the earlier decision to introduce the vehicle in Service. Orders were accordingly placed for the new model 2R-28-55 on 15-11-50 (Qty 264), 20-10-51 (Qty 786) and 30-4-52 (Qty 918). The Standard Performance Trial even if it were carried out would not have shown up premature wear of the camshaft, as the trial mileage would not have exceeded 200 miles. The question of carrying out Endurance Trial before acceptance of the higher powered version did not arise for reasons explained in para 4 above.

6. Endurance Trial was, however, subsequently carried out in June 1951 on a vehicle selected at random from the bulk quantity of the higher powered version under supply, as a matter of normal practice with the aim explained in para 3 above. After completion of the Endurance Trial and strip examination in Dec. 1954 no premature wear was noticed on the camshaft of the particular vehicle.

The wear was first reported on 29 Oct. 54. Similar defects were reported by other units and the firm agreed to supply camshaft

repair kits. In July 55, they sent sufficient number of camshaft repair kits for all failures till then reported encountered, on a 'no charge basis'. As more such defects continued to be reported, an investigation was ordered in August 1955 and carried out in October/November, 1955. This revealed a manufacturing defect on the basis of which negotiations were conducted with the firm for 100% replacement of camshifts.

7. As regards the suggestion of the PAC to hold an inquiry with a view to fixing responsibility for the negligence in maintaining a repair pool, the factors that led to the non-implementation of the arrangements as well as disciplinary aspect have been thoroughly examined. As a result thereof, two senior officers of the Army Headquarters have been administered non-recordable warnings on 30th March, 64 to be more careful in future.

8. Considering that a maximum of 666 Studebaker vehicles are likely to be overhauled before the entire lot becomes due for disposal in accordance with the "casting off" policy approved in 1963, it has been decided in Feb., 64 to obtain from the firm, free of cost, 666 camshafts with the requisite numbers of springs and screws rocker arm adjusting. The firm has placed an order for this quantity on M/s. Studebaker International during September-October 1964 and will supply the stores on receipt of the consignment from U.S.A.

9. D.A.D.S. has seen

[File No. 29(2) 64 D(O-I).]

Recommendation

34. *The Committee note that the demand for the equipment placed on the ITI was twice cancelled and twice revived within a span of less than three years. Such frequent revisions, the Committee would like to point out, not only generate an all-round sense of uncertainty but are also fraught with the risk of disturbing the production-schedules of suppliers—a public undertaking in the present case. The Committee need hardly emphasise that provisioning decisions should be reasonably firm and should be arrived at after taking all the relevant factors into account. The Committee would also like to have report about the final disposal of the 270 numbers of four types of signal equipment referred to herein.*

[Serial No. 27—Appendix VII—17th Report (Part I 1963-64—3rd Lok Sabha.)]

ACTION TAKEN

The observations of the Committee regarding provisioning action have been noted. As regards disposal of stocks of the 4 types of Signal equipment, a Statement is attached as Annexure 'A'.

2. DADS has seen.

[u.o. No. 29(3)/64/D(O-I) dt. 28-11-64.]

ANNEXURE 'A'

Co./Part & Nomenclature	Total Balance as in May 62 (Agra Depot stock as well as Returned Store Sub-Depot stock		Number received from May, 62 to 31-10-64	Number issued as Class B stores or declared un-serviceable during May, 62 to 31-10-64	No. utilised by conversion into Group I/ Group II equipment upto 31-10-64	No. utilised in the assy. of the complete station upto 31-10-64	Balance as on 31-10-64		
	Serviceable (including Serviceable Incomplete	Repairable					Serviceable including Serviceable Incomplete	Repairable	
	1	2	3	4	5	6	7	8	9
Sub assemblies for Group I (2W) equipment									
YB-04215 Units Channel 4/5 App VF Tele 3 Ch No. 2 W Gp. I		23	26		1	57	22	15	4
YB-04216 Units Channel 6 App V Tele 3 Ch No 2W Gp. I		8	2	2	2	57	22		11
Sub assemblies for Group II (2W) equipment									
YB-04217 Units Channel 1/2 App VF Tele 3 Ch No. 2W Gp. II		3	59	5	1	32	8		6

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1	2	3	4	5	6	7	8	9
YB-04218 Units Channel 3 App VF Tele 3 Ch DX No. 2 W Gp. II	1	44	3	3	32	8	1	4
	35	241	10	7	178	60	16	25

N.B. *Qty 11 each will be utilized by 31-3-65 towards meeting partially the deficiency of qty 14 of App VFT 3 Ch No. 2 GP I revealed on conclusion of the current provision review.

(f) Qty 5 each will be utilised by 31-3-65 towards partially meeting the deficiency of qty 118 of App VFT Ch No. 2 W Gp II revealed on conclusion of the current provision review.

The remaining sub-assemblies will be utilised for assembling complete stations as soon as matching units become available through unit returned stores or will be issued against demands for Class 'B' sub-assemblies from units. No time limit for their utilisation can be indicated at this stage.

Recommendation

35. While the Committee are glad to be informed that, consequent on the reintroduction of the use of the sashes with effect from May, 1963, the sashes procured in this case will all be used up, they cannot help observing that, in placing the indent for the item in 1954, in utter disregard of the orders then in force, the authorities concerned had gravely erred. They also feel that the period 11 years taken by the Ministry in coming to a final decision in the matter was too long. They desire the Ministry to show greater promptness in taking decisions.

[Serial No. 28 of Appendix VII to 17th Report
(Third Lok Sabha) - 1963-64.]

ACTION TAKEN

The observations of the Committee have been noted.

2. D.A.D.S. has seen.

[U.O. No. 29(5)/64/D(O-I).]

Recommendation

36. It is hardly necessary for the Committee to emphasise the need for extreme care in provisioning, for procurement of surplus stores not only results in blocking much-needed capital and storage accommodation but also entails avoidable expenditure on their care and custody. The Committee would, therefore, like the Ministry to take suitable steps to avoid over-provisioning.

[Sl. No. 29 of Appendix VII to the 17th
Report of the Public Accounts Com-
mittee (3rd Lok Sabha).]

ACTION TAKEN

(1) The observations of the Committee have been noted

(2) Necessary instructions (Annexure) have been issued to the Army authorities to the effect that extreme care should be exercised while issuing directions regarding provisioning of stores.

D.A.D.S. has seen.

[U.O. No. 29(4)/64/D(OI)]

ANNEXURE

No. 93844/PC-10/OS-10B

**Pac 17th Report (Third Lok Sabha)—Recommendation No. 29,
Para 36—Regarding the need for extreme care on Provisioning of
Stores.**

1. A case has recently been brought to the notice of this HQ by the audit authorities in which an erroneous provisioning took place as a result of inexplicit instructions issued by the store section concerned. The depot was to be authorised to create a liability for 'X' and 'Y' items required to assemble 'Set Kits No. 1' whereas they were asked to provide 'X' and 'Y' items for the main equipment and the mistake was detected only after bulk of the quantity on order had been manufactured by the suppliers.

2. While it is true that provisioning authorities should exercise extreme care in the assessment of exact requirements and eliminate all their doubts well in advance of the placement of the orders, the store sections cannot be absolved of the responsibility of ensuring that the relevant instructions issued by them are comprehensive and not ambiguous or capable of inaccurate interpretation in any respect. Such instructions should not be signed by the junior officers. All sections will therefore be warned accordingly.

3. Please acknowledge

Recommendation

37 While the Committee appreciate the need for extreme care in the disposal of surplus stores, they see little justification for retaining unwanted and obsolete stores for unduly long periods. The Committee note in this connection that despite their repeated exhortation for the early screening of old stocks and disposal of unwanted and obsolete stores, much progress has not yet been made in the matter. The Committee desire the Ministry to impress upon the Depot authorities and (the surplus stores) committees, referred to in evidence, the need to address themselves to the matter with the attention it deserves. They would like to watch the progress made in the disposal of surplus stores in the Depots referred to in this para, through future Audit Reports.

(S. No. 30 (Para 37) of Appendix VII to 17th
Report (Third Lok Sabha) 1963-64.)

ACTION TAKEN

The question of disposal of surplus Defence Stores was reviewed in February 1963 with a view to ensure that unwanted surplus stores are disposed of, thereby releasing valuable covered accommodation.

2. It was decided in February 1963 to set up a Review Board for scrutinising such surplus stores as were earlier examined by an Inter Services Technical Team and recommended for disposal in 1959 with a view to determine whether any of these surplus stores could be re-utilised by the Services in the present emergency or by an industry engaged in the production of stores for the Defence Services. The Review Board was constituted on 17th May, 1963. They have almost completed their review. The position as on 5th May 1964 was that they had reviewed 32,103 items. The monetary value of 14,766 items is estimated at Rs. 685.26 lakhs. The value of 17,337 items pertaining to the Air Force reviewed by the Board is not ascertainable. The Board have recommended disposal of 30507 items valued at Rs. 540.83 lakhs and re-utilisation of 1506 items valued at Rs. 144.43 lakhs. The recommendations of the Review Board were also discussed by Government in several meetings and action is in progress to dispose of/reutilise the stores as per decisions taken by Government.

3.1. It was also decided, when the question was reviewed in February 1963, to set up Technical Teams for scrutinising similarly obsolete stores. Three such Technical Teams were accordingly set up whose progress is indicated below.

3.2. *Technical Team for Vehicles and MT Stores.*—This team was constituted on 26th July, 1963 and wound up on 4th April, 1964. They had reviewed 6409 items valued at Rs. 46 lakhs. They had recommended disposal of 5831 items valued at Rs. 40.13 lakhs and re-utilisation of 578 items valued at Rs. 5.87 lakhs.

3.3. *Technical Team for Engineering Stores and Machines.*—This Team was constituted on 25th May, 1963, and wound up on 24th May, 1964. The position as on 24th May, 1964, was that the Team have reviewed 6129 items valued at Rs. 635.83 lakhs. This value, however, does not include the value of certain stores relating to Engineer Store Depot, Panagar. The Team have recommended disposal of 5656 items valued at Rs. 616.67 lakhs and re-utilisation of 473 items valued at Rs. 19.16 lakhs.

3.4. *Technical Team for General Stores, Clothing and Signal Stores.*—This Team started functioning from 5-8-63 and was wound

up on 25-7-64. This Team has reviewed 10020 items valued at Rs. 126.62 lakhs out of 12,339 items valued at Rs. 873.54 lakhs. They have recommended disposal of 7672 items valued at Rs. 114.70 lakhs and re-utilisation of 2348 items valued at Rs. 11.92 lakhs. These recommendations have been accepted and action to dispose/re-utilise the stores is being taken accordingly.

NOTE.—(Originally a separate Technical Team for Signal Stores was sanctioned in May, 1963. Later on, however, it was decided to merge this team with the Technical Team for General Stores and Clothing.)

3.5. The recommendations of the Technical Teams were examined by Government in several meetings and action to dispose of/re-utilise stores as per decisions taken in hand.

4. As regards *Current and Obsolescent stores* held by the various stockholders, necessary instructions were issued to all Ordnance Depots in September 1963 (Annexure) that, if large stocks of current/obsolescent stores are held in the depots for a considerable period and had not been utilised, such items should be reported to Army Headquarters for obtaining Government approval for their disposal. The Depot authorities are accordingly reviewing such stores. Their recommendations have started flowing to Army Headquarters.

4.1. On 26th July, 1964, a Technical Team for screening current and obsolescent surplus stores including 'B' vehicles spares not covered by casting off policy and any residual work left over by the earlier Teams, has been set up.

5. D.A.D.S. has seen.

[O.M. No. 11(12)/63/D(Budget) dated 3-9-1964.]

Annexure

No. 93507/OS-1D

ARMY HEADQUARTERS

Master General of the Ordnance Branch
DHQ PO New Delhi—11, 26th Sept., 1963.

To,

Comdts/COOs/OsC.

(As per standard address list 'A')

1. **SUBJECT.**—*Disposal of Stores*

1. Stores held in the Ordnance Depots can be divided into the

following three main categories:—

- (a) Current Stores.
- (b) Obsolescent Stores.
- (c) Obsolete Stores.

In all these three categories, the stores can be either serviceable or repairable. Items held in the depots as NNK, NIV, NSP also fall under these three major categories.

2. *Current and Obsolescent Stores.*—The ban on disposal of current and obsolescent stores whether in serviceable or repairable state has not been lifted. This is so as any surplus stores over and above the provision period may be required due to potential expansion of the Army. It has however been laid down in Army HQ letter No. 93507/OS-1D dated 10th May, 1963 para 1, that if a large stock of a particular item is held in the depots for a considerable period and has not been utilised, proposal for the disposal of such an item may be put up to Army H.Q. store section for Government approval. Such proposal can essentially be put up at the initiative of the stock holder. This H.Q. is of the view that if proper screening is carried out with due regard to all factors, sound proposals about disposal of surplus current and obsolescent stores can emanate from depots even if the retention policy has not been laid down in terms of time.

3. It should be appreciated that there is no necessity of holding on to stores which are lying in the depots without any issue for a number of years. If stocks of each item are examined on the basis of past issue experience, it may transpire that the stores held are for such a long period that:—

- (a) These cannot be consumed within their self-life or during the remaining projected life of the related main equipment/vehicle.
- (b) Considering the valuable covered area occupied, retention of the entire quantity is uneconomical.
- (c) Considering the rapid industrial growth in the country and easy availability of the item in the market, the disposal of the item is not a logistic risk but its retention is a positive storage embarrassment.

4. The type of scrutiny of stores visualised above can best be carried out by Group Officers and sub-depot Commanders. Depot

- Commanders will, therefore, issue necessary instructions to sub depot Comdrs. to examine these items for which there has been no issue or very little issue for the past 5 to 10 years and put up recommendations for their disposal. Based on these recommendations a statement of the case should then be prepared for each item on the lines suggested in Appendix 'A' attached and submitted to Army HQ store sections concerned for obtaining the Government's approval for disposal of such stores. On completion of action by sub-depot/Groups, which should not take more than 2 months, a certificate will be rendered by each sub depot Comdr to the Comdt/COO confirming that a comprehensive survey of sub depot Stocks has been carried out and no current or obsolescent items with surplus holding has been left un-examined. A board will then be constituted under the Chairmanship of the Dy. Comdt/DCOO to carry out another confirmatory survey to satisfy themselves that the examination carried out by sub depots/Groups has been exhaustive.

5. *Obsolete Stores.*—As regards the obsolete stores the orders have already been issued vide Army H.Q. letter No. 97556/OS-1D dated 1st June, 1963 and No. 93507/OS-1D dated 31st August, 1963, that lists of obsolete stores should be forwarded to Army H.Q. to be placed before the Technical Teams formed for this purpose. The teams will initially examine these lists at Army H.Q. and then proceed to Ordnance Depots for physically ascertaining the requirements and re-utilisation aspect before suggesting their disposal. These teams will be visiting the Ordnance Depots in the very near future. Full co-operation should be given to these teams in order to arrive at a definite recommendation about each item.

6. *Proposals for obsolescence of obsolescent stores.*—Another Board of Officers will be convened in all depots to examine the obsolescent stores with a view to recommending items which can be declared obsolete. These lists with the recommendations of the Board of Officers will be sent to Army H.Q. Stores Section concerned. The store sections concerned will process each case with DWE and Ministry of Defence. When the decision to declare an item obsolete is communicated to the depot, the depot will take action to submit the lists in accordance with the instructions contained in Army H.Q. letter No. 97556/OS-1D dated 1st June, 1963 and No. 93507/OS-1D, dated 31st August, 1963 for further action by the Technical Teams on same lines as para 5 above.

7. It is needless to stress that this opportunity must be utilised fully to clear the depots of all the surplus stores whether these are current, obsolescent or obsolete. To do this, a drive by the depot

Commanders is necessary through the Group Officers to ensure that when these Technical Teams are terminated, the depots are not holding onto any stores which in their opinion should not be held. This concentrated effort by the depot authorities will save the unnecessary overhead expenditure of maintaining such stores. It will also make available the valuable covered accommodation for current items. Storage embarrassment, as a result of current provisioning at enhanced levels, will be largely obviated.

8. DOS desires that the above instructions should be implicitly followed and a certificate rendered to him by Comdts/COOs through BSAOC of the Commands to the effect that "all stores held in the depot have been screened and that no stores other than current serviceable/repairable are being held in the depot without being referred to Army H.Q./Technical Teams." The certificate should also specifically indicate the results achieved by the Boards constituted vide paras 4 and 6 above. The target date for completion of all action and rendition of this certificate to the DOS is 31st March, 1964.

9. Please acknowledge.

Recommendation

The Committee desire that early steps should be taken to dispose of pre-48 unserviceable vehicles.

[S. No. 30(ii) of Appendix VII to 17th Report (3rd Lok Sabha) 1963-64.]

ACTION TAKEN

With the exception of 30 Specialist Vehicles, all unserviceable vehicles and Motor Cycles have since been reported to D.G.S. & D. for disposal.

Necessary action is also in hand to declare these 30 Specialist vehicles to D.G.S. & D. for disposal.

DAdS has seen.

[O.M. No. 11(12) 63 D(Budget) dt. 22-7-1964]

Recommendation

39. *The Committee are glad to note that suitable instructions have since been issued in October, 1963, to avoid non-utilisation of spare capacities in Defence establishments.*

[Serial No. 31 of Appendix VII to Seventeenth Report (Third Lok Sabha)—1963-64.]

ACTION TAKEN

No comments. A copy of the instructions issued by Army Headquarters is attached (Annexure).

2. DADS has seen.

[U.O. No. 29 (6)/64/D (O-1).]

 ANNEXURE

No. 93844/PC-5/OS-10B/MG(C)/A
 ARMY HEADQUARTERS
 Master General of the Ordnance Branch.

DHQ PO New Delhi-11 24 Oct. 1963.

To

Headquarters
 Southern Command
 Eastern Command
 Western Command
 Central Command

SUBJECT—*Co-ordination in regard to utilisation of spare capacity available in an installation by other Installation*

1. A case has recently been brought to the notice of this HQ by the audit authorities that some spare capacity was available in a depot for sawing of timber, which was not utilized by other units at the same station and instead separate contracts were entered into by the units themselves for the direct purchase of sawn timber, resulting in an extra expenditure to the State. It has also been pointed out that by proper co-ordination with other units, the extra expenditure thus caused could have been avoided.

2. If the installed capacity of any machines or plants is not utilized by units and installations for any reasons whatsoever e.g. drop in load over a period of time, such idle capacity will be brought to the notice of the Station Commander who will arrange to notify the same for the information of all units in the Station. Units Commanders concerned will get in touch with each other to ensure that the spare capacity is utilised to the best interests of the State and

that no contract is entered into with outside civilian agencies unless unavoidable.

3. You are requested to issue suitable instructions to lower formations accordingly and to endorse five copies thereof to this HQ for record.

Recommendation

40. "The Committee regret to observe that even though the Ministry chose to forego the benefits of competitive tendering in the interest of urgency, the supply did not materialise till October, 1960, i.e., two and a quarter years after the placement of the order, whereafter another year elapsed before the simulator could be installed. The Committee feel that if the requirement of the simulator was so urgent, the various phases of the Project should have been so planned that the simulator could be installed immediately after receipt in India. The Ministry, however, failed to ensure this. The plea offered by the Ministry for their failure to make timely arrangements for the installation is not convincing. The Committee trust that care will be taken by the Ministry to ensure that cases of this type do not recur."

[Serial No. 32, Appendix VII to Public Accounts Committee (1963-64) Seventeenth Report (Third Lok Sabha)]

ACTION TAKEN

To ensure that the cases of above type do not recur, suitable instructions streamlining the procedure for placing indents have been issued by Air Headquarters vide their Office Instruction No. 2/64 (copy enclosed).

2. Director of Audit Defence Services has seen.

[M. of D. u.o. No F 4(48)/63/D(Air-1), dated 30-3-1964.]

ANNEXURE

OFFICE INSTRUCTION No. 2/64.

NEED FOR PROPER PLANNING BEFORE INITIATING PROCUREMENT OF COSTLY EQUIPMENT.

At the instance of the concerned user Directorate an operational indent was raised on the D.G.I.S.D. in 1958 for a costly equipment of highly technical and specialised nature. The equipment was

received by the delivery date stipulated in the indent, but it could not be installed and put into use, since appropriate action was not initiated to get the existing building suitably modified to house the equipment. As a result, the machinery remained unused for more than two years causing avoidable locking up of huge capital.

2. This procurement of equipment was reflected in the Audit Report, Defence Services 1962 and was severely criticised by the Public Accounts Committee who felt that the indent should have been planned in such a manner in such a manner that the equipment was received by about the time the buildings were ready for its installation.

3. To avoid non-utilisation of costly equipment, user Directorates in future, before asking the Directorate of Equipment to procure any costly item from abroad are to liaise with the other concerned Directorates and ensure that all necessary arrangements/facilities/works services/technical knowledge etc., required for the use of the equipment, are provided within the period of delivery stipulated in the indent so that the equipment is put to use immediately on receipt.

Recommendation

41. "(i) While the Committee note that battery manufacturers gave free replacement of 10 batteries (each costing Rs. 4183) for the 18 batteries that failed before giving a service of 45 flying hours, they cannot help observing that it was a grave omission on the part of the authorities concerned not to have included a warranty clause in respect of these batteries in the initial contract. The Committee trust that care will, in future, be taken by the authorities concerned to ensure that omissions of this nature do not recur

"(ii) The Committee would also like the Ministry to examine whether, in case of newly-introduced, highly sophisticated equipment, like the one in question, imported from foreign countries at a heavy cost, it would not be worth-while to make some arrangement, before hand for the training of nucleus staff in its handling and maintenance."

[Serial No. 33, Appendix VII to Public Accounts Committee (1963-64) Seventeenth Report (Third Lok Sabha).]

ACTION TAKEN

(i) Recommendation No. 33(i) has been noted for future compliance by Air Headquarters (Directorates of Electrical Engineering, equipment and Policy and Plans), Ministry of Defence and Department of Supply.

(ii) Recommendation No. 33(ii) has been noted for future guidance by Air Headquarters (Directorates of Electrical Engineering, Technical Services, Signals, Armament, Policy and Plans and Training) and the Ministry of Defence.

Director of Audit Defence Services has seen.

[M. of D. u.o. No. F.4(49)/63/D(Air-1), dt. 3-4-1964.]

Recommendation

42. S.No. 34(i).—The case referred to in para 29(a) of the Audit Report (Defence Services), 1963 is another instance of bad planning and inordinate delay. It is deplorable that in the case of a machine ordered against an 'Operational Immediate' Indent, stipulating the completion of supply by November 1960, the final sanction to the construction of an airconditioning building, required for its utilisation should not have been accorded till September 1962. As this building (in the absence of which the machine could not be utilised to more than 20-30% of its capacity), was estimated to take two years for completion from the date of order of commencement, it would not be before September 1964 that the machine could be expected to work to full capacity.

S. No. 34(ii).—The Committee desire the Ministry of Defence to give serious thought as to how to obviate the recurrence of such cases. They would, in particular, like the Ministry to examine, in consultation with Finance, whether the existing procedure for the issue of sanction/administrative approval did not require to be streamlined in the case of urgent Defence Works which brook no delay.

S. No. 34(iii). The India Store Deptt., London, are also not free from blame in this case. As against the normal period of 1-2 months taken in inspection, packing and despatch, they had taken about three months, although the Indent was an 'Operational Immediate' one. The Committee are informed that the attention of India Store Department has been drawn to the delay in the present case. They trust that the said Department will scrupulously avoid such delays in future.

[S. No. 34(i) to (iii) of Appendix VII to 17th Report, 1963-64].

ACTION TAKEN

S. No. 34(i).—Before placing the Operational Immediate Indent in question, the User Department had convened a Siting Board on 15-2-60 for drawing up rough estimates for the works services. Before that, a Reccee Board had also gone into the question. The proposal for according administrative approval was received by Government in May 1960 and formal approval was conveyed in June 1961 and revised admin. approval in September 1962. The files leading to the issue of the administrative approval and revised admin. approval have also been examined carefully and it transpired that there had not been any unnecessary hold-up of papers at any Stage. It had all along been dealt with on 'Operational Immediate' basis. The time taken to issue the administrative approval was certainly longer than it should take to sanction such works but is justified by the fact that Government was venturing on an entirely a new project of aircraft manufacture and it had no precedent before itself to guide it. It was therefore apt that the proposal was scrutinised carefully at all levels in the Air Headquarters, the Ministry of Defence and the Ministry of Finance. Having a yardstick with which to measure the requirements of works services for a project of this nature, it is not likely that such delays will occur in future.

S. No. 34(ii).—Apart from the instant case, the peculiarity of which has been brought out above, there has been no other instance of abnormal delay, inviting adverse comments from the Audit or the P.A.C. In the circumstances, the Government does not consider it necessary to examine the question, as a general issue, of streamlining the existing procedure since the Emergency Works procedure is already in existence.

S. No. 34(iii).—Necessary instructions have been issued by the Department of Supply to the DGISD, London.

S. No. 34(iii).—The Department of Supply have stated "the observation has been brought to the notice of the Director General, India Store Department, London, for guidance [Deptt. of Supply O.M. No. 5/7/63-Admn. II dt. 30-4-1964.]

[M. of D. O.M. No. 98(1)/63-D(A-P) dt. 17-10-1964]

Recommendation

43. S. No. 35(i).—The Committee desired to be furnished with a note stating the year of manufacture of the machine, the original

expected life to the machine, and the period for which it was expected to work. The representative of the Ministry of Defence promised to furnish the requisite information later. This is still awaited.

S. No. 35 (ii).—The Committee regret to observe that although the indent in this case also was an "Operational Immediate" one, the matter had not been handled with the urgency, it required. The contract for checking the completeness, overhaul, packing and delivery of the machine and its erection was concluded 14 months after the placing of the indent. Further, although more than three years have elapsed since the indent was placed, the necessary works services and electric arrangements are yet to be made. The revision of estimates is hardly a satisfactory ground for this delay. The Committee would like to be informed of the date from which the machine is put to use.

S. No. 35 (iii).—The Committee would like the Ministry to issue suitable instructions to all concerned that 'Operational Immediate' indent should be placed only after careful scrutiny and that the subsequent consequential action should be such as to justify the classification of the indent in this category.

[S. Nos. 35 (i), 35 (ii) and 35 (iii) of Appendix VII to 17th Report, 1963-64.]

ACTION TAKEN

S. No. 35 (i).—The required information about the Die-Press Machine is as under:—

- (a) Year of manufacture.—The next year of manufacture of the machine is not known. From the Serial No. 2224-52 inscribed on the Control Desk of the Die Press it appears that the machines might have been manufactured in 1952.*
- (b) Original expected life of the machine.—Although the Press had been in storage, it was in brand new condition. The expanded portion of its life may therefore be treated as 'NIL'. The expected life of the machine of this kind is 15 to 20 years.*
- (c) The period for which it was expected to work.—Since the Die Press machine when it was purchased, was in brand new condition and in view of the position explained in (b) above, the machine is expected to work, with proper maintenance and care, for about 15 years.*

B. No. 35(ii).—The observations of the Committee in regard to the delay in the handling of this "Operational Immediate" indent, have been brought to the notice of the Director General, India Store Department, London. Necessary instructions have also been issued to them vide Deptt. of Supply letter No. PII-8(4)/63 dated 16-1-1964 (Copy attached).

As regards the date from which the machine is put to use, the present position is that water-proofing has been completed and electric power has been made available. Re-installation of the equipment removed during water-proofing is in progress. The Die Press will be commissioned after recheck, priming and retest. This is a major job which generally takes a long time. Efforts are however being made to commission the machine in about three months time.

S. No. 35(i) and (ii).—The Department of Supply have stated:—

As regards the delay in the handling of this "Operational Immediate" indent, the observations of the Committee have been brought to the notice of the Director General, India Store Department, London for guidance. [Deptt. of Supply O.M. No. 5/7/63-Adm-II dt. 30-4-

S. No. 35(iii).—Instructions have been issued to all concerned that "Operational Immediate" indent should be placed only after careful scrutiny and subsequent consequential action should be such as to justify the classification of the indent as such.

[M. of D.O.M. No. 18(1)/63-D(AP) dt. 9-10-1964]

Recommendation

44. (i) *The Committee regret to observe that the construction of foundations for the installation of the equipment (costing Rs. 14 lakhs), ordered in 1955 and received in 1959-60, is yet to be started. This indicates bad planning. It was urged in extenuation that the equipment in question was of a special type (imported in the country for the first time), and the Engineers had no experience of setting up its foundations. Even so, the Committee feel that 8 years is too long a period for the preparation of foundation designs. They regret to observe that the authorities concerned had failed to act in the matter with due forethought and promptness, with the result that the utilisation of the equipment, for the purpose of training, had been inordinately delayed. The Committee desire that all-out efforts*

should now be made by the Ministry for the installation of the equipment at the earliest possible date.

(ii) The Committee further desire that, with a view to obviating the recurrence of such cases, the Ministry should impress upon the officers and formations under their control the need for more careful planning and timely action.

[Serial No. 38—Appendix VII—Seventeenth Report, 1963-64—Part I.]

ACTION TAKEN

(i) Noted. The present position in regard to the installation of the equipment is as under:—

(a) 4.5" Turret.—The foundation work for the 4.5" Turret was started in October 1963 and is expected to be completed by the end of May 1964. The installation of the 4.5" Mounting will be completed by the end of 1964.

(b) CRBFD (Close Range Blind Fire Director) Mk 5.—The raising of the ground level to that of the Gun Grid and the construction of the foundation has been completed in mid January 1964. The work of constructing the steel hut and pillars is in hand. The installation of the CRBFD Mk 5 is expected to be completed by the end of May 1964.

(ii) Noted. Instructions have been issued by Naval Headquarters on 12-2-1964 (Annexure) to the Administrative Authorities to ensure the need for more careful planning and timely action.

2. DADS has seen.

[M. of D. u.o. F. 5(45)/63/4500/D(N-I), dated the 18th May, 1964.]

ANNEXURE

Non-Utilisation of Imported Equipment

Cases have occurred in the past where costly equipment imported from abroad was not installed for a considerable period. This has resulted in equipment not being put to use early thereby defeating the object for which such large sums in foreign exchange were expended.

2. Although in some cases a certain amount of delay was unavoidable due to circumstances beyond the control of the establishment concerned, it is felt that more thorough planning in advance, taking into account the foreseeable factors could have averted the delays that occurred.

3. In order to eliminate such delays in future Administrative Authorities are to ensure that prior to a case being forwarded to Naval Headquarters for ordering new equipment from abroad all the aspects connected with its expeditious installation should be carefully considered.

Recommendation

45. *While the Committee note that three of the four machines have now been installed, they cannot help deprecating the manner in which this case had been handled. They observe that, before placing the order, authorities concerned had even failed to see that the ship in which the machines were proposed to be installed, would not have sufficient space to accommodate the machines, without detriment to its normal operations; and later on, the literature/guide regarding the working servicing/maintenance of the machine was misplaced. In the opinion of the Committee, this is a case of neglect on the part of the officers concerned for which disciplinary action is called for. The Committee would like to be informed of the action taken in this regard. They also desire that every effort should be made for the utilisation of the remaining (fourth) machine at the earliest possible date.*

[S. No. 39—Appendix VII—PAC's 17th Report, 1963-64, Part I.]

ACTION TAKEN

Naval Headquarters have accepted the responsibility for bad planning of the Workshop in INS DHARINI. However, responsibility was not fixed on individual officer as the decision to obtain the equipment was based on the assessment of a few technical officers whose error of judgement was attributed to lack of adequate information then existing and lack of adequate experience. With the recent strengthening of the technical Directorates at Naval Headquarters, such cases are not likely to occur in the future. The 4th machine—Honing Machine—has been earmarked for installation in ICE Shop of the Naval Dockyard, Bombay. No forecast in regard to its installation can be given at this stage as plans for the expansion of the ICE repair and maintenance facilities are still under preparation.

2. As regards the loss of the pamphlet, pertaining to the working, servicing and maintenance of the machine no direct evidence is available to enable us to pin-point responsibility for the loss and

to take any disciplinary action against the individual(s) concerned. In this connection it may be mentioned that the Spare Parts Distribution Centre was grossly under-staffed for a considerable period and this fact might have led to certain relaxation of procedures, resulting in the misplacement of the literature.

3. DADS has seen.

[Min. of Def. u.o. No. F.5(46)/63/D(N-I), dt. 20-11-1964.]

Recommendation

46. While the Committee note that the equipment in question had been found suitable for use, without entailing additional expenditure, they are unable to appreciate the inordinate delay (of about 14 years) in carrying out trials to establish the efficiency of the equipment. The Committee would like the Naval Headquarters to impress upon the establishments under their control the imperative need to carry out speedy trials so that the utilisation of the equipment, imported from foreign countries at a heavy cost, is not unduly held up on this account.

[S. No. 40—Appendix VII—PAC's 17th Report, 1963-64.]

ACTION TAKEN

Noted. Necessary instructions have been issued by Naval Headquarters on 10th February, 1964 (Annexure) to the Administrative Authorities to ensure that acceptance trials are planned well in advance and carried out speedily on receipt of equipment.

DADS has seen.

[M. of D. u.o. No. F. 5(47) 63 D(N-I),
dated the 14th April, 1964.]

ANNEXURE

Trials on Imported Equipment

Cases have occurred in the past where equipment imported from foreign countries at a heavy cost was not utilised for a long time due to delay in carrying out acceptance trials.

2. Although in special cases some delay is unavoidable due to circumstances beyond control, Administrative Authorities should ensure that acceptance trials are planned well in advance and carried out speedily on receipt of equipment.

Recommendation

47. The Committee are unhappy over the manner in which this case had been handled by the Dockyard authorities, resulting in an avoiding expenditure of Rs. 1.3 lakhs. It appears surprising to them that, having failed to indicate to the DGS & D the minimum quantity of timber which they would conveniently inspect, the Dockyard authorities should have declined to inspect a lot ten times the minimum stipulated in the contract, on the ground that it was too small. The Committee feel that, after the contract had been entered into, the Dockyard authorities, instead of advancing such pleas, should have made every possible effort to inspect the lots offered by the contractor, as per the terms of the contract, within a reasonable time. This the Dockyard authorities failed to do. It was, inter alia, urged in extenuation of delay that the officer-in-charge of the saw mills, who was considered to be the most suitable person for inspection, not being entitled to air journey, had to go all the way from Bombay to Pathankot by train. The Committee can hardly accept this argument. If that was the only difficulty, the condition regarding air journey could have been relaxed by the competent authority. The Committee are clear that the authorities concerned had failed to pay due regard to the interests of the exchequer. They desire the Ministry to take effective steps to prevent the recurrence of such cases.

[S. No. 41 in Appendix VII to the PAC's 17th Report, 1963-64—Part I.]

ACTION TAKEN

The Director General of Supplies and Disposals, New Delhi has reoriented the policy in regard to the purchase of timber. In the past, 75 per cent of the timber was being purchased from the trade but, at present, the entire requirements of timber are being purchased through the State Forest Departments.

2. The terms and conditions of the purchase of timber from the State Forest Departments inter alia provide that:

(a) the inspection will be carried out jointly by the officers nominated for the purpose by the Forest Department concerned, the Chief Inspectorate of General Stores, Kanpur and the Director of Stores, Naval Headquarters, New Delhi;

(b) the date and time for joint inspection is to be notified by the Forest Department sufficiently in advance to the

Chief Inspectorate of General Stores, Kanpur and the Director of Stores, Naval Headquarters, New Delhi;

- (c) necessary facilities for the inspection and selection of timber are to be afforded by the Forest Department; and
- (d) the Forest Department will not be responsible for deterioration of timber after a period of 4 months from the date of inspection, if the timber is not despatched within this period owing to circumstances beyond their control but shall, nevertheless, be responsible for its safe custody.

3. In so far as the question of avoiding the delay in the despatch of inspected timber is concerned, the Director General, Supplies & Disposals has emphasized that all efforts are being made to despatch the passed timber immediately after inspection and that the following clause is being inserted in the Purchase Orders:—

"The Forest Departments should make every attempt to despatch the timber immediately after its inspection and acceptance."

4. In view of the foregoing, the cases of dispute and arbitration similar to the one under reference are not likely to recur in the future.

5. The DADS has seen.

[M. of D. u.o. No. F.5(48) 63/D(N-I), dated the 12th October, 1964].

Recommendation

48. As regards remedial measures in the type of cases referred to in para 26(a) and (b) of the Audit Report (Defence Services) 1963, it was stated that special instructions would issue. Steps had also been taken to improve the provisioning procedure so that such cases of misinterpretation of orders did not recur. The Committee trust that these steps will have the intended effect.

[S. No. 42 in Appendix VII to the PAC's 17th Report, 1963-64—Part I.]

ACTION TAKEN

Special instructions were issued on the 23rd August, 1963, by Naval Headquarters regarding classification of demands for Naval stores by Shrips|Establishments. A copy of the instructions is enclosed for information (Annexure). In addition to this, the Provisioning Sections at Naval Headquarters have also been asked not to make a further provision of Cups Screw Gun Metal and Electric Cables till the present stock is exhausted.

The present stock position of cups-screw gun metal and electric cables is indicated below:—

(a) Cups Screw Gun Metal Patt No.	Present Stock
650	762 No.
651	396 "
(b) Cables Electric Patt. No.	
13875	453 Yds.
13877	473 "
13879	1594 "

2. In view of the foregoing, cases of over-provisioning of stores are not likely to recur.

3. The DADS has seen.

[Ministry of Defence u.o. No. F.5(49) 63/D(N-1), dated the 3-4-64].

ANNEXURE

No. SG./1884

Naval Headquarters,
New Delhi,
23rd August, 1963.

Classification Demands for Naval Stores by Ships/Establishments

I am directed to state that despite instructions issued in Navy Order 49/58, instances have occurred wherein demands for non-recurring requirements of certain items of Naval Stores were incorrectly marked as "Recurring" which subsequently resulted in over-provisioning of these items. These cases have also come to the notice of the Public Accounts Committee.

2. The Annual Provisioning of Naval Stores is essentially dependent on the past recurring expenditure as reflected in the ledgers of the Naval Store Depots. The marking of demands as "Recurring" or "Non-recurring" should depend on the purpose for which the stores are required, whether of a recurring or non-recurring nature. A few examples of non-recurring expenditure are given in the enclosure to this letter for the guidance of demanding authorities.

3. I am to state that, with immediate effect Ships and Establishments including Naval Dockyard, Bombay, are to ensure that all demands for Naval Stores are correctly marked "Recurring" or "Non-recurring" depending upon the nature of requirements.

4. Receipt of this letter is to be acknowledged.

Recommendation

49. While the Committee appreciate the decision to lengthen the Dockhead to accommodate the fleet carrier, they are unable to

see the wisdom of that provision of the Navy's contract with the contractors, in terms of which payment had to be made to the contractors in respect of any claim, certified by the consultants, even though; it was considered to be patently inadmissible. It was argued in evidence that the payment in question (Rs. 4.50 lakhs) in respect of over-head charges, held by the Ministry of Law as inadmissible, was made under protest, and that the matter could be referred to arbitration. The Committee are not satisfied with this explanation. They consider it wrong in principle to make payment in respect of any disputed claim before the matter has been settled. The Committee trust that the Ministry will bear this in mind, while entering into contracts in future. As regards the payment of Rs. 4.50 lakhs, in respect of overhead charges, already made to the contractors, the Committee desire that vigorous efforts should be made to recover the amount from the Contractors at an early date.

[S. No. 43 of Appendix VII of 17th Report (3rd Lok Sabha)]

Audit Report 1963

ACTION TAKEN

The reply of the Consulting Engineer on Government views on the question of payment of Rs. 4.50 lakhs to the Contractor has since been received. The matter was also discussed with the representatives of the Consulting Engineer during their recent visit to India. For the following reasons, the Engineer considers his 'determination' of the Contractor's claim as reasonable:-

(i) The Item under objection is an inseparable part of the value of the work, and has been correctly valued by the Engineer in terms of clause 52(1) of the Contract which reads as under:-

"Valuations of Variations: The Engineer shall determine the amount (if any) in respect of any extra or additional work done or work omitted by his order. All such work shall be valued at the rates set out in the Contract if in the opinion of the Engineer the same shall be applicable. If the Contract shall not contain any rates applicable to the extra or additional work then reasonable Prices shall be fixed by the Engineer."

It was at the express request of the Government that *inter alia* this item was priced separately from other relevant items for which rates have been indicated in the 'Bill of Quantities'. The existing rates for the said items exclude the full cost incurred in the execution of the extended dock-head, the demolition and re-construction

of existing works etc., and also the physical effect of the belated stage at which these additional and modified works were decided by Government in relation to Contractor's approved construction programme. The rates also exclude the resulting substantial changes in the circumstances and conditions in which these additional works were in fact carried out. The rates thus fixed must, therefore, be considered together as a whole in order to arrive at the value of the work, as constructed. All the various aspects have been reviewed again carefully and it is confirmed that the Engineers' determination is contractually justified in accordance with the Terms and Conditions of the Contract. It is not agreed that the stand taken by the Government on the basis of the legal opinion rendered to it that payment on account of overhead charges is not admissible, has any relevance to the matter in question.

(ii) The Consulting Engineer has added that he was asked to examine the project early in November 1959 and prepare an estimate so as to enable Government to decide whether to proceed with it. In view of the advanced state of work, it was necessary for Government's decision to be given within a few weeks failing which the project could not be constructed at economic cost. The Consulting Engineer has added that he had approximately two weeks in which to examine it *ab initio* to obtain authoritative dimensions of INS VIKRANT, to determine whether the project was feasible and to prepare preliminary designs and estimates. Certain essential data was not available to him in London and with insufficient time to obtain all of it from the site for use in the designs, it was necessary to make various assumptions. Some of these assumptions proved to be incorrect with the result that the preliminary estimates proved to be too low. The main factors were—

- (a) As per the information initially available no demolition of the heavily re-inforced concrete foundation of the Contractor's aggregate silos was necessary and that only a small amount of regular excavation was necessary. In fact the massive structure had to be partially demolished and a much larger quantity of hard basalt rock had to be carefully excavated by hand. This greatly increased the cost and time of demolition/excavation.

The Contractor's Batching and Concreting Plant was situated just behind the Head of the Cruiser Graving Dock as originally designed. This Plant was plainly and unmistakably visible to any one coming on to the site. This plant was set up by the Contractor for the purpose of concreting the whole of the dock. Government knew this as early as 1955. The Dock-head Extension later decided

upon by Government had to be constructed in the space occupied by the Batching and Concreting Plant. To proceed with the Dock-head Extension desired by Government, the Contractor had to prematurely remove his Batching and Concreting Plant. Once deprived of the use of his Concreting Plant, the Contractor could not use it for concreting the parts of the dock then remaining to be concreted. After the removal of the Concreting Plant on which the Contractor relied, the rate of placing concrete in the dock would *inter alia* be only a fraction of the rate which he was achieving with this Plant, without the adoption of improvised alternative concreting arrangements, the concreting would cease altogether. The Government on receipt of Engineer's advice decided to order the Dock Head Extension at a stage when only 3 months remained before the contractor was due, according to the agreed current construction programme to complete the dock to the stage of flooding.

- (b) Consequent on (a), the design of the head wall of the dock had to be entirely altered, to incorporate a portion of the aggregate silo foundations; this again altered the design of the subway and the 6 ft. diameter culvert both of which were to be incorporated in the new head-wall. The construction of this was therefore much more complicated than had been anticipated in the preliminary estimates.
- (c) The dockyard extension project called for an additional row of 260 eye-bolts for docking purposes along the entire length of the dock floor. This modification caused far greater disruption of the Contractor's programme for the whole of the outstanding sections of the dock than was originally anticipated. Construction joints in half the dock floor had to be moved necessitating alteration in the Contractor's steel shuttering; the new eye-bolts had to be fabricated, galvanised and cast into redesigned precast concrete beams, and progress in the completion of the whole of the remainder of the dock floor was held up until these were ready. While the eye-bolts and precast concrete beams were allowed for in the preliminary estimates, the consequential disruptive effect in terms of completion of the dock could not be (and was not) allowed for.

In the light of the physical and contractual conditions pertaining the proper time for ordering the Dock-Head Extension would have been in 1957 before the Contractor had commenced to construct the

Batching and Concreting Plant in the position agreed when the contract was entered into. Had Government decided on the Dock-head Extension at any time before November 1957, only the Contract rates for additional works would have applied. The Engineer has certified the amounts he considers reasonable and proper in respect of the work carried out on Government instructions and does not agree that any lesser sum is due to be paid to the Contractor.

2. The matter has been further considered by Government in the light of the above reply from the Engineer and the position that has now emerged is as under:—

- (1) On a further reference to the Ministry of Law, that Ministry have advised that under the contract, the Engineer had powers to revise or alter his Interim Certificates and it did not provide for retrenchment by Government from sums thus certified by the Engineer and that it would appear that such retrenchments by Government would not be in order. Since most of the objections raised by Govt., related to rates etc., fixed by the Engineer, who had been empowered under the contract to do so, the Government cannot also question the rates etc., thus determined and certified by the Engineer. If the Govt. are unable to accept the interim certificates and the rates fixed by the Engineer, the remedy would be to challenge the same in arbitration. In consideration of this legal advice, an effort for recovery of the sum of Rs. 4.50 lakhs from the Contractor can be made only in case the Government decides to go in for arbitration and not earlier.
- (2) In view of the position explained by the Consulting Engineer, particularly with regard to the location of the batching and concreting Plant and its consequential effect, it would appear that the Engineer's view is that the payment of Rs. 4.50 lakhs determined by him should be considered as an integral part of the amount fixed by him in terms of Clause 52(1) of the Conditions of the Contract for expansion of the dock.

The circumstances in which Dock-head could not be ordered earlier to 1959 have already been mentioned in para 56 of the PAC Report mentioned above. To that extent, the extra expenditure involved was unavoidable. Having regard to the legal advice now available, the

payment has to be made without prejudice to Government's right to challenge the same in arbitration. As regards future contracts to be entered into under Stage II of the NDES, as per the agreement entered into with the Consulting Engineers, the Consulting Engineers' role will be only advisory. As such, the possibility of a similar situation arising again is remote.

The D.A.D.S. has seen.

[M of D U.O. No. P.C. 16(53)/62/D (NDES), dated the 20th February, 1965.]

Recommendation

50. The Committee are pained to observe that the steel foundry had not been installed in the Naval Dockyard, Bombay (for which it was ordered) even 12 years after it was sanctioned (in 1950). It was, however, transferred to an Ordnance Factory in 1962, involving an infructuous expenditure of Rs. 3.30 lakhs. Another year elapsed before the foundry could be even partially utilised in the Ordnance Factory, where it was transferred to meet urgent requirements. While the Committee note the Ministry's admission that there was not only bad planning but also delay in execution, it appears to them incomprehensible that after sanctioning the Foundry, the authorities concerned should have taken 12 years to place an order for the annealing furnace on which depended the commissioning of the Foundry. The Committee would like the Ministry and the Naval Headquarters to give serious thought as to how to obviate the recurrence of such cases. The Committee would also like to be informed of the date of receipt of the crane in question and the date of full utilisation of the Steel Foundry.

[Serial No. 44 in Appendix VII to the PAC's 17th Report, 1963-64—Part I]

ACTION TAKEN

With the recent strengthening of the Technical Directorates at Naval Headquarters, every precaution will be taken to ensure that similar mistakes are not repeated in future.

2. The crane was received and installed at the Ordnance Factory Muradnagar in January 1964 and regular production from the furnace has commenced from 24th January 1964.

3. DADS has seen.

[M of Du. No. F. 5(50)/63/D(N-I), dated the 17th April, 1964.]

Recommendation

51. The Committee observe that the ship in question, scheduled to be delivered by September, 1959, is now expected to be completed by October, 1964. The Committee take a serious note of the delay, particularly as the ship is stated to have been urgently required for meeting the Navy's requirements. While the Committee grant that the delay was primarily caused by the failure of the Consultants (Messrs ACL) to discharge their obligations in regard to the supply of detailed construction plans (including co-ordinated plans), they observe from the conclusions of the Enquiry Committee that the Hindustan Shipyard are in no way less to blame in the matter. It is inexplicable why the Shipyard should have failed to take advantage of the Naval Headquarters' offer to train a squad of electricians in the Naval Dockyard. Nor are they able to understand why the Shipyard should have failed to accept any of the suggestions made by Messrs. ACL or AEG (Electrical contractors) regarding the expeditious completion of the Ship. The Committee desire that every effort should now be made to complete the Ship by the new target date (October, 1964).

[Serial No. 45 (i) of Appendix XII to the PAC's 17th Report, 1963-64—Part I. (Third Lok Sabha).]

ACTION TAKEN

Noted.

2. In order to expedite the completion of the construction of the Survey Vessel INS DARSHAK, the Hindustan Shipyard has appointed a Special Officer on deputation from the Navy on 27-2-63 solely for the purpose of ensuring the quick completion of the ship. A separate office called 'DARSHAK OFFICE' for dealing with the expeditious completion of the Ship has been set up in November 1962 in the Shipyard consisting of 4 officers and 4 draughtsmen of the Shipyard headed by the Naval Officer, under the overall supervision and control of the Director of Ship Construction. A master schedule for the completion of the Ship together with detailed break-up schedules have been worked out and all completion works are now being carried out according to these schedules. According to the present indication, the Survey Vessel is expected to be completed by October, 1964.

3. The Transport Ministry and the DADS have seen.

[M of D u.o. No. F. 5(51) 63/D(N-I), dt. the 30th September, 1964.]

Recommendation

52. The Committee also observe that although the requirement of the survey ship was stated to be urgent, contract for the construction of the ship was awarded to the Hindustan Shipyard (in 1954) which according to the admission of their own representative, was not then in a position to design and complete a complicated vessel like the one in question. It was urged in extenuation that the contract awarded to the Shipyard was in pursuance of Government policy of promoting indigenous manufacture of ships. While the Committee fully endorse Government policy of promoting indigenous manufacture, they feel, that, in case of urgently needed Defence equipment, the Ministry should, before taking a decision in the matter, give some thought whether by doing so, the end in view would not be undermined.

[Serial No. 45 (ii) of Appendix VII to the PAC's 17th Report 1963-64—Part I. (Third Lok Sabha).]

ACTION TAKEN

Noted.

2. DADS has seen.

[M. of D. u.o. No. F. 5(51)/63I D(N-I), dated the 30th September, 1964.]

Recommendation

53 The Committee regret to note serious shortfalls in the production of tractors, both as regards numbers and indigenous content. (As against the target of 750 tractors for the first four years, the actual production was estimated at 520—530 and as against the anticipated indigenous content of 70%, the actual achievement was about 32%). The Public Accounts Committee have repeatedly emphasised the need for laying down realistic targets, and their due fulfilment. The Committee would like the Ministry to make special efforts to improve their performance in the matter.

[S. No. 53(i) Appendix VII to 17th Report 1963-64.]

ACTION TAKEN

Noted. The surplus capacity which was previously available in the Ordnance Factories for the manufacture of Crawler Tractors is being fully utilised for the production of armaments. Efforts are however being made to accelerate the progress of tractor manufacture by obtaining increased assistance from the private sector but the response so far received is not encouraging. It is therefore, now felt that the progress in the manufacture of tractors will largely depend on the capacity of the Ordnance Factories themselves. Since

the existing capacity is limited steps are being taken to increase the same to increase the output of tractors.

Proposals to augment the tractor production to 300 tractor per annum are under consideration. A site for setting up such facilities has been offered by the Government of U.P. This is being examined. The proposals will be worked out after examining the site and also assessing other factors such as plant and machinery requirements.

DADS has been seen.

[M. of D. O.M. No. 11(12)/63 D (Budget) dated 22-5-1964].

Recommendation

54. The Committee note the proposal to incorporate Cummins Engines in Komatsu tractors, which was expected to increase the indigenous content by about 30%. While the Committee appreciate the idea underlying the proposal, they desire that before giving effect to the proposal, intensive tests should be carried out in the various parts of the country having different soil conditions where the tractors are required to be operated so that modifications, if any, found necessary, as a result of these tests, may be carried out without loss of time.

[S. No. 53(ii) Appendix VII to the 17th Report 1963-64]

ACTION TAKEN

Noted. A special team has been set up in November 1963 to carry out trials on the Komatsu D-80 tractor fitted with Cummin Engine. This team consists of representatives of Army, Central Water & Power Commission, D.G.O.F. and technical experts. After taking into account the various types of soils in the country, the team has selected the Rajasthan Canal Project area as the site of preliminary trials. Based on reports of trials there, the question of trials at other places in the country will be considered. The Report on the performance trials of the Komatsu D-80 prototype tractor chassis fitted with Cummins Engine recently conducted at Rajasthan Canal Project, Hanamangarh is expected by the 23rd May, 1964.

DADS has seen.

[M. of D. O.M. No. 11(12)/63/D (Budget) dated 22-5-1964].

Recommendation

55. The Committee feel that whenever any facility in regard to use of Government transport, not contemplated by the existing orders, is proposed to be allowed to service personnel, it should be done by

the revision of the existing orders, rather than in contravention thereof.

[S. No. 64 of Appendix VII to 17th Report (Third Lok Sabha) 1963-64]

ACTION TAKEN

1. The case relates to implementation of the recommendations of the Public Accounts Committee, as mentioned above, in view of the following examples, given in Para 89 of the PAC's 17th Report:—

- (a) Provision of amenity transport to Officers/other ranks between stations connected by rail and in the Navy, far in excess of entitlement, as a matter of course.
- (b) Use of transport between residence and office by Junior Commissioned Officers/Other Ranks Airmen.
- (c) Provision of transport for conveyance of school-going children of Junior Commissioned Officers Other Ranks between different stations.

Para 1(a)

2. Use of Government transport for amenity purposes was authorised subject to certain conditions in AI 928/45. Different practices were followed in different circles about the use of amenity transport between places connected by rail. Necessary supplementary orders to regulate use of Government transport in the above circumstances have been issued vide Army Headquarters letter No. 58517 Q ST3/Q1(B), dated the 27th December, 1963 (Annexure I).

As far as the Navy is concerned, the use of Government transport for amenity purposes is authorised under N.I. 125/1952. There was only one case of unauthorised use of Government transport during 1961-62. Naval Headquarters have asked the administrative authorities on 6th March, 1963 to discontinue any further use of Government transport for amenity purpose not authorised in the aforesaid Navy Instruction.

In so far as the IAF is concerned, provision of Government transport to Officers and airmen to participate in IAF anniversary celebrations/Republic Day parade/Territorial Army and Auxiliary Force Day parade is being regularised by Headquarters Eastern Air Command under the provisions of Government letter No. F. 31(1)/59/D(Budget), dated the 6th February, 1959.

Para 1(b)

3. The irregularity pertains to expenditure on provision of free conveyance between residence and office i.e. DELHI/NEW DELHI to DELHI CANTT to JSOs/ORs serving in DELHI CANTT but allotted Government accommodation in DELHI/NEW DELHI, i.e. a place other than the duty station. The ferry bus had been running since 1945 between OLD DELHI and DELHI CANTT as a matter of administrative necessity for use of troops residing in RED FORT KINGSWAY CAMP/CIVIL LINES and working in NEW DELHI/DELHI CANTT. Audit authorities were of the opinion that the use of Government transport as ferry service was irregular for the following reasons:—

- (a) Personnel drawing compensation in lieu of quarters are authorised only conveyance allowance, as provided for in para 160 Travel Regulations and their use of the ferry bus is irregular even after surrendering their claim for conveyance allowance.
- (b) Accommodation allotted to individuals residing in RED FORT or anywhere in DELHI, amounts to being at a place other than their duty station and, therefore, such allotment is irregular.

The ferry service has been stopped from 8th January 1963 and the case is being taken up by Army Headquarters to obtain Government sanction to regularise the irregularity.

4. As far as Air Force is concerned the irregularity pertains to the use of service transport by No. 6 and 10 Wings to convey airmen from residence to airport while proceeding on leave/temporary duty. It has since been agreed to provide service transport to airmen etc. from unit lines to airfield while proceeding to/returning from their duties under the provisions of Ministry of Defence letter No. Air H.Q./40004/MT/3905/D(QS), dated the 21st July 1960 as amended Annexure II. However, in so far as the provision of transport between unit lines and airfields to airmen etc. proceeding on leave is concerned, there should be proper authority for travelling of such personnel by air while proceeding on/returning from leave. Orders on the subject are being issued.

Para 1(c)

5. The irregularity took place in 614 E/M Coy located at ASMARA Lines DELHI CANTT. In 1957, Government Transport was provided to the school-going children of JCOs/ORs under AI 288/55 with the concurrence of CDA Western Command. As per orders, if the route

of the transport is changed, revised concurrence of CDA and sanctioning authority should be taken, which was not done in this case and the irregularity was pointed out by the Audit Authority. Orders have now been issued vide AO 183/63 that an Officer, who sanctions the provision of conveyance at Government expense, is personally responsible that his action is authorised under the rules and any extra expenditure caused to the State by unauthorised provision of conveyance may be recovered from the individual who benefits by the grant of conveyance or from the Officer responsible for its sanction. The audit objection in question has since been settled.

6. The question of revision of existing orders in respect of Para 1(a), (b) and (c) in order to avoid any misinterpretation is under consideration and orders where necessary will be issued.

7. D.A.D.S has seen.

[M. of D.O.M. No. 11(12)/63/D(Budget) dt. 22-4-1965].

ANNEXURE I

No. 58517/Q/ST3/Q1 (B)

ARMY HEADQUARTERS

Quartermaster General's Branch

DHQ PO, New Delhi-11, the 27th December, 1963

SUBJECT.—Provision of Government Transport for Amenity Purposes between places wholly or partially connected by rail.

Reference this Headquarters letter No. A/05915/Q/ST3/Q1 (B), dated 5th April, 1961.

1. It has now been decided that use of Government transport between places connected wholly or partially by rail for recreational purposes may be regulated as under, subject to other conditions laid down in AIs 928/45, 233/51 and 37/57 being fulfilled:—

- (a) If the distance between the starting point and the nearest railway station as well as between destination and its railway station is more than 2 miles and no arrangements for Government transport can be made at the latter Railway station to the place to be visited, then use of Government transport from the starting point to the destination and back may be allowed.

- (b) If the distance is less than 2 miles between the starting point and the nearest railway station but is more than 2 miles between the destination and its railway station, then also use of Government transport (right from the starting point to the destination and back) may be allowed provided that no local arrangements for Government transport can be made from the railway station at the destination end to the place to be visited.
- (c) If the distance is less than 2 miles between the starting point and the nearest railway station and also between destination and its railway station, then Government transport will not be used at all.
- (d) If the distance between the starting point and the nearest railway station is more than 2 miles but less than 2 miles between the destination and its railway station, Government transport will be provided only upto the railway station nearest to the starting point, as provided under para 6(e) of A.I. 928/45.

2. The "starting point" and the "destination" will have to be mentioned on the transport indents and approved by the authority competent to authorise provision of amenity transport. A certificate regarding non-availability of Government transport at the destination station will be furnished by the OC unit at the starting station in consultation if necessary with STO or OC destination station.

3. Certificates from the Regional Transport Officers of the State Governments will be obtained regarding non-availability of public transport facilities at the starting and destination stations. The list of stations connected by rail where public transport facilities are non-existent between the "starting point" and the nearest railway station and the "destination" and its nearest railway station as confirmed by Regional Transport Officers will be published in Command orders once a year. The draft Command orders along with the requisite certificates from RTOs will be sent to regional Controllers of Defence Accounts for scrutiny and approval before the same are published.

4. This issues with the concurrence of Ministry of Finance (Defence) vide their u.o. No. 5743/QA of 1963.

ANNEXURE II

COPY OF GOVERNMENT OF INDIA LETTER No. AIR HQ/40004/MT/3905/D(QS), dated the 21st July, 1960. (as amended).

SUBJECT.—*Provision of Government transport to airmen/apprentices whilst on leave/duty at State expense—Control and economy thereof.*

I am directed to convey the sanction of the President to the provision of Government transport at the discretion of O.C. Unit or Station Commander to Master Warrant Officers/Warrant Officers, Airmen/Apprentices, recruit boys and direct entry cadets who are in receipt of financial assistance from Government for conveyance between unit lines and railway station and *vice versa* when proceeding to or returning from leave/duty at State expense subject to the following conditions:—

- (a) The transport will be provided only if the distance exceed one mile.
- (b) The conveyance of baggage to the extent of railway free allowance will be allowed in the same transport.
- (c) Most economical Mechanical Transport consistent with the requirements may be provided for the carriage of baggage to the same extent as given in (b) above in case the distance between unit lines and railway station is less than one mile.
- (d) The number of personnel does not exceed 20 unless the distance involved is more than 10 miles each way.

2. Airmen who are permitted to live outside the unit lines under their own arrangements and are within the authorised married establishment may also be provided with transport for the purpose between residence and railway station and *vice-versa* subject to the condition stipulated in para 1 above.

3. All use of transport for this purpose will be co-ordinated by the O.C. Station to ensure that minimum number of M.T. is used.

4. The above concession may be reviewed in the light of practical experience gained or in other circumstances which may necessitate modification.

Recommendation

The committee feel concerned over the delay in the investigation and finalisation of cases of losses, particularly the old ones, some of which date back to the year 1950-61. It is hardly necessary for them

to point out that, with the efflux of time, it becomes increasingly difficult to fix responsibility. They trust that with the introduction of the remedial measures, referred to in evidence viz., simplification of the existing procedure for the disposal of cases of losses and constitution of ad hoc committees), the finalisation of cases of losses will be expedited. They would like to watch the position through future Audit Reports.

The Committee would like to watch the position regarding outstanding objections through future Audit Reports.

[Serial Nos. 66 & 67 of Appendix VII to the Seventeenth Report (1963-64)]

ACTION TAKEN

The observations of the Committee have been noted.

2. Details of the remedial measures taken (viz. simplification of the procedure for disposal of cases of losses and constitution of Ad Hoc Committees for speedy settlement of long outstanding audit objections) were communicated to the Lok Sabha Secretariat for the information of the P.A.C. with reference to Sl. No. 39 of Appendix to their 17th Report (2nd Lok Sabha) in Ministry of Defence u.o. No. F. 11(10)/59/D (Budget), dated 2nd March, 1964.

3. The Director of Audit, Defence Services has seen.

[M. of D u.o. No. 11(5)/64/D (Budget) dt. 11-5-1964.]

Recommendation

The Committee would like to be informed of the result of the criminal proceedings and further action taken in the present case.

[Sl. No. 68, Appendix VII to 17th Report (Third Lok Sabha), 1963-64].

ACTION TAKEN

It has been reported by the Cantonment Board, Jullundur that Shri Shiv Prasad, Tax Collector of the Cantonment Board, Jullundur, who embezzled the Cantonment funds, has been convicted by the First Class Magistrate, Jullundur on 13 counts, to various terms of rigorous imprisonment. He has also been ordered to pay fines or to undergo further imprisonment in lieu of the fines. He has been dismissed from service by the Cantonment Board with effect from the 30th September, 1963 (A/N).

2. The question of recovery of the amount embezzled by Shri Shiv Prasad is under active consideration of the Cantonment Board, Jullundur. In order to determine the total loss sustained by the Board by way of misappropriation of funds by the Tax Collector, an

Internal Audit Committee has been formed to conduct an overall audit of the Cantonment Funds. The report of the Committee is awaited. As soon as it is available, steps for recovery of the amounts will be taken, wherever possible.

3. The D.A.D.S. has seen.

[u.o. No. F. 10(3)/64/D (Q&C), dt. 24-4-64.]

Recommendation

The financial transactions of the Soldiers', Sailors' and Air Men's Board have been kept outside the Consolidated Fund of India. The Committee (1962-63) were informed during the evidence that it had been decided to treat these Boards as departments of the respective State Governments. A reference to that effect had already been made to the State Governments but replies from all the State Governments had not yet been received. In a note (Appendix XXI, Item 27) submitted to the Committee, the Ministry of Defence have stated that so far Rajasthan, Assam, West Bengal and Himachal Pradesh have agreed to make the Boards permanent departments of Government and, among them, the Government of Assam and the Himachal Pradesh Administration have issued the necessary orders. Replies from the remaining State Governments and Administrations are still awaited.

The Committee desire that the matter should be vigorously pursued with the State Governments and Administrations concerned and final decision taken in this regard communicated to the Committee.

[Serial No. 26, Appendix II of Twenty-sixth Report of the P.A.C.—1963-64. (Third Lok Sabha)].

ACTION TAKEN

The following State Governments/Administrations have so far declared the District Soldiers', Sailors' and Airmen's Boards organisation in their States as permanent departments of Government and issued orders accordingly:—

1. Assam
2. Mysore
3. Tripura
4. Manipur
5. Rajasthan
6. Andhra Pradesh
7. Kerala

8. Punjab
9. Bihar
10. Himachal Pradesh
11. Sikkim
12. West Bengal.

The remaining State Governments/Administration are being periodically reminded to issue orders on the subject expeditiously.

The Director of Audit, Defence Services, has seen.

[U.O. No. 16(5)/64/D (AG-1), dt. 10-7-64.]

Recommendation

While the Committee are glad to note the measures taken by Government to avoid delays in the finalisation of pension cases of officers and personnel of Defence Services, they desire that the matter should be kept under constant review in order to watch that the retiring personnel or their families are not put to hardship because of delays in the payment of pension dues, gratuity etc. The Committee would like to be informed of the details of new proposals aimed at further speeding up disposal of and curtailing avoidable delays in finalisation of pension cases as soon as they are finalised and implemented.

The Committee would also like to watch the position through future Audit Reports.

[S. No. 27, Appendix II to the Twenty-sixth Report of the PAC (1963-64) (Third Lok Sabha)].

ACTION TAKEN

The observations of the Public Accounts Committee in the first sub-paragraph of the recommendation have been noted. The procedural rules governing pensions etc., of officers and personnel of the Defence Services have been under detailed examination by Army Headquarters in consultation with their lower formations, as well as Naval and Air Headquarters, with a view to see which of these rules have caused or are likely to cause delay in finalisation of pension cases. In this connection, the comments of the Controller of Defence Accounts (Pensions), have been asked for by Army Headquarters on the difficulties which are said to be experienced in the day to day working of the existing procedural rules and on certain modifications suggested thereto. As soon as the examination is completed by Army Headquarters, the matter will be considered by Government; and public Accounts Committee will be informed of the details of

new proposals formulated and the measures taken as a result of that examination.

2. The Director of Audit, Defence Services, has seen.

[Min. of Def. u.o. No. 26(1)/63/D (Pensions/Services), dated the 29th August, 1964]

MINISTRY OF DEFENCE

Recommendation

The Committee would like to be furnished with the position in regard to the following points—

- (i) the action to regularise losses amounting to Rs. 14·23 lakhs;
- (ii) final decision regarding utilisation or disposal of two items valued at Rs. 3·3 lakhs;
- (iii) results of investigation of losses amounting to Rs. 16·14 lakhs;
- (iv) In regard to para 7 of the Ministry's note, the Committee observe that the action taken in this case is confined to lower staff, and wanted to know the reasons for dropping action against three supervisors who were charge-sheeted.

[S. No. 147 Appendix 1 to 11th Report, 1962-63 and S. No. 30 of Appendix II to 26th Report—Third Lok Sabha]

ACTION TAKEN

In so far as action taken to regularise the losses amounting to Rs. 14·23 lakhs is concerned, the position is as follows:

- (a) Rs. 33,737·20.—These are the losses which are referred to in para 6(ii) of our previous note Annexure. Of these, one item viz Item No. 669-Oliver Solder valued at Rs. 2,212·65 nP. has been regularised, and action is being taken to get the Loss Statements in respect of the remaining eight items sanctioned.
- (b) Rs. 3,10,686.—These are the losses referred to in para 6C (c) of our previous note Annexure. These losses comprise 9 items. Of these 8 items have been regularised. In respect of the remaining item valued at Rs. 2,93,265·33 action is being taken to have the Loss Statement sanctioned soon.

(c) Rs. 10,78,311.—These are the losses referred to in paragraph 6C(a), of our previous note (Annexure). They pertain to stores issued to other factories. In consultation with the Controller of Defence Accounts (Factories) it has been found that no regularisation action is necessary in respect of these losses, as on subsequent verification it transpired that the stores were accepted by the consignee factories in the same condition in which these were despatched.

2. In regard to final decision about the utilisation or disposal of two items valued at Rs. 3.3 lakhs, the position is given below:—

(a) 7.92 Amn. belts valued at Rs. 3,18,090 referred to in para 6C(b) of our previous note (Annexure)—the quantity involved is 1,03,155 No. Amn. Belts., of these, it has been found that no regularisation action is necessary in respect of 648 Nos. which was due to error in posting and in respect of 4,830 No. which were consumed in production. In regard to the remaining quantity, viz. 97,677 belts action is being taken to have the loss statements valued at Rs. 5,03,565.39 representing the repair charges sanctioned.

(b) The second item referred to in para 5A(i) of our previous note (Annexure) relates to 1264 Nos. of Carrier for 4.2" Mortar valued at Rs. 14,404. *Ex-post-facto* sanction has been accorded on 25th February 1961 for bringing to produce these carriers.

3. The position in regard to the investigation of losses amounting to Rs. 16.5 lakhs referred to in para 6C(d) of our previous note (Annexure) is that the items constituting the said amount were verified in two instalments once for items valuing Rs. 7,05,991.00 nP, and on the second occasion for items valuing Rs. 10,09,295.65 (which was earlier indicated as Rs. 9,08,427 due to totalling error). In regard to first verification completed in November 1962, five items amounting to Rs. 10,290.74 are still under investigation. Regarding second verification carried out in July 1963, it was found that loss amounting to Rs. 3,177.75 only would require regularisation, out of which a sum of Rs. 2,915.06 has already been regularised and action is in hand to regularise the balance of Rs. 262.69.

4. As regards the reasons for dropping disciplinary action against the three supervisors, who were charge-sheeted, the position is that while a decision was taken in August, 1963 that cases against them may be dropped, the case has now been re-examined on receipt of a reference from the SPE in October, 1963 and it has been decided to

administer a strong warning to all the three individuals to be careful in future.

5. This also disposes of recommendation of the Public Accounts Committee at serial No. 30 of Appdx. II to 26th Report (Third Lok Sabha).

6. This note has the approval of the Ministry of Finance (Defence) and the Director of Audit, Defence Services.

[M. of D. U. No. 3(8)/59/D(Fy.) dt.—7-12-1964.]

ANNEXURE

Statement of case in regard to losses arising out of unsettled conditions in the Ordnance Factory, Khamaria

Losses and deficiencies of stores of considerable value at the Ordnance Factory, Khamaria, had come to the notice of the DGOF as early as 1955. A preliminary fact-finding enquiry was, therefore, made into the state of affairs prevailing in the Factory by Shri Farias, Assistant Works Manager, and Shri S. N. Sachdeva, Accounts Officer, Ordnance Factory, Khamaria, in July 1955. Thereafter, a second fact-finding Committee consisting of Shri E. J. Bookless, ADGOF, and the Accounts Officer, Ordnance Factory, Khamaria, was appointed on the 23rd September 1956 to check the items for which loss statements amounting to Rs. 66.45 lakhs had been prepared. This Committee went into the losses and attributed them mainly to the breakdown in accounting and storage procedures after the war.

2. As a result of the material collected during these preliminary fact-finding enquiries, a Board of Enquiry, was appointed by the DGOF on 5th November, 1956. The Board assessed the total losses and deficiencies during the period of 1949 to 1957 at Rs. 178 lakhs under the following heads:—

- (a) Losses already regularised and not requiring Government sanction.—Rs. 2.7 lakhs.
- (b) Losses already regularised in respect of which Government sanction is necessary.—Rs. 33.7 lakhs.
- (c) Losses recommended for write off without a covering Government sanction.—Rs. 8.2 lakhs.
- (d) Losses pending recommended for write off with Government sanction.—Rs. 133.6 lakhs.

TOTAL

Rs. 178.2 lakhs.

3. On examination of these losses, the Controller of Defence Accounts (Factories) categorised them broadly as follows for the purpose of regularisation:—

- (i) Category 'A' consisting of groups/sub-groups in which the amount to be regularised was definitely known.—Rs. 80.91 lakhs.
- (ii) Category 'B' consisting of groups/sub-groups which required further investigation.—Rs. 72.57 lakhs.
- (iii) Category 'C' consisting of groups/sub-groups which do not involve any real loss, but which the Board of Enquiry felt should be brought to the notice of the Government.—Rs. 16.82 lakhs.

4. After further scrutiny, the Director General, Ordnance Factories claimed that the figure of Rs. 80.91 lakhs mentioned in the Category 'A' above included stores valued at Rs. 66.23 lakhs which had either become obsolete or required no further action. Further Rs. 9.37 lakhs represented the value of stores which had undergone change in condition while in storage and Rs. 1.61 lakhs represented the value of certain stores which required accounting adjustments. The real loss under Category 'A' requiring regularisation was claimed to be less than Rs. 4 lakhs. After examining the documents relating to a major portion of the items mentioned in Category 'B' above also, the DGOF claimed that in most cases there were no real losses as the stores had either been used in production or were in existence physically even though not in a serviceable condition.

As there was considerable difference of opinion between various authorities as to the exact amount requiring regularisation Government in February, 1961 constituted an *Ad-Hoc* Committee comprising a representative of the Ministry of Defence, a representative of the Ministry of Finance (Defence) and a senior IOFS officer to examine in detail the basis on which the assessment of losses had been made, and to advise on the extent of losses requiring regularisation after giving due consideration to the views expressed by the administrative, audit and financial authorities, and to the rules, orders and established procedure relating to the assessment and regularisation of losses. The Committee submitted its report to the Government on the 20th March, 1961. A summary of their recommendations is given below:—

A—CATEGORY 'A' LOSSES

(i) *Obsolete Stores.*—The total value of obsolete stores included in the assessment of losses made by the original Board of Enquiry was Rs. 48,62,764·14. It was found that a sum of Rs. 50,303·05 had already been regularised under Government orders in 1951 and 1953. Of the balance of stores valued at Rs. 48·12 lakhs stores worth Rs. 5·05 lakhs had already been declared obsolete and regularised by competent authority. No further regularisation would be necessary in respect of this amount. One item of stores worth Rs. 14,404·43 has not so far been formally declared as obsolete, but this item is not in current production. This item may have to be brought to produce or otherwise disposed of in the normal manner. The balance of Rs. 42·93 lakhs related to war-time stocks of components of ammunition which had not been introduced in India as a Service item. These components had been brought to produce in September, 1957 with the concurrence of the Ministries of Defence and Finance (Defence). Even if these items could not be called "obsolete" in accordance with the rigid interpretation of the term "obsolete stores", the Committee felt that it would be correct to classify these items as "obsolete" in keeping with the facts of the case and that no further regularisation action was necessary.

(ii) *Stock Verification Losses.*—The loss under this head was originally estimated by the Controller of Defence Accounts (Fys) at Rs. 17·02 lakhs. Subsequent examination revealed that certain items of surpluses could be set off against the alleged losses under this head. After examining at length the report on the matching of surpluses against deficiencies, the Committee recommended the acceptance of items worth Rs. 6·04 lakhs as having been properly matched. Even though a major portion of the balance under this category could also be matched against surpluses, this could not be fully established in view of defective documentation and improper stock-verification. The Committee, therefore, recommended formal writing off of items worth Rs. 10·98 lakhs as Stock Verification Losses and adjustment of the balance by matching deficiencies against surpluses.

(iii) *Other losses under Category 'A'.*—The total value of the alleged loss under category 'A' after excluding the losses mentioned at (i) and (ii) above, comes to Rs. 15·77 lakhs. As a result of further investigations made by the CDA (Fys), the losses, which had to be

regularised under Government sanction, came to Rs. 11·52 lakhs. broadly classified as under:—

(a) Deterioration in stock	.. Rs. 8·25 lakhs
(b) Loss in transit	.. Rs. 0·92 lakhs
(c) Losses due to change in condition	.. Rs. 0·50 lakhs
(d) Disposal losses	.. Rs. 1·58 lakhs
(e) Losses due to other causes.	.. Rs. 0·27 lakhs
	<hr/>
	Rs. 11·52 lakhs
	<hr/>

The Committee recommended the above to be written off under Government sanction.

B—CATEGORY 'B' LOSSES

(iv) An IOFS Officer carried out detailed study of items valued at Rs. 63·49 lakhs out of the total of Rs. 72·57 lakhs included in this Category. His report was examined by the Controller of Defence Accounts (Fys)'s representative, who verified items of the value of Rs. 49·70 lakhs. The Committee noticed that items valued at Rs. 8·79 lakhs had been duplicated in the compilations of losses submitted to original Board of Enquiry by the Factory Management. In addition, losses of stores of the value of Rs. 14·58 lakhs which should not have been included as losses at all were also included in the compilation of losses presented to the Board. The Ad-hoc Committee came to the conclusion that the compilation prepared for the original Board of Enquiry as losses under Category 'B' had not been thoroughly checked before classifying them as losses. The Committee, therefore, recommended that as the alleged losses were not attributable to chaotic conditions, said to have prevailed in the Factory from 1949 to 1955, and as quite a number of items were either not losses at all or had already been regularised satisfactorily, this category of losses should be altogether deleted from the assessment of losses made by the Board of Enquiry. The Committee felt that the scrutiny by the Factory and the Accounts authorities of the remaining items listed under Category 'B' should also be completed and the matter brought up to Government for regularisation only if there were special circumstances necessitating such action.

C—NEED FOR FURTHER INVESTIGATION

As regards the necessity for further investigation to check on the possibility of loss having occurred through theft or fraud, the Committee noted that departmental action had been initiated against 8

employees. Action against one of them (Assistant Store Holder involved in the case regarding shortage in brass rods) had been dropped after investigations. The Committee felt that further investigation was not likely to produce any fruitful results in fixing responsibility on individuals and, therefore, recommended that no further investigation was necessary.

The Committee's final recommendation was that the total amount that would require regularisation by Government was only Rs. 22.50 lakhs as against the amount of Rs. 178.26 lakhs mentioned by the Board of Enquiry. This figure of Rs. 178.26 lakhs included losses already regularised by the Govt. and items worth Rs. 16.82 lakhs which were to be only brought to the notice of the Government.

6. The report and the recommendations of the *Ad-hoc* Committee have been considered by the Ministry of Defence in consultation with the Ministry of Finance (Defence) and the Controller General of Defence Accounts. As this subject had figured in the Audit Report (Defence Services) 1960 and in the 35th Report of the Public Accounts Committee the Director of Audit (Defence Services) has also been consulted. The final decisions of the Government on the alleged losses of stores in Khamaria (as contained in this Ministry's letter No. 2(2)/61/I/D(Fy), dated the 7th March 1962) are summarised below:—

(i) *Obsolete Stores*.—Stores worth Rs. 42.93 lakhs in war-time stocks which had deteriorated in storage and were also surplus to requirements were to be formally written off as a loss. Stores worth Rs. 5.05 lakhs were already declared as obsolete and regularised under orders of the competent authority. No further action was necessary in respect of these stores.

(ii) *Stock Verification Losses*.—Loss of Rs. 10.98 lakhs disclosed during stock verifications to be written off and deficiencies of the value of Rs. 6.04 lakhs to be accepted against surpluses of similar stores. Administrative instructions have also been issued to the DGOF to have the losses amounting to Rs. 33,737.20 regularised under the orders of the concerned competent authority.

(iii) *Other Losses*.—Other losses amounting to Rs. 11,52,375 to be written off as recommended by the Committee.

(iv) The Committee's recommendation that the losses under Category 'B' should be altogether deleted from the compilation of losses attributable to chaotic conditions was not accepted. These losses were to be disposed off in the following manner:—

(A) repair charges on stores used in production and of consumption of deteriorated stocks used in production at full book value to be regularised. This covered losses on stores valued at Rs. 8,00,013.

(B) No further action is necessary in respect of the following items of the value of Rs. 31,35,775 which had been incorrectly included in the compilations of losses presented to the Board of Enquiry:—

- | | |
|--|---------------------|
| (a) Stores incorrectly shown twice in the compilations | Rs. 8,78,790 |
| (b) Losses already sanctioned by the competent authority | Rs. 12,07,305 |
| (c) Stores which are still in stock in serviceable condition | Rs. 10,49,680 |
| | Rs. 31,35,775 |

(C) In this Ministry's letter No. 2(2)/61/D(Fy), dated the 10th May, 1962 as amended *vide* corrigendum dated the 20th July, 1962, administrative instructions have been issued to the DGOF for the following:—

- (a) In cases of stores issued to other Factories amounting to Rs. 10,78,311, individual losses to be dealt with separately by the competent Financial authority and action taken to write them off in the normal manner.
- (b) Early decision to be taken as regards repairs and utilisation or disposal of 7.92 mm ammunition belt lying in stock in deteriorated condition, which has been valued at Rs. 3,18,090.99. While undertaking repairs, DGOF to ensure that uneconomic repair is not undertaken and there is a known possibility of utilisation of such stores in production. The repair charges so incurred to be written off as loss.
- (c) It was noticed that regularisation action on losses of items amounting to Rs. 3,10,686 had been postponed. Administrative instructions have been issued to the DGOF to regularise these losses according to the normal rules.
- (d) It was also decided that the balance of alleged losses amounting to Rs. 16.14 lakhs should be scrutinised by the DGOF and CDA (Fys) and such of the items as require regularisation by Government should be brought

to the notice of the Ministry. Necessary administrative instructions to the DGOF have been issued.

(v) Category 'C' losses valued at Rs. 16.82 lakhs are no real losses, but the Board of Enquiry considered that these should be brought to the notice of the Government. These have now been brought to their notice and no further action is necessary.

7. As regards disciplinary action against the seven employees, four have since been awarded punishment and action against three has been dropped after investigation. No further investigation in the matter is considered necessary. The nature of the disciplinary action taken and the designations of the individuals are indicated below:—

(i) Case regarding the misappropriation of demolished material:—

One carpenter—pay reduced to the minimum of the grade.

One Labourer—Pay reduced to the minimum of the grade.

One Fitter—Reverted to lower grade.

One Mistry—Reverted to lower grade.

(ii) Case regarding full payment for defective timber supplied by Paharpur Timber Limited.

Two Supervisors (Tech.) Grade II and one Supervisor 'C' Grade were charge-sheeted but the case against them was dropped after investigations.

Director of Audit, Defence Services have made the following audit observations.

Action to regularise losses amounting to Rs. 14.23 lakhs still remains to be taken.

Final decision regarding utilisation or disposal of two items valued at Rs. 3.3 lakhs is still pending.

Losses amounting to Rs. 16.14 lakhs remain to be investigated.

